3083 Three Bentall Centre, 595 Burrard Street Box 49298 Vancouver B.C. Canada V7X 1L3 **P** + 1.604.681.2802 **F** + 1.604.682.2802

Amerigo Resources Ltd.
Management Discussion and Analysis
For the Quarter and Six Months Ended June 30, 2009

T A B L E of C O N T E NT S

This Management Discussion & Analysis (“MD&A”) is comprised of the following sections:

COMPANY PROFILE

Amerigo owns a 100% interest in Minera Valle Central S.A. ("MVC"), a Chilean copper and molybdenum producer that has a long-term partnership with the National Copper Corporation of Chile (“Codelco”) to treat fresh and old tailings from Codelco’s El Teniente mine, the largest underground copper mine in the world. Chile is the world’s largest copper mining country, and Codelco is the world’s largest copper producer. It is estimated that Codelco owns approximately 20% of all known copper reserves on earth. Codelco produced 1.548 million tonnes of copper and generated a pre-tax profit of US $4.968 billion during 2008. El Teniente commenced operations in 1904 and has a remaining mine life that is estimated will run for decades. Since MVC was built in 1992, Codelco has almost doubled production from El Teniente, and Codelco's mine plans contemplate continued expansion of operations at El Teniente for the foreseeable future.

The fresh tailings come from El Teniente's current production, and the old tailings mainly from Colihues, a tailings pond located near MVC’s plant that contains more than 200 million tonnes of material. The old tailings from Colihues contain approximately 2-3 times the copper content of the fresh tailings and, once MVC gears up to process these tailings at the maximum contractual rate, the Company will be in a position to substantially increase production and profitability from current levels. In addition, there are 2 other tailings ponds in the area, the rights to which MVC hopes to obtain in the future. These 3 tailings ponds combined contain a similar size copper resource as that of Highland Valley Copper, the largest copper mine in Canada, when it first started operations.

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INTRODUCTION

The following MD&A of the results of operations and financial position of Amerigo Resources Ltd. (“Amerigo”) together with its subsidiaries (collectively, the “Company”), is prepared as of August 4, 2009, and should be read in conjunction with the Company’s unaudited consolidated financial statements and related notes for the six months ended June 30, 2009 and the audited consolidated financial statements and related notes for the year ended December 31, 2008.

The MD&A’s objective is to help the reader understand the factors affecting the Company’s current and future financial performance.

The Company’s financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles (“Canadian GAAP”). The Company’s reporting currency is the US Dollar. Reference is made in this MD&A to various non-GAAP measures such as cash flow from operating activities, operating profit/(loss), cash cost and total cost, which do not have a standardized meaning but are widely used in the mining industry as performance indicators. Descriptions of the Company’s use of non-GAAP measures are included in this MD&A.

Some of the statements in this MD&A are forward-looking statements that are subject to risk factors set out in the cautionary note contained herein.

HIGHLIGHTS and SIGNIFICANT EVENTS

Key achievements

In the quarter ended June 30, 2009 ("Q2-2009") the Company was able to substantially increase copper production, regain operating breakeven point, generate cash flow from operations and reduce financial net losses. Management was able to achieve the following:

- Generated cash flow from operations of $7,420,230. Excluding the effect of changes in working capital items, cash flow from operations in Q2-2009 was $1,757,434.
- Increased copper production by 36% compared to Q2-2008 and 35% compared to Q1-2009, reaching historical high Q2 production of 4,358 tonnes of copper.
- Reduced operating costs by $5,237,937 compared to Q2-2008, despite a 36% increase in production between the two comparative quarters.
- Returned MVC to an operating breakeven point; operating profit excluding amortization and accretion costs, which are non-cash items, was $1,677,635 in Q2-2009.
- Reduced operating and financial net losses. In Q2-2009, at an average copper sales price of $2.06/lb, the Company posted an operating loss of $250,309 and a net loss of $2,325,059 compared to an operating loss of $2,601,186 and a net loss of $4,779,074 in Q1-2009.
- Entered into a facility to hedge a portion of its copper production in the second half of 2009, securing a minimum copper price of $2.00/lb for 800 tonnes per month of copper production. The maximum hedged copper price under this facility was set at $2.47/lb.
- Made debt repayments of $1,333,961 to Enami and $663,216 to Molymet.
- Negotiated repayment terms for approximately $6,491,644 of royalty payments deferred by El Teniente from November 2008 to April 2009, to be paid in 14 monthly installments commencing July 2009.
- Continued to renew current debt in Chile at renewal dates and received confirmation that a $6,033,492 bank loan will be structured into a two-year loan effective October 2009.

Financial results

- In Q2-2009, at an average copper sales price of $2.06/lb, the Company had an operating loss of $250,309 and a net loss of $2,325,059, compared to operating profit of $7,608,957 and net earnings of $6,218,444 in Q2-2008. Significant factors affecting financial performance in Q2-2009 included a 42% decrease in revenue due to lower copper and molybdenum prices, partially offset by a 22% reduction in cost of sales compared to Q2-2008.
- Cash flows provided by operating activities totaled $7,420,230 or 6¢ per share in Q2-2009 compared to cash flows from operating activities of $8,136,753 or 9¢ per share in Q2-2008, largely due to the receipt of tax refunds of approximately $4,024,000 during the quarter.

Production

- Production in Q2-2009 was 9.61 million pounds of copper and 99,683 pounds of molybdenum, compared to 7.08 million pounds of copper and 147,508 pounds of molybdenum produced in Q2-2008. The Company successfully started reprocessing of old tailings using a new processing method as of April 2009. The increased production and higher grades from old tailings contributed to a 36% copper production increase in the quarter, compared to Q2-2008. Molybdenum production continued to be adversely affected due to lower grades and resulting low plant recovery rates.

Revenue

- Revenue decreased to $18,067,033 compared to $31,164,236 in Q2-2008 due to sharply decreased metal prices. The Company's copper selling price before smelter, refinery and other charges was $2.06/lb in Q2-2009 compared to $3.80/lb in Q2-2008, and the Company's molybdenum selling price was $9.08/lb in Q2-2009 compared to $34.12/lb in Q2-2008. The impact on revenue from lower metal prices was mitigated by an increase of 33% in copper sales volume in Q2-2009 due to higher production.

- The average copper sales price of $2.06/lb in Q2-2009 is final pricing based on MVC's pricing terms and quota delivery schedule with Enami. The London Metal Exchange ("LME") average copper prices in Q2-2009 went from a low of $1.9988/lb in April to a high of $2.2743/lb in June, which due to current pricing terms with the Company's smelter represent final prices in the quarter that are not subject to price adjustments. For a tabular illustration of copper prices realized in Q2-2009 refer to the table presented on page 8.

- At June 20, 2009 MVC was slightly more than one month behind in its delivery of quotas to Enami; it is expected that this lag will be gradually reduced in the second half of 2009. Accordingly, the pricing term for the remaining months of 2009 will in effect be the pricing of the month prior to delivery ("M-1") or the pricing of the month of delivery ("M") until monthly quotas are fully regularized to correspond with the scheduled month of delivery, again eliminating the risk exposure of pricing adjustments.

Costs

- Cash cost (the aggregate of smelter, refinery and other charges, production costs net of molybdenum-related net benefits, administration and transportation costs) before El Teniente royalty was $1.56/lb in Q2-2009, compared to $2.11/lb in Q2-2008. Cash costs decreased in Q2-2009 as a result of lower overall production costs, principally power costs.

- Total cost (the aggregate of cash cost, El Teniente royalty, depreciation and accretion) in Q2-2009 was $2.14/lb compared to $3.02/lb in Q2-2008. The decrease in total cost was driven by lower cash cost and lower El Teniente royalty due to lower copper and molybdenum prices between the comparative periods.

- Power costs in Q2-2009 were $6,096,922 ($0.1247/kwh) compared to $9,002,362 ($0.2462/kwh) in Q2-2008. Electricity costs in Chile are expected to remain stable during the second half of 2009.

- Operating costs such as power, steel and reagents have decreased from their high 2008 levels. Unit costs were also positively impacted by higher copper production in the quarter. If production continues to increase as expected and other factors remain unchanged, unit costs will continue to trend downwards in the second half of 2009.

Cash and Financing Activities

- Cash balance was $6,304,152 at June 30, 2009 compared to cash of $3,187,084 at December 31, 2008 and cash of $3,462,650 at March 31, 2009.

- Subsequent to June 30, 2009, a Chilean bank loan of $5,432,225 with a review date of July 2009 was extended to a review date of September 2009.

- The Company received tax refunds from the Chilean Internal Revenue Service of approximately $4,024,000 in the three months ended June 30, 2009. Further refunds of approximately $3,080,000 are expected to be received either late in Q3-2009 or early in Q4-2009.

Investments

- Payments for capital expenditures were $3,244,767 in Q2-2009 compared to $5,672,077 in Q2-2008. Capital expenditures incurred in the quarter were $1,729,596 (Q2-2008: $4,355,788) of which $571,159 were for MVC's power plant.

- The Company's investments in Candente Resource Corp. ("Candente") and Los Andes Copper Ltd. ("Los Andes") had a fair value of $4,948,746 and $763,068 respectively at June 30, 2009. Fair value increases of these investments in Q2-2009 totaled $2,066,456 and were included as other comprehensive income, and therefore not included in the net loss for the quarter.

OPERATING RESULTS

In Q2-2009 production increased substantially due to positive results from changes to the extraction plan for the processing of old tailings which provided access to higher grade material. Molybdenum production however continued to be affected by low molybdenum grades in fresh tailings and resulting low recovery rates.

As was anticipated for Q2-2009, MVC was able to substantially increase the processing of old tailings. Processing of old tailings under the current extraction method started in April and continued on an upward trend during the quarter. The additional material and higher grades provided by the old tailings have a noticeable impact on short to medium term cash flow for the Company.

The Company produced 4,358 tonnes of copper and 99,683 lbs of molybdenum in Q2-2009, a 36% increase in copper production and a 32% decrease in molybdenum production compared to Q2-2008.

Copper prices continued to recover in Q2-2009. Average LME copper prices were $1.9988/lb in April, $2.0723/lb in May and $2.2743/lb in June.

Molybdenum prices started to improve as of May. The Platt's published molybdenum dealer oxide prices were $7.86/lb in April, $9.33/lb in May and $10.13/lb in June.

Due to the recovery in copper price during the quarter, higher production levels and lower operating costs, the Company was able to substantially reduce operating losses as compared to prior quarters. The Company posted a marginal operating loss of $250,309 in Q2-2009 (Q2-2008: operating profit of $7,608,957), which includes non-cash charges for amortization and asset retirement accretion of $1,927,944 (Q2-2008: $1,164,805). Operating profit excluding amortization and accretion costs, which are non-cash items, was $1,677,635 in Q2-2009 ($8,773,762 in Q2-2008).

Notwithstanding a 36% increase in copper production in Q2-2009, the Company was able to significantly reduce operating costs by $5,237,937 in the quarter, compared to Q2-2008.

Production

	Q2-2009	Q2-2008
Copper produced, tonnes	4,358	3,212
Copper produced, million lbs	9.61	7.08
Molybdenum produced, lbs	99,683	147,508

Revenue

	Q2-2009		Q2-2008	
Average LME copper price	$	2.12	$	3.83/lb
Average Platt's molybdenum dealer oxide price [1]	$	9.10/lb	$	32.76/lb
Copper sold, tonnes		4,304		3,234
Copper sold, million lbs		9.49		7.13
Molybdenum sold, lbs		92,065		143,048
Revenue, copper delivered during period [2]	$	16,715,133	$	24,581,021
Settlement adjustments to prior periods' sales		796,099		1,945,866
Total copper net sales during period		17,511,232		26,526,887
Revenue, molybdenum delivered during period [3]		685,740		4,002,793
Settlement adjustments during period		(129,939)		634,556
Total molybdenum net sales during period		555,801		4,637,349
Total revenue during period	$	18,067,033	$	31,164,236
Company's recorded copper price [4]	$	2.06/lb	$	3.80/lb
Company's recorded molybdenum price [5]	$	9.08/lb	$	32.76/lb

[1] Basis price for the Company's molybdenum sales.
[2] After smelter, refinery and other charges, excluding settlement adjustments to prior periods' sales.
[3] After roasting charges, excluding settlement adjustments to prior periods' sales.
[4] Copper recorded price for the quarter before smelter and refinery charges and settlement adjustments to prior periods' sales.
[5] Molybdenum recorded price for the quarter before roasting charges and settlement adjustments to prior periods' sales.

Revenue in Q2-2009 was $18,067,033 compared to $31,164,236 in Q2-2008, including copper revenue of $17,511,232 (Q2-2008: $26,526,887) and molybdenum revenue of $555,801(Q2-2008: $4,637,349). Copper and molybdenum revenues are net of smelter, refinery and roasting charges.

Copper revenue decreased 33% from Q2-2008 due to significantly lower copper prices. In Q2-2009 the Company's copper selling price was $2.06/lb, a 46% decrease from $3.80/lb in Q2-2008.

In Q2-2009 the Company recorded positive pricing adjustments to prior quarters' sales of $796,099. In Q2-2008 adjustments of $1,945,866 were higher due to a steeper variance between copper prices realized in Q2-2008 and provisional prices booked in the prior period.

Copper produced by the Company is sold under a sales agreement with Chile's Empresa Nacional de Minería ("Enami") that establishes a delivery schedule of monthly sales quotas. For the 2009 quota Enami has elected a pricing term that sets the Company's copper sale price at the average market price for the first month after delivery ("M+1") except for the January and February quotas which were set at the average market price at the date that was four months after delivery (“M+4”). Accordingly, provided monthly quotas are met, all copper delivered by the Company to Enami in one month is sold at market prices prevailing in the following month. However, where production falls short of the monthly quota for a scheduled month of delivery, the quota is carried forward to a subsequent calendar month and the Company receives a sale price calculated for the originally scheduled month of delivery until the quota is met. The choice of a “M+1” pricing term may indicate Enami’s belief in an upward trend in the copper price during 2009.

At June 30, 2009, MVC was slightly more than one month behind in its delivery of quotas to Enami; it is expected that this lag will gradually be reduced in the second half of 2009. Accordingly, the pricing term for the remaining months of 2009 will in effect be “M-1” or “M” until monthly quotas are fully regularized to correspond with the month of delivery.

Copper deliveries in Q2-2009 were recorded into revenue at June 30, 2009 as follows:

Month of Sale	Quota	Pricing Term for Quota	Metric for Revenue Recognition	Price	LME Average Price For
April 09	January 09	M+4	Final [1]	$2.0723/lb	May 09
April 09	February 09	M+4	Final	$2.2743/lb	June 09
May 09	February 09	M+4	Final	$2.2743/lb	June 09
May 09	March 09	M+1	Final	$1.9988/lb	April 09
June 09	March 09	M+1	Final	$1.9988/lb	April 09
June 09	May 09	M+1	Final	$2.2743/lb	June 09

[1] Refers to final LME average prices, subject to pricing terms with Enami. In 2009, the terms are “M+4” for January and February quotas and “M+1” for March, May and subsequent months. No quota was set for April 2009.

As can be seen from the preceding table, all of the copper delivered by MVC to June 30, 2009 was subject to final pricing terms as of that date, reducing the Company’s exposure to final negative pricing settlement adjustments in Q3-2009. This is a unique situation for the Company, which had always been subject to 3 or 4 months’ exposure to changes in copper prices under prior pricing terms with Enami.

In Q2-2009, molybdenum revenues were $555,801, 88% lower than $4,637,349 in Q2-2008, inclusive of negative settlement adjustments of $129,939 in Q2-2009 and positive settlement adjustments of $634,556 in Q2-2008. The Company’s molybdenum selling price decreased 72% to $9.08/lb from $32.76/lb in Q2-2008.

Molybdenum produced by the Company is sold under a sales agreement with Chile’s Molibdenos y Metales S.A. (“Molymet”), which currently provides that the sale price is the average market price for the fifth month after delivery (“M+5”) which may indicate that Molymet continues to carry unsold inventory. Under this pricing arrangement as of June 30, 2009 only the molybdenum sales for January 2009 were subject to final pricing. If molybdenum prices continue to recover in the second half of 2009 as is expected, MVC will be in a position to profit from stronger molybdenum prices for sales going back to February 2009.

Revenue from the sale of the Company's copper and molybdenum concentrates is recorded net of smelter, refinery and roaster charges when persuasive evidence of a sales arrangement exists, delivery has occurred, the rights and obligations of ownership have passed to the customer and the sale price is determinable.

Cash Cost and Total Cost

Cash cost and total cost are non-GAAP measures prepared on a basis consistent with the industry standard Brook Hunt definitions. Cash cost is the aggregate of copper and molybdenum production costs, smelter and refinery charges, administration and transportation costs, minus molybdenum by-product credits. Total cost is the aggregate of cash cost, El Teniente royalty, depreciation, amortization and asset retirement accretion cost.

The Company's trailing cash costs for the most recent quarters ($/lb of copper produced) were:

	Q2-2009	Q1-2009	Q4-2008	Q3-2008	Q2-2008
Power costs	0.63	0.83	0.66	0.85	1.28
Steel costs	0.23	0.23	0.24	0.24	0.22
Other costs	0.40	0.58	0.62	0.81	0.81
By-product credits	(0.06)	(0.07)	0.10[1]	(0.75)	(0.65)
Smelter & refinery	0.30	0.29	0.28	0.33	0.35
Administration	0.03	0.05	0.06	0.09	0.07
Transportation	0.03	0.03	0.03	0.03	0.03
Cash Cost	**$1.56**	**$1.94**	**$1.99**	**$1.60**	**$2.11**

[1] Molybdenum by-product credits in Q4-2008 were in fact by-product costs due to the effect of negative pricing adjustments to molybdenum sales in the quarter.

Cash cost is driven mainly by power and steel production costs, smelter/refinery costs and molybdenum by-product credits.

In Q2-2009, cash cost was $1.56/lb, compared to $2.11/lb in Q2-2008, a decrease of $0.55/lb. Variances in cash cost between the comparative quarters were a $0.65/lb decrease in power costs, a $0.59/lb decrease in by-product credits and a reduction of $0.41/lb in other production costs.

Power, MVC's most significant cost, was $0.1247/kWh in Q2-2009 compared to $0.2462/kWh in Q2-2008. Chile's energy supply crisis has improved significantly since 2008 due to lower oil prices, lower industrial demand, higher access to hydro-generation and additional supply from new in country generating facilities. The Company's power generators reduce the Company's exposure to potential higher grid costs in future periods.

Molybdenum by-product credits of $0.06/lb were significantly lower than the $0.65/lb in Q2-2008 due to the sharp decline in the molybdenum price and significantly lower molybdenum positive settlement adjustments in Q2-2009.

Steel costs increased $0.01/lb compared to Q2-2008. Other production unit costs decreased $0.41/lb compared to Q2-2008, due to higher copper production and lower actual costs derived from a series of management-driven cost reduction initiatives.
Copper and molybdenum unit production costs continue to show a decreasing trend from historically high levels in 2008. This trend is expected to continue in 2009 as production continues to increase.

The Company's trailing total costs for the most recent quarters ($/lb of copper produced) were:

	Q2-2009	Q1-2009	Q4-2008	Q3-2008	Q2-2008
Cash cost	1.56	1.94	1.99	1.60	2.11
El Teniente royalty	0.38	0.28	0.27	0.65	0.75
Amortization/depreciation/accretion	0.20	0.20	0.17	0.15	0.16
Total Cost	**$2.14**	**$2.42**	**$2.43**	**$2.40**	**$3.02**

Total cost in Q2-2009 was $2.14/lb, compared to total cost of $3.02lb in Q2-2008. The most significant impact on total cost resulted from a $0.55/lb decrease in cash cost and a $0.37/lb decrease in El Teniente royalty (due to lower average copper and molybdenum prices in Q2-2009).

F I N A N C I A L   R E S U L T S – Q2-2009

In Q2-2009 the Company posted a net loss of $2,325,059 (or a basic loss of $0.02 per share), compared to Q2-2008 net earnings of $6,218,444 (basic earnings of $0.07 per share). The decline in financial performance between the comparative periods was the result of a reduction of $13,097,203 in revenue from lower copper and molybdenum prices, partially offset by higher copper production. Notwithstanding a 36% increase in copper production in Q2-2009, the Company was able to significantly reduce operating costs by $5,237,937 in the quarter compared to Q2-2008.

During Q2-2009 the Company posted an operating loss of $250,309 (Q2-2008: operating profit of $7,608,957), which includes non-cash charges for amortization and asset retirement accretion of $1,927,944 (Q2-2008: $1,164,805). Also included in the results for Q2-2009 is a foreign exchange loss of $978,931 (Q2-2008: gain of $300,918), mostly of an unrealized nature, to account for exchange rate differences of current accounts denominated in Chilean pesos, such as bank debt,. All of MVC's bank debt is currently denominated in Chilean pesos, as that is what the Chilean banking market currently offers.

Due to the sharp decline in copper and molybdenum prices experienced in Q4-2008, on December 31, 2008 the Company assessed the carrying value of its plant, equipment and contractual rights. Based on undiscounted cash flow projections for the years 2009 to 2021 built from MVC's production model at assumed copper prices of $1.50/lb for 2009, $1.60/lb for 2010, $1.70/lb for 2011 and $1.80/lb thereafter, and molybdenum prices of $10/lb for 2009, $11/lb for 2010 and $12/lb thereafter, management concluded the MVC asset has a carrying value of approximately $255,000,000, or $1.93 per share, and that no impairment to the carrying value of the Company's assets was required.

Revenue

Revenue during the quarter was $18,067,033 compared to $31,164,236 in Q2-2008. Revenue decreased mainly due to lower copper and molybdenum prices in Q2-2009. Refer to **Operating Results – Revenue** for additional analysis.

Production Costs

	Q2-2009	Q2-2008
Production costs		
Power costs	$ 6,096,922	$ 9,002,362
Steel costs	2,262,278	1,562,386
Other production costs	3,833,245	5,761,217
	12,192,445	16,325,965
El Teniente royalty	3,634,597	5,319,664
Depreciation and amortization	1,844,167	1,081,028
Administration	278,573	517,731
Transportation	283,783	227,114
Asset retirement obligation accretion cost	83,777	83,777
	$ 18,317,342	$ 23,555,279

Production costs in Q2-2009 were $12,192,445 compared to $16,325,965 in Q2-2008, a decrease of 25% between the two periods, mainly due to a decrease of 32% for power resulting from lower Chilean central grid power costs. Steel costs for grinding balls used in mills increased by 45% due to higher production levels and harder ore. Other production costs decreased 33% between the two comparative quarters, despite significantly higher production levels in Q2-2009 due in part to a series of management-driven cost reduction initiatives.

In Q2-2009 the El Teniente royalty was $3,643,597 compared to $5,319,664 in Q2-2008, a decrease of 32%. Lower royalties to El Teniente were the result of significantly lower copper and molybdenum prices, partially offset by higher sales volume. Royalty costs are based on average monthly copper prices in the month produced and not subject to pricing settlement adjustments affecting copper revenue.

Depreciation and amortization cost was $1,844,167 in Q2-2009 compared to $1,081,028 in Q2-2008, a 71% increase due mainly to a higher asset base at MVC and higher production levels, as the Company uses the units of production method to calculate amortization charges.

Administration expenses were $278,573 in Q2-2009 compared to $517,731 in Q2-2008, due to lower general overhead at MVC.

Transportation costs increased to $283,783 in Q2-2009 from $227,114 in Q2-2008 due to higher sales volume. Asset retirement accretion costs were $83,777, at comparable levels to Q2-2008.

Operating loss

In Q2-2009 the Company posted an operating loss of $250,309 compared to operating profit of $7,508,957 in Q2-2008 due to a 42% decrease in revenue resulting from lower copper and molybdenum prices, partially offset by an increase in copper production of 36% and a 22% reduction in cost of sales from lower production costs and royalty expenses in Q2-2009.

Other expenses

"Other expenses" (costs not related to MVC's production operations) increased 10% to $945,676 in Q2-2009 from $861,489 in Q2-2008 as a result of an increase of $431,004 in interest expense to service debt in Chile. With the exception of interest expenses, other expenses within this category decreased as a result of cost containment initiatives and reduction of discretionary expenditures, including office and general expenses of $107,845 (Q2-2008: $306,717), salaries, management and professional fees of $239,075 (Q2-2008: $316,955) and stock-based compensation expense of $51,354 (Q2-2008: $121,419).

Non-operating Items

Non-operating items in Q2-2009 included a foreign exchange loss of $978,931 (Q2-2008: gain of $300,918), interest income of $2,566 (Q2-2008: $140,046), other income of $295,040 (Q2-2008: $67,724) and an equity investment loss of $77,731 (Q2-2008: ($5,408). Foreign exchange loss increased due to the impact of Chilean Peso and Canadian dollar fluctuations against the US dollar in the quarter, including the effect of translation of cash and other working capital balances denominated in those currencies to the US dollar. Interest income decreased due to lower average cash balances held by the Company in Q2-2009.

Taxes

The Company recorded income tax expense of $219,389 in Q2-2009 compared to income tax expense of $906,973 in Q2-2008, due to the effect of losses incurred in Q2-2009 and the application of tax loss carry-backs in Chile, offset by the effect of changes in future income taxes.

Non-Controlling Interests

Non-controlling interest cost was $150,629 in Q2-2009 compared to $125,331 in Q2-2008 due to the effect of higher production levels for copper and copper equivalent in Q2-2009. Refer to **Related Parties**.

F I N A N C I A L R E S U L T S – SIX MONTHS ENDED JUNE 30, 2009

During the six months ended June 30, 2009 (“YTD 2009”), the Company posted a net loss of $7,104,133 (or a basic loss of $0.06 per share), compared to net earnings of $12,601,456 (basic earnings of $0.13 per share) in the six months ended June 30, 2008 (“YTD-2008”).

The significant variance in financial results between the two six-month periods is attributed mainly to significantly reduced copper and molybdenum prices in 2009 and was mitigated to some extent by a 12% increase in copper production YTD 2009 compared to YTD 2008.

Revenue in YTD-2009 was $31,088,644 or 54% lower from YTD-2008 revenue, despite an increase of 11% in copper sales between the two comparative periods. Molybdenum sales were 55% higher in YTD-2008 due to higher molybdenum production in 2008. Molybdenum prices were also substantially higher in 2008.

Notwithstanding the 12% increase in copper production between the two comparative periods, the Company was able to reduce operating costs in YTD-2009 by $16,700,861 or 33%. Cash cost and total cost in YTD-2009 were $1.72/lb and $2.26/lb respectively, compared to $2.32/lb and $3.19/lb in YTD 2008.

Other expenses were $2,180,368 in YTD-2009 (YTD-2008: $1,918,262). The increase in other expenses is attributed to higher interest expense of $1,175,583 (YTD-2008: $243,012), to service bank and other debt in Chile. Other general and administration expenses are significantly lower in YTD-2009 due to cost containment initiatives.

During the two comparative six-month periods, the Company recorded an increase of $2,526,324 in foreign exchange expense, mostly in connection with the translation to US dollars of liabilities carried in Chilean pesos, such as bank debt.

Income tax expense decreased $2,542,063 between the two comparative periods, from lower profitability at MVC.

C O M P A R A T I V E   P E R I O D S

The following tables provide highlights of the Company's quarterly results for the past eight quarters.

	QE June 30, 2009	QE March 31, 2009	QE Dec. 31, 2008	QE Sept. 30, 2008
Total revenue	$18,067,033	$13,021,611	$614,179	$29,915,602
Net income (loss)	(2,325,059)	(4,779,074)	(21,180,874)[1]	(10,407,427)[2]
Earnings (loss) per share	(0.0176)	(0.0421)	(0.2268)	(0.1124)
Diluted earnings (loss) per share	(0.0174)	(0.0421)	(0.2268)	(0.1124)

	QE June 30, 2008	QE March 31, 2008	QE Dec. 31, 2007	QE Sept. 30, 2007
Total revenue	$31,164,236	$35,933,465	$26,974,854	$28,536,864
Net income	6,218,444	6,383,012	1,816,498	6,581,887
Earnings per share	0.0660	0.0677	0.0122	0.0696
Diluted earnings per share	0.0660	0.0668	0.0122	0.0694

[1] Includes a write-down of investments of $6,617,602
[2] Includes a write-down of investments of $12,237,741

L I Q U I D I T Y and C A P I T A L   R E S O U R C E S

Cash Flow from Operations

In Q2-2009, the Company generated cash of $7,420,230 (6¢ per share) from operations, compared to cash generated from operations of $8,136,753 (9¢ per share) in Q2-2008, including the effect of changes in non-cash working capital items.

The dominant factor affecting operating cash flows was a decrease of $3,439,784 in accounts receivable in the quarter partially attributed to the receipt of Chilean income tax refunds. Excluding the effect of changes in working capital accounts, the Company generated cash of $1,757,434 from operations (Q2-2008: cash flow from operations of $6,094,601).

Cash Flow from Financing Activities

Cash used in financing activities was $1,333,961 in Q2-2009 compared to cash used in financing activities of $254,597 in Q2-2008. During Q2-2009 the Company paid in full $683,961 of copper price sustainability loans provided by Enami earlier in 2009, and made principal repayments of $650,000 towards the loan provided by Enami for copper price differentials.

On a year-to-date basis, the Company's financing activities include a non-brokered private placement for gross proceeds of $8,480,068 (Cdn$10,500,000). In connection with the private placement, the Company issued 37,500,000 units at a price of Cdn$0.28 per unit. Each unit consisted of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional share of the Company at a price of Cdn$0.33 per share until February 15, 2010, and thereafter at a price of Cdn$0.40 until February 14, 2011. The warrants issued to placees were valued by the Company at $1,266,142. The Company also issued a further 1,244,400 units as finders' fees in respect of a portion of the private placement at a cost of $280,104, included in total share issuance costs of $318,476. The warrants issued as finders' fees were valued by the Company at $42,016.

In Q1-2009 the Company completed negotiations with Enami for repayment terms of $11,123,735 in negative settlement adjustments to copper sales that resulted from the sharp decline in copper prices in Q4-2008. This amount was converted into a loan which is being paid in monthly installments of $325,000 plus interest during the period from May 2009 to March 2010 and $629,052 plus interest during the period from April 2010 to March 2011.

Also in Q1-2009 the Company received additional proceeds of Chilean Pesos $650,000,000 ($1,072,607) from a Chilean bank loan.

Cash Flow used in Investing Activities

Payments for capital expenditures in Q2-2009 were $3,244,767, substantially lower than $5,672,077 in Q2-2008. Capital expenditures in the quarter were $1,729,596, of which $571,159 were for the power plant project, lower than capital expenditures of $4,355,780 in Q2-2008.

The power plant's cost of $22.5 million or $1,000,000/megawatt of installed capacity is less than that of other similar power projects in Chile either currently under construction or in the planning process. MVC is presently engaged in integrating the power plant to the Chilean central interconnected grid ("SICC"). Most of the investing activities budgeted for 2009 had been incurred as of June 30, 2009.

Liquidity and Financial Position

The Company's cash and cash equivalents at June 30, 2009 were $6,304,152, compared to $3,187,084 at December 31, 2008 and $3,462,650 at March 31, 2009. The Company had a working capital deficiency of $10,318,380 at June 30, 2009 compared to working capital deficiencies of $14,116,136 at December 31, 2008 and $8,094,959 at March 31, 2009.

The Company's cash and working capital were severely affected by the sharp decline in copper and molybdenum prices that took place in Q4-2008. Depressed metal prices affected the Company both in terms of significantly reduced revenue and cash inflows and with respect to negative pricing adjustments for sales which had been provisionally priced at substantially higher prices.

With copper prices recovering, higher copper production levels and lower production costs, the Company has made substantial progress in re-establishing positive operating cash flows.

In order to ensure adequate levels of operating cash flow to service current trade and bank debt, MVC entered into a facility with Enami to hedge a portion of its copper production for the second half of 2009, making use of a zero cost minimum/maximum structure. Under the hedging facility, MVC secured a minimum price of US$2.00 per pound for 800 tonnes per month of copper production which will be priced from July to December 2009, representing approximately 50% of MVC's forecast copper production over that period. The facility sets a maximum price of US$2.47 per pound on this production. If the LME copper price trades between US$2.00 and US$2.47 per pound, MVC will receive the LME monthly average copper price for copper delivered under this facility. The facility includes standard provisions for a facility of this nature, including the potential requirement to provide to Enami additional guarantees subject to increases in the copper price. Through this facility the Company secured short term cash requirements to service the debt assumed by the Company during the recent market downturn, while maintaining full upside potential on the 50% of unhedged production.

The hedging facility with Enami is a derivative for accounting purposes and as such, must be "marked to market" at each Balance Sheet date. Given that as at June 30, 2009, the copper market price was in the band established by the hedging facility and the hedging agreement does not take effect until deliveries of the June 2009 quota take place, the fair value of the hedging derivative was $nil at June 30, 2009, having therefore no impact in the Company's consolidated financial statements as of that date.

MVC has a $11,123,735 loan with Enami, resulting from negative settlement adjustments to copper sales resulting from the sharp decline in copper prices in Q4-2008. This amount was converted into a loan which is being paid in monthly installments of $325,000 plus interest during the period from May 2009 to March 2010 and $629,052 plus interest during the period from April 2010 to March 2011.

MVC also has a $6,491,644 loan with Codelco-El Teniente, which originated from the payment deferral of 70% of the royalty invoices to MVC for the months of November 2008 to April 2009. MVC will make monthly instalments to Codelco of approximately $463,689 during the period from July 2009 to August 2010, except in cases where the average monthly copper price falls below $1.50/lb or increases to more than $3/lb for three consecutive months, in which cases the monthly instalments will be adjusted to be approximately $347,767 or $695,533 respectively. The total El Teniente royalty payable amounts shown in the Balance Sheet at June 30, 2009 include the loan herein described and the royalties due to El Teniente subject to normal payment terms.

With respect to the negative pricing adjustments due to Molymet, MVC and Molymet agreed that these would be settled against physical deliveries of molybdenum in 2009. It is currently expected that the remaining $953,354 due to Molymet will be paid within 2009.

Finally, MVC has two bank loans in Chile, denominated in Chilean pesos for the equivalent of $11,465,717 at June 30, 2009. A $6,033 492 loan has a renewal date of August 10, 2009. The Company has received confirmation that the loan will be structured into a 2-year loan in October 2009 and is currently seeking to accelerate the structuring of the loan as of its next renewal date. The second loan of $5,432,225 had a renewal date of July 12, 2009 and was rolled over subsequent to June 30, 2009 to a renewal date of September 12, 2009. It is customary in Chile to have short term renewal dates for loans and for loans to be rolled over as long as they remain in good standing. Based on its experience with prior bank renewals in Chile, the Company expects that bank loans will continue to be rolled over on their renewal dates until they are paid or structured into long-term loans as credit markets in Chile continue to improve. The Company is not subject to debt covenants.

MVC received tax refunds from the Chilean Internal Revenue Service of approximately $4,024,000 in the three months ended June 30, 2009. Further refunds of approximately $3,080,000 are expected to be received either late in Q3-2009 or early in Q4-2009.

The Company also believes that additional cash could be realized in the next 6 to 18 months from the exercise of outstanding warrants and stock options currently in the money.

In addition to the steps outlined above, the Company has also reduced capital and discretionary expenditures and has suspended dividend distributions for the foreseeable future.

As a result of the improvements in cash flows, and other actions outlined above, management believes the Company will be able to meet its obligations as they come due for at least the next 12 months. Consequently, management determined the going concern note that was included in the Company’s financial statements as of March 31, 2009 and December 31, 2008 was no longer required.

The Company operates in a cyclical industry where levels of cash flow have historically been correlated to market prices for commodities. Despite these short-term liquidity challenges, MVC remains a valuable long-life asset. El Teniente, the source of MVC’s feed material, is the world’s largest underground copper mine with remaining ore reserves expected to last decades. MVC’s current contract with El Teniente runs to 2021, has been renewed twice in the past and is expected to be renewed again before its current expiry date.

The Company’s long-term liabilities (Long Term Enami Loan, Long Term El Teniente Royalty Payable, Other Payables, Asset Retirement Obligations and Future Income Tax Liabilities) at June 30, 2009 were $20,341,290, compared to $16,981,669 on December 31, 2008. The increase in long-term liabilities is due largely to an increase in the Company’s future income tax liabilities and the reclassification of $939,378 due to El Teniente as long-term debt in Q2-2009.

Investments

The Company holds a total of 10,788,280 shares and 2,007,500 warrants in Candente, an issuer listed on the Toronto, Lima and Frankfurt Stock Exchanges. Each warrant provides the holder with the right to purchase an additional common share in the capital of Candente at a price of Cdn$2.00 on or before June 26, 2010. The aggregate cost of the investment was $15,861,986. At March 31, 2009, Candente's closing share price was Cdn$0.53 per share, and the fair value of the Company's approximately 13% investment was $4,948,746. During Q2-2009 the appreciation in fair value of the Candente investment was $1,752,621, recorded as other comprehensive income.

The Company also holds a total of 8,015,000 shares and 4,000,000 warrants in Los Andes, an issuer listed on the TSX Venture Exchange. The warrants provide the holder with the right to purchase an additional common share in the capital of Los Andes at a price of Cdn$0.70 on or before August 21, 2009. The aggregate cost of the investment was $3,946,908. At June 30, 2009, Los Andes' closing share price was Cdn$0.11 per share, and the fair value of the Company's approximately 4% investment was $763,063. During Q2-2009 the appreciation in fair value of the Los Andes investment was $313,835, recorded as other comprehensive income.

O U T L O O K

Management believes that the change to the extraction plan for the processing of old tailings that contributed to the substantial copper production increase in Q2-2009 will continue to positively impact production levels in the second half of 2009 and thereafter. 2009 production is expected to be 5 to 10% higher than in 2008.

If production increases as expected, unit costs are expected to continue to trend downwards in 2009.

Financial performance will continue to be positively affected if copper prices continue to increase. Unit costs will also be favourably affected if molybdenum prices continue to rise, due to higher molybdenum credits.

Power costs per kWh at MVC in the second half of 2009 are expected to be comparable to Q2-2009 levels.

Given the positive production trends and the expected continued reduction in cash and total cost, at prevailing copper and molybdenum prices, the Company expects to generate operating profits as of Q3-2009 and continue to generate positive cash flows from operations, excluding the effect of changes in non-cash working capital accounts.

Capital expenditures in 2009 are expected to be approximately $5.6M. The most significant capital expenditures are expected to be approximately $2.6M for the completion, synchronization and integration of the power plant, of which $2.4M has been spent to date.
These are forward-looking estimates and subject to the cautionary notes regarding risks associated with forward looking statements at the end of this MD&A.

OTHER MD&A REQUIREMENTS

Transactions with Related Parties

a) Non-controlling interests

Amerigo holds its interest in MVC through its subsidiary Amerigo International Holdings Corp. ("Amerigo International"). Amerigo International is controlled by Amerigo and is a wholly-owned subsidiary, except for certain outstanding Class A shares which are shown on Amerigo's balance sheet as Minority Interest at their book value of $1,000. The Class A shares are owned indirectly by a director and associates of two of the directors of Amerigo.

The holders of the Class A shares are not entitled to any dividend or to other participation in the profits of Amerigo International, except for a royalty dividend calculated as follows:

- $0.01 for each pound of copper equivalent produced by MVC or any successor entity to MVC if the price of copper is under $0.80, or

- $0.015 for each pound of copper equivalent produced by MVC or any successor entity to MVC if the price of copper is $0.80 or more.

During the six months ended June 30, 2009, royalty dividends totaling $265,676 were paid or accrued to the Amerigo International Class A shareholders on the basis described above (six months ending June 30, 2008: $262,903). Royalty dividends are shown as Non-Controlling Interests in the Consolidated Statement of Operations. At June 30 2009, $48,512 of this amount remained outstanding (December 31, 2008: $49,670).

b) Remuneration to officers

During the six months ended June 30, 2009 the Company paid or accrued $304,144 in fees to companies associated with certain directors and officers of Amerigo (six months ended June 30, 2008: $313,901).

c) At June 30, 2009 one of Amerigo’s officers acted as an officer and another as a director of Nikos Explorations Ltd., a company over which Amerigo exercises significant influence.

d) At June 30, 2009 two of Amerigo’s directors acted as directors and one of Amerigo’s officers acted as an officer of Candente Resource Corp., a company in which Amerigo holds an investment.

e) At June 30, 2009 two of Amerigo’s officers acted as officers and one of Amerigo’s directors acted as a director of Los Andes Copper Ltd., a company in which Amerigo holds an investment.

Contingencies

In Q3-2007, the Chilean Internal Revenue Services ("SII") issued a tax assessment to MVC challenging the tax losses reported by MVC for the commercial years 1999 to 2004. The tax assessment claims that some of these losses could be denied and MVC could face a tax liability of approximately $1.15 million. Although the Company believes there is no merit to this assessment, the final outcome of this matter cannot be predicted with certainty. The Company retained legal counsel to prepare a response to SII in accordance with Chilean law and is awaiting SII’s determination on this matter. Management believes that if the SII claim is ultimately upheld, the Company will have a claim for full indemnification from the sellers of MVC pursuant to the terms of the MVC purchase and sale agreement for losses incurred prior to the MVC purchase date of July 2003.

In the fourth quarter of 2007, SII issued a tax assessment to MVC for adjustments, penalties and interest of approximately $135,000, derived from MVC's alleged failure to remit provisional monthly payments towards a Chilean mining royalty tax in 2006. When the mining royalty tax was instituted in Chile, MVC obtained a legal opinion stating that the tax did not apply to MVC's operations, as MVC does not exploit under the definition of the Chilean Income Tax Law. Even if the mining royalty tax applied to MVC, there would have been no tax payable in 2006 as MVC's production levels that year fell below the threshold prescribed by SII for this tax. MVC has also retained legal counsel to prepare a response to SII on this matter.

No amounts have been recorded by the Company in respect of these matters. While the SII has conducted reviews during 2007 and 2008 in connection with these contingencies, as of June 30, 2009, these contingencies had not been resolved.

Critical Accounting Estimates

There were no changes to the nature of the Company's critical accounting estimates during Q2-2009. The most significant estimates are related to the physical and economic lives of contractual rights, property, plant and equipment and their recoverability, estimates regarding the future cost of retiring the Company's capital assets and the estimation of future cash flow requirements to determine the Company's ability to continue operating as a going concern.

The Company depreciates assets, capitalized acquisition costs and contractual rights based on the units of production method, whereby management has estimated copper units of production to 2021 and assigns amortization charges based on actual production on a monthly basis.

Based on undiscounted cash flow projections for the years 2009 to 2021 built from MVC's production model at assumed copper prices of $1.50/lb for 2009, $1.60/lb for 2010, $1.70/lb for 2011 and $1.80/lb thereafter, and molybdenum prices of $10/lb for 2009, $11/lb for 2010 and $12/lb thereafter, management concluded that no impairment to the carrying value of its assets was required as of December 31, 2008.

Amerigo has calculated an asset retirement obligation based on an estimated price of $6,200,000 provided by an independent third party in 2007. Management's current estimates in calculating the asset retirement obligation include projected annual inflation rates in Chile of 4.5% per annum and a market risk premium of 8%. The present value of the asset retirement obligation was revised to $4,787,273 in 2007, which will be systematically accreted to a 2021 value of approximately $12,344,146.

Changes in Accounting Policies, Including Initial Adoption

Effective January 1, 2009 the Company adopted the following new accounting standards:

Goodwill and intangible assets
In February 2008, the CICA issued Handbook section 3064 "Goodwill and intangible assets" which is required to be adopted for fiscal year-ends beginning on or after October 1, 2008. It establishes standards for the recognition, measurement, presentation and disclosure of Goodwill subsequent to its initial recognition and of intangible assets by profit orientated enterprises. The adoption of this standard did not have any material impact on the Company's financial statements.

International Financial Reporting Standards ("IFRS") Implementation Plan

In February 2008, the Accounting Standards Board ("AcSB") approved a strategic plan which requires public companies to converge with IFRS for fiscal periods beginning on or after January 1, 2011. The Company will therefore be required to have comparative financial information prepared under IFRS as of January 1, 2010.

The Company has initiated its IFRS convergence project and has set the following timing objectives: to be in a position to convert its December 31, 2009 Canadian GAAP Balance Sheet to IFRS on completion of the 2009 external audit in February 2010, to work both under Canadian GAAP and IFRS in 2010 in order for the Company to disclose to users of its financial statements the quantitative differences arising in 2010 under both frameworks, and to produce IFRS financial statements as of January 1, 2011.

In order to meet these objectives the Company's financial staff in Canada and Chile attended IFRS courses and in-house training sessions in 2008 and 2009. IFRS introductory training has also been provided to MVC's managers and supervisors as the adoption of IFRS will have an impact on operational areas. The Company has prepared a mock set of financial statements under IFRS to identify additional disclosure requirements and has identified the key areas that will be affected by the conversion to IFRS: functional currency, initial valuation and subsequent accounting of property, plant and equipment, and asset retirement obligations. The Company is in the process of documenting its findings and conclusions for key IFRS adoption areas and will proceed to validate these assumptions with IFRS experts before proceeding in Q3-2009 and Q4-2009 to gather and process data to allow for a December 31, 2009 conversion of its Balance Sheet to IFRS. The Company will maintain dual Canadian-GAAP and IFRS accounts through 2010 to continue to meet its Canadian GAAP reporting obligations in that year and have the necessary 2010 comparative set of IFRS financial statements to use in 2011. It is currently anticipated that the Company will be able to continue using its current information technology platforms in Chile and in Canada.

Other

As of August 4, 2009, Amerigo has outstanding 132,115,944 common shares, 38,744,400 warrants (exercisable at a price of Cdn$0.33 per share until February 15, 2010, and thereafter at a price of Cdn$0.40 per share until February 14, 2011) and 6,720,000 options (exercisable at prices ranging from Cdn$0.31 to Cdn$2.71 per share).

Additional information, including the company's most recent Annual Information Form, is available on SEDAR at www.sedar.com.

Cautionary Statement on Forward Looking Information

This Report contains "forward-looking statements". These forward looking statements include, but are not limited to, statements regarding the Company's strategic plans and future commercial production. Forward-looking statements express, as at the date of this Report, the Company's plans, estimates, forecasts, projections, expectations, or beliefs as to future events or results and the Company does not intend, and does not assume any obligation, to update these forward-looking statements. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects", or "does not expect", "is expected", "budget", "schedule", "estimates" "intends", "anticipates", or "does not anticipate", "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might", or "will be taken", "occur", or "be achieved". We caution that forward-looking statements involve a number of risks and uncertainties, and there can be no assurance that such statements will prove to be accurate. Therefore, actual results and future events may differ materially from those anticipated in such statements. Factors that could cause results or events to differ materially from current expectations expressed or implied by the forward-looking statements include, but are not limited to copper and molybdenum price fluctuations, negotiations with El Teniente, extension of current short term debt facilities, ability to reduce operating costs, currency fluctuations, possible variations in grade or recovery rates, failure of plant, equipment, or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; unexpected regulatory changes, delays in the completion of critical activities and projects, environmental risks and hazards, risks of delays in construction and other risks more fully described in Amerigo's Annual Information Form filed with the Securities Commissions of the provinces of Alberta, British Columbia, Manitoba, Ontario and Quebec which is available on SEDAR at www.sedar.com.