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Amerigo Resources Ltd.
Management's Discussion and Analysis
For the Three Months Ended March 31, 2020

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

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 21).

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

ABOUT AMERIGO

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

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. Refer to Agreements with Codelco’s DET (page 18).

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

During the months of August 2019 to January 2020, MVC processed high-grade slag material from DET’s smelter stockpile at its plant.

MVC has completed a phased expansion to extract and process high grade historic tailings (the "Cauquenes” tailings) which extended MVC’s economic life to at least 2037.

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

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

This MD&A of the results of operations and financial position of Amerigo together with its subsidiaries (collectively, the “Company”), is prepared as of May 4, 2020.

It should be read in conjunction with Amerigo’s condensed interim consolidated financial statements and related notes for the three months ended March 31, 2020, and the audited consolidated financial statements and related notes for the year ended December 31, 2019.

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 Q1-2020 and Q1-2019 is available on page 13.

Key performance metrics	Q1-2020	Q1-2019	Change $	Change %
Copper produced (million pounds)[1]	12.1	13.0	(0.9)	(7%)
Copper delivered (million pounds)[1]	11.8	12.9	(1.1)	(9%)
Percentage of production from historic tailings	47%	65%	-	(28%)
Revenue ($ thousands) [2]	15,638	27,736	(12,098)	(44%)
DET notional copper royalties ($ thousands)	5,192	8,136	(2,944)	(36%)
Tolling and production costs ($ thousands)	24,569	25,764	(1,195)	(5%)
Gross (loss) profit ($ thousands)	(8,931)	1,972	(10,903)	(553%)
Net loss ($ thousands)	(4,029)	(1,399)	(2,630)	188%
Loss per share	(0.02)	(0.01)	(0.01)	100%
Operating cash flow ($ thousands) [3]	(4,132)	5,170	(9,302)	(180%)
Cash flow paid for plant and equipment ($ thousands)	(468)	(3,233)	2,765	(86%)
Cash and cash equivalents ($ thousands)	572	16,597	(16,025)	(97%)
Borrowings ($ thousands)[4]	50,575	66,700	(16,125)	(24%)
MVC's copper price ($/lb)[5]	2.35	2.92	(0.57)	(20%)
MVC's molybdenum price ($lb)[6]	9.20	11.11	(1.91)	(17%)

1 Copper production conducted under a tolling agreement with DET, and in Q1-2020 a slag processing agreement with DET.
2 Revenue reported net of notional items (smelting and refining charges, DET notional copper royalties and transportation costs).
3 Operating cash flow before changes in non-cash working capital.
4 At March 31, 2020, comprised of short and long-term portions of $9.4 and $41.2 million, respectively.
5 MVC's copper price is the average notional copper price for the period, before smelting and refining, DET notional copper royalties, transportation costs and settlement adjustments to prior period sales.
6 MVC's molybdenum price is the average realized molybdenum price in the period, before roasting charges and settlement adjustments to prior period sales

COVID-19 effect on financial results and ongoing uncertainty

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

- The Company's financial results were substantially impacted during Q1-2020 as a result of lower copper prices. Commodity market fluctuations resulting from COVID-19 may continue to impact the Company's financial results and liquidity for some time.

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

Amerigo reported quarterly net loss of $4.0 million

- Net loss during Q1-2020 was $4.0 million (Q1-2019: $1.4 million), due to lower production and lower metal prices including the effect of negative fair value adjustments to copper receivables ($5.3 million negative adjustments in Q1-2020 compared to $2.1 million positive adjustments in Q1-2019). Adjusted net earnings excluding the effects of fair value adjustments to receivables would have been $1.3 million in Q1-2020 (Q1-2019: adjusted net loss of $0.7 million).

- Copper price declined from an average price of $2.75 per pound ("/lb") in December 2019 to an average price of $2.35/lb in March 2020 in response to the current global pandemic.

- Negative settlement adjustments result from "M+3" pricing, a customary in the trade practice under which final pricing for copper produced by MVC is determined based on the average London Metal Exchange ("LME") copper price of the third month following delivery of copper (e.g. December 2019 were settled at the March 2020 average LME copper price). Of the $5.3 million in negative settlement adjustments recorded in Q1-2020, $3.0 million were final settlements for October, November and December 2019 production and $2.3 million were mark-to-market adjustments to Q1-2020 production to a copper price of $2.35/lb.

- Loss per share during Q1-2020 was $0.02 (Q1-2019: $0.01).

- The Company had negative operating cash flow before changes in non-cash working capital of $4.1 million in Q1-2020 (Q1-2019: $5.2 million). Quarterly net operating cash flow was negative $1.4 million (Q1-2019: negative $1.4 million).

MVC produced 11.8 million pounds of copper during Q1-2020 (Q1-2019: 12.9 million pounds) at a cash cost of $1.94/lb (Q1-2019: $2.03/lb).

- Q1-2020 production was 11.8 million pounds of copper (Q1-2019: 12.9 million pounds) including 5.7 million pounds from Cauquenes (Q1-2019: 8.4 million pounds), 5.1 million pounds from fresh tailings (Q1-2019: 4.6 million pounds) and 1.2 million pounds from slag processing (nil in Q1-2019).

- As anticipated, Q1-2020 Cauquenes production was lower than in Q1-2019 due to reduced processing rates to preserve water supply in response to drought conditions in central Chile. MVC had forecasted processing rates of 125,000 tonnes per day ("TPD") for fresh tailings and 40,000 TPD for Cauquenes during H1-2020. Q1-2020 actual processing rates averaged 120,868 TPD for fresh tailings and 44,427 TPD for Cauquenes.

- Operating days in Q1-2020 were 77 for fresh tailings and 67 for Cauquenes due to scheduled annual plant maintenance shutdowns at MVC and El Teniente and unexpected plant stoppages due to downtime of one or more of MVC's water thickeners in connection with work carried out to improve water recovery and equipment adjustments to deal with higher density tailings. There have been no plant stoppages since March 3, 2020.

- Molybdenum production during Q1-2020 was 0.2 million pounds (Q1-2019: 0.2 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 13) during Q1-2020 decreased to $1.94/lb (Q1-2019: $2.03/lb).

- Total cost (a non-GAAP measure equal to the aggregate of cash cost, DET notional copper royalties and DET molybdenum royalties of $0.50/lb and depreciation of $0.44/lb, page 13) during Q1-2020 decreased to $2.88/lb (Q1-2019: $3.02/lb), due to lower cash cost and lower DET notional royalties from lower metal prices.

MVC's average copper price in Q1-2020 was $2.35/lb

- During Q1-2020, MVC's copper price was $2.35/lb (Q1-2019: $2.92/lb) and MVC's molybdenum price was $9.20/lb (Q1-2019: $11.11/lb).

- Revenue during Q1-2020 was $15.6 million (Q1-2019: $27.7 million), including copper tolling revenue of $13.3 million (Q1-2019: $25.5 million), molybdenum revenue of $1.7 million (Q1-2019: $2.2 million) and slag processing revenue of $0.7 million (Q1-2019: $nil).

- Copper tolling revenue is calculated from MVC's gross value of copper produced during Q1-2020 of $27.2 million (Q1-2019: $36.4 million) and fair value adjustments to settlement receivables of ($5.3) million (Q1-2019: $2.1 million), less notional items including DET royalties of $5.2 million (Q1-2019: $8.1 million), smelting and refining of $3.0million (Q1-2019: $4.5 million) and transportation of $0.3 million (Q1-2019: $0.4 million).

- MVC's financial performance is very sensitive to changes in copper prices. MVC's Q1-2020 provisional copper price was $2.35/lb, and final prices will be the average LME prices for April, May and June 2020. A 10% increase or decrease from the $2.35/lb provisional price used at March 31, 2020 would result in a $2.5 million change in revenue in Q2-2020 in respect of Q1-2020 production.

At March 31, 2020, MVC had a working capital deficiency of $27.6 million

- In Q1-2020, the Company made scheduled debt payments of $4.7 million and interest payments of $1.6 million. Payments were made from funds held in MVC's debt reserve account, which remains unfunded.

- At March 31, 2020, the Company's cash balance was $0.6 million (December 31, 2019: $7.2 million) and the Company had a $27.6 million working capital deficiency (December 31, 2019: $15.1 million).

- The Company's working capital deficiency is a significant liquidity risk indicator, as in the absence of timely corrective measures, the Company may not be able to meet its financial obligations as they fall due. Refer to Liquidity, Financial Position and Going Concern (page16)

- Refer to Cautionary Statement on Forward Looking Information (page 21).

SUMMARY OF FINANCIAL RESULTS Q1-2020 TO Q1-2019

	Q1-2020 $	Q4-2019 $	Q3-2019 $	Q2-2019 $	Q1-2019 $
Copper production, million pounds [1]	12.080	24.320	19.086	13.344	13.005
Copper deliveries, million pounds [1]	11.822	24.046	19.549	13.424	12.920
MVC's copper price ($/lb)	2.35	2.76	2.62	2.67	2.92
Financial results ($ thousands)					
Revenue					
Gross value of copper produced	27,180	41,435	43,618	37,278	36,413
Adjustments to fair value of settlement receivables	(5,332)	2,208	(875)	(3,182)	2,147
	21,848	43,643	42,743	34,096	38,560
Notional items deducted from gross value of copper produced:					
DET royalties - copper	(5,192)	(8,584)	(8,786)	(8,322)	(8,136)
Smelting and refining	(3,023)	(5,061)	(5,391)	(4,830)	(4,473)
Transportation	(318)	(434)	(512)	(447)	(444)
Copper tolling revenue	13,315	29,564	28,054	20,497	25,507
Slag revenue	668	4,091	1,443	-	-
Molybdenum and other revenue	1,655	1,819	4,403	2,195	2,229
	15,638	35,474	33,900	22,692	27,736
Tolling and production costs					
Tolling and production costs	(18,459)	(25,748)	(26,583)	(22,772)	(19,376)
Depreciation and amortization	(4,736)	(4,352)	(4,372)	(4,398)	(4,364)
Administration	(1,112)	(1,390)	(1,191)	(1,221)	(1,597)
DET royalties - molybdenum	(262)	(461)	(745)	(403)	(427)
	(24,569)	(31,951)	(32,891)	(28,794)	(25,764)
Gross (loss) profit	(8,931)	3,523	1,009	(6,102)	1,972
Other expenses					
Derivative to related parties including changes in fair value	3,742	(1,314)	(55)	256	(918)
Salaries, management and professional fees	(436)	(1,088)	(359)	(527)	(352)
Office and general expenses	(255)	(85)	(191)	(69)	(280)
Share-based payment compensation	(10)	(112)	(276)	(576)	(491)
	(701)	(1,285)	(826)	(1,172)	(1,123)
Foreign exchange gain (loss)	960	303	708	(385)	331
Other gains	35	30	53	89	5
	995	333	761	(296)	336
	4,036	(2,266)	(120)	(1,212)	(1,705)
Operating (loss) profit	(4,895)	1,257	889	(7,314)	267
Finance expense	(2,833)	(951)	(3,596)	(1,501)	(1,797)
(Loss) income before income tax	(7,728)	306	(2,707)	(8,815)	(1,530)
Income tax recovery	3,699	327	624	2,251	131
Net (loss) income	(4,029)	633	(2,083)	(6,564)	(1,399)
(Loss) earnings per share - basic	(0.02)	-	(0.01)	(0.04)	(0.01)
(Loss) earnings per share - diluted	(0.02)	-	(0.01)	(0.04)	(0.01)
Unit tolling and production costs	2.32	2.07	1.99	2.08	1.99
Cash cost ($/lb) [2]	1.94	1.79	1.56	1.97	2.03
Total cost ($/lb) [2]	2.88	2.64	2.43	2.95	3.02
Uses and sources of cash ($thousands)					
Operating cash flow before w orking capital changes	(4,132)	6,412	3,016	(4,754)	5,170
Net cash (used in) from operating activities	(1,378)	6,901	1,307	2,951	(1,448)
Cash used in investing activities	(393)	(991)	(3,875)	(2,486)	(3,233)
Cash used in financing activities	(4,779)	(223)	(4,121)	(8,596)	(232)
Ending cash balance	572	7,164	1,617	8,415	16,597

1 Includes production from fresh tailings, Cauquenes tailings and DET slag processing.

2 Cash and total costs are non-GAAP measures. Refer to page 13 for the basis of reconciliation of these measures to tolling and production costs.

A discussion on key quarterly variances (revenue and tolling and production costs) can be found on page 15.

OPERATING RESULTS

Copper production in Q1-2020 was 12.1 million pounds (Q1-2019: 13.0 million pounds), comprising 5.7 million pounds from Cauquenes (Q1-2019: 8.4 million pounds), 5.1 million pounds from fresh tailings (Q1-2019: 3.6 million pounds) and 1.2 million pounds from slag processing (Q1-2019: nil).

	Q1-2020	Q1-2019
DET FRESH TAILINGS		
Tonnes processed	9,306,854	9,956,069
Copper grade (%)	0.125%	0.110%
Copper recovery	19.9%	19.0%
Copper produced (lbs)	5,130,977	4,593,225
CAUQUENES HISTORIC TAILINGS		
Tonnes processed	2,976,621	4,941,816
Copper grade (%)	0.261%	0.237%
Copper recovery	33.4%	32.6%
Copper produced (lbs)	5,716,679	8,411,828
FRESH TAILINGS + CAUQUENES (lbs)	10,847,656	13,005,053
DET SLAG PROCESSING		
Tonnes processed	14,960	-
Copper grade (%)	4.6%	-
Copper recovery	80.0%	-
Copper produced (lbs)	1,232,383	-
COPPER		
Total copper produced (lbs)	12,080,039	13,005,053
Total copper delivered to DET (lbs)	11,822,451	12,919,668
MOLYBDENUM		
Total molybdenum produced (lbs)	188,143	242,810
Total molybdenum sold (lbs)	225,321	255,394

	January 2020	February 2020	March 2020
Fresh tailings			
Tonnes per day	119,618	123,215	118,007
Operating days	27	22	28
Copper grade	0.120%	0.119%	0.136%
Copper recovery	20.0%	23.0%	17.8%
Copper produced (lbs)	1,723,928	1,610,822	1,796,223
Cauquenes tailings			
Tonnes per day	47,920	35,873	44,873
Operating days	26	13	28
Copper grade	0.266%	0.268%	0.253%
Copper recovery	34.0%	36.3%	31.6%
Copper produced (lbs)	2,508,697	1,033,682	2,174,298
Fresh tailings + Cauquenes (lbs)	4,232,625	2,644,504	3,970,521

Copper production results are in line with the Company's 2020 guidance which includes a reduction in Cauquenes tonnage processing through H1-2020 in response to drought conditions in central Chile.

MVC had forecasted H1-2020 processing rates of 125,000 TPD for fresh tailings and 40,000 TPD for Cauquenes. In Q1-2020 actual processing rates averaged 120,868 TPD for fresh tailings and 44,427 TPD for Cauquenes.

Operating days in Q1-2020 were 77 for fresh tailings and 67 for Cauquenes due to scheduled annual plant maintenance shutdowns at MVC and El Teniente and unexpected plant stoppages due to downtime of one or more of MVC's water thickeners in connection with work carried out to improve water recovery and to equipment adjustments to handle higher density tailings. There have been no plant stoppages since March 3, 2020.

Slag processing was suspended in January 2020 as DET started commissioning its own slag processing plant. Slag production in January was 1.2 million pounds.

Molybdenum production during Q1-2020 was 0.2 million pounds (Q1-2019: 0.2 million pounds).

Cauquenes processing rates could increase to 50,000 TPD if rain levels normalize this year and further to approximately 62,500 TPD once MVC's water thickeners have been fitted with the necessary spares to handle higher density loads. Timing of these events is currently not fully determinable. Rain has not yet started in central Chile although it is still normal to expect rain to start mid-May. Delivery of the thickeners' spares has been delayed to approximately mid-August due as they are being manufactured in Reggio Emilia, Italy which has been in shutdown since mid-March 2020. We currently estimate that 2020 annual production could still be in the lower range of the 55 to 60 million pounds, excluding any effect from plant optimization initiatives. As additional data on rainfall in Chile and delivery time for the thickeners' spares is known the Company may need to update this guidance.

A comprehensive audit of the MVC plant was completed in February 2020 and identified various areas of opportunity to improve performance through low-capex high-impact initiatives, most significantly:

- Conduct a complete hydro-cyclone evaluation to identify equipment that can perform better in a low feed water environment, which could reduce identified fugitive copper losses. MVC has identified a specialized firm who was visited the plant and conducted simulation and detailed testing. A report with recommendations will be delivered in May 2020.

- Conduct laboratory test-work in Canada to obtain hard data to simplify and optimize MVC's flowsheet and improve metallurgical performance. Sampling methodologies were identified, and samples collected and shipped from MVC to Kamloops, British Columbia. A report with recommendations will be delivered in June 2020.

The audit confirmed that MVC has an inadequate water supply to easily optimize its process plant and identified the need to engage solid/liquid separation and rheology experts to review and optimize MVC's water thickeners and provide additional expert information in respect of water recirculation and utilization. MVC has engaged an international consulting firm who is in the process of conducting this evaluation and will provide a report with findings and recommendations in June 2020.

Under an annual production estimate of 55 to 60 million pounds, cash cost is expected to be $1.85/lb in Q2, $1.56/lb in Q3 and $1.46/lb in Q4 which would result in an annual average of $1.71/lb.

FINANCIAL RESULTS – Q1-2020

Net loss during Q1-2020 was $4.0 million ($0.02 loss per share) (Q1-2019: net loss of $1.4 million; $0.01 loss per share) because of lower production and weaker metal prices, including the effect of $5.3 million in negative fair value settlement adjustments to receivables in Q1-2020 (Q1-2019: $2.1 million in positive settlement adjustments).

Revenue

Revenue in Q1-2020 was $15.6 million (Q1-2019: $27.7 million).

(Expressed in thousands)	Q1-2020 $	Q1-2019 $
Average LME copper price per pound	2.56	2.82
Gross value of copper produced	27,180	36,413
Adjustments to fair value of settlement receivables	(5,332)	2,147
	21,848	38,560
Notional items deducted from gross value of copper produced:		
DET royalties - copper	(5,192)	(8,136)
Smelting and refining charges	(3,023)	(4,473)
Transportation	(318)	(444)
Copper tolling revenue	13,315	25,507
Molybdenum revenue	1,655	2,229
Molybdenum revenue	668	-
Revenue	15,638	27,736
MVC's copper price ($/lb)	2.35	2.92
MVC's molybdenum price ($/lb)	9.20	11.11

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

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

MVC's compensation is determined in accordance with annual industry benchmarks for pricing terms and smelting and refining charges. In 2020, 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 March 2020 deliveries will be the average LME copper price for June 2020. This variable difference gives rise to a derivative, changes in the fair value of which are recognized in revenue as settlement receivables.

At March 31, 2020, the provisional copper price used by MVC was $2.35/lb. Financial performance is very sensitive to changes in copper prices. For example, a 10% increase or decrease from the $2.35/lb price would result in a $2.5 million change in copper tolling revenue in Q2-2020.

DET royalties on copper production are a notional item deducted from MVC's gross value of copper produced. In Q1-2020, DET notional copper royalties were $5.2 million, (Q1-2019: $8.1 million) due to lower production and weaker copper prices.

We disclose the terms for DET notional copper royalties and molybdenum royalties under Agreements with Codelco's DET (page 18).

Molybdenum produced by MVC is predominantly sold under a written sales agreement with Molymet. Revenue is billed monthly based on the amount of concentrates delivered during the preceding month. Molymet can elect different pricing terms on a monthly basis. For January 2020, the pricing term elected was M+6 in respect of the average Platt's molybdenum dealer oxide price of the month of sale. This variable difference also gives rise to a derivative, which is valued at fair value through profit or loss.

In Q1-2020, MVC's molybdenum sales price was $9.20/lb (Q1-2019: $11.11/lb). At March 31, 2020, molybdenum sales were provisionally priced at $8.83/lb. A 10% increase or decrease in this price would result in price-driven revenue settlement adjustments of $0.2 million.

Tolling and Production Costs

(Expressed in thousands)	Q1-2020 $	Q1-2019 $
Direct tolling and production costs		
Power costs	5,666	7,731
Direct labour	2,275	2,620
Lime costs	1,796	1,993
Grinding media	1,353	1,779
Other direct tolling / production costs	7,369	5,253
	18,459	19,376
Depreciation and amortization	4,736	4,364
Administration	1,112	1,597
DET royalties - molybdenum	262	427
Tolling and production costs	24,569	25,764
Unit tolling and production costs ($/lb)	2.32	1.99

During Q1-2020, power costs decreased by $2.1 million or 27% compared to Q1-2019 due to lower power rates under MVC's amended power supply contract which became effective January 1, 2020 and 18% lower power consumption in Q1-2020. Power costs in Q1-2020 were $0.0913/kWh (Q1-2019: $0.1016/kWh).

During Q1-2020, labour and lime cost decreased by $0.3 million and $0.2 million respectively compared to Q1-2019, due to a weaker Chilean peso. Grinding media costs decreased by $0.4 million.

In aggregate, other direct tolling costs increased by $2.1 million during Q1-2020 compared to Q1-2019 due a reduction of $2.3 million in inventory adjustments. In Q1-2020, the Company recorded a reduction in production costs from inventory adjustments of $0.4 million, compared to a reduction in production costs from inventory adjustments of $2.7 million in Q1-2019 (caused a higher cost used to value inventory in that quarter). The behaviour of other costs is noted in the following tables.

(Expressed in thousands)	Q1-2020 $	Q1-2019 $
Other direct tolling costs		
Maintenance, excluding labour	2,028	2,153
Historic tailings extraction	1,384	1,306
Molybdenum production costs	1,303	1,548
Industrial water	1,182	796
Subcontractors, support services	514	662
Copper reagents	447	732
Process control, environmental and safety	404	567
Direct slag processing costs	328	-
Filtration and all other direct tolling costs	218	191
Inventory adjustments	(439)	(2,702)
	7,369	5,253

($/lb Cu)	Q1-2020	Q1-2019
Other direct tolling costs		
Maintenance, excluding labour	0.18	0.17
Historic tailings extraction	0.13	0.10
Molybdenum production costs	0.12	0.12
Industrial water	0.11	0.06
Subcontractors, support services	0.05	0.05
Copper reagents	0.04	0.06
Process control, environmental and safety	0.04	0.04
Direct slag processing costs	0.03	-
Filtration and all other direct tolling costs	0.02	0.01
Inventory adjustments	(0.04)	(0.21)
	0.68	0.41

Depreciation and amortization in Q1-2020 were $4.7 million (Q1-2019: $4.4 million), due to MVC's higher asset base.

Administration expenses during Q1-2020 were $1.1 million (Q1-2019: $1.6 million) due to lower labour and insurance costs, partially associated with a weaker Chilean peso.

Other Gains and Expenses

Other gains of $4.0 million in Q1-2020 (Q1-2019: other expenses of $1.7 million) are costs not related to MVC's production operations and include:

- General and administration expenses of $0.7 million (Q1-2019: $1.1 million) including salaries, management and professional fees of $0.4 million (Q1-2019: $0.3 million), office and general expenses of $0.2 million (Q1-2019: $0.3 million) and share-based payments of $0.1 million (Q1-2019: $0.5 million).

- A $3.7 million gain associated with the derivative to related parties (Q1-2019: expense of $0.9 million), including actual amounts paid or accrued to related parties of $0.2 million (Q1-2019: $0.2 million) and a decrease in the derivatives' fair value of $3.9 million (Q1-2019: $0.7 million) as a result of a sharp increase in discount rates used to compute the fair value of the derivative.

- Other gains of $1.0 million (Q1-2019: $0.3 million), in both cases were derived from foreign exchange gains.

The Company's finance expense in Q1-2020 was $2.8 million (Q1-2019: $1.8 million) which includes interest on loans, leases and bank charges of $1.1 million (Q1-2019: $1.7 million) and fair value changes on an interest rate swap ("IRS") of $1.7 million (Q1-2019: $0.1 million).

Income tax recovery in Q1-2020 was $3.7 million, fully in connection with deferred income tax. In Q1-2019 the Company posted income tax recovery of $0.1 million.

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

Cash Cost and Total Cost

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

The Company believes that these measures provide additional information to evaluate corporate performance. Management also uses these measures to monitor internal performance.

A reconciliation of tolling and production costs to cash cost and total cost in Q1-2020 and Q1-2019 is presented below:

(Expressed in thousands)	Q1-2020 $	Q1-2019 $
Tolling and production costs	24,569	25,764
Add (deduct):		
DET notional royalties - copper	5,192	8,136
Smelting and refining charges	3,023	4,473
Transportation costs	318	444
Inventory adjustments	439	2,702
By-product credits	(2,323)	(2,229)
Total cost	31,218	39,290
Deduct:		
DET notional royalties - copper	(5,192)	(8,136)
DET royalties - molybdenum	(262)	(427)
	(5,454)	(8,563)
Depreciation and amortization	(4,736)	(4,364)
Cash cost	21,028	26,363
Pounds of copper tolled (fresh and Cauquenes)	10.85	12.92
Cash cost ($/lb)	**1.94**	**2.03**
Total cost ($/lb)	**2.88**	**3.02**

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

($/lb of copper produced)	Q1-2020	Q4-2019	Q3-2019	Q2-2019	Q1-2019
Power costs	0.52	0.52	0.52	0.60	0.60
Smelting & refining	0.28	0.32	0.33	0.36	0.34
Lime	0.17	0.15	0.13	0.13	0.15
Grinding media	0.12	0.15	0.16	0.17	0.14
Administration	0.10	0.09	0.07	0.09	0.12
Transportation	0.03	0.03	0.03	0.03	0.04
Other direct costs	0.93	0.91	0.68	0.75	0.81
By-product credits	(0.21)	(0.38)	(0.36)	(0.16)	(0.17)
Cash Cost	**$1.94**	**$1.79**	**$1.56**	**$1.97**	**$2.03**

In Q4-2019, cash cost includes $0.15/lb in respect of MVC’s union signing bonuses. Normalized Q4-2019 cash cost without union signing bonuses would have been $1.64/lb.

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

($/lb of copper produced)	Q1-2020	Q4-2019	Q3-2019	Q2-2019	Q1-2019
Cash cost	1.94	1.79	1.56	1.97	2.03
DET notional royalites/royalties	0.50	0.57	0.60	0.65	0.66
Amortization/depreciation	0.44	0.28	0.27	0.33	0.33
Total Cost	**$2.88**	**$2.64**	**$2.43**	**$2.95**	**$3.02**

Total cost in Q1-2020 was $2.88/lb (Q1-2019: $3.02/lb), due to a $0.16/lb decrease in DET notional royalties from lower metal prices and a $0.09/lb decrease in cash cost, mitigated by a $0.11/lb increase in depreciation.

COMPARATIVE PERIODS

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

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

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

	Q1-2019 $	Q4-2018 $	Q3-2018 $	Q2-2018 $
Total revenue (thousands)	27,736	37,582	32,370	32,999
Net (loss) income (thousands)	(1,399)	5,120	1,438	2,720
(Loss) earnings per share	(0.01)	0.03	0.01	0.02
Diluted (loss) earnings per share	(0.01)	0.03	0.01	0.02

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

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

	Q1-2020	Q4-2019	Q3-2019	Q2-2019	Q1-2019	Q4-2018	Q3-2018	Q2-2018
Copper sales/deliveries [1]	11.8	15.5	16.6	13.4	12.9	17.6	17.6	14.2
MVC's copper price	2.35	2.76	2.62	2.67	2.92	2.77	2.74	3.16
Settlement adjustments [2]	(3.01)	1.04	(0.55)	(1.72)	0.85	0.41	(6.08)	0.56

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

Q3-2018 was positively affected by then record copper deliveries, but negatively impacted by lower copper prices and $6.1 million in negative settlement adjustments from the prior quarter. In Q4-2018, copper deliveries remained at record level and MVC's copper price improved slightly to $2.77/lb with positive settlement adjustments of $0.4 million. In Q1-2019 and Q2-2019, copper deliveries were substantially lower than in preceding quarters as a result of low plant recoveries, resulting from MVC's mining plan sequence. Copper prices in Q1-2019 were stronger than in the second half of 2018, but in Q2-2019 declined again resulting in $1.7 million in negative price adjustments. In Q3-2019 copper prices continued to decline but the quarter to quarter decline was substantially lower than in the preceding quarter, resulting in lower negative settlement adjustments. Deliveries improved due to higher production. In Q4-2019 copper price recovered and the Company had positive settlement adjustments of $1.0 million, but deliveries were lower than in Q3-2019. In Q1-2020, copper deliveries declined as a result of lower production driven by MVC's water preservation efforts due to drought conditions in central Chile and low plant recoveries. Additionally, copper prices dropped sharply due to the global pandemic, affecting quarterly revenue and resulting in $3.0 million in negative adjustments to prior quarter sales.

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

	Q1-2020	Q4-2019	Q3-2019	Q2-2019	Q1-2019	Q4-2018	Q3-2018	Q2-2018
Tolling and production costs [1]	24.57	31.95	32.89	28.79	25.76	27.50	28.43	27.21
Unit tolling and production cost [2]	2.32	2.07	1.99	2.08	1.99	1.56	1.62	1.91

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

Tolling and production costs are affected by production levels, input costs (particularly power, lime and grinding media costs) and the depreciation or appreciation of the CLP to the U.S. dollar. Total Q3-2018 costs increased due to higher production but decreased on a unit basis, and in Q4-2018 decreased both in respect of total and unit cost. In Q1-2019 total tolling and production costs decreased due to lower production, but the lower production drove unit costs higher. In Q2-2019, inventory variations increased tolling and production costs by $3.5 million compared to the preceding quarter. In Q3-2019 total tolling and production costs increased due to higher deliveries which in turn resulted in lower unit costs. In Q4-2019, tolling and production costs included $2.3 million in signing bonuses paid to MVC workers, increasing unit costs as there was no higher output associated with this cost. Tolling and production costs declined in Q1-2020 due to a lower contractual power cost and other cost mitigation initiatives, but unit costs increased due to lower production levels in the quarter.

LIQUIDITY, FINANCIAL POSITION and GOING CONCERN

Cash Flow Used in Operating Activities

In Q1-2020, the Company had negative net cash from operating activities of $1.4 million (Q1-2019: negative net cash from operating activities of $1.4 million). Excluding the effect of changes in working capital accounts, the Company had negative cash during Q1-2020 of $4.1 million (Q1-2019: $5.2).

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

At March 31, 2020, the provisional copper price used by MVC was $2.35/lb. Financial performance is very sensitive to changes in copper prices. For example, a 10% increase or decrease from the $2.35/lb price would result in a $2.5 million change in copper tolling revenue in Q2-2020.

Cash Flow Used in Financing Activities

In Q1-2020, the Company made debt repayments of $4.7million (Q1-2019: $nil) and made lease repayments of $0.2 million (Q1-2019: $0.4 million).

In Q1-2020 the Company received $0.1 million in proceeds from various exercises of stock options (Q1-2019: $0.1 million).

Cash Flow Used in Investing Activities

In Q1-2010, the Company used cash of $0.5 million for payments of Capex (Q1-2019: $3.2 million) and received $0.1 million from the sale of investments (Q1-2019: $nil).

Liquidity, Financial Position and Going Concern

At March 31, 2020, the Company held cash of $0.6 million (December 31, 2019: $7.2 million), with a working capital deficiency of $27.6 million (December 31, 2019: $15.1 million).

The Company's working capital position was severely affected by a sharp decline in copper prices during Q1-2020, which resulted in a reduction in cash receipts due to negative price settlement adjustments of $3.0 million and a decrease in amounts receivable of $2.3 million from mark-to-market adjustments at March 31, 2020. Also during Q1-2020, the Company made scheduled debt payments of $4.7 million and $1.6 million in interest payments, for a total of $6.3 million in scheduled cash payments to MVC's lenders.

The price of copper remains at levels where it is insufficient to cover the Company's production costs, royalty obligations to DET, financial commitments and ongoing working capital requirements. These adverse conditions give rise to material uncertainties that may cast significant doubt as to the ability of the Company's ability to meet its obligations as they come due and accordingly, the appropriateness of using accounting principles applicable to a going concern.

In response to these circumstances, the Company has reduced operating costs, suspended most capital expenditures, and structured deferred payment programs with key suppliers. The Company is also engaged in discussion with the MVC lenders to explore options to maintain the existing loan in good standing, and MVC has approached Codelco requesting the parties revise the royalty terms in a way that operations at MVC can continue for the mutual benefit of both parties. There can be no assurance that these initiatives will be successful.

The Company's ability to continue as a going concern is dependent upon copper prices stabilizing and/or MVC's ability to reduce operating costs and royalties, in order to generate positive cash flows from operations.

MVC continues to advance on the plant optimization program to resolve to the extent possible, the lower production recoveries that have been present from 2019 to date and which are at least partially in connection with drought conditions in central Chile.

Borrowings

(Expressed in thousands)	March 31, 2020 $	December 31, 2019 $
Consolidated bank loan	50,575	55,897
Comprise:		
Current portion of long-term debt	9,399	10,108
Long-term debt	41,176	45,789
	50,575	55,897

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

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

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

The Consolidated Bank Loan has a maximum repayment term of 4 years to September 26, 2023 that may be shortened without penalty in accordance with the provisions of the debt agreement. Seven semi-annual installments of $4.7 million are to be made starting together with accrued interest. The first scheduled installment was paid on March 26, 2020. A final installment of $23.5 million plus accrued interest is to be made on September 26, 2023. Any prepayments made during the term of the loan will reduce the amount due on the final installment.

On closing of the refinance, MVC paid $0.8 million in interest accrued on the Cauquenes loans, an IRS break fee of $0.3 million and bank commissions of $1.2 million. MVC also recognized a loss on modification of debt of $1.6 million, included as finance expense in the period. The loss on modification of debt was a non-cash item arising from the application of *IFRS 9 - Financial Instruments*, under which the present value of the cash flows of the original and renegotiated debt were compared using the Company's effective interest rate, with a resulting loss and an adjustment to the carrying value of the Consolidated Bank Loan. Interest on the Consolidated Bank Loan is synthetically fixed through an IRS, accounted for at fair value through profit or loss, at a rate of 5.70% per annum for 80% of the facility. The remaining 20% of the facility is subject to a variable rate based on the US Libor six-month rate, currently 3.83% per annum. The IRS has a term to September 26, 2023.

The balance of the Consolidated Bank Loan (net of transaction costs) at March 31, 2020 was $50.6 million (December 31, 2019: $55.9 million).

MVC has provided security on the Consolidated Bank Loan in the form of a charge on all of MVC's assets. MVC is required to meet four bank covenants: current ratio, tangible net worth, debt service coverage ratio, and debt/EBITDA ratio, measured semi-annually on June 30 and December 31. At December 31, 2019, MVC met the tangible net worth requirement of $125.0 million and the debt/EBITDA ratio (requirement of less than 3). MVC received waivers from Scotiabank and EDC in respect of the current ratio (requirement of 1.05) and debt service coverage ratio (requirement of 1.2).

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 IRS if MVC has insufficient funds to make these payments and /ii/ fund MVC's operating expenses. If it becomes necessary to fund MVC's operations with funds from the DSRA, MVC will need to replenish the DSRA at each month end with funds necessary to maintain a balance equal to one hundred percent of the sum of the principal, interest and IRS that are payable in the following six months. On March 26, 2020, the totality of funds in the DSRA were used to make scheduled principal and interest payments and at March 31, 2020, MVC had insufficient funds to replenish the DSRA. MVC is actively discussing options with the lenders to defer replenishing the DSRA to a mutually agreeable date.

Molybdenum Plant Expansion Lease

In 2018, MVC entered into a lease of 201,903 Chilean Unidades de Fomento ("UF") to finance the expansion of MVC's molybdenum plant. The lease has a term to November 2023, with monthly capital payments of approximately $0.1 million, a balloon payment at the end of the lease term of approximately $1.5 million and interest at a rate of 0.45% per month. The lease can be prepaid without penalty. At March 31, 2020, the lease obligation was $5.6 million (December 31, 2019: $6.8 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 Agreement has a term to 2037 for fresh tailings, the earlier of 2033 or deposit depletion for Cauquenes, and the earlier of 2037 or deposit depletion for Colihues.

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

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

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

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

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

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

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

Transactions with Related Parties

a) Derivative liability

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

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

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

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

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

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

In Q1-2020, $0.2 million was paid or accrued to the Class A shareholders (three months ended March 31, 2019 ("Q1-2019"): $0.2 million) and the derivative's fair value decreased by $3.9 million (Q1-2019: increased by $0.7 million), for a total derivative recovery of $3.7 million (Q1-2019: expense of $0.9 million).

At March 31, 2020, the derivative totalled $8.4 million (December 31, 2019: $12.1 million), with a current portion of $1.2 million (December 31, 2019: $1.2 million) and a long-term portion of $7.2 million (December 31, 2019: $10.9 million).

Actual monthly payments outstanding at March 31, 2020 were $0.3 million (December 31, 2019: $0.2 million).
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b) Directors' fees and remuneration to officers

In Q1-2020, the Company paid or accrued $0.2 million in salaries and fees to companies associated with certain officers (Q1-2019: $0.1 million), and in both Q1-2020 and Q1-2019 Amerigo paid or accrued $0.1 million in directors' fees. These transactions were in the ordinary course of business and measured at market rates determined on a cost recovery basis.

In Q1-2020, 1,850,000 options were granted to Amerigo directors and officers and MVC employees (2019: 3,150,000 options).

Critical Accounting Estimates and Judgements

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

In Q1-2020, management's significant judgements and the key sources of estimation uncertainty were consistent with those used to prepare Amerigo's 2019 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, Aurora Davidson (President and CEO) and Christian Cáceres (General Manager MVC) 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.

There were no changes in the quarter 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, 2037. The agreement establishes minimum stand-by charges based on peak hour power supply calculations, currently estimated to range from $1.4 to $1.8 million per month.
- Amerigo has an agreement for the lease of office premises in Vancouver to December 1, 2021. Rent commitments under the agreement are approximately $0.2 million.
- The DET Agreement has a Closure Plan clause requiring MVC and DET to jointly assess the revision of the closure plan for Cauquenes and compare it to the current DET plan. In the case of any variation in the interests of DET due to MVC's activities in the Cauquenes deposit, the parties will jointly evaluate the form of implementation and financing of or compensation for such variation. Until the estimation of the new closure plan is available, and the parties agree on the terms of compensation

resulting from the revised plan, it is Amerigo's view there is no obligation to record a provision because the amount, if any, is not possible to determine.

Securities Outstanding

On May 4, 2020 Amerigo had 180,769,351 common shares outstanding and 9,970,000 options (exercisable at prices ranging from Cdn$0.14 to Cdn$1.11 per share).

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

Cautionary Statement on Forward Looking Information

This 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 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 include but are not limited to, statements concerning:

- forecasted production, reductions in operating costs and an increase in recoveries;
- water supply risk to MVC as a result of extreme drought conditions in Chile;
- 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 2020 sustaining capital expenditures;
- the timing of completion of MVC's projects to improve water recirculation;
- 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;
- our ability to comply with our loan covenants;
- the production capacity of our operations, our planned production levels and future production;
- potential impact of production and transportation disruptions;
- 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.

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 Codelco's Division El Teniente's current production and historic tailings from tailings deposit; risks with respect to completion of all phases of the Cauquenes expansion, the ability of the Company to draw down funds from bank facilities and lines of credit, the availability of and ability of the Company to obtain adequate funding on reasonable terms for expansions and acquisitions, including all phases of the Cauquenes expansion; mine plan estimates; risks posed by fluctuations in exchange rates and interest rates, as well as general economic conditions including the current outbreak of the novel coronavirus known as COVID-19 on the Company's business, operations and financial condition; risks associated with environmental compliance and changes in environmental legislation and regulation; risks associated with our dependence on third parties for the provision of critical services; risks associated with non-performance by contractual counterparties; title risks; social and political risks associated with operations in foreign countries; risks of changes in laws affecting our operations or their interpretation, including foreign exchange controls; and risks associated with tax reassessments and legal proceedings. 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;
- our costs of production and our production and productivity levels, as well as those of our competitors;
- changes in credit market conditions and conditions in financial markets generally;
- our ability to procure equipment and operating supplies in sufficient quantities and on a timely basis;
- the availability of qualified employees and contractors for our operations;
- our ability to attract and retain skilled staff;
- the satisfactory negotiation of collective agreements with unionized employees;
- the impact of changes in foreign exchange rates and capital repatriation on our costs and results;
- engineering and construction timetables and capital costs for our expansion projects;
- costs of closure of various operations;
- market competition;
- the accuracy of our preliminary economic assessment (including with respect to size, grade and recoverability) and the geological, operational and price assumptions on which these are based;
- tax benefits and tax rates;
- the outcome of our copper concentrate sales and treatment and refining charge negotiations;
- the resolution of environmental and other proceedings or disputes;
- the future supply of reasonably priced power;
- rainfall in the vicinity of MVC returning to normal levels;

- average recoveries for fresh tailings and Cauquenes tailings;
- our ability to obtain, comply with and renew permits and licenses in a timely manner; and
- our ongoing relations with our employees and entities with which we do business.

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

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

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