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**Amerigo Resources Ltd.
Management's Discussion and Analysis
For the Three and Nine Months Ended September 30, 2018**

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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 20).

ABOUT AMERIGO

Amerigo Resources Ltd. ("Amerigo") owns a 100% interest in Minera Valle Central S.A. ("MVC"), a producer of copper 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.

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. Notional items include treatment and refining charges, DET copper royalties and transportation costs. Refer to Agreements with Codelco's DET (page 17).

MVC also has a molybdenum sales agreement with Chile's Molibdenos y Metales S.A. ("Molymet") that expires on December 31, 2019.

MVC has undertaken a phased expansion to extract and process high grade historic tailings (the "Cauquenes tailings"). MVC completed Phase One of the expansion in 2015, extending MVC's economic life to at least 2037. Construction of Phase Two of the expansion is being completed in Q4-2018.

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 November 2, 2018.

It should be read in conjunction with Amerigo's condensed interim consolidated financial statements and related notes for the three and nine months ended September 30, 2018, and the audited consolidated financial statements and related notes for the year ended December 31, 2017.

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's 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 Q3-2018 and Q3-2017 is available on page 12.

QUARTERLY HEADLINES

Key performance metrics for the current and comparative quarter

	Q3-2018	Q3-2017	Change	
			\$	%
Copper produced (million pounds) ¹	17.6	15.5	2.1	14%
Copper delivered (million pounds) ¹	17.6	15.3	2.3	15%
Percentage of production from historic tailings	68%	63%		-
Revenue (\$ thousands) ²	32,370	37,421	(5,051)	(13%)
DET notional copper royalties (\$ thousands)	9,238	9,365	(127)	(1%)
Tolling and production costs (\$ thousands)	28,425	25,519	2,906	11%
Gross profit (\$ thousands)	3,945	11,902	(7,957)	(67%)
Net income (\$ thousands)	1,438	7,854	(6,416)	-
Earnings per share - basic & diluted	0.01	0.04	(0.03)	-
Operating cash flow (\$ thousands) ³	6,194	11,021	(4,827)	(44%)
Cash flow paid for purchase of plant and equipment (\$ thousands)	(11,148)	(5,291)	(5,857)	111%
Cash and cash equivalents (\$ thousands) ⁴	23,330	22,702	628	3%
Borrowings (\$ thousands) ⁵	71,361	66,170	5,191	8%
MVC's copper price (\$/lb) ⁶	2.74	3.00	(0.26)	(9%)
MVC's molybdenum price (\$/lb) ⁷	11.77	8.1	3.67	45%

¹ Copper production conducted under a tolling 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 September 30, 2018 includes \$15.9 million in operating cash accounts and a \$7.4 million debt service reserve account ("DSRA").

⁵ At September 30, 2018 includes short and long-term portions of \$17.7 and \$53.7 million, respectively.

⁶ Notional copper price before smelting and refining, DET notional copper royalties, transportation costs and settlement adjustments to prior period sales.

⁷ Molybdenum price before roasting charges and settlement adjustments to prior period sales.

Amerigo reported net income and strong cash flow despite lower copper prices

- Net income was \$1.4 million (Q3-2017: \$7.9 million), due to lower copper prices and the effect of revenue settlement adjustments realized in Q3-2018 for Q2-2018 copper deliveries.
- Earnings per share were \$0.01 (Q3-2017: \$0.04).
- Cash flow generated from operations before changes in non-cash working capital was \$6.2 million (Q3-2017: \$11.0 million).

MVC's average copper price in Q3-2018 was \$2.74/lb

- MVC's copper price was \$2.74 per pound ("lb") (Q3-2017: \$3.00/lb) and MVC's molybdenum price was \$11.77/lb (Q3-2017: \$8.10/lb).
- Revenue was \$32.4 million (Q3-2017: \$37.4 million), including copper tolling revenue of \$27.2 million (Q3-2017: \$34.9 million) and molybdenum and other revenue of \$5.2 million (Q3-2017: \$2.5 million).
- Copper tolling revenue is calculated from MVC's gross value of copper produced of \$42.8 million (Q3-2017: \$50.3 million) less notional items including DET royalties of \$9.2 million (Q3-2017: \$9.4 million), smelting and refining of \$5.8 million (Q3-2017: \$5.5 million) and transportation of \$0.6 million (Q3-2017: \$0.6 million).

- Copper tolling revenue was reduced by \$5.3 million in negative settlement adjustments (Q3-2017: positive settlement adjustments of \$4.5 million) for the differences between MVC's Q2-2018 provisional copper price of \$3.16/lb and final prices of \$2.83/lb, \$2.74/lb and \$2.73/lb realized in July, August and September, respectively.
- MVC's Q3-2018 provisional copper price was \$2.74/lb. Final prices will be the average London Metal Exchange ("LME") prices for October, November and December 2018.
- MVC's financial performance is very sensitive to changes in copper prices. A 10% increase or decrease from the \$2.74/lb price would result in a \$4.8 million change in revenue in Q4-2018 in respect of Q3-2018 production.
- Amerigo remains fully leveraged to the price of copper.

MVC achieved record quarterly production at a cash cost of \$1.38/lb

- Q3-2018 production was 17.6 million pounds of copper (Q3-2017: 15.5 million pounds).
- Copper production included 11.9 million pounds from Cauquenes (Q3-2017: 9.8 million pounds) and 5.7 million pounds from fresh tailings in Q3-2018 and Q3-2017.
- Molybdenum production was 0.6 million pounds (Q3-2017: 0.4 million pounds).
- 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 to \$1.38/lb (Q3-2017: \$1.69/lb) the lowest cash cost posted by MVC since 2006.
- Total cost (a non-GAAP measure equal to the aggregate of cash cost, DET notional copper royalties and DET molybdenum royalties of \$0.58/lb and depreciation of \$0.21/lb, page 12) decreased to \$2.17/lb (Q3-2017: \$2.55/lb), due to lower cash cost and lower DET notional royalties from lower metal prices.

MVC's Phase Two Project was essentially complete in Q3-2018 and production ramp up is ongoing

- At September 30, 2018, the Phase Two expansion project was 97% complete. The new rougher flotation cells started to produce concentrates on August 20, and the new cleaner flotation circuit came on-line on October 12.
- The 60-day production test required under the Cauquenes expansion finance loan commenced on October 17. The project's \$1.5 million concentrate regrind mill has been removed from the Phase Two completion timeline and is expected to be installed in April 2019. Completion of the project in Q4-2018 will substantially strengthen Amerigo's cash generation capacity.
- The Phase Two capital expenditure ("Capex") is estimated at \$39.9 million, compared to budget of \$35.3 million, primarily due to a 9.3% appreciation of the Chilean peso during the construction period compared to budget, and additional equipment installed during commissioning.
- The Company continues to expect 2018 production of 65 - 70 million pounds of copper at a cash cost of \$1.45 to \$1.60/lb, and production of 1.8 million pounds of molybdenum.
- In 2018, MVC expects to incur \$28.5 million in Phase Two Capex, \$5.5 million in sustaining Capex, an additional \$1.5 million in Capex projects to improve safety and process efficiencies and a \$8.4 million expansion of its molybdenum plant, financed by way of a seven-year lease and operating contract.

Cash balance at quarter end improved to \$23.3 million and the \$17.0 million DET loan was fully repaid

- At September 30, 2018, the Company's cash balance was \$23.3 million (December 31, 2017: \$27.5 million), including \$15.9 million in operating accounts and \$7.4 million in a debt service reserve account.
- The Company had a \$7.0 million working capital deficiency (December 31, 2017: \$4.5 million), caused by \$17.7 million in scheduled bank debt repayments in the following twelve months.
- Amerigo does not view its working capital deficiency constitutes a liquidity risk, as it anticipates generating operating cash flow to meet current liabilities as they come due, assuming copper prices were to remain in the short-term at current levels (\$2.75/lb). Working capital deficiencies are not uncommon in companies with short-term debt.
- Changes in non-cash working capital accounts include a \$0.7 million reduction in the value of copper work in process inventory YTD-2018, as a result of lower production costs.
- Borrowings were \$71.4 million after final Phase Two loan draws of \$8.7 million and final DET loan repayments of \$3.0 million in the quarter.
- In Q4-2018, MVC expects to make debt repayments of \$5.4 million, bringing down borrowings at year end to \$67.5 million.
- At September 30, 2018, the Company had \$13.0 million of undrawn, committed credit facilities from a standby line of credit.
- Refer to Cautionary Statement on Forward Looking Information (page 20).

SUMMARY OF FINANCIAL RESULTS Q3-2017 TO Q3-2018

	Q3-2018	Q2-2018	Q1-2018	Q4-2017	Q3-2017
Copper production, million pounds	17,555	14,658	14,210	15,625	15,487
Copper deliveries, million pounds	17,595	14,219	14,520	16,284	15,251
MVC's copper price (\$/lb)	2.74	3.16	3.09	3.10	3.00
Financial results (\$ thousands)					
Revenue					
Gross value of copper produced	42,808	45,049	45,862	51,615	50,256
Notional items deducted from gross value of copper produced:					
DET royalties - copper	(9,238)	(10,642)	(10,797)	(11,453)	(9,365)
Smelting and refining	(5,822)	(4,738)	(5,040)	(5,765)	(5,455)
Transportation	(580)	(518)	(554)	(572)	(564)
Copper tolling revenue	27,168	29,151	29,471	33,825	34,872
Molybdenum and other revenue	5,202	3,848	4,410	3,176	2,549
	32,370	32,999	33,881	37,001	37,421
Tolling and production costs					
Tolling and production costs	(22,528)	(21,459)	(22,839)	(23,221)	(20,352)
Depreciation and amortization	(3,625)	(3,685)	(3,566)	(3,583)	(3,576)
Administration	(1,347)	(1,419)	(1,696)	(1,338)	(1,257)
DET royalties - molybdenum	(925)	(646)	(616)	(397)	(334)
	(28,425)	(27,209)	(28,717)	(28,539)	(25,519)
Gross profit	3,945	5,790	5,164	8,462	11,902
Other expenses					
Derivative to related parties including changes in fair value	(114)	239	(414)	(1,003)	(214)
Salaries, management and professional fees	(440)	(442)	(575)	(839)	(466)
Office and general expenses	(263)	(141)	(299)	(141)	(232)
Share-based payment compensation	(236)	(312)	(684)	(47)	(117)
	(939)	(895)	(1,558)	(1,027)	(815)
Foreign exchange gain (expense)	109	(457)	98	(293)	384
Other gains	8	53	168	7	106
	117	(404)	266	(286)	490
	(936)	(1,060)	(1,706)	(2,316)	(539)
Operating profit	3,009	4,730	3,458	6,146	11,363
Finance expense	(989)	(912)	(985)	(1,243)	(854)
Income before income tax	2,020	3,818	2,473	4,903	10,509
Income tax expense	(582)	(1,098)	(1,256)	(1,805)	(2,655)
Net income	1,438	2,720	1,217	3,098	7,854
Earnings per share - basic	0.01	0.02	0.01	0.02	0.04
Earnings per share - diluted	0.01	0.02	0.01	0.02	0.04
Unit tolling and production costs	1.62	1.91	1.98	1.75	1.67
Cash cost (\$/lb) ¹	1.38	1.71	1.77	1.66	1.69
Total cost (\$/lb) ¹	2.17	2.74	2.83	2.64	2.55
Uses and sources of cash (\$thousands)					
Operating cash flow before working capital changes	6,194	6,428	5,944	6,640	11,021
Operating cash flow after working capital changes	8,120	1,785	9,437	13,568	5,316
Cash used in investing activities	(11,148)	(9,961)	(10,274)	(6,945)	(5,291)
Cash received from (used in) financing activities	5,690	447	2,882	(2,329)	2,074
Ending cash balance ²	23,330	21,390	29,869	27,524	22,702

¹ Cash and total costs are non-GAAP measures. Page 12 has the reconciliation of these measures to tolling and production costs.

² At September 30, 2018 includes \$15.9 million in operating cash accounts and a \$7.4 million DSRA.

OPERATING RESULTS

Copper production in Q3-2018 was 17.6 million pounds, including 11.9 million pounds from Cauquenes and 5.7 million pounds from fresh tailings.

Q3-2018 production was 14% or 2.1 million pounds higher than in Q3-2017.

Copper deliveries were 17.6 million pounds (Q3-2017: 15.4 million pounds).

MVC's plant performance in Q3-2018 progressed according to plan. The Phase Two new rougher flotation cells started to produce concentrates on August 20 and the new cleaner flotation circuit came on-line on October 12.

Molybdenum production was 0.6 million pounds (Q3-2017: 0.4 million pounds).

	Q3-2018	Q3-2017
FRESH TAILINGS FROM EL TENIENTE		
Tonnes processed	11,125,346	11,152,930
Copper grade (%)	0.121%	0.117%
Copper recovery	19.1%	19.8%
Copper produced (lbs)	5,652,091	5,699,857
HISTORIC TAILINGS FROM EL TENIENTE		
Tonnes processed	5,651,098	5,716,546
Copper grade (%)	0.259%	0.235%
Copper recovery	36.8%	33.0%
Copper produced (lbs)	11,903,298	9,787,069
COPPER		
Total copper produced (lbs)	17,555,389	15,486,926
Total copper delivered to DET (lbs)	17,594,653	15,250,966
MOLYBDENUM		
Total molybdenum produced (lbs)	569,745	425,848
Total molybdenum sold (lbs)	545,135	413,751

FINANCIAL RESULTS – Q3-2018

Net income was \$1.4 million (\$0.01 basic and diluted earnings per share (“EPS”)) (Q3-2017: \$7.9 million; \$0.04 basic and diluted EPS) due to lower copper prices and the effect of revenue settlement adjustments realized in the quarter for prior quarter deliveries (Q3-2018: negative settlement adjustments of \$5.3 million; Q3-2017: positive settlement adjustments of \$4.5 million).

Revenue in Q3-2018 was \$32.4 million (Q3-2017: \$37.4 million):

		Q3-2018		Q3-2017	
Average LME copper price per pound	\$	2.77	\$	2.88	
Gross value of copper produced (thousands)	\$	42,808	\$	50,256	
Notional items deducted from gross value of copper produced:					
DET royalties - copper (thousands)		(9,238)		(9,365)	
Smelting and refining charges (thousands)		(5,822)		(5,455)	
Transportation (thousands)		(580)		(564)	
Copper tolling revenue (thousands)		27,168		34,872	
Molybdenum and other revenue (thousands)		5,202		2,549	
Revenue (thousands)	\$	32,370	\$	37,421	
MVC's copper price (\$/lb)	\$	2.74	\$	3.00	
MVC's molybdenum price (\$/lb) ¹	\$	11.77	\$	8.10	

¹ Molybdenum price before roasting charges and settlement adjustments to prior period sales.

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, net of notional items (DET copper royalties, treatment and refining charges and transportation costs).

MVC's compensation is determined in accordance with annual industry benchmarks for pricing terms and smelting and refining charges. In 2018, 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, which for September 2018 deliveries will be the average LME copper price for December 2018.

The average LME copper price in Q3-2018 was \$2.77/lb (Q3-2017: \$2.88/lb) and MVC's copper price was \$2.74/lb (Q3-2017: \$3.00/lb).

At September 30, 2018, the provisional copper price used by MVC was \$2.74/lb. Financial performance is very sensitive to changes in copper prices. For example, a 10% increase or decrease from the \$2.74/lb price would result in a \$4.8 million change in copper tolling revenue.

DET royalties on copper production are a notional item deducted from MVC's gross value of copper produced. In Q3-2018, DET notional copper royalties were \$9.2 million (Q3-2017: \$9.4 million) due to lower copper prices.

We disclose the terms for DET notional copper royalties and molybdenum royalties under Agreement with Codelco's DET (page 17).

In Q3-2018, MVC's molybdenum sales price was \$11.77/lb (Q3-2017: \$8.10/lb). At September 30, 2018, molybdenum sales were provisionally priced at \$12.0/lb, on an M+3 basis for July sales, M+2 basis for August sales and M+1 basis for September sales.

Tolling and production costs were \$28.4 million (Q3-2017: \$25.5 million):

(Expressed in thousands)	Q3-2018		Q3-2017	
Direct tolling and production costs				
Power costs	\$	7,652	\$	8,294
Labour costs		2,555		2,454
Lime costs		2,006		2,264
Grinding media		1,924		1,629
Other direct tolling / production costs		8,391		5,711
		22,528		20,352
Depreciation and amortization		3,625		3,576
Administration		1,347		1,257
DET royalties - molybdenum		925		334
Tolling and production costs	\$	28,425	\$	25,519
Unit tolling and production costs (\$/lb)		1.62		1.67

Power costs decreased by \$0.6 million or 8% compared to Q3-2017 due to a lower grid cost than in Q3-2017 (\$0.0942/kWh in Q3-2018 and \$0.1037/kWh in Q3-2017).

Lime cost decreased by \$0.3 million or 12% compared to Q3-2017, due to lower lime consumption.

Grinding media costs of \$1.9 million were 18% higher than in Q3-2017 due to higher steel costs.

Other direct tolling costs are summarized below. These costs increased \$2.7 million in Q3-2018 compared to Q3-2017, mostly in connection with \$1.9 million in inventory adjustments caused by the difference between production and actual deliveries in each quarter, and lower production costs. Copper inventory in process decreased to \$3.0 million at September 30, 2018, from \$3.7 million at December 31, 2017 as a result of this lower production cost.

There was also an increase of \$0.2 million in molybdenum production costs associated with stronger production, and a \$0.2 million increase in historic tailings extraction. Other variances are noted in the tables below.

(Expressed in thousands)	Q3-2018		Q3-2017	
Other direct tolling costs				
Maintenance, excluding labour		1,802		1,733
Molybdenum production costs		1,713		1,487
Historic tailings extraction	\$	1,466	\$	1,275
Inventory adjustments		831		(1,089)
Copper reagents		635		539
Industrial water		612		480
Subcontractors, support services		563		518
Process control, environmental and safety		549		505
Filtration and all other direct tolling costs		220		152
Maricunga tolling costs		-		111
	\$	8,391	\$	5,711

(\$/lb Cu)	Q3-2018	Q3-2017
Other direct tolling costs		
Maintenance, excluding labour	0.10	0.11
Molybdenum production costs	0.10	0.10
Historic tailings extraction	0.08	0.08
Inventory adjustments	0.05	(0.07)
Copper reagents	0.04	0.04
Industrial water	0.04	0.03
Subcontractors, support services	0.03	0.03
Process control, environmental and safety	0.03	0.03
Filtration and all other direct tolling costs	0.01	0.01
Maricunga tolling costs	-	0.01
	0.48	0.37

Depreciation and amortization were \$3.6 million in Q3-2018 and Q3-2017.

Administration expenses were \$1.3 million, the same as in Q3-2017.

Other expenses of \$0.9 million (Q3-2017: \$0.5 million) are costs not related to MVC's production operations, and include:

- General and administration expenses of \$0.9 million (Q3-2017: \$0.8 million) including salaries, management and professional fees of \$0.4 million (Q3-2017: \$0.5 million), office and general expenses of \$0.3 million (Q3-2017: \$0.2 million) and share-based payments of \$0.2 million (Q3-2017: \$0.1 million).
- A \$0.1 million expense associated with the derivative to related parties (Q3-2017: \$0.2 million), including actual amounts paid or accrued to related parties of \$0.3 million (Q3-2017: \$0.3 million) and a decrease in the derivatives' fair value of \$0.2 million (Q3-2017: \$0.1 million).
- Other gains of \$0.1 million (Q3-2017: \$0.5 million), comprised of a foreign exchange gain of \$0.1 million (Q3-2017: \$0.4 million) and in Q3-2017, other gains of \$0.1 million).

The Company's finance expense was \$1.0 million (Q3-2017: \$0.9 million) including finance, commitment and interest charges and changes in value on interest rate swaps.

Income tax expense was \$0.6million (Q3-2017: \$2.7 million) including current income tax expense of \$0.3 million (Q3-2017: \$1.9 million) and deferred tax expense of \$0.3 million (Q3-2017: \$0.8 million).

Deferred income tax 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.

In Q3-2018 cash cost was \$1.38/lb (Q3-2017: \$1.69/lb) and total cost was \$2.17/lb (Q3-2017: \$2.55/lb).

A reconciliation of tolling and production costs to cash cost and total cost is presented below:

		Q3-2018		Q3-2017	
Tolling and production costs (thousands)	\$	28,425	\$	25,519	
Add (deduct):					
DET notional royalties - copper (thousands)		9,238		9,365	
Smelting and refining charges (thousands)		5,822		5,455	
Transportation costs (thousands)		580		564	
Inventory adjustments (thousands):		(831)		1,089	
By-product credits (thousands)		(5,202)		(2,549)	
Total cost (thousands)	\$	38,032	\$	39,443	
Deduct:					
DET notional royalties - copper (thousands)		(9,238)		(9,365)	
DET royalties - molybdenum (thousands)		(925)		(334)	
		(10,163)		(9,699)	
Depreciation and amortization (thousands)		(3,625)		(3,576)	
Cash cost (thousands)	\$	24,244	\$	26,168	
Pounds of copper tolled from fresh and old tailings (millions)		17.56		15.49	
Cash cost (\$/lb)		1.38		1.69	
Total cost (\$/lb)		2.17		2.55	

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

	Q3-2018	Q2-2018	Q1-2018	Q4-2017	Q3-2017
Power costs	0.44	0.56	0.56	0.50	0.54
Smelting & refining	0.33	0.32	0.35	0.37	0.35
Lime	0.11	0.16	0.16	0.15	0.15
Grinding media	0.11	0.12	0.13	0.11	0.10
Administration	0.08	0.10	0.12	0.09	0.08
Transportation	0.03	0.03	0.04	0.04	0.04
Other direct costs	0.58	0.68	0.72	0.60	0.60
By-product credits	(0.30)	(0.26)	(0.31)	(0.20)	(0.17)
Cash Cost	\$1.38	\$1.71	\$1.77	\$1.66	\$1.69

Most of MVC's components of cash cost decreased as a result of stronger production, and by-product credits were strong at \$0.30/lb (Q3-2017: (\$0.17)/lb) due to stronger molybdenum production and prices.

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

	Q3-2018	Q2-2018	Q1-2018	Q4-2017	Q3-2017
Cash cost	1.38	1.71	1.77	1.66	1.69
DET notional royalties/royalties	0.58	0.77	0.81	0.75	0.63
Amortization/depreciation	0.21	0.26	0.25	0.23	0.23
Total Cost	\$2.17	\$2.74	\$2.83	\$2.64	\$2.55

FINANCIAL RESULTS – NINE MONTHS ENDED SEPTEMBER 30, 2018

YTD-2018, the Company posted net income of \$5.4 million (\$0.03 EPS) (YTD-2017: net income of \$4.9 million; \$0.03 EPS).

Revenue YTD-2018 was \$99.3 million (YTD-2017: \$97.0 million) and tolling and production costs were \$84.4 million (YTD-2017: \$79.4 million), resulting in gross profit of \$14.9 million (YTD-2017: \$17.6 million).

Other expenses were \$3.7 million (YTD-2017: \$5.8 million).

Finance expense was \$2.9 million (YTD-2017: \$3.9 million) and the Company posted income tax expense of \$2.9 million (YTD-2017: \$3.0 million).

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.

	Q3-2018	Q2-2018	Q1-2018	Q4-2017
	\$	\$	\$	\$
Total revenue (thousands)	32,370	32,999	33,881	37,001
Net income (thousands)	1,438	2,720	1,217	3,098
Earnings per share	0.01	0.02	0.01	0.02
Diluted earnings per share	0.01	0.02	0.01	0.02

	Q3-2017	Q2-2017	Q1-2017	Q4-2016
	\$	\$	\$	\$
Total revenue (thousands)	37,421	29,860	29,744	29,473
Net income (loss) (thousands)	7,854	(1,653)	(1,310)	2,984
Earnings (loss) per share	0.04	(0.01)	(0.01)	0.02
Diluted earnings (loss) per share	0.04	(0.01)	(0.01)	0.02

Quarterly revenue variances result mostly from higher or lower copper deliveries (a factor of quarterly production), the Company's realized copper price (a factor of market prices) and settlement adjustments to prior quarter sales.

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

	Q3-2018	Q2-2018	Q1-2018	Q4-2017	Q3-2017	Q2-2017	Q1-2017	Q4-2016
Copper sales/deliveries ¹	17.6	14.22	14.52	16.28	15.25	16.2	15.18	13.42
MVC's copper price ²	\$2.74	\$3.16	\$3.09	\$3.10	\$3.00	\$2.59	\$2.65	\$2.57
Settlement adjustments ³	(\$5.32)	\$0.18	\$0.93	\$1.19	\$4.54	(\$1.19)	\$0.92	\$4.02

¹ Million pounds of copper sold under tolling agreements with DET and Maricunga (Q4-2016 and H1-2017).

² Copper price per pound, before smelting and refining charges and settlement adjustments to prior quarters' sales.

³ Settlement adjustments to prior quarter's sales, expressed in millions of dollars

Q4-2016 revenue was negatively affected by 16 days of lost production due to a strike at MVC and maintenance shutdown at El Teniente but benefited from higher copper prices, both for quarterly deliveries and in respect of positive price-driven settlement adjustments to Q3-2016 deliveries. Production returned to expected levels in Q1-2017, positively impacting revenue, which also benefitted from stronger copper prices and positive settlement adjustments to prior quarter sales. Q2-2017 revenue was positively impacted by higher volumes of copper tolled, partially offset by lower average copper prices and the effect of negative price-driven settlement adjustments. Q3-2017 was positively impacted by higher copper prices and significant positive settlement adjustments to prior quarter's sales. Q4-2017 to Q2-2018 revenue were positively impacted by strong copper prices. Q3-2018 were positively affected by record copper deliveries, and negatively impacted by lower copper prices resulting in \$5.3 million in negative settlement adjustments to prior quarter revenue.

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:

	Q3-2018	Q2-2018	Q1-2018	Q4-2017	Q3-2017	Q2-2017	Q1-2017	Q4-2016
Tolling and production costs ¹	\$28.43	\$27.21	\$28.72	\$28.54	\$25.52	\$26.17	\$27.76	\$23.61
Unit tolling and production cost ²	\$1.62	\$1.91	\$1.98	\$1.75	\$1.67	\$1.62	\$1.70	\$1.83

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), copper prices and the depreciation or appreciation of the CLP to the U.S. dollar. Q4-2016 costs were lower due to 16 days of lost production due to a strike of MVC workers, however lower production resulted in higher unit costs. In Q1-2017 tolling and production costs increased due to higher production levels and unit costs were affected by inventory variations. Q2-2017 costs were lower than in the preceding quarter despite higher production due to MVC's cost containment efforts. Q3-2017 costs were also lower than the prior quarter, due to lower copper production and the termination of the Maricunga tolling contract. Q4-2017 to Q3-2018 costs increased due to higher power, lime and other direct costs. Total Q3-2018 costs increased due to higher production but decreased on a unit basis.

LIQUIDITY and CAPITAL RESOURCES

Cash Flow from Operations

In Q3-2018, the Company generated cash from operations of \$8.1 million (Q3-2017: \$5.3 million). YTD-2018 cash generated from operations was \$19.3 million (YTD-2017: \$19.2 million).

Excluding the effect of changes in working capital, the Company generated cash of \$6.2 million (Q3-2017: \$11.0 million) and \$18.6 million YTD-2018 (YTD-2017: \$19.8 million).

Cash Flow from Financing Activities

YTD-2018, the Company received \$23.3 million in debt proceeds net of transaction costs (YTD-2017: \$4.8 million) to finance the Phase Two expansion and made debt repayments of \$14.4 million (YTD-2017: \$10.4 million).

YTD-2018, Amerigo received \$0.1 million in proceeds from various exercises of stock options (YTD-2017: \$0.4 million).

Cash Flow used in Investing Activities

YTD-2018, the Company used cash of \$31.4 million for payments of capital expenditures (YTD-2017: \$7.7 million). Capex payments YTD-2018 included payments associated with Phase Two and for sustaining Capex.

Liquidity and Financial Position

At September 30, 2018, the Company's cash and cash equivalents were \$23.3 million (December 31, 2017: \$27.5 million), including \$7.4 million in a DSRA (December 31, 2017: \$7.3 million).

The Company had a working capital deficiency of \$7.0 million (December 31, 2017: \$4.5 million), caused by \$17.7 million in scheduled bank debt repayments in the following twelve months.

The Company does not consider its working capital deficiency constitutes a liquidity risk, as it anticipates generating sufficient operating cash flow to meet current liabilities as they come due, assuming copper prices were to remain in the short-term at current levels (\$2.75/lb). Working capital deficiencies are not uncommon in companies with short-term debt.

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

In 2018, MVC estimates to produce 65.0 to 70.0 million pounds of copper at an annual cash cost (page 12) of \$1.45 to \$1.60/lb. The Company expects to meet its financial obligations as they become due.

At September 30, 2018, the Company had \$13.0 million of undrawn, committed credit facilities from a standby line of credit.

Total borrowings at year end are expected to be \$67.5 million.

BORROWINGS and STAND-BY LINE of CREDIT

Borrowings outstanding (Thousands)	September 30, 2018 \$	December 31, 2017 \$
Cauquenes Phase One Loan	37,122	41,527
Cauquenes Phase Two Loan	34,239	11,601
	71,361	53,128
DET Price Support Facility	-	9,939
	71,361	63,067
Comprise of:		
Short-term debt and current portion of long-term debt	17,670	20,810
Long -term debt	53,691	42,257
	71,361	63,067

Cauquenes Phase One and Phase Two Loans

On March 25, 2015, MVC obtained a \$64.4 million loan facility from Scotiabank Chile (formerly Banco Bilbao Vizcaya Argentaria, Chile ("Scotiabank") and Export Development Canada ("EDC") to finance the Cauquenes Phase One expansion (the "Cauquenes Phase One Loan").

The Cauquenes Phase One Loan has 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. The repayment term may be shortened without penalty in accordance with the loan provisions. Interest is paid semi-annually on June and December 30.

Interest on the Phase One Loan is synthetically fixed through an interest rate swap ("IRS"), accounted for at fair value through profit or loss ("FVTPL") at a rate of 5.56% per annum for 75% of the facility. The remaining 25% of the facility is subject to a variable rate based on the US Libor six-month rate, which at September 30, 2018 was 6.00% per annum. The IRS on the Phase One Loan has a term to December 27, 2018.

The balance of the Cauquenes Phase One Loan (net of transaction costs) at September 30, 2018 was \$37.1 million (December 31, 2017: \$41.5 million).

On August 3, 2017, MVC obtained a second financing tranche with Scotiabank and EDC for a \$35.3 million facility (the “Cauquenes Phase Two Loan”) to finance the Cauquenes Phase Two expansion.

The Cauquenes Phase Two Loan has a maximum repayment term of three years consisting of six equal semi-annual principal payments of \$5.9 million to commence on June 30, 2019. The repayment term may be shortened without penalty in accordance with the loan provisions. Interest is paid semi-annually on June and December 30.

Interest on the Phase Two Loan is synthetically fixed through a second IRS, accounted for at FVTPL, at a rate of 6.02% per annum for 75% of the facility. The remaining 25% of the facility is subject to a variable rate based on the US Libor six-month rate, which at September 30, 2018 was 6.00% per annum. The IRS on the Phase Two Loan has a term to January 3, 2022.

The balance of the Cauquenes Phase Two Loan (net of transaction costs) at September 30, 2018 was \$34.2 million (December 31, 2017: \$11.6 million).

MVC has provided security for the Cauquenes Phase One and Phase Two loans in the form of a charge on all of MVC’s assets.

MVC is required to meet three bank covenants: current ratio (starting on December 31, 2019), tangible net worth and debt service coverage ratio, measured semi-annually on June 30 and December 31. At June 30, 2018, MVC met the debt service coverage ratio (requirement of 1.2) and the tangible net worth ratio (requirement of \$115.0 million).

MVC is also required to have a DSRA which must be used to: /i/ pay the principal and interest of bank loans and amounts owing under the interest rate swaps 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 must replenish the DSRA at each month end with funds necessary to maintain a balance equal to one hundred percent of the sum of the principal, interest and interest rate swaps that are payable in the following six months. At September 30, 2018, MVC held DSRA funds in the required amount of \$7.4 million (December 31, 2017: \$7.3 million).

DET Price Support Facility

In 2015, DET provided to MVC a copper price support facility of \$17.0 million (the “DET Price Support Facility”) which was fully repaid in September 2018 (December 31, 2017: \$9.9 million). It bore interest at a rate of 0.6% per month.

During YTD-2018, MVC fully repaid \$9.0 million towards the DET Price Support Facility and \$0.9 million in accrued interest (YTD-2017: \$5.0 million).

\$13.0 Million Standby Line of Credit (the “Line of Credit”).

The Line of Credit is available from three Amerigo shareholders. Availability is to the later of December 31, 2018 or the date of commencement of commercial production of Phase Two, up to March 31, 2019.

In 2018, Amerigo incurred an annual commitment fee of \$0.2 million. This was settled with the issuance of 265,119 Amerigo shares (2017: \$0.2 million, settled with 403,577 Amerigo shares). Amounts drawn from the Line of Credit are subject to a drawdown fee of 1.5% and interest of 1.5% per month.

Principal is payable in the amounts and times permitted under the terms and conditions of the Cauquenes Phase One and Phase Two loans. The Line of Credit is payable by the earlier of December 31, 2019 or the one-year anniversary of payment of the Cauquenes Phase One and Phase Two loans. Amerigo did not provide security in connection with this facility.

At September 30, 2018, no funds had been drawn from the Line of Credit.

AGREEMENT WITH CODELCO'S EL TENIENTE DIVISION

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 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 from 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%).

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

The Agreement anticipates that in the event monthly average prices fall below certain ranges 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 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 Agreement was entered into. Amerigo has currently judged the probabilities of DET exercising any of these early exit options as remote.

CAUQUENES EXPANSION

MVC has undertaken a phased expansion to extract and process the historic Cauquenes tailings. MVC completed Phase One of the expansion in 2015, extending MVC's economic life to at least 2037. Construction of Phase Two of the expansion is being completed in Q4-2018. Phase Two has improved MVC's flotation recovery efficiency, with the objective of allowing MVC to increase production to an estimated 85 to 90 million pounds of copper per year.

Production of the first concentrates from the Phase Two expansion occurred in Q3-2018 and full production commenced in October 2018.

Phase Two has an estimated Capex of \$39.9 million.

MVC's existing molybdenum plant had a processing capacity of 330 tonnes per day and is being expanded to a capacity of 450 tonnes. This will enable MVC to extract substantially all the molybdenum made available by the Phase Two expansion.

The molybdenum plant expansion is expected to be essentially completed in Q4-2018 and has a Capex estimated at \$8.4 million, undertaken by way of a build, lease and operating contract. Capex is payable over five years, or earlier at the discretion of MVC as permitted by available cash flow.

TRANSACTIONS WITH RELATED PARTIES

a) Derivative

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.

YTD-2018 and YTD-2017, \$0.8 million was paid or accrued to the Class A shareholders and the derivative's fair value decreased \$0.5 million (YTD-2017: increase of \$3.0 million), for a total derivative expense of \$0.3 million (YTD-2017: \$3.8 million).

At September 30, 2018, the derivative liability totalled \$11.7 million (December 31, 2017: \$12.2 million), with a current portion of \$1.0 million (December 31, 2017: \$1.2 million) and a long-term portion of \$10.7 million (December 31, 2017: \$11.0 million).

Actual monthly payments outstanding at September 30, 2018 and December 31, 2017 were \$0.1 million).

b) Directors' fees and remuneration to officers

YTD-2018, the Company paid or accrued \$0.8 million in salaries and fees to companies associated with certain officers (YTD-2017: \$0.7 million). In the same period, Amerigo paid or accrued \$0.2 million in directors' fees (YTD-2017: \$0.2 million). These transactions were in the ordinary course of business and measured at the exchange amounts agreed to by the parties.

YTD-2018 and 2017, 2,950,000 options were granted to Amerigo directors and officers.

c) As of September 30, 2018, an Amerigo officer acted as an officer and an Amerigo director acted as a director and Chairman of Los Andes Copper Ltd., a Company investee.

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 Q3-2018, management's significant judgements and the key sources of estimation uncertainty were consistent with those used to prepare Amerigo's 2017 annual consolidated financial statements.

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. Amerigo's directors, Rob Henderson (President and CEO) and Aurora Davidson (Executive Vice President and CFO) are members.

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.

In Q3-2018, there were no changes that materially affected, or are reasonably likely to affect, Amerigo's ICFR

Commitments

- MVC has a long-term agreement for the supply of 100% of MVC's power requirements to December 31, 2032. The agreement establishes minimum stand-by charges based on peak hour power supply calculations, currently estimated to range from \$1.3 to \$1.8 million per month.
- At September 30, 2018, MVC had commitments of \$1.5 million for purchase orders for the Cauquenes Phase Two expansion.
- At September 30, 2018, MVC had a commitment of Chilean U.F. 201,903 (approximately \$8.4 million at this date) for the molybdenum plant expansion. Payments are scheduled to be made over a period of five years estimated to commence in December 2018.
- Amerigo has an agreement for the lease of office premises in Vancouver to December 1, 2021. Rent commitments under the agreement are approximately \$0.3 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 November 2, 2018, Amerigo had 177,250,754 common shares outstanding and 13,400,000 options (exercisable at prices ranging from Cdn\$0.14 to Cdn\$1.06 per share).

Additional information, including Amerigo'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 Amerigo'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. Although Amerigo 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 Amerigo's control, Amerigo cannot assure that it will achieve or accomplish the expectations, beliefs or projections described in the forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such statements. These forward-looking statements speak only as of the date of this MD&A. These forward-looking statements include but are not limited to, statements concerning:

- a forecasted increase in production and a reduction in operating costs;
- our strategies and objectives;
- the expected improvement of flotation recovery efficiency from the Phase Two expansion;
- our estimates of the availability, quantity and grade of tailings (including, but not limited to, the estimated higher grades from the Cauquenes deposit), and the quality of our mine plan estimates;

- prices and price volatility for copper and other commodities and of materials we use in our operations;
- the demand for and supply of copper 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;
- interest and other expenses;
- domestic and foreign laws affecting our operations;
- our tax position and the tax rates applicable to us;
- the timing and costs of construction and tolling/production of, and the issuance and maintenance of the necessary permits and other authorizations required for, our expansion projects, including the expansion for the Cauquenes deposit and the timing of ramp-up to full production from Cauquenes;
- our ability to procure or have access to financing and to comply with our loan covenants;
- the probability of DET exercising any of its early exit options under the Master Agreement;
- the anticipated repayment of the DET Price Support Facility in full before its contractual maturity of December 31, 2019;
- the production capacity of our operations, our planned production levels and future production;
- potential impact of production and transportation disruptions;
- 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
- our planned Capex (including our plan to upgrade our existing plant and operations) including the timing and cost of completion of our capital projects;
- 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.

Inherent in forward-looking statements are risks and uncertainties 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 DET's current production and historic tailings from tailings deposit; risks with respect to completion of Phase Two of the Cauquenes expansion, the ability of the Company to draw down funds from the Standby Line 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; 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. 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 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 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;
- the availability of and ability of the Company to obtain adequate funding on reasonable terms for expansions and acquisitions;
- the ability of the Company to draw down funds from bank facilities and the Standby Line of Credit;
- 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;
- 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.

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. 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.