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Amerigo Resources Ltd.
Management's Discussion and Analysis
For the Year Ended December 31, 2018

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" BELOW.

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. Notional items include treatment and refining charges, DET copper royalties and transportation costs. Refer to Agreements with Codelco's DET (page 19).

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

MVC has essentially completed a phased expansion to extract and process high grade historic tailings (the "Cauquenes tailings"). Phase One of the expansion was completed in 2015, extending MVC's economic life to at least 2037. Construction of Phase Two of the expansion was completed in December 2018, allowing MVC to reach record production of 65.0 million pounds of copper in the year. Installation of a regrind mill, originally part of the Phase Two expansion, is estimated to be completed in June 2019.

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 February 19, 2019.

It should be read in conjunction with Amerigo's audited consolidated financial statements and related notes for the year ended December 31, 2018.

Amerigo's financial statements are reported in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). 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 2018 and 2017 is available on page 13.

ANNUAL HEADLINES

Annual key performance metrics for 2018 and 2017

	Years ended December 31,			
	2018	2017	Change	%
Copper produced (million pounds)[1]	65.0	62.5	2.5	4%
Copper delivered (million pounds)	63.9	62.9	1.0	2%
Percentage of production from historic tailings	68%	63%	5%	
Revenue ($ thousands)[2]	136,833	134,027	2,806	2%
DET notional copper royalties ($ thousands)	41,088	36,388	4,700	13%
Tolling and production costs ($ thousands)	111,855	107,986	3,869	4%
Gross profit ($ thousands)	24,978	26,041	(1,063)	-
Net income ($ thousands)	10,495	7,989	2,506	-
Earnings per share - basic	0.06	0.05	0.01	20%
Operating cash flow ($ thousands)[3]	27,794	26,387	1,407	5%
Cash flow paid for purchase of plant and equipment ($ thousands)	(35,957)	(14,693)	21,264	145%
Cash and cash equivalents ($ thousands)[4]	21,338	27,524	(6,186)	(22%)
Borrowings ($ thousands)[5]	66,212	63,067	3,145	5%
MVC's copper price ($/lb)[6]	2.92	2.83	0.09	3%
MVC's molybdenum price ($/lb)[7]	11.84	8.20	3.64	44%

1 Copper production conducted under a tolling agreement with DET.
2 Revenue reported net of notional items (smelting and refining charges, DET notional copper royalties and transportation costs).
3 Operating cash flow before changes in non-cash working capital.
4 At December 31, 2018 includes $7.9 million in operating cash accounts and a $13.4 million debt service reserve account ("DSRA").
5 At December 31, 2018 includes short and long-term portions of $23.5 and $42.7 million, respectively.
6 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.
7 MVC's molybdenum price is the average realized molybdenum price in the period, before roasting charges and settlement adjustments to prior period sales

Amerigo reported stronger annual net income and cash flow

- Net income was $10.5 million (2017: $8.0 million).
- Earnings per share were $0.06 basic and diluted (2017: $0.05 basic and $0.04 diluted).
- Cash flow generated from operations before changes in non-cash working capital was $27.8 million (2017: $26.4 million).

MVC's average copper price in 2018 was $2.92/lb

- MVC's copper price was $2.92 per pound ("/lb") (2017: $2.83/lb) and MVC's molybdenum price was $11.84/lb (2017: $8.20/lb).
- Revenue was $136.8 million (2017: $134.0 million), including copper tolling revenue of $118.4 million (2017: $119.5 million) and molybdenum and other revenue of $18.4 million (2017: $14.5 million).
- Copper tolling revenue is calculated from MVC's gross value of copper produced of $188.6 million (2017: $172.7 million) and fair value adjustments to settlement receivables of ($5.3 million) (2017: $7.1 million), less notional items including DET royalties of $41.1 million (2017: $36.4 million), smelting and refining of $21.5 million (Q3-2017: $21.7 million) and transportation of $2.2 million (2017: $2.2 million).

- MVC's financial performance is very sensitive to changes in copper prices. MVC's Q4-2018 provisional copper price was $2.77/lb, and final prices will be the average London Metal Exchange ("LME") prices for January, February and March 2019. A 10% increase or decrease from the $2.77/lb provisional price used at December 31, 2018 would result in a $4.9 million change in revenue in 2019 in respect of 2018 production.

- Amerigo remains fully leveraged to the price of copper.

MVC achieved record production at a cash cost of $1.56/lb

- 2018 production was 65.0 million pounds of copper (2017: 62.5 million pounds).

- Copper production included 43.7 million pounds from Cauquenes (2017: 39.3 million pounds) and 21.3 million pounds from fresh tailings in 2018 (2017: 21.8 million pounds). In 2017, 1.5 million pounds of copper were also produced through a tolling agreement with Minera Maricunga that expired that year.

- Molybdenum production was 1.9 million pounds (2017: 1.6 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) decreased to $1.56/lb (2017: $1.64/lb).

- Total cost (a non-GAAP measure equal to the aggregate of cash cost, DET notional copper royalties and DET molybdenum royalties of $0.68/lb and depreciation of $0.23/lb, page 13) decreased to $2.47/lb (2017: $2.50/lb), due to lower cash cost.

MVC's Phase Two Project met the banks' completion test in December 2018

- MVC's new rougher flotation cells started to produce concentrates on August 20, 2018 and the new cleaner flotation circuit came on-line on October 12, 2018. Installation of a regrind mill, originally part of the Phase Two expansion, is estimated to be completed in June 2019.

- The 60-day production test required under the Cauquenes expansion finance loan was completed on December 21, 2018. MVC is now ramping up to full capacity and the project's $1.5 million concentrate regrind mill is expected to be installed in June 2019.

- The Phase Two capital expenditure ("Capex") is estimated at $39.9 million -including the regrind mill- compared to budget of $35.3 million, primarily due to a 9.3% appreciation of the Chilean peso during the construction period compared to budget, and additional equipment installed during commissioning. Remaining Phase Two Capex payments of $3.1 million will be made in 2019.

- MVC also expanded its molybdenum plant in order to process the additional molybdenum available from the Cauquenes expansion. The molybdenum plant expansion had a cost of approximately $7.8 million and was financed through a 5-year capital lease agreement.

- In 2019, the Company expects to produce 80.0 to 85.0 million pounds of copper at a cash cost of $1.30 to $1.45/lb, and production of 2.5 million pounds of molybdenum. In Q1-2019, production will be lower than average and cash cost will be higher than average as MVC's mine plan extracts lower quality material from Cauquenes, further affected by a longer than expected annual maintenance shutdown.

- In 2019, MVC expects to incur $5.8 million in sustaining Capex.

Cash balance at year end was $21.3 million, debt repayments in 2018 were $19.7 million

- At December 31, 2018, the Company's cash balance was $21.3 million (December 31, 2017: $27.5 million), including $7.9 million in operating accounts and $13.4 million in a debt service reserve account.
- The Company had a $16.9 million working capital deficiency (December 31, 2017: $4.5 million), caused by $22.5 million in scheduled bank debt repayments in the following twelve months.
- Amerigo does not consider that its working capital deficiency constitutes a significant liquidity risk, as it anticipates generating operating cash flow to meet current liabilities as they come due, assuming copper prices remain at levels above $2.70/lb.
- Borrowings at year end were $66.2 million. In 2018 MVC received debt proceeds of $23.3 million which were used in the Cauquenes Phase Two Expansion. MVC also made debt repayments of $19.7 million on the Phase One expansion loan and on a loan with DET which was fully repaid in the year.
- Refer to Cautionary Statement on Forward Looking Information (page 23).

SUMMARY OF FINANCIAL RESULTS Q4-2017 TO Q4-2018

	Q4-2018	Q3-2018	Q2-2018	Q1-2018	Q4-2017
Copper production, million pounds	18.531	17.555	14.658	14.210	15.625
Copper deliveries, million pounds	17.593	17,595	14.219	14.520	16.284
MVC's copper price ($/lb)	2.77	2.74	3.16	3.09	3.10
Financial results ($ thousands)					
Revenue					
Gross value of copper produced	49,168	48,891	44,493	46,041	50,550
Adjustments to fair value of settlement receivables	408	(6,083)	556	(179)	1,065
	49,576	42,808	45,049	45,862	51,615
Notional items deducted from gross value of copper produced:					
DET royalties - copper	(10,412)	(9,238)	(10,642)	(10,797)	(11,453)
Smelting and refining	(5,920)	(5,822)	(4,738)	(5,040)	(5,765)
Transportation	(587)	(580)	(518)	(554)	(572)
Copper tolling revenue	32,657	27,168	29,151	29,471	33,825
Molybdenum and other revenue	4,925	5,202	3,848	4,410	3,176
	37,582	32,370	32,999	33,881	37,001
Tolling and production costs					
Tolling and production costs	(21,334)	(22,528)	(21,459)	(22,839)	(23,221)
Depreciation and amortization	(3,883)	(3,625)	(3,685)	(3,566)	(3,583)
Administration	(1,432)	(1,347)	(1,419)	(1,696)	(1,338)
DET royalties - molybdenum	(854)	(925)	(646)	(616)	(397)
	(27,503)	(28,425)	(27,209)	(28,717)	(28,539)
Gross profit	10,079	3,945	5,790	5,164	8,462
Other expenses					
Derivative to related parties including changes in fair value	349	(114)	239	(414)	(1,003)
Salaries, management and professional fees	(1,037)	(440)	(442)	(575)	(839)
Office and general expenses	(145)	(263)	(141)	(299)	(141)
Share-based payment compensation	(95)	(236)	(312)	(684)	(47)
	(1,277)	(939)	(895)	(1,558)	(1,027)
Foreign exchange gain (loss)	(570)	109	(457)	98	(293)
Other (losses) gains	(31)	8	53	168	7
	(601)	117	(404)	266	(286)
	(1,529)	(936)	(1,060)	(1,706)	(2,316)
Operating profit	8,550	3,009	4,730	3,458	6,146
Finance expense	(1,420)	(989)	(912)	(985)	(1,243)
Income before income tax	7,130	2,020	3,818	2,473	4,903
Income tax expense	(2,010)	(582)	(1,098)	(1,256)	(1,805)
Net income	5,120	1,438	2,720	1,217	3,098
Earnings per share - basic	0.03	0.01	0.02	0.01	0.02
Earnings per share - diluted	0.03	0.01	0.02	0.01	0.02
Unit tolling and production costs	1.56	1.62	1.91	1.98	1.75
Cash cost ($/lb) [1]	1.45	1.38	1.71	1.77	1.66
Total cost ($/lb) [1]	2.27	2.17	2.74	2.83	2.64
Uses and sources of cash ($thousands)					
Operating cash flow before w orking capital changes	9,228	6,194	6,428	5,944	6,640
Operating cash flow after w orking capital changes	7,811	8,120	1,785	9,437	13,568
Cash used in investing activities	(4,574)	(11,148)	(9,961)	(10,274)	(6,945)
Cash (used in) received from financing activities	(5,367)	5,690	447	2,882	(2,329)
Ending cash balance [2]	21,338	23,330	21,390	29,869	27,524

1 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.

2 At December 31, 2018 includes $7.9 million held in operating cash accounts and $13.4 million held in a DSRA.

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

OVERALL PERFORMANCE

The Company's net income in 2018 was $10.5 million (2017: net income of $8.0 million). The improvement in financial performance is the result of a stronger MVC copper price of $2.92/lb (2017: $2.83/lb), a stronger MVC molybdenum price of $11.84/lb (2017: $8.20/lb in 2017 and higher production.

The Company generated operating cash before changes in non-cash working capital accounts of $27.8 million (2017: $26.4 million). Including the effect of changes in non-cash working capital accounts, the Company generated operating cash flow of $27.2 million (2017: $32.7 million).

At December 31, 2018, the Company had cash and cash equivalents of $21.4 million (2017: $27.5 million) and a working capital deficiency of $16.9 million (2017: working capital deficiency of $4.5 million).

SELECTED ANNUAL FINANCIAL INFORMATION

The following information has been extracted from the Company's audited consolidated financial statements for the years ended December 31, 2018, 2017 and 2016.

	Year ended December 31, 2018	Year ended December 31, 2017	Year ended December 31, 2016
Revenue (thousands)	$136,833	$134,027	$91,388
Net income (loss) (thousands)	10,495	7,989	(7,531)
Earnings (loss) per share	0.06	0.05	(0.04)
Diluted earnings (loss) per share	0.06	0.04	(0.04)

	At December 31, 2018	At December 31, 2017	At December 31, 2016
Total assets	$257,613	$230,549	$221,686
Total long-term financial liabilities	60,711	54,936	68,676

Long term financial liabilities at December 31, 2018 were comprised of: long-term portion of borrowings of $42.7 million (2017: $42.3 million, 2016: $59.1 million), other non-current liabilities of $7.4 million (2017: $0.7 million, 2016: $1.2 million), related party derivative liability of $9.7 million (2017: $11.0 million, 2016: $7.4 million) and severance provisions of $1.0 million (2017: $1.0 million, 2016: $0.8 million).

OPERATING RESULTS

Copper production in 2018 was 65.0 million pounds of copper, 4% higher than 2017 production of 62.5 million pounds. In 2018, the higher-grade Cauquenes historic tailings contributed 67% of MVC's copper production (2017: 63%).

Copper deliveries in 2018 were 63.9 million pounds (2017: 62.9 million pounds).

MVC's 2018 copper production met annual guidance and plant performance progressed according to plan. The Phase Two rougher flotation cells started to produce concentrates on August 20, 2018, the new cleaner flotation circuit came on-line on October 12, 2018 and MVC completed the Phase Two expansion completion test required by lenders on December 21, 2018. MVC is now ramping up to full capacity and the project's $1.5 million concentrate regrind mill is expected to be installed in June 2019.

Molybdenum production was 1.9 million pounds (2017: 1.6 million pounds).

Production

	2018	2017
FRESH TAILINGS FROM EL TENIENTE		
Tonnes processed	43,403,906	43,718,322
Copper grade (%)	0.118%	0.118%
Copper recovery	18.9%	19.2%
Copper produced (lbs)	21,271,855	21,784,124
HISTORIC TAILINGS FROM EL TENIENTE		
Tonnes processed	22,279,089	22,658,605
Copper grade (%)	0.249%	0.249%
Copper recovery	35.7%	31.6%
Copper produced (lbs)	43,682,923	39,265,260
TOLL PROCESSING FROM MARICUNGA		
Copper produced (lbs)	-	1,465,764
COPPER		
Total copper produced (lbs)	64,954,778	62,515,148
Total copper delivered to DET (lbs)	62,926,330	62,906,274
MOLYBDENUM		
Total molybdenum produced (lbs)	1,887,814	1,551,885
Total molybdenum sold (lbs)	1,796,529	1,555,047

FINANCIAL RESULTS – 2018

Net income was $10.5 million ($0.06 basic and diluted earnings per share (“EPS”) (2017: $8.0 million; $0.05 basic and $0.04 diluted EPS) due to stronger production and higher copper and molybdenum prices.

Revenue

Revenue in 2018 was $136.8 million (2017: $134.0 million).

		2018		2017
Average LME copper price per pound	$	2.96	$	2.80
Gross vaue of copper produced (thousands)	$	188,593	$	172,665
Adjustments to fair value of settlement receivables		(5,298)		7,124
		183,295		179,789
Notional items deducted from gross value of copper produced:				
DET royalties - copper (thousands)		(41,088)		(36,388)
Smelting and refining (thousands)		(21,520)		(21,717)
Transportation (thousands)		(2,239)		(2,173)
Copper tolling revenue		118,448		119,511
Molybdenum and other revenue (thousands)		18,385		14,516
Revenue (thousands)	$	136,833	$	134,027
MVC's copper price ($/lb)	$	2.92	$	2.83
MVC's molybdenum price ($/lb)	$	11.84	$	8.20

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 2018, it was 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 December 2018 deliveries will be the average LME copper price for March 2019. This variable difference gives rise to an embedded derivative. Changes to the fair value of the derivative are recognized in revenue as settlement receivables.

The average LME copper price in 2018 was $2.96/lb (2017: $2.80/lb) and MVC's copper price was $2.92/lb (2017: $2.83/lb).

At December 31, 2018, the provisional copper price used by MVC was $2.77/lb. Financial performance is very sensitive to changes in copper prices. For example, a 10% increase or decrease from the $2.77/lb price would result in a $4.9 million change in copper tolling revenue in Q1-2019.

DET royalties on copper production are a notional item deducted from MVC's gross value of copper produced. In 2018, DET notional copper royalties were $41.1 million, $4.7 million higher than in 2017, due to higher copper prices and stronger production.

We disclose the terms for DET notional copper royalties and molybdenum royalties under Agreement with Codelco's DET (page 19).

Molybdenum produced by MVC is 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. In 2018, pricing terms included M+1, M+2 and M+3 in respect of the average Platt's molybdenum dealer oxide price of the month of sale. This variable difference also gives rise to an embedded derivative.

In 2018, MVC's molybdenum sales price was $11.84/lb (2017: $8.20/lb). At December 31, 2018, molybdenum sales were provisionally priced at $12.09/lb, on an M+1 basis for October sales, and M+3 basis for November and December sales. A 10% increase or decrease in this price would result in price-driven revenue settlement adjustments of $0.4 million.

Expenses

(Expressed in thousands)		2018		2017
Direct tolling and production costs				
Power costs	$	32,225	$	31,151
Labour costs		10,431		10,381
Lime costs		8,762		8,724
Grinding media		8,156		6,743
Other direct tolling / production costs		28,586		30,308
		88,160		87,307
Depreciation and amortization		14,759		14,321
Administration		5,895		5,155
DET royalties - molybdenum		3,041		1,203
Tolling and production costs	$	111,855	$	107,986
Unit tolling and production costs ($/lb)		1.75		1.72

Power costs increased by $1.1 million or 3% compared to 2017 due to higher production. Costs in 2018 were $0.1036/kWh (2017: $0.1016/kWh).

Labour cost of $10.4 million and lime cost of $8.7 million remained at 2017 levels.

Grinding media costs of $8.2 million increased $1.4 million or 21% from 2017 due to higher steel costs.

In aggregate, other direct tolling costs decreased by $1.7 million or 6% in 2018 due to inventory variations of $3.5 million caused by lower deliveries compared to production in 2018 (the opposite than in 2017), and the absence of Maricunga tolling costs in the year (2017: $2.9 million). Excluding these differences, other costs increased as noted in the table below.

(Expressed in thousands)		2018		2017
Other direct production costs				
Maintenance, excluding labour	$	7,901	$	6,785
Molybdenum production costs		6,490		5,577
Historic tailings extraction		5,846		4,984
Industrial water		2,503		1,970
Copper reagents		2,435		2,186
Subcontractors and support services		2,397		2,008
Process control, environmental and safety		2,152		1,872
Filtration and all other direct tolling costs		929		613
Inventory adjustments		(2,067)		1,413
Maricunga tolling cost		-		2,900
	$	28,586	$	30,308

($/lb Cu)	2018	2017
Other direct production costs		
Maintenance, excluding labour	0.12	0.11
Molybdenum production costs	0.10	0.09
Historic tailings extraction	0.09	0.08
Industrial water	0.04	0.03
Copper reagents	0.04	0.04
Subcontractors and support services	0.04	0.03
Process control, environmental and safety	0.03	0.03
Filtration and all other direct copper tolling costs	0.01	0.01
Inventory adjustments	(0.03)	0.03
Maricunga tolling cost	-	0.05
	0.44	0.50

Depreciation and amortization increased to $14.8 million (2017: $14.3 million), from a higher asset base.

Administration expenses were $5.9 million in 2018 (2017: $5.2 million) as a result of higher labour costs and services.

Other expenses of $5.2 million (2017: $8.1million) are costs not related to MVC's production operations and include:

- General and administration expenses of $4.7 million (2017: $3.5 million) which include salaries, management and professional fees of $2.5 million (2017: $2.1 million), share-based payments of $1.3 million (2017: $0.6 million) and office and general expenses of $0.8 million in both years.

- Other losses of $0.6 million (2017: other gains of $0.2 million) are comprised of a foreign exchange loss of $0.7 million (2017: gain of $0.1 million) and other gains of $0.1 million in both years.

- A $0.1 million gain associated with the related party derivative liability (2017: expense of $4.8 million), which includes actual amounts paid or accrued to a related party of $1.1 million (2017: $1.0 million) and a $1.2 million decrease in fair value (2017: increase in fair value of $3.8 million). In 2018, the derivative's decrease in fair value was caused by higher estimated interest rates during the derivative's term. In 2017, the derivative's fair value increased due to the estimated increase in future production at MVC resulting from the Phase Two expansion.

The Company's finance expense was $4.3 million (2017: $5.1 million) which includes finance, commitment and interest charges and changes in value on interest rate swaps.

Income tax expense was $4.9 million in 2018 and 2017, including current income tax expense of $3.3 million (2017: $3.5 million) and deferred tax expense of $1.6 million (2017: $1.4 million).

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

Cash Cost and Total Cost

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

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

In 2018 cash cost was $1.56/lb (2017: $1.64/lb) and total cost was $2.47/lb (2017: $2.50/lb).

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

		2018		2017
Tolling and production costs (thousands)	$	111,855	$	107,986
Add (deduct):				
DET notional royalties - copper (thousands)		41,088		36,388
Smelting and refining charges (thousands)		21,520		21,717
Transportation costs (thousands)		2,239		2,173
Inventory adjustments (thousands):		2,067		(1,413)
By-product credits (thousands)		(18,385)		(14,516)
Total cost (thousands)	$	160,384	$	152,335
Deduct:				
DET notional royalties - copper (thousands)		(41,088)		(36,388)
DET royalties - molybdenum (thousands)		(3,041)		(1,203)
		(44,129)		(37,591)
Depreciation and amortization (thousands)		(14,759)		(14,321)
Cash cost (thousands)	$	101,496	$	100,423
Pounds of copper tolled from fresh and old tailings (millions) [1]		65.0M		61.1M
Cash cost ($/lb)		**1.56**		**1.64**
Total cost ($/lb)		**2.47**		**2.50**

[1] Excludes 1.5 million pounds produced in 2017 from Maricunga toll processing, a by-product.

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

	2018	Q4-2018	Q3-2018	Q2-2018	Q1-2018
Power costs	0.50	0.45	0.44	0.56	0.56
Smelting & refining	0.33	0.32	0.33	0.32	0.35
Lime	0.13	0.12	0.11	0.16	0.16
Grinding media	0.13	0.14	0.11	0.12	0.13
Administration	0.09	0.08	0.08	0.10	0.12
Transportation	0.03	0.03	0.03	0.03	0.04
Other direct costs	0.63	0.58	0.58	0.68	0.72
By-product credits	(0.28)	(0.27)	(0.30)	(0.26)	(0.31)
Cash Cost	**$1.56**	**$1.45**	**$1.38**	**$1.71**	**$1.77**

	2017	Q4-2017	Q3-2017	Q2-2017	Q1-2017
Power costs	0.51	0.50	0.54	0.49	0.52
Smelting & refining	0.36	0.37	0.35	0.34	0.36
Lime	0.14	0.15	0.15	0.14	0.14
Grinding media	0.11	0.11	0.10	0.11	0.12
Administration	0.08	0.09	0.08	0.08	0.09
Transportation	0.04	0.04	0.04	0.03	0.03
Other direct costs	0.64	0.60	0.60	0.62	0.76
By-product credits	(0.24)	(0.20)	(0.17)	(0.28)	(0.31)
Cash Cost	**$1.64**	**$1.66**	**$1.69**	**$1.53**	**$1.71**

MVC's components of cash cost, with the exception of grinding media, decreased in 2018 as a result of stronger production. By-product credits were strong at $0.28/lb (2017: $0.24/lb) due to stronger molybdenum production and prices.

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

	2018	Q4-2018	Q3-2018	Q2-2018	Q1-2018
Cash cost	1.56	1.45	1.38	1.71	1.77
DET notional royalites/royalties	0.68	0.61	0.58	0.77	0.81
Amortization/depreciation	0.23	0.21	0.21	0.26	0.25
Total Cost	**$2.47**	**$2.27**	**$2.17**	**$2.74**	**$2.83**

	2017	Q4-2017	Q3-2017	Q2-2017	Q1-2017
Cash cost	1.64	1.66	1.69	1.53	1.71
DET notional royalties/royalties	0.62	0.75	0.63	0.52	0.55
Amortization/depreciation	0.24	0.23	0.23	0.23	0.26
Total Cost	**$2.50**	**$2.64**	**$2.55**	**$2.28**	**$2.52**

Total cost was $2.47/lb (2017: $2.50/lb), mostly due to lower cash cost.

F I N A N C I A L R E S U L T S – QUARTER ENDED DECEMBER 31, 2018

In Q4-2018, the Company posted net income of $5.1 million ($0.03 EPS) (Q4-2017: $3.1 million and $0.02 EPS).

The Company generated operating cash flow before working capital changes of $9.2 million (Q4-2017: $6.6 million), and operating cash flow after changes in working capital of $7.8 million (Q4-2017: $13.6 million).

Revenue

Revenue in Q4-2018 was $37.6 million (2017: $37.0 million) due to stronger production.

Expenses

(Expressed in thousands)		Q4-2018		Q4-2017
Direct tolling and production costs				
Power costs	$	8,400	$	7,867
Labour costs		2,512		3,009
Lime costs		2,226		2,335
Grinding media		2,556		1,717
Other direct tolling / production costs		5,640		8,293
		21,334		23,221
Depreciation and amortization		3,883		3,583
Administration		1,432		1,338
DET royalties - molybdenum		854		397
Tolling and production costs	$	27,503	$	28,539
Unit tolling and production costs ($/lb)		1.56		1.75

Direct tolling and production costs were $21.3 million (2017: $23.2 million), due to lower other direct tolling and production costs, which include inventory variations.

Depreciation and amortization were $3.9 million (Q4-2017: $3.6 million) due to a higher MVC asset base, administration increased to $1.4 million from $1.3 million in Q4-2017 and the DET molybdenum royalties increased to $0.9 million from $0.4 million due to higher molybdenum production and a stronger molybdenum price.

Unit tolling and production costs decreased from $1.75/lb to $1.56/lb in the comparative quarterly periods.

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.

	Q4-2018 $	Q3-2018 $	Q2-2018 $	Q1-2018 $
Total revenue (thousands)	37,582	32,370	32,999	33,881
Net income (thousands)	5,120	1,438	2,720	1,217
Earnings per share	0.03	0.01	0.02	0.01
Diluted earnings per share	0.03	0.01	0.02	0.01

	Q4-2017 $	Q3-2017 $	Q2-2017 $	Q1-2017 $
Total revenue (thousands)	37,001	37,421	29,860	29,744
Net income (loss) (thousands)	3,098	7,854	(1,653)	(1,310)
Earnings (loss) per share	0.02	0.04	(0.01)	(0.01)
Diluted earnings (loss) per share	0.02	0.04	(0.01)	(0.01)

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:

	Q4-2018	Q3-2018	Q2-2018	Q1-2018	Q4-2017	Q3-2017	Q2-2017	Q1-2017
Copper sales/deliveries [1]	17.6	17.6	14.22	14.52	16.28	15.25	16.2	15.18
MVC's copper price	2.77	2.74	3.16	3.09	3.10	3.00	2.59	2.65
Settlement adjustments [2]	0.41	(6.08)	0.56	(0.18)	1.07	6.28	(1.00)	0.78

1 Million pounds of copper sold under tolling agreements with DET and Maricunga (H1-2017).
2 Adjustments to fair value of copper settlement receivables, expressed in millions of dollars.

Q2-2017 revenue was positively impacted by higher volumes of copper tolled, partially offset by lower average copper prices and the effect of negative settlement adjustments. Q3-2017 was positively impacted by higher copper prices and significant positive settlement adjustments. Q4-2017 to Q2-218 revenue were positively impacted by strong copper prices. Q3-2018 were positively affected by then record copper deliveries, but negatively impacted by lower copper prices and $6.1 million in negative settlement adjustments. 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 addition to revenue variances, the Company's quarterly results in the most recent eight quarters were also affected by variations in cost of sales:

	Q4-2018	Q3-2018	Q2-2018	Q1-2018	Q4-2017	Q3-2017	Q2-2017	Q1-2017
Tolling and production costs [1]	$27.50	$28.43	$27.21	$28.72	$28.54	$25.52	$26.17	$27.76
Unit tolling and production cost [2]	$1.56	$1.62	$1.91	$1.98	$1.75	$1.67	$1.62	$1.70

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

Tolling and production costs are affected by production levels, input costs (particularly power, lime and grinding media costs), copper prices and the depreciation or appreciation of the CLP to the U.S. dollar. Q2-2017 costs were lower than in the preceding quarter despite higher production due to MVC's cost containment efforts. Q3-2017 costs were also lower than the prior quarter, due to lower copper production and the termination of the Maricunga tolling contract. Q4-2017 and Q1-2018 costs increased due to higher power, lime and other direct costs. Total Q3-2018 costs increased due to higher production but decreased on a unit basis, and in Q4-2018 decreased both in respect of total and unit cost.

LIQUIDITY and FINANCIAL POSITION

Cash Flow from Operations

The Company generated cash of $27.2 million from operations (2017: $32.7 million).

Excluding the effect of changes in working capital accounts, the Company generated cash of $27.8 million (2017: $26.4 million).

Cash Flow from Financing Activities

In 2018, the Company received $23.3 million in debt proceeds net of transaction costs (2017: $10.7 million) and made debt repayments of $19.7 million (2017: $18.7 million). In 2018, the Company received $0.1 million from the exercise of stock options (2017: $0.4 million).

Cash Flow used in Investing Activities

In 2018, the Company used cash of $35.3 million for payments of Capex (2017: $14.7 million) and paid $0.6 million in capitalized interest. Capex payments increased substantially in 2018 in connection with the Phase Two Cauquenes expansion.

Liquidity and Financial Position

At December 31, 108, the Company's cash and cash equivalents were $21.3 million (2017: $27.5 million), including $13.4 million held in a DSRA (2017: $7.3 million).

The Company had a working capital deficiency of $16.9 million (December 31, 2017: $4.5 million), caused by $22.5 million in scheduled bank debt repayments in the following twelve months.

The Company does not consider that its working capital deficiency constitutes a significant liquidity risk, as it anticipates generating sufficient operating cash flow to meet current liabilities as they come due, assuming copper prices were to remain in the short-term at current levels ($2.70/lb). Working capital deficiencies are not uncommon in companies with short-term debt.

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

In 2019, MVC estimates to produce 80.0 to 85.0 million pounds of copper at an annual cash cost (page 13) of $1.30 to $1.45/lb. The Company expects to meet its financial obligations as they become due.

Total borrowings at year end are expected to be $45.0 million, assuming MVC's scheduled capital repayments of $22.5 million in 2019. However, the term of the loans may be shortened without penalty in accordance with the loan provisions, whereby MVC would allocate 50% of cash available to distribution to repay the existing bank loans.

Borrowings

Borrowing outstanding (Thousands)	**December 31, 2018 $**	**December 31, 2017 $**
Cauquenes Phase One Loan	31,317	41,527
Cauquenes Phase Two Loan	34,895	11,601
	66,212	53,128
DET Price Support Facility (b)	-	9,939
	66,212	63,067
Comprise:		
Short-term debt and current portion of long-term debt	23,521	20,810
Long-term debt	42,691	42,257
	66,212	63,067

Cauquenes Phase One and Phase Two Loans

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 has a maximum repayment term of six years consisting of twelve equal semi-annual principal payments of $5.4 million which commenced on June 30, 2016. The repayment term may be shortened without penalty in accordance with the loan provisions. Interest is paid semi-annually on June and December 30.

Interest on the Phase One Loan is synthetically fixed through an interest rate swap ("IRS"), accounted for at fair value through profit or loss ("FVTPL") at a rate of 5.56% per annum for 75% of the facility. The remaining 25% of the facility is subject to a variable rate based on the US Libor six-month rate, which at December 31, 2018 was 6.37% per annum. The IRS on the Phase One Loan expired on December 27, 2018.

The balance of the Cauquenes Phase One Loan (net of transaction costs) at December 31, 2018 was $31.3 million (December 31, 2017: $41.5 million).

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

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

Interest on the Phase Two Loan is synthetically fixed through a second IRS, accounted for at FVTPL, at a rate of 6.02% per annum for 75% of the facility. The remaining 25% of the facility is subject to a variable rate based on the US Libor six-month rate, which at December 31, 2018 was 6.37% per annum. The IRS on the Phase Two Loan has a term to January 3, 2022.

The balance of the Cauquenes Phase Two Loan (net of transaction costs) at December 31, 2018 was $34.9 million (December 31, 2017: $11.6 million).

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

MVC is required to meet three bank covenants: current ratio (starting on December 31, 2019), tangible net worth and debt service coverage ratio, measured semi-annually on June 30 and December 31. At December 31, 2018, MVC met the required debt service coverage ratio of 1.2 and the tangible net worth requirement of $120.0 million.

MVC is also required to have a DSRA which must be used to: /i/ pay the principal and interest of bank loans and amounts owing under the interest rate swaps if MVC has insufficient funds to make these payments and /ii/ fund MVC’s operating expenses. If it becomes necessary to fund MVC’s operations with funds from the DSRA, MVC must replenish the DSRA at each month end with funds necessary to maintain a balance equal to one hundred percent of the sum of the principal, interest and interest rate swaps that are payable in the following six months. At December 31, 2018, MVC held DSRA funds in the required amount of $13.4 million (December 31, 2017: $7.3 million).

Molybdenum Plant Expansion Lease

MVC has a material capital lease of 201,903 Chilean Unidades de Foment (“UF”) (approximately $7.8. million at December 31, 2018) undertaken in 2018 to finance the expansion of MVC’s molybdenum plant. Terms of the lease include a term to November 2023, 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 December 31, 2018, the current portion of the lease obligation was $1.7 million, included in trade and other payables. The long-term portion of the lease obligation was $7.3 million, included under other non-current liabilities.

DET Price Support Facility

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

During 2018, MVC fully repaid $9.0 million towards the DET Price Support Facility and $0.9 million in accrued interest (2017: $8.0 million).

$13.0 Million Standby Line of Credit (the "Line of Credit").

Amerigo had a $13.0 million standby line of credit (the "Line of Credit"), available from three shareholders. Availability was to the later of December 31, 2018 or the date of commencement of commercial production from the Phase Two expansion, up to March 31, 2019 (December 21, 2018).

In 2018, Amerigo incurred an annual commitment fee of $0.2 million on the Line of Credit. This was settled with the issuance of 265,119 Amerigo shares (2017: $0.2 million, settled with 403,577 Amerigo shares).

No funds were drawn from the Line of Credit.

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 from MVC to DET, calculated using the average LME copper price for the month of concentrates production.

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

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

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

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 Agreement anticipates that in the event monthly average prices fall below certain ranges and projections indicate the permanence of such prices over time, the parties will meet to review cost and notional royalty/royalty structures to maintain the Agreement's viability and the equilibrium of the benefits between the parties.

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

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	19,462	19,462	-	-	-
Current income tax payable	3,292	3,292	-	-	-
DET royalties	11,551	11,551	-	-	-
Derivative to related parties	11,050	1,382	1,155	2,845	5,668
Severance provisions	966	-	-	-	966
Minimum power payments [1]	298,561	21,129	21,374	63,979	192,079
Borrowings [2]	73,741	22,520	20,064	31,157	-
Other long-term liabilities [3]	7,386	-	1,645	1,565	4,176
Total contractual obligations	426,009	79,336	44,238	99,546	202,889

[1] MVC entered into an agreement with its current power provider to supply MVC's annual power requirements from 2018 to 2032. The agreement establishes minimum charges based on peak hour power supply calculations, currently estimated to range from $1.4 to $1.8 million per month.

[2, 3] Includes principal and estimated interest charges.

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 shareholder is 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 2018, $1.1 million was paid or accrued to the Class A shareholder (2017: $1.0 million) and the derivative's fair value decreased $1.2 million (2017: increase of $3.8 million), for a total derivative gain of $0.1 million (2017: expense of $4.8 million).

At December 31, 2018, the derivative liability totalled $11.1 million (2017: $12.2 million), with a current portion of $1.4 million (2017: $1.2 million) and a long-term portion of $9.7 million (December 31, 2017: $11.0 million).

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

b) Directors' fees and remuneration to officers

In 2018, the Company paid or accrued $1.6 million in salaries and fees to companies associated with certain officers (2017: $1.4 million). In the same period, Amerigo paid or accrued $0.3 million in directors' fees (2017: $0.2 million). These transactions were in the ordinary course of business and measured at market rates determined on a cost recovery basis.

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

c) As of December 31, 2018, an Amerigo officer acted as an officer and an Amerigo director acted as a director and Chairman of Los Andes Copper Ltd., a Company investee.

OTHER MD&A REQUIREMENTS

Critical Accounting Estimates and Judgments

Estimates and judgements 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 these consolidated financial statements, the Company makes judgements, estimates and assumptions concerning the future which may vary from actual results. Judgments, 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 addressed below.

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) Relater 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.

c) Impairment of Property, Plant and Equipment

In accordance with Amerigo's accounting policy, each asset or cash generating unit is evaluated at each reporting date to determine whether there are any indications of impairment. If any such indication exists, a formal estimate of the recoverable amount is performed, and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset or cash generating group of assets is measured at the higher of its fair value less costs to sell and its value in use.

Disclosure Controls and Procedures

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

Amerigo has a formal corporate disclosure policy and a Disclosure Policy Committee. Amerigo's directors, Rob Henderson (President and CEO) and Aurora Davidson (Executive Vice President and CFO) are members.

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

Internal Controls over Financial Reporting ("ICFR")

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

Amerigo's ICFR includes policies and procedures that:

- Pertain to the maintenance of records that accurately and fairly reflect the additions to and dispositions of Company assets;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements under IFRS;
- Provide reasonable assurance that the Company's receipts and expenditures have the proper authorization of Amerigo's management and directors; and
- Provide reasonable assurance on the prevention or timely detection of unauthorized acquisition, use or disposition of Company assets that could have a material effect on the financial statements.

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

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

An evaluation of the design and operating effectiveness of the Company's ICFR was conducted as of December 31, 2018 by the Company's management, including the CEO and CFO. Based on this evaluation, management has concluded that the design and operation of the Company's ICFR was effective.

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

Commitments

- MVC has a long-term agreement for the supply of 100% of MVC's power requirements to December 31, 2032. The agreement establishes minimum stand-by charges based on peak hour power supply calculations, currently estimated to range from $1.4 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 $0.3 million.

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

Securities Outstanding

On February 19, 2019 Amerigo had 177,280,740 common shares outstanding and 13,370,000 options (exercisable at prices ranging from Cdn$0.14 to Cdn$1.06 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 Amerigo's future performance. All statements other than statements of historical fact are forward-looking statements. The use of any of the words "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "should", "believe" and similar expressions is intended to identify forward-looking statements. Although Amerigo believes that these assumptions were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond Amerigo's control, Amerigo cannot assure that it will achieve or accomplish the expectations, beliefs or projections described in the forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such statements. These forward-looking statements speak only as of the date of this MD&A. These forward-looking statements include but are not limited to, statements concerning:

- a forecasted increase in production and a reduction in operating costs;
- our strategies and objectives;
- the expected improvement of flotation recovery efficiency from the Phase Two expansion;
- our estimates of the availability, quantity and grade of tailings (including, but not limited to, the estimated higher grades from the Cauquenes deposit), and the quality of our mine plan estimates;
- prices and price volatility for copper and other commodities and of materials we use in our operations;
- the demand for and supply of copper and other commodities and materials that we produce, sell and use;
- sensitivity of our financial results and share price to changes in commodity prices;
- our financial resources and our expected ability to meet our obligations for the next 12 months;
- interest and other expenses;

- domestic and foreign laws affecting our operations;
- our tax position and the tax rates applicable to us;
- the timing and costs of tolling/production;
- our ability to procure or have access to financing and to comply with loan covenants;
- the probability of DET exercising any of its early exit options under the Master Agreement;
- the production capacity of our operations, our planned production levels and future production;
- potential impact of production and transportation disruptions;
- hazards inherent in the mining industry causing personal injury or loss of life, severe damage to or destruction of property and equipment, pollution or environmental damage, claims by third parties and suspension of operations
- our planned Capex (including our plan to upgrade our existing plant and operations) including the timing and cost of completion of our capital projects;
- estimates of asset retirement obligations and other costs related to environmental protection;
- our future capital and production costs, including the costs and potential impact of complying with existing and proposed environmental laws and regulations in the operation and closure of our operations;
- repudiation, nullification, modification or renegotiation of contracts;
- our financial and operating objectives;
- our environmental, health and safety initiatives;
- the outcome of legal proceedings and other disputes in which we may be involved;
- the outcome of negotiations concerning metal sales, treatment charges and royalties;
- disruptions to the Company's information technology systems, including those related to cybersecurity;
- our dividend policy; and
- general business and economic conditions.

Inherent in forward-looking statements are risks and uncertainties beyond our ability to predict or control, including risks that may affect our operating or capital plans; risks generally encountered in the permitting and development of mineral projects such as unusual or unexpected geological formations, negotiations with government and other third parties, unanticipated metallurgical difficulties, delays associated with permits, approvals and permit appeals, ground control problems, adverse weather conditions, process upsets and equipment malfunctions; risks associated with labour disturbances and availability of skilled labour and management; fluctuations in the market prices of our principal commodities, which are cyclical and subject to substantial price fluctuations; risks created through competition for mining projects and properties; risks associated with lack of access to markets; risks associated with availability of and our ability to obtain both tailings from DET's current production and historic tailings from tailings deposit; the availability of and ability of the Company to obtain adequate funding on reasonable terms for expansions and acquisitions; mine plan estimates; risks posed by fluctuations in exchange rates and interest rates, as well as general economic conditions; risks associated with environmental compliance and changes in environmental legislation and regulation; risks associated with our dependence on third parties for the provision of critical services; risks associated with non-performance by contractual counterparties; title risks; social and political risks associated with operations in foreign countries; risks of changes in laws affecting our operations or their interpretation, including foreign exchange controls; and risks associated with tax reassessments and legal proceedings. Many of these risks and uncertainties apply not only to the Company and its operations, but also to Codelco and its operations. Codelco's ongoing mining operations provide a significant portion of the materials the Company processes and its resulting metals production, therefore these risks and uncertainties may also affect their operations and in turn have a material effect on the Company.

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

- general business and economic conditions;
- interest rates;

- changes in commodity and power prices;
- acts of foreign governments and the outcome of legal proceedings;
- the supply and demand for, deliveries of, and the level and volatility of prices of copper and other commodities and products used in our operations;
- the ongoing supply of material for processing from Codelco's current mining operations;
- the ability of the Company to profitably extract and process material from the Cauquenes tailings deposit;
- the timing of the receipt of and retention of permits and other regulatory and governmental approvals;
- the availability of and ability of the Company to obtain adequate funding on reasonable terms for expansions and acquisitions;
- our costs of production and our production and productivity levels, as well as those of our competitors;
- changes in credit market conditions and conditions in financial markets generally;
- our ability to procure equipment and operating supplies in sufficient quantities and on a timely basis;
- the availability of qualified employees and contractors for our operations;
- our ability to attract and retain skilled staff;
- the satisfactory negotiation of collective agreements with unionized employees;
- the impact of changes in foreign exchange rates and capital repatriation on our costs and results;
- engineering and construction timetables and capital costs for our expansion projects;
- costs of closure of various operations;
- market competition;
- the accuracy of our preliminary economic assessment (including with respect to size, grade and recoverability) and the geological, operational and price assumptions on which these are based;
- tax benefits and tax rates;
- the outcome of our copper concentrate sales and treatment and refining charge negotiations;
- the resolution of environmental and other proceedings or disputes;
- the future supply of reasonably priced power;
- our ability to obtain, comply with and renew permits and licenses in a timely manner; and
- our ongoing relations with our employees and entities with which we do business.

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

We caution you that the foregoing list of important factors and assumptions is not exhaustive. Other events or circumstances could cause our actual results to differ materially from those estimated or projected and expressed in, or implied by, our forward-looking statements. Except as required by law, we undertake no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of factors, whether as a result of new information or future events or otherwise.