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Amerigo Resources Ltd.
Management's Discussion and Analysis
For the Three Months Ended March 31, 2021

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THIS DOCUMENT CONTAINS FORWARD-LOOKING STATEMENTS. REFER TO THE CAUTIONARY LANGUAGE UNDER THE HEADING "CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION" (PAGE 19).

AMOUNTS REPORTED IN U.S. DOLLARS, EXCEPT WHERE INDICATED OTHERWISE.

ABOUT AMERIGO

Amerigo Resources Ltd. (“Amerigo”) owns a 100% interest in Minera Valle Central S.A. ("MVC"), a producer of copper and molybdenum concentrates. MVC, located in Chile, has a long-term contract with Codelco’s DET to process fresh and historic tailings from El Teniente. El Teniente, in production since 1905, is the world’s largest underground copper mine. Refer to Agreements with Codelco’s DET (page 16).

MVC currently operates under a tolling agreement with DET and title to the copper concentrates produced by MVC remains with DET. MVC earns copper tolling revenue, calculated as the gross value of copper produced at applicable market prices net of notional items, which include treatment and refining charges, DET copper royalties and transportation costs.

Molybdenum concentrates produced at MVC are sold under sales agreement with Chile’s Molibdenos y Metales S.A. (“Molymet”) and Glencore Chile SpA (“Glencore”).

Amerigo’s shares are listed for trading on the Toronto Stock Exchange (“TSX”) and traded in the United States on the OTCQX.

PURPOSE OF MD&A and IDENTIFICATION OF NON-GAAP MEASURES

This MD&A of the results of operations and financial position of Amerigo together with its subsidiaries (collectively, the “Company”), is prepared as of May 5, 2021.

It should be read in conjunction with Amerigo’s condensed interim consolidated financial statements and related notes for the three months ended March 31, 2021, and the audited consolidated financial statements and related notes for the year ended December 31, 2020.

Amerigo’s interim financial statements are reported in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) as applicable to interim financial reporting. The financial data in this MD&A is derived from Amerigo’s financial statements, except non-GAAP measures which are indicated as such.

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

Non-GAAP Measures

References are made in this MD&A to cash cost and total cost, two non-GAAP financial measures with no standardized meaning under IFRS and which may not be comparable to similar measures presented by other issuers.

Cash cost and total cost are commonly used as performance indicators in the mining industry and are an important performance metric for the Company.

A tabular reconciliation of cash and total costs to tolling and production costs in Q1-2021 and Q1-2020 is available on page 12.

QUARTERLY HEADLINES

Key performance metrics	Q1-2021	Q1-2020	Change $	Change %
Copper produced (million pounds)[1]	15.5	12.1	3.4	28%
Copper delivered (million pounds)[1]	15.1	11.8	3.3	28%
Revenue ($ thousands) [2]	48,907	15,638	33,269	213%
DET notional copper royalties ($ thousands)	15,991	5,192	10,799	208%
Tolling and production costs ($ thousands)	30,029	24,569	5,460	22%
Gross profit (loss) ($ thousands)	18,878	(8,931)	27,809	311%
Net income (loss) ($ thousands)	10,925	(4,029)	14,954	371%
Earnings (loss) per share	0.06	(0.02)	0.08	400%
Operating cash flow ($ thousands) [3]	20,040	(4,132)	24,172	585%
Cash flow paid for plant and equipment ($ thousands)	(563)	(468)	(95)	20%
Cash and cash equivalents ($ thousands)	38,643	572	38,071	6656%
Borrowings ($ thousands)[4]	46,989	50,575	(3,586)	(7%)
MVC's copper price ($/lb)[5]	4.08	2.35	1.73	74%
MVC's molybdenum price ($lb)[6]	10.88	9.20	1.68	18%

Notes:
1 Copper production conducted under a tolling agreement with DET, and in Q1-2020 a slag processing agreement with DET.
2 Revenue reported net of notional items (smelting and refining charges, DET notional copper royalties and transportation costs).
3 Operating cash flow before changes in non-cash working capital.
4 At March 31, 2021, comprised of short and long-term portions of $14.9 and $32.1 million, respectively.
5 MVC's copper price is the average notional copper price for the period, before smelting and refining, DET notional copper royalties, transportation costs and settlement adjustments to prior period sales.
6 MVC's molybdenum price is the average realized molybdenum price in the period, before roasting charges and settlement adjustments to prior period sales

Amerigo reported quarterly net income of $10.9 million

- Net income during Q1-2021 was $10.9 million (Q1-2020: net loss of $4.0 million), due to higher production, higher metal prices and $5.0 million in positive fair value adjustments to Q4-2020 copper receivables.

- Earnings per share ("EPS") during Q1-2021 was $0.06 (Q1-2020: loss per share ("LPS") of $0.02).

- The Company generated operating cash flow before changes in non-cash working capital of $20.0 million in Q1-2021 (Q1-2020: negative operating cash flow $4.1 million). Quarterly net operating cash flow was $28.1 million (Q1-2020: negative $1.4 million).

MVC produced 15.5 million pounds of copper during Q1-2021 at a cash cost of $1.88 per pound

- Q1-2021 production was 15.5 million pounds of copper (Q1-2020: 12.1 million pounds) including 8.5 million pounds from Cauquenes (Q1-2020: 5.7 million pounds) and 7.0 million pounds from fresh tailings (Q1-2020: 5.1 million pounds). In Q1-2020, 1.2 million pounds of copper were produced from slag processing.

- Molybdenum production during Q1-2021 was 0.4 million pounds (Q1-2020: 0.2 million pounds).

- Q1-2021 cash cost (a non-GAAP measure equal to the aggregate of smelting and refining charges, tolling/production costs net of inventory adjustments and administration costs, net of by-product credits, page 12) decreased 3% to $1.88 per pound ("/lb") (Q1-2020: $1.94/lb).

- Q1-2021 total cost (a non-GAAP measure equal to the aggregate of cash cost, DET notional copper royalties and DET molybdenum royalties of $1.07/lb and depreciation of $0.28/lb, page 12) increased to $3.23/lb (Q1-2020: $2.88/lb), due to an increase of $0.57/lb in DET notional royalties from higher metal prices.

MVC's average copper price in Q1-2021 was $4.08/lb

- In Q1-2021, MVC's copper price was $4.08/lb, 74% higher than the Q1-2020 copper price of $2.35/lb. MVC's molybdenum price was $10.88/lb, 18% higher than the Q1-2020 price of $9.20/lb.

- Revenue during Q1-2021 was $48.9 million (Q1-2020: $15.6 million), including copper tolling revenue of $45.4 million (Q1-2020: $13.3 million) and molybdenum revenue of $3.5 million (Q1-2020: $1.7 million). In Q1-2020 slag processing revenue was $0.7 million.

- Copper tolling revenue is calculated from MVC's gross value of copper produced during Q1-2021 of $58.1 million (Q1-2020: $27.2 million) and fair value adjustments to settlement receivables of $8.5 million (Q1-2020: ($5.3 million)), less notional items including DET royalties of $16.0 million (Q1-2020: $5.2 million), smelting and refining of $4.7 million (Q1-2020: $3.0 million) and transportation of $0.5 million (Q1-2020: $0.3 million). The Q1-2021 settlement adjustments included $5.0 million in settlement adjustments in respect of Q4-2020 production, which are final adjustments.

- MVC's financial performance is very sensitive to changes in copper prices. MVC's Q1-2021 provisional copper price was $4.08/lb, and final prices for January, February, and March sales will be the average London Metal Exchange ("LME") prices for April, May, and June, respectively. A 10% increase or decrease from the $4.08/lb provisional price used at March 31, 2021 would result in a $6.2 million change in revenue in Q2-2021 in respect of Q1-2021 production.

At March 31, 2021, cash balance was $38.6 million, with working capital of $11.5 million

- At March 31, 2021, the Company's cash balance was $38.6 million (December 31, 2020: $14.1 million) and the Company had working capital of $11.5 million (December 31, 2020: working capital deficiency of $6.1 million).

- In Q1-2021, the Company received $3.9 million in proceeds from the sale of investments.

- In Q1-2021, the Company made scheduled debt payments of $6.5 million (2020: $4.7 million) and paid $0.6 million for plant and equipment (2020: $0.5 million)

- Refer to Cautionary Statement on Forward Looking Information (page 19).

COVID-19 effect on financial results and ongoing uncertainty

- In March 2020, the World Health Organization declared a global pandemic related to COVID-19. The current and expected impacts from the pandemic on the global economy are anticipated to be far reaching. To date, there has been significant volatility in stock markets, commodity and foreign exchange markets and the global movement of people and some goods has become restricted. There is significant ongoing uncertainty surrounding COVID-19 and the extent and duration of the impact that it may have on the demand and on the market prices of copper and molybdenum, and on global financial markets.

- The Company's financial results were substantially impacted during the first half of 2020 as a result of lower copper prices. Commodity market fluctuations resulting from COVID-19 may impact the Company's financial results and liquidity.

- MVC has not experienced production interruptions or significant disruption to its supply chain because of the COVID-19 global pandemic.

SUMMARY OF FINANCIAL RESULTS Q1-2021 TO Q1-2020

	Q1-2021 $	Q4-2020 $	Q3-2020 $	Q2-2020 $	Q1-2020 $
Copper production, million pounds [1]	15,501	16,449	14.685	12.965	12.080
Copper deliveries, million pounds [1]	15,109	15,904	14.963	13.698	11.822
MVC's copper price ($/lb)	4.08	3.52	3.04	2.61	2.35
Financial results ($ thousands)					
Revenue					
Gross value of copper produced	58,143	56,015	44,306	33,333	27,180
Adjustments to fair value of settlement receivables	8,530	5,346	5,937	1,426	(5,332)
	66,673	61,361	50,243	34,759	21,848
Notional items deducted from gross value of copper produced:					
DET royalties - copper	(15,991)	(12,355)	(9,839)	(6,150)	(5,192)
Smelting and refining	(4,762)	(4,905)	(4,480)	(4,257)	(3,023)
Transportation	(519)	(511)	(478)	(444)	(318)
Copper tolling revenue	45,401	43,590	35,446	23,908	13,315
Slag revenue	-	-	-	-	668
Molybdenum and other revenue	3,506	3,598	2,109	2,138	1,655
	48,907	47,188	37,555	26,046	15,638
Tolling and production costs					
Tolling and production costs	(23,834)	(25,376)	(22,587)	(20,740)	(18,459)
Depreciation and amortization	(4,376)	(4,350)	(4,270)	(4,338)	(4,736)
Administration	(1,262)	(1,227)	(1,448)	(1,053)	(1,112)
DET royalties - molybdenum	(557)	(506)	(267)	(310)	(262)
	(30,029)	(31,459)	(28,572)	(26,441)	(24,569)
Gross profit (loss)	18,878	15,729	8,983	(395)	(8,931)
Other expenses					
Derivative to related parties including changes in fair value	(377)	(1,359)	(303)	(2,100)	3,742
Salaries, management and professional fees	(758)	(950)	(457)	(354)	(436)
Office and general expenses	(401)	(88)	(115)	(51)	(255)
Share-based payment compensation	(89)	(43)	(32)	(29)	(10)
	(1,248)	(1,081)	(604)	(434)	(701)
Foreign exchange (loss) gain	(489)	1,013	(86)	(396)	960
Loss on inventory adjustments	-	(2,376)	-	-	-
Writedown of obsolete equipment and supplies	(749)	-	-	-	-
Other gains (losses)	26	(1)	71	14	35
	(1,212)	(1,364)	(15)	(382)	995
	(2,837)	(3,804)	(922)	(2,916)	4,036
Operating profit (loss)	16,041	11,925	8,061	(3,311)	(4,895)
Finance expense	(856)	(719)	(784)	(904)	(2,833)
Income (loss) before income tax	15,185	11,206	7,277	(4,215)	(7,728)
Income tax (expense) recovery	(4,260)	(2,899)	(1,889)	613	3,699
Net income (loss)	10,925	8,307	5,388	(3,602)	(4,029)
Earnings (loss) per share - basic	0.06	0.05	0.03	(0.02)	(0.02)
Earnings (loss) per share - diluted	0.06	0.04	0.03	(0.02)	(0.02)
Unit tolling and production costs	1.99	1.91	1.91	1.93	2.32
Cash cost ($/lb) [2]	1.88	1.65	1.80	1.72	1.94
Total cost ($/lb) [2]	3.23	2.70	2.78	2.55	2.88
Uses and sources of cash ($thousands)					
Operating cash flow before working capital changes	20,040	19,757	10,738	2,785	(4,132)
Net cash from (used in) operating activities	28,136	4,639	15,384	1,132	(1,378)
Cash from (used in) investing activities	3,289	(977)	(540)	(810)	(393)
Cash used in financing activities	(6,892)	(446)	(5,030)	(403)	(4,779)
Ending cash balance	38,643	14,085	10,471	489	572

Notes:

1 Includes production from fresh tailings, Cauquenes tailings and in Q1-2020, DET slag processing.

2 Cash and total costs are non-GAAP measures. Refer to page 12 for the basis of reconciliation of these measures to tolling and production costs.

A discussion on key quarterly variances (revenue and tolling and production costs) can be found on page 14.

OPERATING RESULTS

Copper production in Q1-2021 was 15.5 million pounds (Q1-2020: 12.1 million pounds) and copper deliveries were 15.1 million pounds (Q1-2020: 11.8 million pounds).

With respect to fresh tailings, MVC's production increased to 7.0 million pounds of copper in Q1-2021 (Q1-2020: 5.1 million pounds), due to higher throughput, higher grade, and a higher number of operating days as MVC's annual plant maintenance took place in Q1-2020, whereas in 2021 is scheduled to take place in Q3 when Covid-19 is expected to be less of a threat to the MVC workers. Recovery from fresh tailings was 19.3% in Q1-2021 (Q1-2020: 19.9%).

Production from Cauquenes was positively affected by higher throughput and a higher number of operating days, both as a result to the timing difference in the annual maintenance program at MVC mentioned before and due to additional days lost in Q1-2020 due to operational stoppages at MVC's water thickeners. Copper grade was lower than in Q1-2020. Recovery from Cauquenes was 33.1% in Q1-2021 (33.4% in Q1-2020).

MVC's average plant availability during Q1-2021 was 97.8%.

MVC continued to work during Q1-2021 in the plant optimization program started in 2020.

MVC's operations continued through Q1-2021 without any significant disruptions due to COVID-19.

Molybdenum production during Q1-2021 was 0.4 million pounds (Q1-2020: 0.2 million pounds).

Production results for Q1-2021 and Q1-2020 are included below:

PRODUCTION	Q1-2021	Q1-2020
FRESH TAILINGS		
Tonnes per day	128,238	120,037
Operating days	90	78
Tonnes processed	11,541,378	9,306,854
Copper grade (%)	0.143%	0.125%
Copper recovery	19.3%	19.9%
Copper produced (M lbs)	7.03	5.13
CAUQUENES TAILINGS		
Tonnes per day	55,457	43,763
Operating days	87	67
Tonnes processed	4,811,171	2,976,621
Copper grade (%)	0.242%	0.261%
Copper recovery	33.1%	33.4%
Copper produced (M lbs)	8.47	5.72
FRESH TAILINGS + CAUQUENES (M lbs)	15.50	10.85
DET SLAG PROCESSING		
Tonnes processed	-	14,960
Copper grade (%)	-	4.6%
Copper recovery	-	80.0%
Copper produced M (lbs)	-	1.23
COPPER		
Total copper produced (M lbs)	15.50	12.08

2021 Production and Cash Cost Outlook

In 2021, Amerigo expects to produce 60.9 M lbs of copper and 1.5 M lbs of molybdenum at a cash cost of $1.92/lb. The Company's prior cash cost guidance (January 14, 2021) was $1.79/lb and has increased due to higher costs incurred to maximize operational continuity, such as plant maintenance ($0.04/lb) and maintenance of Cauquenes processing equipment ($0.02/lb), higher input costs such as grinding balls ($0.03/lb) and reagents ($0.02/lb) and higher environmental compliance costs ($0.02/lb).

The following quarterly production breakdown is currently expected based on MVC's mine plan, including grade and projected recoveries in each quarter:

	Q1-2021	Q2-2021	Q3-2021	Q4-2021	2021
Copper production (M lbs)	15.5	15.6	14.7	15.1	60.9
Molybdenum production (M lbs)	0.4	0.4	0.3	0.4	1.5
Cash cost ($/lb)	1.88	1.90	1.91	1.99	1.92

Production in H1 is expected to be stronger than in H2 given that MVC and El Teniente's annual plant shutdown will take place in September and October. MVC anticipates losing 8 production days due to the annual plant maintenance shutdown.

MVC continues to work on additional plant optimization initiatives together with its technical consultant 911Metallurgy Corp., most of which are expected to be completed by the end of Q2-2021, with some of the work continuing into Q3-2021. The Company's 2021 production targets do not include any impact from this optimization work.

The Company's 2021 cash cost forecast in this MD&A assumes the following variables for Q2 to Q4-2021: market molybdenum price of $10.50/lb and an exchange rate of the Chilean peso ("CLP") to the USD of $705.

A 10% change in molybdenum price during Q2 to Q4 could have a $0.01/lb impact on cash cost, and a 10% change on the CLP to USD foreign exchange rate during Q2 to Q4could have an annual impact of $0.03/lb on cash cost.

FINANCIAL RESULTS – Q1-2021

Net income during Q1-2021 was $10.9 million (Q1-2020: net loss of $4.0 million), due to higher production and metal prices and $5.0 million in positive fair value adjustments to Q4-2020 copper receivables.

Revenue

Revenue in Q1-2021 was $48.9 million (Q1-2020: $15.6 million).

(Expressed in thousands)	Q1-2021 $	Q1-2020 $
Average LME copper price per pound	3.85	2.56
Gross value of copper produced	58,143	27,180
Adjustments to fair value of settlement receivables[1]	8,530	(5,332)
	66,673	21,848
Notional items deducted from gross value of copper produced:		
DET royalties - copper	(15,991)	(5,192)
Smelting and refining charges	(4,762)	(3,023)
Transportation	(519)	(318)
Copper tolling revenue	45,401	13,315
Molybdenum revenue	3,506	1,655
Slag processing revenue	-	668
Revenue	48,907	15,638
MVC's copper price ($/lb)[2]	4.08	2.35
MVC's molybdenum price ($/lb)	10.88	9.20

Notes:
1. Of the $8.5 million in adjustments to fair value of settlement receivables, $5.0 million is in respect of Q4-2020 sales and $3.5 million are in respect to Q1-2021 sales (Q1 2020 - $3.1 million is in respect of Q4-2019 sales and $2.2 million are in respect to Q1-2020).
2. MVC's copper price is the gross copper selling price after taking into account the same quarter sales settlement adjustments. Therefore, this amount can vary from the average LME copper price per pound.

MVC produces copper concentrates under a tolling agreement with DET. Title to the copper concentrates produced by MVC is retained by DET and MVC earns tolling revenue, calculated as the gross value of copper produced at applicable market prices, plus or minus adjustments to the fair value of settlement receivables, net of notional items (DET copper royalties, treatment and refining charges and transportation costs).

Copper revenue is billed weekly based on the tolling activity of the preceding week, which is measured by the production of copper concentrates. Additional billings are done on a monthly basis based on the tolling activity for the full month, less weekly billings, and to bill for pricing term differences, as disclosed in the following paragraph.

MVC's compensation is determined in accordance with annual industry benchmarks for pricing terms and smelting and refining charges. In 2021, it is based on the average LME copper price for the third month following delivery of copper concentrates produced under the tolling agreement (M+3). Accordingly, final pricing for copper produced by MVC is determined based on the average LME copper price of the third month following delivery of copper, and final prices for January, February, and March sales will be the average London Metal Exchange ("LME") prices for April, May, and June respectively. This variable difference gives rise to a derivative, changes in the fair value of which are recognized in revenue as settlement receivables.

At March 31, 2021, the provisional copper price used by MVC was $4.08/lb. Financial performance is very sensitive to changes in copper prices. For example, a 10% increase or decrease from the $4.08/lb price would result in a $6.2 million change in copper tolling revenue in Q2-2021.

DET royalties on copper production are a notional item deducted from MVC's gross value of copper produced. In Q1-2021, DET notional copper royalties were $16.0 million (Q1-2020: $5.2 million) due to higher copper prices.

We disclose the terms for DET notional copper royalties and molybdenum royalties under Agreements with Codelco's DET (page 16).

Molybdenum produced by MVC is predominantly sold under a written sales agreement with Molymet. Revenue is billed monthly based on the amount of concentrates delivered during the preceding month. Molymet can elect different pricing terms monthly. For January, February, and March 2021, the pricing term elected was M+4 in respect of the average Platt's molybdenum dealer oxide price of the month of sale. This variable difference also gives rise to a derivative, which is valued at fair value through profit or loss.

In Q1-2021, MVC's molybdenum sales price was $10.88/lb (Q1-2020: $9.20/lb). At March 31, 2021, molybdenum sales were provisionally priced at $11.75/lb. A 10% increase or decrease in this price would result in price-driven revenue settlement adjustments of $0.4 million.

Tolling and Production Costs

(Expressed in thousands)	Q1-2021	Q1-2020
	$	$
Direct tolling and production costs		
Power costs	8,046	5,666
Direct labour	3,298	2,275
Lime costs	2,069	1,796
Grinding media	2,530	1,353
Other direct tolling / production costs	7,891	7,369
	23,834	18,459
Depreciation and amortization	4,376	4,736
Administration	1,262	1,112
DET royalties - molybdenum	557	262
Tolling and production costs	30,029	24,569
Unit tolling and production costs ($/lb delivered)	1.99	2.32

During Q1-2021, power costs increased by $2.4 million or 42% compared to Q1-2020 due to a 40% increase in power consumption at MVC. Power costs in Q1-2021 were $0.0928/kWh (Q1-2020: $0.0913/kWh).

During Q1-2021, labour increased by $1.0 million compared to Q1-2020 mostly due to a stronger CLP as well as a $0.5 million collective agreement signing bonus paid to MVC's supervisors on renewal of a 3-year agreement in January 2021.

The average CLP in Q1-2021 was 10% stronger than the average CLP in Q1-2020.

Lime and grinding media increased due to higher consumption associated with higher production.

In aggregate, other direct tolling costs increased by $0.5 million in Q1-2021 due to an increase of $0.9 million in molybdenum production costs (from higher molybdenum production), an increase in process control, environmental and safety costs of $0.9 million and increases in both maintenance and historic tailings extraction. This increase in costs was offset by a decrease in inventory adjustments of $1.9 million.

(Expressed in thousands)	Q1-2021	Q1-2020
	$	$
Other direct tolling costs		
Maintenance, excluding labour	2,150	2,028
Historic tailings extraction	1,774	1,384
Molybdenum production costs	2,173	1,303
Industrial water	910	1,182
Subcontractors, support services	634	514
Copper reagents	950	447
Process control, environmental and safety	1,311	404
Direct slag processing costs	-	328
Filtration and all other direct tolling costs	297	218
Inventory adjustments	(2,308)	(439)
	7,891	7,369

($/lb Cu)	Q1-2021	Q1-2020
Other direct tolling costs		
Maintenance, excluding labour	0.15	0.18
Historic tailings extraction	0.11	0.13
Molybdenum production costs	0.14	0.12
Industrial water	0.06	0.11
Subcontractors, support services	0.04	0.05
Copper reagents	0.06	0.04
Process control, environmental and safety	0.08	0.04
Direct slag processing costs	0.00	0.03
Filtration and all other direct tolling costs	0.02	0.02
Inventory adjustments	(0.15)	(0.04)
	0.51	0.68

Depreciation and amortization in Q1-2021 were $4.4 million (Q1-2020: $4.7 million).

Administration expenses during Q1-2021 were $1.3 million (Q1-2020: $1.1 million) due to higher costs, partially associated with a stronger CLP.

Other Gains and Expenses

Other losses of $2.8 million in Q1-2021 (Q1-2020: other gains of $4.0 million) are costs not related to MVC's production operations and include:

- General and administration expenses of $1.2 million (Q1-2020: $0.7 million) including salaries, management and professional fees of $0.8 million (Q1-2020: $0.4 million), office and general expenses of $0.4 million (Q1-2020: $0.2 million) and share-based payments of $0.1 million (Q1-2020: $0.1 million).

- A $0.4 million loss associated with the derivative to related parties (Q1-2020: gain of $3.7 million), including actual amounts paid or accrued to related parties of $0.3 million (Q1-2020: $0.2 million) and an increase in the derivative's fair value of $0.1 million (Q1-2020: decrease of $3.9 million). The decrease in the prior year was a result of a sharp increase in discount rates used to compute the fair value of the derivative.

- Other losses of $1.2 million (Q1-2020: other gains of $1.0 million). In Q1-2021 a write-down of obsolete equipment and supplies was taken in the amount of $0.7 million. There was also a foreign exchange loss recorded for $0.5 million during Q1-2021 (Q1-2020: gain of $1.0 million).

The Company's finance expense in Q1-2021 was $0.9 million (Q1-2020: $2.8 million) which includes interest on loans, leases, and bank charges of $1.1 million (Q1-2020: $1.1 million) and positive fair value changes on an interest rate swap ("IRS") of $0.2 million (Q1-2020: negative fair value changes of $1.7 million).

Income tax expense in Q1-2021 was $4.3 million, almost fully in connection with deferred income tax. In Q1-2020 the Company posted an income tax recovery of $3.7 million.

Deferred income tax recovery or expense results from the changes to deferred income tax liabilities, arising predominantly from the differences between the book and tax values of MVC's property, plant and equipment. Deferred tax liabilities do not represent income tax payable.

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.

The Company believes that these measures provide additional information to evaluate corporate performance. Management also uses these measures to monitor internal performance and to plan and assess the overall effectiveness and efficiency of Amerigo's operations. These performance measures do not have any standardized meaning within IFRS and, therefore, amounts presented may not be comparable to similar measures presented by other mining companies. These performance measures should not be considered in isolation or as a substitute for measures of performance within IFRS.

A reconciliation of tolling and production costs to cash cost and total cost in Q1-2021 and Q1-2020 is presented below:

(Expressed in thousands)	Q1-2021	Q1-2020
	$	$
Tolling and production costs	30,029	24,569
Add (deduct):		
DET notional royalties - copper	15,991	5,192
Smelting and refining charges	4,762	3,023
Transportation costs	519	318
Inventory adjustments	2,308	439
By-product credits	(3,506)	(2,323)
Total cost	50,103	31,218
Deduct:		
DET notional royalties - copper	(15,991)	(5,192)
DET royalties - molybdenum	(557)	(262)
	(16,548)	(5,454)
Depreciation and amortization	(4,376)	(4,736)
Cash cost	29,179	21,028
Pounds of copper tolled (fresh and Cauquenes)	15.50	10.85
Cash cost ($/lb)	**1.88**	**1.94**
Total cost ($/lb)	**3.23**	**2.88**

The Company's trailing quarterly cash costs ($/lb of copper produced) were:

($/lb of copper produced)	Q1-2021	Q4-2020	Q3-2020	Q2-2020	Q1-2020
Power costs	0.52	0.50	0.54	0.51	0.52
Smelting & refining	0.31	0.30	0.31	0.33	0.28
Lime	0.13	0.13	0.14	0.12	0.17
Grinding media	0.16	0.14	0.13	0.15	0.12
Administration	0.08	0.06	0.10	0.08	0.10
Transportation	0.03	0.03	0.03	0.03	0.03
Other direct costs	0.88	0.72	0.68	0.66	0.93
By-product credits	(0.23)	(0.23)	(0.14)	(0.16)	(0.21)
Cash Cost	**$1.88**	**$1.65**	**$1.80**	**$1.72**	**$1.94**

The Company's trailing quarterly total costs ($/lb of copper produced) were:

($/lb of copper produced)	Q1-2021	Q4-2020	Q3-2020	Q2-2020	Q1-2020
Cash cost	1.88	1.65	1.80	1.72	1.94
DET notional royalites/royalties	1.07	0.78	0.69	0.50	0.50
Amortization/depreciation	0.28	0.27	0.29	0.33	0.44
Total Cost	**$3.23**	**$2.70**	**$2.78**	**$2.55**	**$2.88**

Total cost in Q1-2021 was $3.23/lb (Q1-2020: $2.88/lb), due to a $0.57/lb increase in DET notional royalties from higher metal prices mitigated by a $0.06/lb decrease in cash cost and a $0.16/lb decrease in depreciation.

COMPARATIVE PERIODS

Amerigo's quarterly financial statements are reported under IFRS applicable to interim financial reporting.

The following tables provide highlights from Amerigo's financial statements of quarterly results for the past eight quarters.

	Q1-2021 $	Q4-2020 $	Q3-2020 $	Q2-2020 $
Total revenue (thousands)	48,907	47,188	37,555	26,046
Net income (loss) (thousands)	10,925	8,307	5,388	(3,602)
EPS (LPS)	0.06	0.05	0.03	(0.02)
Diluted EPS (LPS)	0.06	0.04	0.03	(0.02)

	Q1-2020 $	Q4-2019 $	Q3-2019 $	Q2-2019 $
Total revenue (thousands)	15,638	35,474	33,900	22,692
Net (loss) income (thousands)	(4,029)	633	(2,083)	(6,564)
(LPS) EPS	(0.02)	-	(0.01)	(0.04)
Diluted (LPS) EPS	(0.02)	-	(0.01)	(0.04)

Quarterly revenue variances result mostly from higher or lower copper deliveries (a factor of quarterly production), MVC's copper price (a factor of market prices) and adjustments to the fair value of settlement receivables.

The Company's revenues are highly sensitive to these variables, as summarized below:

	Q1-2021	Q4-2020	Q3-2020	Q2-2020	Q1-2020	Q4-2019	Q3-2019	Q2-2019
Copper sales/deliveries [1]	15.1	15.9	15.0	13.7	11.8	15.5	16.6	13.4
MVC's copper price	4.08	3.52	3.04	2.61	2.35	2.76	2.62	2.67
Settlement adjustments[2]	5.04	5.35	4.77	(1.00)	(3.01)	1.04	(0.55)	(1.72)

Notes:
1 Million pounds of copper sold under tolling agreements with DET.
2 Adjustments to fair value of copper settlement receivables from prior quarters, expressed in millions of dollars.

During Q2-2019, copper deliveries were substantially lower than in preceding quarters as a result of low plant recoveries, resulting from MVC's mining plan sequence. Copper prices in Q1-2019 were stronger than in the second half of 2018, but in Q2-2019 declined again resulting in $1.7 million in negative price adjustments. In Q3-2019, copper prices continued to decline but the quarter-to-quarter decline was substantially lower than in the preceding quarter, resulting in lower negative settlement adjustments. Deliveries improved due to higher production. In Q4-2019, the copper price recovered, and the Company had positive settlement adjustments of $1.0 million, but deliveries were lower than in Q3-2019. In Q1-2020, copper deliveries declined as a result of lower production driven by MVC's water preservation efforts due to drought conditions in central Chile and low plant recoveries. Additionally, copper prices dropped sharply due to the global pandemic, affecting quarterly revenue and resulting in $3.0 million in negative adjustments to prior quarter sales. In Q1-2020, copper deliveries declined because of lower production driven by MVC's water preservation efforts due to drought conditions in central Chile and low plant recoveries. Additionally, copper prices dropped sharply due to the COVID-19 global pandemic, affecting quarterly revenue, and resulting in $3.0 million in negative adjustments to prior quarter sales. In Q2-2020, revenue was positively impacted by a recovery in copper prices, an increase in copper delivered during the quarter and reduced final copper adjustments to prior quarter sales. In Q3-2020, Q4-2020, and Q1-2021, revenue was again positively impacted by both an increase in copper prices and an increase in copper delivered during the quarter.

In addition to revenue variances, the Company's quarterly results in the most recent eight quarters were also affected by higher or lower cost of sales:

	Q1-2021	Q4-2020	Q3-2020	Q2-2020	Q1-2020	Q4-2019	Q3-2019	Q2-2019
Tolling and production costs [1]	30.29	31.46	28.57	26.44	24.57	31.95	32.89	28.79
Unit tolling and production cost [2]	1.99	1.91	1.91	1.93	2.32	2.07	1.99	2.08

Notes:
1 Million of dollars.
2 Tolling and production costs divided over pounds of copper delivered.

Tolling and production costs are affected by production levels, input costs (particularly power, lime and grinding media costs) and the depreciation or appreciation of the CLP to the U.S. dollar. In Q2-2019, inventory variations increased tolling and production costs by $3.5 million compared to the preceding quarter. In Q3-2019, total tolling and production costs increased due to higher deliveries which in turn resulted in lower unit costs. In Q4-2019, tolling and production costs included $2.3 million in signing bonuses paid to MVC workers, increasing unit costs as there was no higher output associated with this cost. Tolling and production costs declined in Q1-2020 due to a lower contractual power cost and other cost mitigation initiatives, but unit costs increased due to lower production levels in the quarter. In Q2-2020, total tolling and production costs increased due to higher production levels but decreased on a unit cost basis. In Q3-2020 and Q4-2020, total tolling and production costs increased due to higher production levels but decreased on a unit cost basis. In Q1-2021, total tolling and production costs decreased, but due to a decrease in production during the quarter, the unit cost increased.

FINANCIAL POSITION AND BORROWINGS

Cash Flow From Operating Activities

In Q1-2021, the Company generated cash from operating activities of $28.1 million (Q1-2020: negative net cash from operating activities of $1.4 million). Excluding the effect of changes in working capital accounts, the Company generated cash from operating activities during Q1-2021 of $20.0 million (Q1-2020: negative net cash of $4.1 million).

The Company operates in a cyclical industry with cash flow generating capacity closely correlated to market copper prices.

At March 31, 2021, the provisional copper price used by MVC was $4.08/lb. Financial performance is very sensitive to changes in copper prices. For example, a 10% increase or decrease from the $4.08/lb price would result in a $6.2 million change in copper tolling revenue in Q2-2021.

Cash Flow From Investing Activities

In Q1-2021, the Company received $3.9 million from the sale of investments which were non-core investments, and which had experienced an increase in fair market value.

In Q1-2021, the Company made Capex payments of $0.6 million (Q1-2020: $0.5 million).

Cash Flow Used in Financing Activities

In Q1-2021, the Company made debt repayments of $6.5 million (Q1-2020: $4.7 million) and made lease repayments of $0.3 million (Q1-2020: $0.2 million).

In Q1-2020 the Company received $0.1 million in proceeds from various exercises of stock options. In Q1-2021 no proceeds were received from stock options exercised as they were exercised on a cashless basis.

Financial Position

At March 31, 2021, the Company held cash and cash equivalents of $38.6 million (December 31, 2020: $14.1 million), with a working capital of $11.5 million (December 31, 2020: a working capital deficiency of $6.1 million).

Borrowings

(Expressed in thousands)	March 31, 2021 $	December 31, 2020 $
Consolidated bank loan	41,484	46,463
DET deferred settlements loan	5,505	7,305
	46,989	53,768
Comprise:		
Current portion of long-term debt	14,894	17,059
Long-term debt	32,095	36,709

On March 25, 2015, MVC obtained a $64.4 million loan facility from Scotiabank Chile (“Scotiabank”) and Export Development Canada (“EDC”) to finance the Cauquenes Phase One expansion (the “Cauquenes Phase One Loan”). The Cauquenes Phase One Loan had a maximum repayment term of six years consisting of twelve equal semi-annual principal payments of $5.4 million which commenced on June 30, 2016.

On August 3, 2017, MVC obtained a $35.3 million facility (the “Cauquenes Phase Two Loan”) from Scotiabank and EDC to finance the Cauquenes Phase Two expansion. The Cauquenes Phase Two Loan had a maximum repayment term of three years consisting of six equal semi-annual principal payments of $5.9 million which commenced on June 30, 2019.

On September 26, 2019, MVC completed a refinance of the Cauquenes Phase One and Phase Two loans, which at the time of refinance had an outstanding principal of $56.3 million and accrued interest of $0.8 million. Under the refinance provisions, the principal outstanding on the Cauquenes loans was structured as a four-year senior secured term loan facility (the “Consolidated Bank Loan”) of $56.3 million, provided jointly by Scotiabank and EDC.

The Consolidated Bank Loan has a repayment term of 4 years to September 26, 2023. MVC may make early repayments without penalty in accordance with the provisions of the debt agreement. Seven semi-annual installments of $4.7 million must be made starting together with accrued interest. The first, second and third installments were paid on March 26, 2020, September 28, 2020 and March 26, 2021. A final installment of $23.5 million plus accrued interest is to be made on September 26, 2023. Any prepayments made during the term of the loan will reduce the amount due on the final installment.

On closing of the refinance, MVC paid $0.8 million in interest accrued on the Cauquenes loans, an interest rate swap (“IRS”) break fee of $0.3 million and bank commissions of $1.2 million.

Interest on the Consolidated Bank Loan is synthetically fixed through an IRS, accounted for at fair value through profit or loss, at a rate of 5.70% per annum for 80% of the facility. The remaining 20% of the facility is subject to a variable rate based on the US Libor six-month rate, which on March 31, 2021 was 3.0595% per annum. The IRS has a term to September 26, 2023.

The balance of the Consolidated Bank Loan (net of transaction costs) at March 31, 2021 was $41.5 million (December 31, 2020: $46.5 million).

MVC has provided security on the Consolidated Bank Loan in the form of a charge on all of MVC’s assets.

MVC is required to meet four bank covenants: current ratio (requirement of 1.25), tangible net worth (requirement of $125.0 million), debt service coverage ratio (requirement of 1.2) and debt/EBITDA ratio (requirement of less than 3), measured semi-annually on March 31 and September 30. On March 31, 2021, MVC did not meet the current ratio bank covenant, however, prior to March 31, 2021 MVC received waivers from Scotiabank and EDC in respect of the current ratio covenant compliance.

MVC is also required to have a Debt Service Reserve Account ("DSRA") which must be used to: (i) pay the principal and interest of bank loans and amounts owing under the IRS if MVC has insufficient funds to make these payments and (ii) fund MVC's operating expenses. If it becomes necessary to fund MVC's operations with funds from the DSRA, MVC will need to replenish the DSRA at each month's end with funds necessary to maintain a balance equal to one hundred percent of the sum of the principal, interest and IRS that are payable in the following six months. At March 31, 2021, MVC held DSRA funds in the required amount of $6.1 million.

Molybdenum Plant Expansion Lease

In 2018, MVC entered into a lease of 201,903 Chilean Unidades de Fomento ("UF") to finance the expansion of MVC's molybdenum plant. The lease has a term to November 2023, with monthly capital payments of approximately $0.1 million, a balloon payment at the end of the lease term of approximately $1.5 million and interest at a rate of 0.45% per month. The lease can be prepaid without penalty. At March 31, 2021, the lease obligation was $5.1 million (December 31, 2020: $5.6 million).

AGREEMENTS WITH CODELCO'S DET

MVC has a contract with DET (the "DET Agreement") to process the fresh tailings from El Teniente and the tailings from the Cauquenes and Colihues historic tailings deposits. The DET Agreement has a term to 2037 for fresh tailings, the earlier of 2033 or deposit depletion for Cauquenes, and the earlier of 2037 or deposit depletion for Colihues.

The DET Agreement establishes a series of royalties payable by MVC to DET, calculated using the average LME copper price for the month of concentrates production.

The DET Agreement currently operates as a tolling contract under which title to the copper concentrates produced by MVC remains with DET. MVC earns tolling revenue, calculated as the gross value of copper produced at applicable market prices net of notional items. Notional items include treatment and refining charges, DET copper royalties and transportation costs.

Notional royalties for copper concentrates produced from fresh tailings are determined through a sliding scale formula tied to copper prices ranging from $1.95/lb (13.5%) to $4.80/lb (28.4%).

Notional royalties for copper concentrates produced from Cauquenes are determined through a sliding scale for copper prices ranging from $1.95/lb (16%) to $5.50/lb (39%).

Notional royalties for copper concentrates produced from Colihues are determined through a sliding scale for copper prices ranging from $0.80/lb (3%) to $4.27lb (30%). MVC intends to restart processing tailings from Colihues once the Cauquenes deposit is depleted.

MVC pays a sliding scale global molybdenum royalty for molybdenum prices between $6.00/lb (3%) and $40.00/lb (19.7%).

The DET Agreement anticipates that in the event monthly average copper prices fall below $1.95/lb in the case of fresh tailings and Cauquenes tailings, and projections indicate the permanence of such prices over time, the parties will meet to review cost and notional royalty/royalty structures to maintain the DET Agreement's viability and the equilibrium of the benefits between the parties.

The DET Agreement also contains three early exit options exercisable by DET within 2021 and every three years thereafter only in the event of changes unforeseen at the time the DET Agreement was entered into. Amerigo has currently judged the probabilities of DET exercising any of these early exit options as remote.

Transactions with Related Parties

a) Derivative liability

Amerigo holds its interest in MVC through Amerigo International Holdings Corp. ("Amerigo International"), wholly owned by Amerigo except for certain outstanding Class A shares which are owned indirectly by Amerigo's founders (including Amerigo's current Executive Chairman). The Class A shares were issued in 2003 as part of a tax-efficient structure for payments granted as consideration to the founders transferring to Amerigo their option to purchase MVC.

The Class A shareholders are not entitled to any participation in the profits of Amerigo International, except for monthly payments, calculated as follows:

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

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

Under IFRS, the payments constitute a derivative financial instrument which needs to be measured at fair value at each reporting date. Changes in fair value are recorded in profit for the period.

The derivative expense includes the actual monthly payments described above and changes in the derivative's fair value.

In Q1-2021, $0.3 million was paid or accrued to the Class A shareholders (Q1-2020: $0.2 million) and the derivative's fair value increased by $0.1 million (Q1-2020: decreased by $3.9 million), for a total derivative expense of $0.4 million (Q1-2020: recovery of $3.7 million).

At March 31, 2021, the derivative totalled $11.2 million (December 31, 2020: $11.3 million), with a current portion of $1.1 million (December 31, 2020: $1.2 million) and a long-term portion of $10.1 million (December 31, 2020: $10.9 million).

b) Directors' fees and remuneration to officers

In Q1-2021, the Company paid or accrued $0.5 million in salaries and fees to companies associated with certain officers (2020: $0.2 million). In the same period, Amerigo paid or accrued $0.1 million in directors' fees (2020: $0.1 million) and share-based payments of $1.0 million (Q1-2021: $nil). These transactions were in the ordinary course of business and measured at market rates determined on a cost recovery basis.

In Q1-2021, 2,540,000 options were granted to Amerigo directors and officers (2020: 2,080,000 options).

Critical Accounting Estimates and Judgements

Preparing interim financial statements requires management to make judgements, estimates and assumptions. This affects the application of accounting policies and reported amounts. Actual results may differ from these estimates.

In Q1-2021, management's significant judgements and the key sources of estimation uncertainty were consistent with those used to prepare Amerigo's 2020 annual consolidated financial statements. For more information, refer to Amerigo's year ended December 31, 2020 annual consolidated financial statements available on Amerigo's profile on SEDAR at www.sedar.com.

Disclosure Controls and Procedures

Amerigo designs disclosure controls and procedures to provide reasonable assurance that all relevant information is communicated to senior management and to allow timely decisions regarding required disclosure.

Amerigo has a formal corporate disclosure policy and a Disclosure Policy Committee (the "DPC"). Amerigo's directors and Aurora Davidson (President and CEO) are members of the DPC.

Management has reasonable confidence that the Company's material information is made known to them in a timely manner, and that Amerigo's disclosure controls and procedures are effective on an ongoing basis.

Internal Controls over Financial Reporting ("ICFR")

ICFR is a process designed to provide reasonable assurance on the reliability of financial reporting and the preparation of financial statements for external purposes under IFRS.

Amerigo's ICFR includes policies and procedures that:

- Pertain to the maintenance of records that accurately and fairly reflect the additions to and dispositions of Company assets;

- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements under IFRS;

- Provide reasonable assurance that the Company's receipts and expenditures have the proper authorization of Amerigo's management and directors; and

- Provide reasonable assurance on the prevention or timely detection of unauthorized acquisition, use or disposition of Company assets that could have a material effect on the financial statements.

Any system of internal controls over financial reporting, no matter how well designed, has inherent limitations.

Even those systems determined to be effective can provide only reasonable assurance on preparation and presentation of financial statements.

There were no changes in the quarter that materially affected, or are reasonably likely to affect, Amerigo's ICFR.

Commitments

- At March 31, 2021, MVC had a long-term agreement for the supply of 100% of MVC's power requirements to December 31, 2032. The agreement established minimum stand-by charges based on peak hour power supply calculations, estimated to range from $1.1 to $1.4 million per month.

- Amerigo has an agreement for the lease of office premises in Vancouver to December 1, 2021. Rent commitments under the agreement are approximately $0.1 million.

- The DET Agreement has a Closure Plan clause requiring MVC and DET to jointly assess the revision of the closure plan for Cauquenes and compare it to the current DET plan. In the case of any variation in the interests of DET due to MVC's activities in the Cauquenes deposit, the parties will jointly evaluate the form of implementation and financing of or compensation for such variation. Until the estimation of the new closure plan is available, and the parties agree on the terms of compensation resulting from the revised plan, it is Amerigo's view there is no obligation to record a provision because the amount, if any, is not possible to determine.

Securities Outstanding

On May 3, 2021 Amerigo had 181,790,378 common shares and 11,110,000 options (exercisable at prices ranging from Cdn$0.40 to Cdn$1.11 per share) outstanding.

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

Cautionary Statement on Forward Looking Information

This MD&A contains certain forward-looking information and statements as defined in applicable securities laws (collectively referred to as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. The use of any of the words "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "should", "believe" and similar expressions is intended to identify forward-looking statements. These forward-looking statements include but are not limited to, statements concerning:

- forecasted production and operating costs;
- potential impact of COVID-19 on our business and operations;
- our strategies and objectives;
- our estimates of the availability and quantity of tailings, and the quality of our mine plan estimates;
- our estimates in respect of annual 2021 sustaining capital expenditures;
- the sufficiency of water reserves of Colihues to maintain projected Cauquenes tonnage processing in 2021;
- the timing of completion of MVC's plant optimization initiatives;
- prices and price volatility for copper, molybdenum, and other commodities and of materials we use in our operations;
- the demand for and supply of copper, molybdenum, and other commodities and materials that we produce, sell and use;
- sensitivity of our financial results and share price to changes in commodity prices;
- our financial resources and our expected ability to meet our obligations for the next 12 months;
- an expectation that MVC will, during 2021, repay its loan due to El Teniente and our expectation of how much MVC is to pay towards its bank loan and molybdenum plan lease during 2021;
- interest and other expenses;
- domestic and foreign laws affecting our operations;
- our tax position and the tax rates applicable to us;
- our ability to comply with our loan covenants;
- the production capacity of our operations, our planned production levels and future production;
- potential impact of production and transportation disruptions, including, but not limited to, our estimate of the loss of production days due to the annual MVC plant shutdown scheduled for September and October 2021;
- hazards inherent in the mining industry causing personal injury or loss of life, severe damage to or destruction of property and equipment, pollution or environmental damage, claims by third parties and suspension of operations
- estimates of asset retirement obligations and other costs related to environmental protection;
- our future capital and production costs, including the costs and potential impact of complying with existing and proposed environmental laws and regulations in the operation and closure of our operations;
- repudiation, nullification, modification or renegotiation of contracts;
- our financial and operating objectives;
- our environmental, health and safety initiatives;
- the outcome of legal proceedings and other disputes in which we may be involved;
- the outcome of negotiations concerning metal sales, treatment charges and royalties;

- disruptions to the Company's information technology systems, including those related to cybersecurity;
- our dividend policy; and
- general business and economic conditions.

These forward-looking statements involve known and unknown risks, uncertainties and other factors that are beyond our ability to predict or control, including risks that may affect our operating or capital plans; risks generally encountered in the permitting and development of mineral projects such as unusual or unexpected geological formations, negotiations with government and other third parties, unanticipated metallurgical difficulties, delays associated with permits, approvals and permit appeals, ground control problems, adverse weather conditions, process upsets and equipment malfunctions; risks associated with labour disturbances and availability of skilled labour and management; fluctuations in the market prices of our principal commodities, which are cyclical and subject to substantial price fluctuations; risks created through competition for mining projects and properties; risks associated with lack of access to markets; risks associated with availability of and our ability to obtain both tailings from Codelco’s Division El Teniente’s current production and historic tailings from tailings deposits; the ability of the Company to draw down funds from bank facilities and lines of credit, the availability of and ability of the Company to obtain adequate funding on reasonable terms for expansions and acquisitions; mine plan estimates; risks posed by fluctuations in exchange rates and interest rates, as well as general economic conditions including the current outbreak of the novel coronavirus known as COVID-19 on the Company’s business, operations and financial condition; risks associated with environmental compliance and changes in environmental legislation and regulation; risks associated with our dependence on third parties for the provision of critical services; risks associated with non-performance by contractual counterparties; title risks; social and political risks associated with operations in foreign countries; risks of changes in laws affecting our operations or their interpretation, including foreign exchange controls; and risks associated with tax reassessments and legal proceedings. Notwithstanding the efforts of the Company and MVC, there can be no guarantee that the Company’s or MVC’s staff will not contract COVID-19 or that the Company’s and MVC’s measures to protect staff from COVID-19 will be effective. Many of these risks and uncertainties apply not only to the Company and its operations, but also to Codelco and its operations. Codelco’s ongoing mining operations provide a significant portion of the materials the Company processes and its resulting metals production, therefore these risks and uncertainties may also affect their operations and in turn have a material effect on the Company.

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about:

- general business and economic conditions;
- interest and currency exchange rates;
- changes in commodity and power prices;
- acts of foreign governments and the outcome of legal proceedings;
- the supply and demand for, deliveries of, and the level and volatility of prices of copper and other commodities and products used in our operations;
- the ongoing supply of material for processing from Codelco’s current mining operations;
- the grade and projected recoveries of tailings processed by MVC;
- the ability of the Company to profitably extract and process material from the Cauquenes tailings deposit;
- the timing of the receipt of and retention of permits and other regulatory and governmental approvals;
- our costs of production and our production and productivity levels, as well as those of our competitors;
- changes in credit market conditions and conditions in financial markets generally;
- our ability to procure equipment and operating supplies in sufficient quantities and on a timely basis;
- the availability of qualified employees and contractors for our operations;
- our ability to attract and retain skilled staff;
- the satisfactory negotiation of collective agreements with unionized employees;
- the impact of changes in foreign exchange rates and capital repatriation on our costs and results;
- engineering and construction timetables and capital costs for our expansion projects;
- costs of closure of various operations;
- market competition;

- the accuracy of our preliminary economic assessment (including with respect to size, grade and recoverability) and the geological, operational and price assumptions on which these are based;
- tax benefits and tax rates;
- the outcome of our copper concentrate sales and treatment and refining charge negotiations;
- the resolution of environmental and other proceedings or disputes;
- the future supply of reasonably priced power;
- rainfall in the vicinity of MVC returning to normal levels;
- average recoveries for fresh tailings and Cauquenes tailings;
- our ability to obtain, comply with and renew permits and licenses in a timely manner; and
- our ongoing relations with our employees and entities with which we do business.

Future production levels and cost estimates assume there are no adverse mining or other events which significantly affect budgeted production levels.

Although the Company believes that these assumptions were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond the Company's control, the Company cannot assure that it will achieve or accomplish the expectations, beliefs or projections described in the forward-looking statements.

We caution you that the foregoing list of important factors and assumptions is not exhaustive. Other events or circumstances could cause our actual results to differ materially from those estimated or projected and expressed in, or implied by, our forward-looking statements. You should also carefully consider the matters discussed under Risk Factors in the Company's Annual Information Form. The forward-looking statements contained herein speak only as of the date of the MD&A and except as required by law, we undertake no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of factors, whether as a result of new information or future events or otherwise.