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Amerigo Resources Ltd.
Management's Discussion and Analysis
For the Year Ended December 31, 2022

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This Management's Discussion & Analysis ("MD&A") has the following sections:

THIS DOCUMENT CONTAINS FORWARD-LOOKING STATEMENTS. REFER TO THE CAUTIONARY LANGUAGE UNDER THE HEADING "CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION" (PAGE 26).

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 21).

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.

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

PURPOSE OF MD&A AND IDENTIFICATION OF NON-IFRS 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 February 21, 2023.

It should be read in conjunction with Amerigo’s audited consolidated financial statements and related notes for the year ended December 31, 2022.

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

All amounts are presented in U.S. dollars except when otherwise indicated.

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-IFRS Measures

In this MD&A we refer to the terms “cash cost” and “total cost”, which are performance measures commonly used in the mining industry that are not defined under IFRS. Cash cost is the aggregate of notional smelting and refining charges, tolling/production costs net of inventory adjustments and administration costs, net of byproduct credits. Cash cost per pound produced is based on pounds of copper produced and is calculated by dividing cash cost over the number of pounds of copper produced. Total cost is equal to the aggregate of cash cost, DET notional copper royalties and DET molybdenum royalties, and depreciation. A tabular reconciliation of cash cost and total cost to tolling and production costs is available on page 15.

Another non-IFRS measure used by the Company is “operating cash flow before changes in non-cash working capital”. This is calculated by adding back the decrease or subtracting the increase in changes in non-cash working capital to or from cash provided by (used in) operating activities. A tabular reconciliation of cash from operating activities and operating cash flow before changes in non-cash working capital in 2022 and 2021 is available on page 8.

Free cash flow to equity ("FCFE") refers to operating cash flow before changes in non-cash working capital less capital expenditures plus new debt issued less debt and lease repayments. FCFE represents the amount of cash generated by the Company in a reporting period that can be used to pay for:

a) potential distributions to the Company's shareholders, and
b) any additional taxes triggered by the repatriation of funds from Chile to Canada to fund these distributions.

Free cash flow ("FCF") refers to FCFE plus repayments of borrowings and lease repayments. A tabular reconciliation of operating cash flow before changes in non-cash working capital to FCFE and FCF in 2022 and 2021 is available on page 8.

These non-IFRS performance measures are included in this MD&A because they provide key performance measures used by management to monitor operating performance, assess corporate performance, and to plan and assess the overall effectiveness and efficiency of Amerigo's operations. These performance measures are not standardized financial measures under IFRS and, therefore, amounts presented may not be comparable to similar financial measures disclosed by other issuers. These performance measures should not be considered in isolation as a substitute for measures of performance in accordance with IFRS.

ANNUAL HEADLINES

ANNUAL KEY PERFORMANCE METRICS	Years ended December 31,			
	2022	2021	Change	%
Copper produced (million pounds)[1]	64.0	63.4	0.6	1%
Copper delivered (million pounds)[1]	64.1	63.9	0.2	0%
Revenue ($ thousands) [2]	168,052	199,551	(31,499)	(16%)
DET notional copper royalties ($ thousands)	70,473	78,374	(7,901)	(10%)
Tolling and production costs ($ thousands)	139,729	127,463	12,266	10%
Gross profit ($ thousands)	28,323	72,088	(43,765)	(61%)
Net income ($ thousands)	4,374	39,819	(35,445)	(89%)
Earnings per share	0.03	0.22	(0.19)	(86%)
Earnings per share (Cdn$)[3]	0.03	0.28	(0.25)	(89%)
Operating cash flow before changes in working capital ($ thousands) [4]	34,906	69,453	(34,547)	(50%)
Free cash flow to equity[5]	17,058	32,260	(15,202)	(47%)
Cash paid for the purchase of plant and equipment ($ thousands)	(9,807)	(11,956)	(2,149)	(18%)
Cash and cash equivalents ($ thousands)	37,821	59,792	(21,971)	(37%)
Restricted cash ($ thousands)	4,215	4,221	(6)	(0%)
Borrowings ($ thousands) [6]	23,650	30,404	(6,754)	(22%)
MVC's copper price ($/lb) [7]	4.01	4.25	(0.24)	(6%)
MVC's molybdenum price ($/lb) [8]	18.09	15.01	3.08	21%

Notes:
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 Earnings per share in Canadian dollars ("Cdn") was calculated by converting the net income to Cdn using the average USD-Cdn foreign exchange rate during the year of 1 USD:1.3011 Cdn (2021: 1 USD:1.2535 Cdn).
4 A non-IFRS measure. Refer to page 8 for the basis of reconciliation of operating cash flow before non-cash working capital and net cash from operating activities.
5 A non-IFRS measure. Refer to page 8 for the basis of reconciliation of operating cash flow before non-cash working capital and free cash flow to equity.
6 Borrowings are net of transaction costs. At December 31, 2022, comprised of short and long-term portions of $7.0 and $16.7 million, respectively.
7 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.
8 MVC's molybdenum price is the average realized molybdenum price in the period, before roasting charges and settlement adjustments to prior period sales.

Highlights and Significant Events

- Lower copper market prices starting in mid-2022 affected Amerigo's financial performance. The Company's annual average copper price was $4.01 per pound ("/lb") compared to $4.25/lb in 2021, resulting in lower copper revenue before notional charges of $33.3 million, despite higher copper production.

- 2022 net income was further impacted by a $11.5 million equipment write-down for the 2025 retirement of two generators that the Company determined to be obsolete during the year. The write-down is a non-cash transaction, with no impact on the Company's 2022 cash flow.

- 2022 net income was $4.4 million (2021: $39.8 million). 2022 net income, excluding the generators write-down was $15.9 million.

- Annual earnings per share ("EPS") was $0.03 (Cdn$0.03) (2021: $0.22 (Cdn$0.28)).

- 2022 copper production was 64.0 million pounds ("M lbs") (2021: 63.4 M lbs), including 37.7 M lbs from fresh tailings (2021: 32.3 M lbs) and 26.3 M lbs from the Cauquenes historical tailings (2021: 31.1 M lbs).

- 2022 molybdenum production was 1.0 M lbs (2021: 1.3 M lbs) due to lower molybdenum content in fresh tailings.

- Copper tolling revenue is calculated from the gross value of copper produced in 2022 of $255.4 million (2021: $269.4 million) and negative fair value adjustments to settlement receivables of $6.2 million (2021: positive adjustments of $13.1 million), less notional items including DET royalties of $70.5 million (2021: $78.4 million), smelting and refining of $24.0 million (2021: $20.6 million) and transportation of $1.7 million (2021: $2.0 million).

- The Company generated annual operating cash flow before changes in non-cash working capital of $34.9 million (2021: $69.5 million). Annual net operating cash flow was $23.6 million (2021: $93.8million). Free cash flow to equity was $17.1 million (2021: $32.3 million).

- 2022 cash cost (a non-IFRS measure, page 14) was $1.98/lb including $0.04/lb paid to MVC's plant workers in Q4-2022 as the signing bonus of a 3-year collective labour agreement. Normalized cash cost excluding the effect of the signing bonus was $1.94/lb (2021: $1.75/lb). The main drivers of the increase in cash cost were lower molybdenum by-product credits ($0.05/lb) and an increase in industry benchmark treatment and refinery charges ($0.04/lb).

- 2022 total cost (a non-IFRS measure, page 14) increased to $3.45/lb (2021: $3.32/lb), due to an increase of $0.23/lb in cash cost, offset by a $0.14/lb decrease in DET notional royalties from lower metal prices.

- The Company's financial performance is sensitive to changes in copper prices. MVC's year-end provisional copper price was $3.80/lb and final prices for October, November, and December 2022 sales will be the average London Metal Exchange ("LME") prices for January, February, and March 2023 respectively. A 10% increase or decrease from the $3.80/lb provisional price used on December 31, 2022 would result in a $6.4 million change in revenue in Q1-2023 in respect of Q4-2022 production.

- During 2022, Amerigo returned $28.0 million to shareholders (2021: $11.6 million), including $15.7 million (2021: $2.8 million) through Amerigo's regular quarterly dividend of Cdn$0.03 per share, and $12.3 million used to purchase for cancellation 9.4 million common shares (2021: $8.8 million used to purchase for cancellation 8.5 million common shares).

- In 2022, net debt repayments were $7.0 million (2021: $24.0 million). The Company's borrowings at year end were $23.7 million (December 31, 2021: $30.4 million). The Company's debt level is now at its lowest level since Q1-2015.

- On December 31, 2022, the Company held cash and cash equivalents of $37.8 million (December 31, 2021: $59.8 million), a restricted cash balance of $4.2 million (December 31, 2021: $4.2 million) and had working capital of $10.0 million (December 31, 2021: $24.6 million).

- Refer to Cautionary Statement on Forward-Looking Information (page 26).

SUMMARY OF FINANCIAL RESULTS Q4-2022 TO Q4-2021

	Q4-2022 $	Q3-2022 $	Q2-2022 $	Q1-2022 $	Q4-2021 $
Copper production, million pounds [1]	16.612	15.999	14.921	16.469	16.892
Copper deliveries, million pounds [1]	16.791	16.175	14.861	16.289	16.720
MVC's copper price ($/lb)	3.80	3.50	4.10	4.64	4.32
Financial results ($ thousands)					
Revenue					
Gross value of copper produced	61,142	56,754	63,667	73,797	72,630
Adjustments to fair value of settlement receivables [2]	4,785	(8,776)	(7,849)	5,612	2,641
	65,927	47,978	55,818	79,409	75,271
Notional items deducted from gross value of copper produced:					
DET royalties - copper	(15,626)	(14,276)	(18,281)	(22,290)	(21,606)
Smelting and refining	(5,974)	(5,926)	(5,791)	(6,274)	(5,426)
Transportation	(423)	(410)	(403)	(466)	(458)
Copper tolling revenue	43,904	27,366	31,343	50,379	47,781
Molybdenum and other revenue	5,941	3,492	2,241	3,386	4,228
	49,845	30,858	33,584	53,765	52,009
Tolling and production costs					
Tolling and production costs	(33,259)	(27,323)	(25,090)	(25,121)	(24,885)
Depreciation and amortization	(5,262)	(5,125)	(5,059)	(4,924)	(4,992)
Administration	(1,500)	(1,275)	(1,301)	(1,616)	(1,345)
DET royalties - molybdenum	(987)	(691)	(518)	(678)	(896)
	(41,008)	(34,414)	(31,968)	(32,339)	(32,118)
Gross profit (loss)	8,837	(3,556)	1,616	21,426	19,891
Other expenses					
Derivative to related parties including changes in fair value	1,241	210	788	477	(367)
Salaries, management and professional fees	(960)	(494)	(453)	(971)	(1,254)
Office and general expenses	(557)	(284)	(222)	(400)	(204)
Share-based payment compensation	(270)	(263)	(282)	(208)	(195)
	(1,787)	(1,041)	(957)	(1,579)	(1,653)
Foreign exchange gain (loss)	2,288	(789)	(2,942)	1,227	(367)
Writedown of obsolete equipment and supplies	32	-	-	(551)	-
Writedown of obsolete power generators	(11,497)	-	-	-	-
Other (losses) gains	(123)	33	22	12	10
	(9,300)	(756)	(2,920)	688	(357)
	(9,846)	(1,587)	(3,089)	(414)	(2,377)
Operating (loss) profit	(1,009)	(5,143)	(1,473)	21,012	17,514
Finance (expense) gain	(600)	(204)	(267)	114	325
Income (loss) before income tax	(1,609)	(5,347)	(1,740)	21,126	17,839
Income tax recovery (expense)	7	905	(3,331)	(5,637)	(8,951)
Net (loss) income	(1,602)	(4,442)	(5,071)	15,489	8,888
(Loss) earnings per share - basic	(0.01)	(0.03)	(0.03)	0.09	0.05
(Loss) earnings per share - diluted	(0.01)	(0.03)	(0.03)	0.09	0.05
(Loss) earnings per share Cdn$ - basic	(0.01)	(0.03)	(0.04)	0.11	0.06
(Loss) earnings per share Cdn$ - diluted	(0.01)	(0.03)	(0.04)	0.11	0.06
Unit tolling and production costs	2.44	2.13	2.15	1.99	1.92
Cash cost ($/lb) [3]	2.10	1.93	2.01	1.90	1.68
Total cost ($/lb) [3]	3.42	3.18	3.61	3.59	3.31
Uses and sources of cash ($thousands)					
Operating cash flow before non-cash working capital changes [3]	15,632	2,617	(3,952)	20,609	18,279
Net cash from (used in) operating activities	3,711	(4,124)	508	23,536	14,989
Cash used in investing activities	(2,564)	(1,814)	(3,010)	(2,419)	(4,532)
Cash used in financing activities	(5,393)	(6,188)	(14,394)	(9,917)	(14,979)
Ending cash and cash equivalents	37,821	41,813	53,020	71,095	59,792
Ending restricted cash	4,215	6,384	4,198	6,383	4,221

Notes:

1 Includes production from fresh tailings and Cauquenes tailings.

2 In Q4-2022, includes $2.1 million in final positive settlements to Q3-2022 production.

3 Operating cash flow before non-cash working capital changes, cash cost and total cost are non-IFRS measures. Refer to page 8 for the basis of reconciliation of operating cash flow before non-cash working capital and net cash provided by operating activities and page 14 for the basis of reconciliation of cash cost and total cost to tolling and production costs.

A discussion on key quarterly variances (revenue and tolling and production costs) can be found on pages 18 and 18.

Below is a reconciliation of operating cash flow before non-cash working capital and net cash provided by operating activities for the periods presented in this MD&A:

(Expressed in thousands)	2022 $	2021 $	Q4-2022 $	Q4-2021 $
Net cash provided by operating activities	23,631	93,846	3,711	14,989
Add (deduct):				
Changes in non-cash working capital	11,275	(24,393)	11,921	3,290
Operating cash flow before non-cash working capital	**34,906**	**69,453**	**15,632**	**18,279**

(Expressed in thousands)	2022 $	2021 $	Q4-2022 $	Q4-2021 $
Operating cash flow before changes in non-cash working capital	34,906	69,453	15,632	18,279
Deduct:				
Cash used to purchase plant and equipment	(9,807)	(11,956)	(2,564)	(4,532)
Repayment of borrowings, net of new debt issued	(7,000)	(24,045)	(3,500)	(5,361)
Lease repayments	(1,041)	(1,192)	(345)	(254)
Free cash flow to equity	**17,058**	**32,260**	**9,223**	**8,132**
Add:				
Repayment of borrowings, net of new debt issued	7,000	24,045	3,500	5,361
Lease repayments	1,041	1,192	345	254
Free cash flow	**25,099**	**57,497**	**13,068**	**13,747**

OVERALL PERFORMANCE

In 2022, the Company posted net income of $4.4 million (2021: $39.8 million), mostly due to lower copper prices during the second half of the year which led to a decline in copper revenue before notional charges of $33.3 million, and a $11.5 million equipment write-down.

In 2022, MVC's average copper price was $4.01/lb (2021: $4.25/lb) and MVC's average molybdenum price was $18.09/lb (2021: $15.01/lb).

Tolling and production costs increased 10% from $127.5 million in 2021 to $139.7 million in 2022 (page 12).

Other expenses increased from $7.8 million in 2021 to $14.9 million in 2022 (page 13).

Operating cash before changes in non-cash working capital accounts was $34.9 million (2021: $69.5 million) and net cash from operating activities was $23.6 million (2021: $93.8 million).

Inventory increased from $7.7 million on December 31, 2021, to $10.4 million at December 31, 2022, due an increase in MVC's inventory of grinding balls, to avoid supply risks and leverage on favorable commercial conditions.

Accounts payable at December 31, 2022 were $26.3 million compared to $18.0 million at December 31, 2021. The increase in accounts payable was mostly due to the timing of payments as several balances included in accounts payable on December 31, 2022 were paid in early January 2023.

At December 31, 2022, the Company's cash and restricted cash balance was $42.0 million (December 31, 2021: $64.0 million) including restricted cash of $4.2 million (December 31, 2021: $4.2 million). Working capital was $10.0 million (December 31, 2021: $24.6 million).

SELECTED ANNUAL INFORMATION

The following information has been extracted from the Company's audited consolidated financial statements for the years ended December 31, 2022, 2021 and 2020.

	Year ended December 31, 2022 $	Year ended December 31, 2021 $	Year ended December 31, 2020 $
Revenue (thousands)	168,052	199,551	126,427
Net income (thousands)	4,374	39,819	6,064
Earnings per share	0.03	0.22	0.03
Diluted earnings per share	0.03	0.22	0.03

Revenue and net income are highly sensitive to copper prices. The MVC copper price for 2022 was $4.01/lb (2021: $4.25/lb, 2020: $2.94/lb).

	Year ended December 31, 2022 $	Year ended December 31, 2021 $	Year ended December 31, 2020 $
Total assets	231,179	269,345	237,575
Total long-term financial liabilities	23,489	36,121	51,548

Long-term financial liabilities at December 31, 2022 were comprised of: long-term portion of borrowings of $16.6 million (2021: $23.4 million, 2020: $36.7 million), long-term portion of leases of $nil (2021: $2.2 million, 2020: $4.1 million), related party derivative liability of $6.1 million (2021: $9.9 million, 2020: $10.1 million) and severance provisions of $0.7 million (2021: $0.6 million, 2020: $0.6 million).

OPERATING RESULTS

2022 Production Results

Copper production in 2022 was 64.0 M lbs (2021: 63.4 M lbs) and copper deliveries were 64.1 M lbs (2021: 63.9 M lbs).

With respect to fresh tailings, MVC's 2022 copper production was 37.7 M lbs (2021: 32.3 M lbs), representing 59% of copper production (2021: 51% of copper production).

Copper production from Cauquenes in 2022 was 26.3 M lbs (2021: 31.1 M lbs).

MVC's average plant availability during 2022 was 98.8%.

MVC's water reserves on December 31, 2022 were 5.4 million cubic meters. These water reserves remain sufficient to maintain projected Cauquenes processing rates for a period of at least eighteen months, our maximum forecast horizon.

Molybdenum production during 2022 was 1.0 million pounds (2021: 1.3 million pounds) due to the lower molybdenum content found in fresh tailings.

Production results for 2022 and 2021 are included below:

PRODUCTION	2022	2021
FRESH TAILINGS		
Tonnes per day	138,716	135,531
Operating days	354	354
Tonnes processed	48,154,490	48,018,661
Copper grade (%)	0.161%	0.147%
Copper recovery	21.7%	20.7%
Copper produced (M lbs)	37.73	32.28
CAUQUENES TAILINGS		
Tonnes per day	41,055	52,209
Operating days	351	346
Tonnes processed	14,464,319	18,073,067
Copper grade (%)	0.253%	0.238%
Copper recovery	32.7%	32.8%
Copper produced (M lbs)	26.27	31.09
COPPER		
Total copper produced (M lbs)	64.00	63.38
MOLYBDENUM		
Total molybdenum produced (M lbs)	0.97	1.34

2023 Outlook

Based on MVC's mine plan for 2023, Amerigo's annual production guidance is 62.3 M lbs of copper and 1.0 M lbs of molybdenum.

The Company's 2023 cash cost (a non-IFRS measure, page 14) is expected to be $2.14/lb in response to higher power costs of $0.06/lb. This increase is due to U.S. CPI adjustments to MVC's base power tariff and higher pass-through charges from the Chilean power grid applicable to all industrial consumers. Part of the increase is also due to a 4% projected increase in power consumption associated with the operation of a new Cauquenes sump, which is located further from MVC's concentrator plant.

MVC will also face a $0.05/lb increase in industry benchmark treatment and refinery charges. These charges are industry benchmark prices and will be at the highest level since 2018. Other projected increases include lime costs ($0.02/lb), Cauquenes processing costs ($0.02/lb), industrial water costs ($0.01/lb) and all other costs combined ($0.04/lb).

The Company's 2023 guidance assumes an average market copper price of $3.60/lb, an average molybdenum market price of $16/lb and an exchange rate of the Chilean peso ("CLP") to the USD of 920 CLP. A 10% change in molybdenum price would have a $0.02/lb impact on cash cost, and a 10% change on the CLP to USD foreign exchange rate would have an impact of $0.08/lb on cash cost.

Using these assumptions, the DET royalty in 2023 would be $0.97/lb. A 10% increase in copper price would have a $0.17/lb impact on the DET royalty.

In 2023, MVC is expected to incur the following capital expenditures on projects (“Capex”):

Project	Type of Capex	Projected $M
Plant optimization at classification stage	Sustaining	1.4
Finalization of flotation system on water and slurry lines	Sustaining	0.8
Water supply improvements	Sustaining	0.5
Miscellaneous projects with cost lower than $0.3M/project	Sustaining	1.0
Construction of new Cauquenes sump	Sustaining – every 3.5 years	6.5
Purchase and installation of stand-by power transformer	Risk mitigation	3.1
		$13.3M

Following a third-party assessment of risks to the continuity of operations at MVC, we have placed an order for a stand-by power transformer. The equipment will be delivered mid-2023, 90% of the installation work will be carried out in H2-2023 and the stand-by unit will be connected to the MVC electrical system during the 2024 MVC plant shutdown.

Capitalizable maintenance and strategic spares are expected to be $2.8 million.

With respect to financial obligations, MVC expects to make two scheduled semi-annual bank debt repayments of $3.5 million plus interest (in June and December 2023). MVC also expects to make payments of approximately $2.2 million to pay in full the 5-year finance lease agreement under which MVC financed major upgrades to the molybdenum plant in 2018.

FINANCIAL RESULTS – 2022

Net income in 2022 was $4.4 million with a $0.03 basic and $0.03 diluted EPS (Cdn$0.03 and $0.03 respectively) (2021: net income of $39.8 million with a $0.22 basic and diluted EPS (Cdn$0.28 and $0.27 respectively), due mostly to lower copper prices and a $11.5 million equipment write-down.

Revenue

Revenue in 2022 was $168.1 million (2021: $199.6 million).

(Expressed in thousands)	2022 $	2021 $
Average LME copper price per pound	4.00	4.22
Gross value of copper produced[1]	255,360	269,408
Adjustments to fair value of settlement receivables	(6,228)	13,062
	249,132	282,470
Notional items deducted from gross value of copper produced:		
DET royalties - copper	(70,473)	(78,374)
Smelting and refining charges	(23,965)	(20,631)
Transportation	(1,702)	(2,021)
Copper tolling revenue	152,992	181,444
Molybdenum revenue	15,060	18,107
Revenue	168,052	199,551
MVC's copper price ($/lb)[2]	4.01	4.25
MVC's molybdenum price ($/lb)	18.09	15.01

Notes:

1 The $6.2 million in negative adjustments to fair value of settlement receivables include $2.6 million in positive settlement adjustments which remained provisional at year end 2022, and $8.8 million in negative settlement adjustments which were final. (2021: Of the $13.1 million in positive adjustments to fair value of settlement receivables, $2.1 million were provisional adjustments at year end 2021 and $11.0 million were final).

2 MVC’s copper price is the gross copper selling price after considering 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 monthly based on the tolling activity for the full month, less weekly billings, and to bill for pricing term differences, as disclosed in the following paragraphs.

MVC's compensation is determined in accordance with annual industry benchmarks for pricing terms and smelting and refining charges.

At December 31, 2022, the provisional copper price used by MVC was $3.80/lb. Financial performance is sensitive to changes in copper prices. For example, a 10% increase or decrease from the $3.80/lb provisional price used on December 31, 2022 would result in a $6.4 million change in revenue in 2023 in respect of 2022 production.

DET royalties on copper production are a notional item deducted from MVC's gross value of copper produced. In 2022, DET notional copper royalties were $70.5 million (2021: $78.4 million).

We disclose the terms for DET notional copper royalties and molybdenum royalties under Agreements with Codelco's DET (page 21).

Molybdenum produced by MVC is predominantly sold under a written sales agreement with Molymet. Revenue is billed monthly based on the quantity of concentrates delivered during the preceding month. Molymet can elect different pricing terms monthly. In 2022, pricing terms ranged from M+1 to M+4 in respect of the average Platt's molybdenum dealer oxide price of the month of sale.

In 2022, MVC's molybdenum sales price was $18.09/lb (Q3-2021: $15.01/lb).

Tolling and Production Costs

(Expressed in thousands)	2022 $	2021 $
Direct tolling and production costs		
Power costs	32,590	31,250
Direct labour	14,369	11,758
Grinding media	11,640	9,378
Lime costs	6,323	7,156
Other direct tolling / production costs	45,871	41,678
	110,793	101,220
Depreciation and amortization	20,370	18,014
Administration	5,692	5,070
DET royalties - molybdenum	2,874	3,159
Tolling and production costs	139,729	127,463

During 2022, power costs increased by $1.34 million or 4% compared to 2021 mostly due higher pass-through charges in Chile. Power costs in 2022 were $0.0959/kWh (2021: $0.0919/kWh).

Direct labour costs increased $2.6 million, which includes $2.9 million paid to MVC's plant workers in Q4-2022 as signing bonuses on the renewal of a 3-year collective labour agreement.

During 2022, grinding media increased by $2.3 million compared to 2021 due to higher consumption and higher steel prices.

In aggregate, other direct tolling and production costs increased in 2022 by $4.2 million due mostly to increases in process control, environmental and safety ($1.0 million), maintenance costs ($0.9 million), industrial water ($0.9 million), and subcontractors support services ($0.6 million).

(Expressed in thousands)	2022 $	2021 $
Other direct tolling costs		
Maintenance, excluding labour	9,994	9,078
Molybdenum production costs	8,998	8,797
Historic tailings extraction	6,714	6,828
Copper reagents	5,042	4,836
Process control, environmental and safety	4,831	3,744
Industrial water	4,823	3,935
Subcontractors, support services	3,722	3,121
Filtration and all other direct tolling costs	1,673	1,116
Inventory adjustments	74	223
	45,871	41,678

($/lb Cu)	2022	2021
Other direct tolling costs		
Maintenance, excluding labour	0.15	0.14
Molybdenum production costs	0.14	0.14
Historic tailings extraction	0.10	0.11
Copper reagents	0.08	0.06
Process control, environmental and safety	0.08	0.08
Industrial water	0.08	0.06
Subcontractors, support services	0.06	0.05
Filtration and all other direct tolling costs	0.03	0.02
Inventory adjustments	0.00	0.00
	0.72	0.66

Depreciation and amortization increased in 2022 to $20.4 million (2021: $18.0 million).

Administration expenses during 2022 were $5.7 million (2021: $5.1 million).

DET molybdenum royalties in 2022 were $2.9 million (2021: $3.2 million) due to lower molybdenum production from less molybdenum in fresh tailings.

Expenses

Other expenses of $14.9 million (2021: $7.8 million) are costs not related to MVC's production operations and include:

- General and administration expenses of $5.4 million (2021: $4.8 million) which include salaries, management and professional fees of $2.9 million (2021: $3.2 million), office and general expenses of $1.5 million (2021: $1.0 million) and share-based payments of $1.0 million (2021: $0.7 million).

- Other losses of $0.8 million (2021: $2.2 million) are comprised of equipment and supply write-downs of $0.5 million (2021: $0.8 million), foreign exchange loss of $0.2 million (2021: $1.4 million), and other gains of $0.1 million (2021: $0.1 million).

- An impairment of $11.5 million was recorded for the 2025 retirement of two generators that the Company determined to be obsolete during the year.

- A $2.7 million gain associated with the related party derivative liability fair value adjustment (2021: $0.8 million loss), which includes a $3.7 million decrease in the derivative liability (2021: $0.2 million) offset by actual amounts paid or accrued to a related party of $1.0 million (2021: $1.0 million).

The Company's finance expense was $1.0 million (2021: $3.8 million) which included $2.3 million in finance and interest charges (2021: $3.5 million) and a fair value gain associated with MVC's interest rate swap of $1.4 million (2021: $0.3 million).

Income tax expense in 2022 was $8.1 million (2021: $20.7 million), including current income tax expense of $9.7 million (2021: $10.4 million) and a deferred tax recovery of $1.6 million (2021: $10.3 million). The decrease in tax expense in 2022 was driven by the Company's lower pre-tax income compared to 2021.

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

Cash Cost and Total Cost

Cash cost and total cost are non-IFRS measures prepared on a basis consistent with the industry standard Brook Hunt definitions.

For the Company, these non-IFRS performance measures provide key performance measures used by management to monitor operating performance, assess corporate performance, and to plan and assess the overall effectiveness and efficiency of Amerigo's operations. These performance measures are commonly used in the mining industry and are not defined under IFRS. Cash cost is the aggregate of smelting and refining charges, tolling/production costs net of inventory adjustments and administration costs, net of by-product credits. Total cost includes cash cost, DET notional royalties and depreciation and amortization.

As these performance measures are not standardized financial measures under IFRS, the amounts presented may not be comparable to similar financial measures disclosed by other mining companies. These performance measures should not be considered in isolation as a substitute for measures of performance in accordance with IFRS.

A reconciliation of tolling and production costs to cash cost and total cost in 2022 and 2021 is presented below:

(Expressed in thousands)	**2022**	**2021**
	$	**$**
Tolling and production costs	139,729	127,463
Add (deduct):		
DET notional royalties - copper	70,473	78,374
Smelting and refining	23,965	20,631
Transportation costs	1,702	2,021
Inventory adjustments	(74)	(223)
By-product credits	(15,060)	(18,107)
Total cost	220,735	210,159
Deduct:		
DET notional royalties - copper	(70,473)	(78,374)
DET royalties - molybdenum	(2,874)	(3,159)
	(73,347)	(81,533)
Depreciation and amortization	(20,370)	(18,014)
Cash cost	127,018	110,612
Pounds of copper tolled (fresh and old tailings)	64.0M	63.4M
Cash cost ($/lb)	**1.98**	**1.75**
Total cost ($/lb)	**3.45**	**3.32**

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

($/lb of copper produced)	**2022**	**Q4-2022**	**Q3-2022**	**Q2-2022**	**Q1-2022**
Power costs	0.51	0.57	0.50	0.50	0.47
Smelting & refining	0.37	0.36	0.37	0.39	0.38
Grinding media	0.18	0.18	0.19	0.18	0.18
Lime	0.10	0.10	0.11	0.09	0.10
Administration	0.09	0.09	0.08	0.09	0.10
Transportation	0.03	0.03	0.03	0.03	0.03
Other direct costs	0.94	1.13	0.87	0.88	0.85
By-product credits	(0.24)	(0.36)	(0.22)	(0.15)	(0.21)
Cash Cost	**$1.98**	**$2.10**	**$1.93**	**$2.01**	**$1.90**

($/lb of copper produced)	2021	Q4-2021	Q3-2021	Q2-2021	Q1-2021
Power costs	0.49	0.45	0.47	0.54	0.52
Smelting & refining	0.33	0.32	0.35	0.33	0.31
Lime	0.11	0.10	0.10	0.12	0.13
Grinding media	0.15	0.15	0.14	0.14	0.16
Administration	0.08	0.08	0.08	0.08	0.08
Transportation	0.03	0.03	0.03	0.03	0.03
Other direct costs	0.85	0.80	0.80	0.89	0.88
By-product credits	(0.29)	(0.25)	(0.35)	(0.32)	(0.23)
Cash Cost	**$1.75**	**$1.68**	**$1.62**	**$1.81**	**$1.88**

MVC's components of cash cost increased in 2022 due to increased power costs, higher steel prices for grinding media, increased other direct costs, and a decrease in by-product credits driven by lower molybdenum production.

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

($/lb of copper produced)	2022	Q4-2022	Q3-2022	Q2-2022	Q1-2022
Cash cost	1.98	2.10	1.93	2.01	1.90
DET notional royalites/royalties	1.15	1.00	0.93	1.26	1.39
Amortization/depreciation	0.32	0.32	0.32	0.34	0.30
Total Cost	**$3.45**	**$3.42**	**$3.18**	**$3.61**	**$3.59**

($/lb of copper produced)	2021	Q4-2021	Q3-2021	Q2-2021	Q1-2021
Cash cost	1.75	1.68	1.62	1.81	1.88
DET notional royalites/royalties	1.29	1.33	1.35	1.39	1.07
Amortization/depreciation	0.28	0.30	0.27	0.29	0.28
Total Cost	**$3.32**	**$3.31**	**$3.24**	**$3.49**	**$3.23**

Total cost was $3.45/lb (2021: $3.32/lb) due mostly to higher cash costs as discussed above.

FINANCIAL RESULTS – QUARTER ENDED DECEMBER 31, 2022

In Q4-2022, the Company posted a net loss of $1.6 million and $0.01 LPS (Cdn$0.01), compared to net income of $8.9 million in Q4-2021 and $0.05 EPS (Cdn$0.06).

Q4-2022 financial results included $4.8 million in positive settlement adjustments to copper revenue, of which $2.1 million were final adjustments.

During the quarter, the Company booked a $11.5 million equipment write-down for the 2025 retirement of two generators that the Company determined to be obsolete during the year. The write-down had no effect on Q4-2022 cash flow. Net income in Q4-2022 excluding the write-down was $9.9 million.

The Company generated operating cash flow before working capital changes of $15.6 million (Q4-2021: $18.3 million), and net cash from operating cash flow of $3.7 million (Q4-2021: $15.0 million) (page 7).

Revenue

Revenue in Q4-2022 was $49.8 million (Q4-2021: $52.0 million) due to lower copper prices offset by higher positive settlement adjustments during the quarter.

Expenses

(Expressed in thousands)		Q4-2022 $		Q4-2021 $
Direct tolling and production costs				
Power costs	$	9,513	$	7,630
Direct labour costs		5,913		2,735
Grinding media		3,017		2,527
Lime costs		1,583		1,659
Other direct tolling / production costs		13,233		10,334
		33,259		24,885
Depreciation and amortization		5,262		4,992
Administration		1,500		1,345
DET royalties - molybdenum		987		896
Tolling and production costs	$	41,008	$	32,118
Unit tolling and production costs ($/lb)		2.44		1.92

Direct tolling and production costs in Q4-2022 were $33.3 million (Q4-2021: $24.9 million), due mostly to increases of $1.9 million in power costs and $3.2 million in labour costs due to the $2.9 million signing bonus paid to MVC workers, $0.5 million in grinding media due to increased steel costs, and $2.9 million in other direct tolling costs.

Depreciation and amortization in Q4-2022 increased to $5.3 million (Q4-2021: $5.0 million), administration expenses were $1.5 million (Q4-2021: $1.3 million) and the DET molybdenum royalties were $1.0 million (Q4-2021: $0.9 million).

Unit tolling and production costs increased from $1.92/lb in Q4-2021 to $2.44/lb in Q4-2022.

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.

	Q4-2022 $	Q3-2022 $	Q2-2022 $	Q1-2022 $
Total revenue (thousands)	49,845	30,858	33,584	53,765
Net income (loss) (thousands)	(1,602)	(4,442)	(5,071)	15,489
EPS (LPS)	(0.01)	(0.03)	(0.03)	0.09
Diluted EPS (LPS)	(0.01)	(0.03)	(0.03)	0.09

	Q4-2021 $	Q3-2021 $	Q2-2021 $	Q1-2021 $
Total revenue (thousands)	52,009	48,132	50,503	48,907
Net income (thousands)	8,888	8,420	11,586	10,925
EPS	0.05	0.05	0.06	0.06
Diluted EPS	0.05	0.05	0.06	0.06

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 fair value of settlement receivables.

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

	Q4-2022	Q3-2022	Q2-2022	Q1-2022	Q4-2021	Q3-2021	Q2-2021	Q1-2021
Copper sales/deliveries [1]	16.8	16.2	14.9	16.3	16.7	16.9	15.1	15.1
MVC's copper price	3.80	3.50	4.10	4.64	4.32	4.23	4.37	4.08
Settlement adjustments [2]	2.14	(8.58)	(5.07)	3.76	3.00	(2.37)	5.30	5.04

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

In Q1-2021, revenue was positively impacted by both an increase in copper prices and an increase in copper delivered during the quarter. In Q2-2021, the copper delivered remained consistent with the previous quarter, but the revenue was impacted by a further increase in the price of copper. In Q3-2021, revenue was positively impacted by an increase in copper delivered during the quarter and negatively impacted by a decrease in copper prices and negative settlement adjustments. In Q4-2021 and Q1-2022, revenue was positively impacted by an increase in the price of copper and the resulting positive settlement adjustments. In Q2-2022, revenue was negatively impacted by a decrease in copper delivered during the quarter as a result of the planned maintenance shutdown decreasing production, and a decrease in copper prices and resulting negative settlement adjustments. In Q3-2022, although copper sales volume increased in the quarter, revenue was negatively impacted by a decrease in copper prices and resulting negative settlement adjustments. In Q4-2022 copper sales volume and copper price increased and revenue was positively impacted by positive settlement adjustments.

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:

	Q4-2022	Q3-2022	Q2-2022	Q1-2022	Q4-2021	Q3-2021	Q2-2021	Q1-2021
Tolling and production costs [1]	41.01	34.41	31.97	32.34	32.12	33.94	31.38	30.03
Unit tolling and production cost [2]	2.44	2.13	2.15	1.99	1.92	2.01	2.07	1.99

Notes:
1 Millions 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 Chilean peso to the U.S. dollar. In Q2-2021, total tolling and production costs increased, but production during the quarter did not increase from the previous quarter, resulting in an increased unit cost. In Q3-2021, total tolling and production costs increased due to higher production levels but decreased on a unit cost basis. In Q4-2021, total tolling and production costs decreased mostly due to a decrease in inventory adjustments due to lower differences between copper tolled and delivered in the quarter. In Q1-2022, tolling and production costs increased slightly whereas copper delivered decreased by 3% resulting in an increase on a unit cost basis. In Q2-2022, total tolling and production costs decreased, but due to lower production from the annual maintenance shutdown, increased on a unit cost basis. In Q3-2022, total tolling and production costs increased, but due to higher production compared to the prior quarter, decreased on a unit cost basis. In Q4-2022 tolling and production costs increased both in total and per unit due mostly to an increase in power costs and direct labour.

FINANCIAL POSITION AND BORROWINGS

Cash Flow from Operating Activities

In 2022, the Company generated net cash from operating activities of $23.6 million (2021: $93.8 million). Excluding the effect of changes in working capital accounts, the Company generated $34.9 million in cash from operations in 2022 (2021: $69.5 million).

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

At December 31, 2022, the provisional copper price used by MVC was $3.80/lb. Financial performance is sensitive to changes in copper prices. For example, a 10% increase or decrease from the $3.80/lb provisional price used on December 31, 2022 would result in a $6.4 million change in revenue in 2023 in respect of 2022 production.

Cash Flow from Investing Activities

In 2022, the Company made payments of $9.8 million (2021: $12.0 million) which included $8.0 million for sustaining capex and $1.8 million for capitalized maintenance.

In 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.

Cash Flow used in Financing Activities

In 2022, Amerigo returned $28.0 million to shareholders; $15.7 million were paid through Amerigo's regular quarterly dividends of Cdn$0.03 per share, and $12.3 million returned through the purchase of 9.4 million common shares for cancellation through a Normal Course Issuer Bid.

In 2022, MVC made net debt repayments of $7.0 million (2021: $24.0 million). The Company's borrowings at year end were $23.7 million (December 31, 2021: $30.4 million).

MVC made lease repayments of $1.0 million in 2022 (2021: $1.2 million).

In 2022, $0.1 million was received from the exercise of stock options (2021: $0.1 million).

Financial Position

At December 31, 2022, the Company's cash and restricted cash balance was $42.0 million (December 31, 2021: $64.0 million) including restricted cash of $4.2 million (December 31, 2021: $4.2 million). Working capital was $10.0 million (December 31, 2021: $24.6 million).

Borrowings

(Expressed in thousands)	December 31, 2022 $	December 31, 2021 $
Term loan	23,650	30,404
Comprise:		
Short-term debt and current portion of long-term debt	7,006	7,004
Long-term debt	16,644	23,400
	23,650	30,404

On March 25, 2015, MVC obtained a $64.4 million loan facility to finance the Cauquenes Phase One expansion and on August 3, 2017, MVC obtained a $35.3 million facility to finance the Cauquenes Phase Two expansion. On September 26, 2019, MVC completed a refinance of the Cauquenes Phase One and Phase Two loans. Under the refinance provisions, the principal outstanding on the Cauquenes loans was structured as a senior secured term loan facility (the "Consolidated Bank Loan") of $56.3 million, with a repayment term of 4 years to September 26, 2023.

On June 29, 2021, MVC repaid the remaining outstanding principal amount of $42.2 million on the Consolidated Bank Loan, along with accrued interest of $0.3 million and an interest rate swap ("IRS") break fee of $2.3 million equal to the value of the IRS on June 29, 2021. For accounting purposes, this was treated as an extinguishment of debt within finance expense.

On June 30, 2021, MVC entered into a new finance agreement (the "Finance Agreement") with a syndicate of two banks domiciled in Chile, for a replacement term loan (the "Term Loan") in the amount of $35.0 million and a working capital line of credit (the "Line of Credit") of up to $15.0 million.

The Term Loan has a 5-year term to June 30, 2026, with ten semi-annual installments of $3.5 million each commencing on December 31, 2021, together with accrued interest. MVC may make early repayments without penalty in accordance with the provisions of the Finance Agreement. Interest on the Term Loan is synthetically fixed through an IRS, accounted for at fair value through profit or loss, at a rate of 5.48% 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 on December 31, 2022 was 5.15% per annum plus a margin of 3.90%. At the date that US Libor is discontinued, the interest rate will be based on the ISDA 2020 IBOR Fallbacks Protocol. The IRS has a term to June 30, 2026. On December 31, 2022, the balance of the Term Loan was $23.7 million and the IRS was in an asset position of $1.1 million.

The Line of Credit can be drawn in multiple disbursements and has an availability period until June 30, 2023. The repayment terms are of up to two years for each disbursement, counted from each disbursement date, and would consist of 4 equal semi-annual payments, with the first payments due six months from each disbursement date. The interest rate will be based on the US Libor six-month rate plus a margin to be defined on each disbursement date. At the date that US Libor is discontinued, the interest rate will be based on the ISDA 2020 IBOR Fallbacks Protocol. As of December 31, 2022, MVC has not drawn funds from the Line of Credit.

MVC is required to have a debt service reserve account to be funded monthly with 1/6 of the next debt payment (principal and interest) such that semi-annual debt payments are fully funded a month prior to the payment date, and a second reserve account of $3.5 million to be released on January 1, 2025. On December 31, 2022, MVC held the required reserve funds in the amount of $0.7 million and $3.5 million, respectively, shown as restricted cash on Amerigo's statement of financial position.

MVC is required to meet two bank covenants semi-annually on June 30 and December 31: debt/EBITDA ratio (requirement =< 3) and net worth (requirement => $100.0 million) which were met on December 31, 2022.

MVC has provided security on the Finance Agreement in the form of a charge on all of MVC's assets.

Molybdenum Plant Expansion Lease

In 2018, MVC entered into a lease of 201,903 Chilean Unidades de Fomento 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 $1.1 million and interest at a rate of 0.45% per month. The lease can be prepaid without penalty. On December 31, 2022, the lease obligation was $2.3 million (December 31, 2021: $3.4 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 concentrate 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 $4.27/lb (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 or rise above certain ranges and projections 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 contains three early exit options exercisable by DET. The first option expired in 2021. The remaining two options can be exercised within 2024 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.

SUMMARY OF OBLIGATIONS (Expressed in thousands)

	Total	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years
Trade and other payables	26,346	26,346	-	-	-
Current income tax payable	1,593	1,593	-	-	-
DET royalties	16,807	16,807	-	-	-
Derivative to related parties	7,152	1,017	855	1,964	3,316
Severance provisions	710	-	-	-	710
Minimum power payments [1]	219,116	14,832	14,965	44,811	144,508
Borrowings	27,985	8,901	8,109	10,975	-
Leases	2,256	2,256	-	-	-
Total contractual obligations	301,965	71,752	23,929	57,750	148,534

Note:

1 At December 31, 2022, MVC had an agreement for the supply of MVC's annual power requirements from 2021 to 2037. The agreement established minimum charges based on peak hour power supply calculations, estimated to range from $0.9 to $1.4 million per month.

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 2022, the derivative liability decreased $3.7 million (2021: decreased $0.2 million), with $1.0 million paid or accrued to the Class A shareholder (2021: $1.0 million) and a change in derivative fair value recovery of $2.7 million (2021: expense of $0.8 million).

At December 31, 2022, the derivative liability totalled $7.2 million (2021: $10.9 million), with a current portion of $1.0 million (2021: $1.0 million) and a long-term portion of $6.2 million (2021: $9.9 million).

Payments outstanding at December 31, 2022 were $0.1 million (2021: $0.1 million).

b) Directors’ fees and remuneration to officers

In 2022, the Company paid or accrued $1.6 million in salaries, fees, and performance bonuses to companies associated with certain officers (2021: $1.8 million). In the same period, Amerigo paid or accrued $0.3 million in directors’ fees (2021: $0.3 million). These transactions were in the ordinary course of business and measured at market rates determined on a cost recovery basis.

In 2022, 1,700,000 options were granted to certain directors and officers of the Company (2021: 1,970,000 options). Share-based payments associated with vesting of options during the year ended December 31, 2022 were $0.7 million (2021: $0.1 million).

OTHER MD&A REQUIREMENTS

Critical Accounting Estimates and Judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In preparing the consolidated financial statements, Amerigo makes judgments in applying the Company’s accounting policies and makes estimates and assumptions concerning future events which may vary from actual results.

Estimates and assumptions that could have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

a) Useful Lives of Long-Lived Assets

MVC estimates the economic life of most of property, plant and equipment based on their useful life, not to exceed the term of MVC’s contractual relationship with DET (December 31, 2037).

b) Related Party Derivative Liability

The Company has an obligation to make payments to a related party, based on a fixed payment for each pound of copper equivalent produced from DET tailings by MVC. This constitutes a derivative financial instrument measured at fair value. As required under IFRS, the Company reassesses its estimate for the derivative on each reporting date.

Critical judgments that the Company’s management has made in the process of applying the Company’s accounting policies with the most significant effect on the amounts recognized in the Company’s consolidated financial statements are as follows:

a) Impairment of Property, Plant and Equipment

Management evaluates each asset or cash generating unit at each reporting date to determine whether there are any indications of impairment. Management applies significant judgment in assessing whether indicators of impairment exist that would necessitate impairment testing. Internal and external factors, such as (i) a significant decline in the market value of the Company’s share price; (ii) changes in forecasted copper and molybdenum prices; (iii) changes in projected capital and operating costs; (iv) changes in the grade of resources recovered from tailings, and (v) changes in relevant foreign exchange rates, are evaluated by management in determining whether there are any indicators of impairment. If any such indicator exists, an estimate of the recoverable amount is performed, and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount.

These estimates and assumptions are subject to risk and uncertainty, and as such there is the possibility that changes in circumstances may alter these projections and impact the recoverable amount of the assets. In such circumstances, some or all of the carrying value of the assets may be further impaired or the impairment charge reduced, with the impact recorded in profit or loss.

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 including 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 year that materially affected, or are reasonably likely to affect, Amerigo’s ICFR.

Certificate of Disclosure in Issuer’s Annual and Interim Filings

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer’s Annual and Interim Filings) (“NI 52-109”), the Chief Executive Officer and Chief Financial Officer of the Company file a Certification of Annual Filings with respect to the financial information contained in the consolidated financial statements for the year ended December 31, 2022 and this accompanying MD&A (together, the “Annual Filings”). A Certification of Interim Filings is also filed quarterly along with the Company’s quarterly financial statements and MD&A (together, the “Interim Filings”).

Under the Full Certificate on forms NI 52-109F1 and NI 52-109F2, the CEO and the CFO designed, established, and maintained the disclosure controls and procedures and internal control over financial reporting during the year ended December 31, 2022. By using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control – Integrated Framework (COSO 2013), they concluded that the Company's internal control over financial reporting is effective.

For further information, the reader should refer to the Certificates of Annual and Interim Filings filed by the Company with its filings on SEDAR at www.sedar.com.

Commitments

- At December 31, 2022, 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 $0.9 to $1.4 million per month.

- 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.

Subsequent events

On February 21, 2023, Amerigo's Board of Directors declared a quarterly dividend of Cdn$0.03 per share, payable on March 20, 2023 to shareholders of record as of March 6, 2023. Amerigo designates the entire amount of this taxable dividend to be an "eligible dividend" for purposes of the *Income Tax Act* (Canada), as amended from time to time.

Securities Outstanding

On February 21, 2023 Amerigo had 165,874,581 common shares outstanding and 10,395,012 options outstanding (exercisable at prices ranging from Cdn$0.40 to Cdn$1.62 per share).

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

Environmental, Social and Governance ("ESG") Objectives

Amerigo is committed to adding value for shareholders through operational excellence and sustainability at the MVC operation. The environmental impact of operations and health and safety of the Company's employees and surrounding communities remain a top priority of the Company. Some of our ESG objectives include:

- operating in a socially responsible manner and with sound environmental management practices;
- engaging in environmentally responsible activities to protect the community, natural resources and cultural heritage at and around the MVC operation;
- building and maintaining respectful relationships with people in the community, employees and other stakeholders;
- developing health and safety policies for employees contribute to the prevention of injuries and illness; and
- ensuring that the Safety, Occupational Health, Environmental and Social Responsibility Policy in place is followed to guide its activities and ensure compliance with applicable Chilean regulations.

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;
- 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 2023 sustaining capital expenditures and other Capex projects, and the number of sustaining capital and other Capex projects to be completed during 2023;
- the estimated date of delivery of the stand-by power transformer, the timing of when the installation work for the stand-by unit will be completed and the timing for when the stand-by unit will be connected to the MVC electrical system;
- the sufficiency of MVC's water reserves to maintain projected processing for at least eighteen months;
- prices and price volatility for copper, molybdenum, and other commodities and of materials we use in our operations;
- the expected amount of the DET royalty to be paid during 2023;
- 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;
- the expected amount of MVC's annual free cash flow that will become available for distribution to Amerigo shareholders each year during the term of the Term Loan;
- 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;
- 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 may cause actual results or events to differ materially from those anticipated in such statements. 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; risks related to the potential impact of global or national health concerns, including COVID-19, and the inability of employees to access sufficient healthcare; government or regulatory actions or inactions, 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 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; risks associated with supply chain disruptions; 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 Amerigo's or MVC's staff will not contract COVID-19 or that Amerigo'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 MVC 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;
- costs of closure of various operations;
- market competition;
- 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.

Climate change is a global issue that could pose new challenges affecting the future operations of the Company. This could include more frequent and intense droughts followed by intense rainfall. In the last several years there has been persistent drought conditions in Central Chile. The Company's Colihues operation is sensitive to water availability and the reserves required to process the projected Cauquenes tonnage.

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 Amerigo'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.