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Amerigo Resources Ltd.
Management's Discussion and Analysis
For the Year Ended December 31, 2021

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 23).

AMOUNTS REPORTED IN U.S. DOLLARS (“USD”), EXCEPT WHERE INDICATED OTHERWISE.

ABOUT AMERIGO

Amerigo Resources Ltd. (“Amerigo”) owns a 100% interest in Minera Valle Central S.A. ("MVC"), a producer of copper and molybdenum concentrates. MVC, located in Chile, has a long-term contract with Codelco’s DET to process fresh and historic tailings from El Teniente. El Teniente, in production since 1905, is the world’s largest underground copper mine. Refer to Agreements with Codelco’s DET (page 19).

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

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

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

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

This MD&A of the results of operations and financial position of Amerigo together with its subsidiaries (collectively, the “Company”), is prepared as of February 22, 2022.

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

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

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

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

Non-IFRS Measures

In this MD&A we refer to the terms “cash cost” and “total cost”, which are performance measures commonly used in the mining industry that are not defined under IFRS. Cash cost is the aggregate of smelting and refining charges, tolling/production costs net of inventory adjustments and administration costs, net of by-product credits. Cash cost per pound produced is based on pounds of copper produced and is calculated by dividing cash cost over the number of pounds of copper produced. Total cost is equal to the aggregate of cash cost, DET notional copper royalties and DET molybdenum royalties, and depreciation. A tabular reconciliation of cash cost and total cost to tolling and production costs is available on page 13.

Another non-IFRS measure used by the Company is “operating cash flow before changes in non-cash working capital”. This is calculated by adding back the decrease or subtracting the increase in changes in non-cash working capital to or from cash provided by (used in) operating activities. A tabular reconciliation of cash provided by operating activities and operating cash flow before changes in non-cash working capital in 2021 and 2020 is available on page 7.

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

ANNUAL HEADLINES

ANNUAL KEY PERFORMANCE METRICS	Years ended December 31,			
	2021	2020	Change	%
Copper produced (million pounds)[1]	63.4	56.2	7.2	13%
Copper delivered (million pounds)[1]	63.9	56.3	7.6	13%
Revenue ($ thousands) [2]	199,551	126,427	73,124	58%
DET notional copper royalties ($ thousands)	78,374	33,536	44,838	134%
Tolling and production costs ($ thousands)	127,463	111,041	16,422	15%
Gross profit ($ thousands)	72,088	15,386	56,702	369%
Net income ($ thousands)	39,819	6,064	33,755	557%
Earnings per share	0.22	0.03	0.19	633%
Earnings per share (Cdn$)[7]	0.28	0.05	0.23	460%
Operating cash flow before changes in working capital ($ thousands) [3]	69,453	29,148	40,305	138%
Cash flow paid for purchase of plant and equipment ($ thousands)	(11,956)	(2,794)	9,162	328%
Cash and cash equivalents ($ thousands)	59,792	14,085	45,707	325%
Restricted cash ($ thousands)	4,221	-	4,221	100%
Borrowings ($ thousands) [4]	30,404	53,768	(23,364)	(43%)
MVC's copper price ($/lb) [5]	4.25	2.94	1.31	45%
MVC's molybdenum price ($/lb) [6]	15.01	8.19	6.82	83%

1 Copper production conducted under tolling agreement with DET. 2021 production included nil pounds from slag processing (2020: 1.2 million pounds).
2 Revenue reported net of notional items (smelting and refining charges, DET notional copper royalties and transportation costs).
3 A non-IFRS measure.
4 At December 31, 2021, comprised of short and long-term portions of $7.0 and $23.4 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 quarter periods.
6 MVC's molybdenum price is the average realized molybdenum price in the period, before roasting charges and settlement adjustments to prior quarter periods.
7 Earnings per share in Canadian dollars ("Cdn") was calculated by converting the net income to Cdn using the average USD-Cdn foreign exchange rate during the year of 1 USD:1.2535 Cdn (2020- 1 USD:1.3415 Cdn)

Amerigo reported 2021 annual net income of $39.8 million

- 2021 net income was $39.8 million (2020: $6.1 million) due to higher metal prices during the year and a 13% increase in copper production.
- Annual earnings per share ("EPS") was $0.22 (Cdn$0.28) (2020: $0.03 (Cdn$0.05)).
- The Company generated annual operating cash flow before changes in non-cash working capital of $69.5 million (2020: $29.1 million). Annual net operating cash flow was $93.1 million (2020: $19.8 million).

MVC produced 63.4 million pounds of copper ("M lbs") at a cash cost of $1.75 per pound

- 2021 production was 63.4 M lbs of copper (2020: 56.2 M lbs), including 32.3 M lbs from fresh tailings (2020: 25.6 M lbs) and 31.1 M lbs from Cauquenes (2020: 29.3 M lbs). The 13% copper production increase in 2021 was due to higher fresh tailings tonnage, grade and recoveries as well as higher tonnage from Cauquenes.
- 2021 molybdenum production was 1.3 M lbs (2020: 1.4 M lbs) due to lower moly content in fresh tailings.
- 2021 cash cost (a non-IFRS measure, page 14) decreased to $1.75 per pound ("/lb") (2020: $1.76/lb).

- 2021 total cost (a non-IFRS measure, page 14) increased to $3.32/lb (2020: $2.72/lb), due mostly to a $0.65/lb increase in DET notional royalties from higher metal prices.

MVC's average copper price in 2021 was $4.25/lb

- In 2021, MVC's copper price was $4.25/lb (2020: $2.94/lb) and MVC's molybdenum price was $15.01/lb (2020: $8.19/lb).

- Revenue in 2021 was $199.6 million (2020: $126.4 million), including copper tolling revenue of $181.4 million (2020: $116.3 million), molybdenum revenue of $18.1 million (2020: $9.5 million) and slag processing revenue of $nil (2020: $0.7 million).

- Copper tolling revenue is calculated from MVC's gross value of copper tolled of $269.4 million (2020: $156.6 million) and fair value adjustments to settlement receivables of $13.1 million (2020: $11.6 million), less notional items including DET royalties of $78.4 million (2020: $33.5 million), smelting and refining of $20.6 million (2020: $16.7 million) and transportation of $2.0 million (2020: $1.8 million).

- The Company's financial performance is very sensitive to changes in copper prices. At December 31, 2021, MVC's provisional copper price was $4.32/lb and final prices for October, November, and December 2021 sales will be the average London Metal Exchange ("LME") prices for January, February and March 2022 respectively. A 10% increase or decrease from the $4.32/lb provisional price would result in a $7.2million change in copper revenue in 2022 in respect of 2021 production.

- Amerigo remains fully leveraged to the price of copper.

On December 31, 2021, cash and restricted cash balance was $64.0 million, with working capital of $24.6 million

- At December 31, 2021, the Company held cash and cash equivalents of $59.8 million (December 31, 2020: $14.1 million), restricted cash of $4.2 million (2020: $nil) and had working capital of $24.6 million (December 31, 2020: working capital deficiency of $6.1 million).

- In response to its improved cash generating capacity and liquidity, in Q4-2021 the Company returned $11.6 million to shareholders. $8.8 million was returned from the purchase of 8.5 million common shares for cancellation (7.1 million shares repurchased through a Substantial Issuer Bid completed on November 12, 2021, and 1.4 million shares repurchased through an ongoing Normal Course Issuer Bid). $2.8 million was returned through Amerigo's Q4-2021 quarterly dividend of Cdn$0.02 per share. In 2022, Amerigo may repurchase for cancellation a further 9.4 million shares under the Normal Course Issuer Bid.

- In 2021, MVC made debt repayments of $57.8 million (2020: $9.4 million) and received funds of $33.8 million from a replacement term loan. The Company's borrowings at year end were $30.4 million (December 31, 2020: $53.8 million).

SUMMARY OF FINANCIAL RESULTS Q4-2021 TO Q4-2020

	Q4-2021 $	Q3-2021 $	Q2-2021 $	Q1-2021 $	Q4-2020 $
Copper production, million pounds [1]	16.892	15.988	14.987	15.501	16.449
Copper deliveries, million pounds [1]	16.720	16.903	15.133	15.109	15.904
MVC's copper price ($/lb)	4.32	4.23	4.37	4.08	3.52
Financial results ($ thousands)					
Revenue					
Gross value of copper produced	72,630	72,001	66,634	58,143	56,015
Adjustments to fair value of settlement receivables	2,641	(2,867)	4,758	8,530	5,346
	75,271	69,134	71,392	66,673	61,361
Notional items deducted from gross value of copper produced:					
DET royalties - copper	(21,606)	(20,594)	(20,183)	(15,991)	(12,355)
Smelting and refining	(5,426)	(5,499)	(4,944)	(4,762)	(4,905)
Transportation	(458)	(520)	(524)	(519)	(511)
Copper tolling revenue	47,781	42,521	45,741	45,401	43,590
Molybdenum and other revenue	4,228	5,611	4,762	3,506	3,598
	52,009	48,132	50,503	48,907	47,188
Tolling and production costs					
Tolling and production costs	(24,885)	(27,212)	(25,289)	(23,834)	(25,376)
Depreciation and amortization	(4,992)	(4,325)	(4,321)	(4,376)	(4,350)
Administration	(1,345)	(1,288)	(1,175)	(1,262)	(1,227)
DET royalties - molybdenum	(896)	(1,115)	(591)	(557)	(506)
	(32,118)	(33,940)	(31,376)	(30,029)	(31,459)
Gross profit	19,891	14,192	19,127	18,878	15,729
Other expenses					
Derivative to related parties including changes in fair value	(367)	(85)	8	(377)	(1,359)
Salaries, management and professional fees	(1,254)	(614)	(548)	(758)	(950)
Office and general expenses	(204)	(205)	(186)	(401)	(88)
Share-based payment compensation	(195)	(188)	(188)	(89)	(43)
	(1,653)	(1,007)	(922)	(1,248)	(1,081)
Foreign exchange (loss) gain	(367)	(460)	(129)	(489)	1,013
Loss on inventory adjustments	-	-	-	-	(2,376)
Writedown of obsolete equipment and supplies	-	(9)	(86)	(749)	-
Other gains (losses)	10	15	69	26	(1)
	(357)	(454)	(146)	(1,212)	(1,364)
	(2,377)	(1,546)	(1,060)	(2,837)	(3,804)
Operating profit	17,514	12,646	18,067	16,041	11,925
Finance gain (expense)	325	(1,102)	(2,136)	(856)	(719)
Income before income tax	17,839	11,544	15,931	15,185	11,206
Income tax expense	(8,951)	(3,124)	(4,345)	(4,260)	(2,899)
Net income	8,888	8,420	11,586	10,925	8,307
Earnings per share - basic	0.05	0.05	0.06	0.06	0.05
Earnings per share - diluted	0.05	0.05	0.06	0.06	0.04
Earnings per share Cdn$ - basic	0.06	0.06	0.08	0.08	0.06
Earnings per share Cdn$ - diluted	0.06	0.06	0.08	0.08	0.06
Unit tolling and production costs	1.92	2.01	2.07	1.99	1.98
Cash cost ($/lb) [2]	1.68	1.62	1.81	1.88	1.65
Total cost ($/lb) [2]	3.31	3.24	3.49	3.23	2.70
Uses and sources of cash ($thousands)					
Operating cash flow before non-cash working capital changes [2]	18,279	14,067	17,067	20,040	19,757
Net cash from operating activities	17,705	25,382	21,902	28,136	4,639
Cash (used in) from investing activities	(4,532)	(6,022)	(839)	3,289	(977)
Cash used in financing activities	(17,199)	(2,156)	(10,574)	(6,892)	(446)
Ending cash and cash equivalents	59,792	64,945	48,909	38,643	14,085
Ending restricted cash	4,221	6,441	4,200	-	-

[1] Includes production from fresh tailings and Cauquenes tailings.

[2] Operating cash flow before non-cash working capital changes, cash and total costs are non-IFRS measures. Refer to page 7 for the basis of reconciliation of operating cash flow before non-cash working capital and net cash provided by operating activities and page 12 for the basis of reconciliation of cash and total cost to tolling and production costs.

A discussion on key quarterly variances (revenue and tolling and production costs) can be found on pages 15 and 16.

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

(Expressed in thousands)	Q4-2021 $	Q4-2020 $	2021 $	2020 $
Net cash provided by operating activities	17,705	4,639	93,125	19,777
Add (deduct):				
Changes in non-cash working capital	574	15,118	(23,672)	9,371
Operating cash flow before non-cash working capital	18,279	19,757	69,453	29,148

OVERALL PERFORMANCE

In 2021, the Company posted net income of $39.8 million (2020: $6.1 million), due to higher metal prices during the year and a 13% increase in copper production.

In 2021, MVC's average copper price was $4.25/lb (2020: $2.94/lb) and MVC's average molybdenum price was $15.01/lb (2020: $8.19/lb).

Tolling and production costs increased 15% from $111.0 million in 2020 to $127.5 million in 2021 (page 11).

Other expenses increased from $3.6 million in 2020 to $7.8 million in 2021 (page 12).

The Company's cash flow generation substantially improved in 2021. Operating cash before changes in non-cash working capital accounts was $69.5 million (2020: $29.1 million) and net cash from operating activities was $93.1 million (2020: $19.8 million).

At December 31, 2021, the Company's cash and restricted cash balance was $64.0 million (December 31, 2020: $14.1 million) including restricted cash of $4.2 million (December 31, 2020: $nil). Working capital was $24.6 million, up from a working capital deficiency of $6.1 million at December 31, 2020.

SELECTED ANNUAL INFORMATION

The following information has been extracted from the Company's audited consolidated financial statements for the years ended December 31, 2021, 2020 and 2019.

	Year ended December 31, 2021 $	Year ended December 31, 2020 $	Year ended December 31, 2019 $
Revenue (thousands)	199,551	126,427	119,803
Net income (loss) (thousands)	39,819	6,064	(9,413)
Earnings (loss) per share	0.22	0.03	(0.05)
Diluted earnings (loss) per share	0.22	0.03	(0.05)

	Year ended December 31, 2021 $	Year ended December 31, 2020 $	Year ended December 31, 2019 $
Total assets	269,345	237,575	233,662
Total long-term financial liabilities	36,121	51,548	63,171

Long term financial liabilities at December 31, 2021 were comprised of: long-term portion of borrowings of $23.4 million (2020: $36.7 million, 2019: $45.8 million), long-term portion of leases of $2.2 million (2020: $4.1 million, 2019: $5.4 million), related party derivative liability of $9.9 million (2020: $10.1 million, 2019: $11.0 million) and severance provisions of $0.6 million (2020: $0.6 million, 2019: $1.0 million).

OPERATING RESULTS

2021 Production Results

Copper production in 2021 was 63.4 M lbs of copper (2020: 56.2 M lbs) and copper deliveries were 63.9 M lbs (2020: 56.3 M lbs).

2021 production increased 13% compared to 2020 due to higher fresh tailings tonnage, grade and recoveries and higher tonnage from Cauquenes. During the year, MVC successfully completed a series of plant modifications to take advantage of the higher throughput of fresh tailings coming from El Teniente. Production from fresh tailings increased from 45% of copper production in Q1-2021 to 55% of copper production in Q4-2021. To the extent that a higher percentage of production comes from fresh tailings, historical tailings are depleted at a lower rate.

Water reserves at Colihues at year end 2021 were 5.8 million cubic meters, which are sufficient for MVC to maintain the Cauquenes tonnage processing projected in Amerigo's 2022 production guidance. MVC continues to assess its mid and long-term water supply risk, particularly given persistent drought conditions in Central Chile.

MVC's average plant availability during 2021 was 98%.

MVC's operations have continued without any significant disruptions due to Covid-19.

Annual production results for 2021 and 2020 are included below:

PRODUCTION	2021	2020
FRESH TAILINGS		
Tonnes per day	135,531	123,690
Operating days	354	353
Tonnes processed	48,018,661	43,662,625
Copper grade (%)	0.147%	0.134%
Copper recovery	20.7%	19.9%
Copper produced (M lbs)	32.28	25.64
CAUQUENES TAILINGS		
Tonnes per day	52,209	47,453
Operating days	346	326
Tonnes processed	18,073,067	15,488,590
Copper grade (%)	0.238%	0.251%
Copper recovery	32.8%	34.2%
Copper produced (M lbs)	31.09	29.31
Fresh tailings + Cauquenes (M lbs)	63.38	54.95
SLAG PROCESSING		
Tonnes processed	-	14,960
Copper grade (%)	-	4.6%
Copper recovery	-	80.0%
Copper produced (M lbs)	-	1.23
COPPER		
Total copper produced (M lbs)	63.38	56.18

2022 Outlook

Based on MVC's mine plan for 2022, Amerigo's annual production guidance is 61.9 M lbs of copper and 1.2 M lbs of molybdenum.

The Company's 2022 cash cost is expected to be $1.90/lb, driven by higher market-driven treatment and refinery charges ($0.06/lb), an increase in steel price which will impact grinding costs ($0.04/lb), projected lower moly by-product credits ($0.02/lb) and the projected escalation of all other costs combined ($0.02/lb).

The Company's 2022 cash cost guidance in this MD&A assumes an average market copper price of $3.90/lb, an average molybdenum market price of $17.00/lb and an exchange rate of the Chilean peso ("CLP") to the USD of $800. A 10% change in molybdenum price could have a $0.03/lb impact on cash cost, and a 10% change on the CLP to USD foreign exchange rate could have an impact of $0.07/lb on cash cost.

At these assumed variables, the DET royalty would be $1.09/lb in 2022. The DET royalty is calculated on a sliding scale based on copper prices.

The annual plant maintenance shutdown at MVC and El Teniente is currently expected to last 8 days and take place in Q2-2022. The dates of the plant shutdowns could potentially be moved forward. Amerigo's 2022 production guidance factors in lower production from the annual maintenance shutdown, whichever quarter it occurs.

In 2022, MVC will undertake 29 sustaining capital expenditure projects ("Capex") at a target cost of $6.0 million including water supply and storage improvements, reallocation of one additional existing mill from Cauquenes to fresh tailings, improvements to the moly plant and electrical lines, implementation of an Enterprise Resource Planning ("ERP") system and others. MVC will also undertake 2 additional Capex projects at a target cost of $4.7 million to reinforce the slurry and water lines between Cauquenes and the MVC concentrator plant and to upgrade the aerial tailings channel within the MVC facilities in response to higher throughput from fresh tailings. Capitalizable maintenance and strategic spares are expected to be $2.8 million.

With respect to financial obligations, MVC expects to make two semi-annual bank debt repayments of $3.5 million plus interest (in June and December 2022) and scheduled payments of approximately $1.3 million in connection with its molybdenum plant lease. Additional payments to debt or lease facilities could occur in the year.

FINANCIAL RESULTS – 2021

Net income in 2021 was $39.8 million with a $0.22 basic and diluted EPS (Cdn$0.28 and $0.27 respectively) (2020: net income of $6.1 million with a $0.03 basic and diluted EPS (Cdn$0.05 and $0.04 respectively), due to higher metal prices and a 13% increase in copper production.

Revenue

Revenue in 2021 was $199.6 million (2020: $126.4 million).

(Expressed in thousands)	2021 $	2020 $
Average LME copper price per pound	4.22	2.80
Gross value of copper produced	269,408	156,584
Adjustments to fair value of settlement receivables	13,062	11,627
	282,470	168,211
Notional items deducted from gross value of copper produced:		
DET royalties - copper	(78,374)	(33,536)
Smelting and refining charges	(20,631)	(16,665)
Transportation	(2,021)	(1,751)
Copper tolling revenue	181,444	116,259
Slag revenue	-	668
Molybdenum revenue	18,107	9,500
Revenue	199,551	126,427
MVC's copper price ($/lb)	4.25	2.94
MVC's molybdenum price ($/lb)	15.01	8.19

Notes:

1. Of the $13.1 million in adjustments to fair value of settlement receivables, $2.1 million are provisional adjustments and $11.0 million are final adjustments (2020: Of the $11.6 million in adjustments, $5.6 million were provisional adjustments and $6.0 million were final adjustments).
2. MVC's copper price is the gross copper selling price after taking into account the same quarter sales settlement adjustments. Therefore, this amount can vary from the average LME copper price per pound.

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

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

MVC's compensation is determined in accordance with annual industry benchmarks for pricing terms and smelting and refining charges. In 2021, 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 was determined based on the average LME copper price of the third month following delivery of copper, and final prices for October, November and December 2021 sales will be the average LME prices for January, February and March 2022, respectively. This variable difference gives rise to a derivative, changes in the fair value of which are recognized in revenue as settlement receivables.

At December 31, 2021, the provisional copper price used by MVC was $4.32/lb. Financial performance is very sensitive to changes in copper prices. For example, a 10% increase or decrease from the $4.32/lb provisional price would result in a $7.2 million change in copper revenue in 2022 in respect of 2021 production.

DET royalties on copper production are a notional item deducted from MVC's gross value of copper produced. In 2021, DET notional copper royalties were $78.4 million (2020: $33.5 million).

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

Molybdenum produced by MVC is sold under written sales agreements with Molymet and Glencore under which revenue is billed monthly based on the amount of concentrates delivered during the preceding month. Molymet and Glencore can elect different pricing terms monthly. In 2021, pricing terms ranged from M+1 to 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 2021, MVC's average molybdenum sales price was $15.01/lb (2020: $8.19/lb). At December 31, 2021, molybdenum sales were provisionally priced at $18.61/lb, and a 10% increase or decrease in this price would result in price-driven revenue settlement adjustments of $0.6 million.

Tolling and Production Costs

(Expressed in thousands)	2021 $	2020 $
Direct tolling and production costs		
Power costs	31,250	28,498
Direct labour costs	11,758	10,197
Grinding media	9,378	7,559
Lime costs	7,156	7,509
Other direct tolling / production costs	41,678	33,399
	101,220	87,162
Depreciation and amortization	18,014	17,694
Administration	5,070	4,840
DET royalties - molybdenum	3,159	1,345
Tolling and production costs	127,463	111,041

In 2021, power costs increased $2.8 million or 10% compared to 2020 due to an increase in power consumption driven by higher production. Power costs in 2021 were $0.0919/kWh (2020: $0.0953/kWh).

Direct labour costs in 2021 increased $1.6 million or 15% compared to 2020 due to a $0.5 million collective agreement signing bonus paid to MVC's supervisors on renewal of a 3-year agreement in January 2021 as well as a 4% appreciation of the CLP against the US dollar in 2021 compared to 2020.

Grinding media costs increased $1.8 million or 24% compared to 2020 due to increased copper production and higher steel prices.

Lime cost decreased $0.4 million or 5% in 2021 due to decreased consumption and lower lime prices.

In aggregate, other direct tolling costs increased by $8.3 million or 25% in 2021, due mostly to a $2.6 million increase in molybdenum production costs, a $2.5 million increase in process control, environmental and safety costs, a $2.4 million increase in maintenance costs and a $1.9 million increase in historic tailings extraction. These cost increases were offset by a decrease in inventory adjustments of $3.2 million due to lower differences between copper tolled and delivered in 2021 compared to 2020, a decrease in industrial water costs of $0.2 million, and a decrease in direct slag processing costs of $0.3 million as slag was not processed in 2021.

(Expressed in thousands)	2021 $	2020 $
Other direct production costs		
Maintenance, excluding labour	9,078	6,721
Molybdenum production costs	8,797	6,218
Historic tailings extraction	6,828	4,936
Process control, environmental and safety	4,836	2,381
Industrial water	3,935	4,159
Copper reagents	3,744	2,317
Subcontractors and support services	3,121	2,111
Filtration and all other direct tolling costs	1,116	846
Inventory adjustments	223	3,382
Direct slag processing costs	-	328
	41,678	33,399

($/lb Cu)	2021	2020
Other direct production costs		
Maintenance, excluding labour	0.14	0.12
Molybdenum production costs	0.14	0.11
Historic tailings extraction	0.11	0.09
Process control, environmental and safety	0.08	0.04
Industrial water	0.06	0.08
Copper reagents	0.06	0.04
Subcontractors and support services	0.05	0.04
Filtration and all other direct copper tolling costs	0.02	0.02
Inventory adjustments	0.00	0.06
Direct slag processing costs	0.00	0.01
	0.66	0.61

Depreciation and amortization increased to $18.0 million (2020: $17.7 million).

Administration expenses were $5.1 million in 2021 (2020: $4.8 million) partly due to a 4% stronger CLP in 2021 compared to 2020.

Expenses

Other expenses of $7.8 million (2020: $3.6 million) are costs not related to MVC's production operations and include:

- General and administration expenses of $4.8 million (2020: $2.8 million) which include salaries, management and professional fees of $3.2 million (2020: $2.2 million) due to higher performance bonuses and legal and tax advisory costs associated with share repurchase initiatives, office and general expenses of $1.0 million (2020: $0.5 million) due to increased shareholder relations and communications costs and share-based payments of $0.7 million (2020: $0.1 million).

- Other losses of $2.2 million (2020: $0.8 million) are comprised of a foreign exchange loss of $1.4 million (2020: gain of $1.5 million), write-down of obsolete equipment and supplies of $0.8 million (2020: $nil), other gains of $0.1 million (2020: $0.1 million) and a loss on inventory adjustments of $nil million (2020: $2.4).

- A $0.8 million expense associated with the related party derivative liability (2020: expense of $nil), which includes actual amounts paid or accrued to a related party of $1.0 million (2020: $1.0 million) and a $0.2 million decrease in fair value (2020: $1.0 million).

The Company's finance expense was $3.8 million (2020: $5.2 million) which included $3.5 million in finance and interest charges (2020: $3.7 million) and a fair value adjustment to interest rate swaps of $0.3 million (2020: $1.5 million).

Income tax expense in 2021 was $20.7 million (2020: income tax expense of $0.5 million), including current income tax expense of $10.4 million (2020: $0.2 million) and deferred tax expense of $10.3 million (2020: deferred tax expense of $0.3 million). The increase in tax expense in 2021 was driven by the Company's substantially stronger pre-tax income compared to 2020.

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

Cash Cost and Total Cost

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

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

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

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

(Expressed in thousands)	**2021**	**2020**
	$	**$**
Tolling and production costs	127,463	111,041
Add (deduct):		
DET notional royalties - copper	78,374	33,536
Smelting and refining	20,631	16,665
Transportation costs	2,021	1,751
Inventory adjustments	(223)	(3,381)
By-product credits	(18,107)	(10,168)
Total cost	210,159	149,444
Deduct:		
DET notional royalties - copper	(78,374)	(33,536)
DET royalties - molybdenum	(3,159)	(1,345)
	(81,533)	(34,881)
Depreciation and amortization	(18,014)	(17,694)
Cash cost	110,612	96,869
Pounds of copper tolled (fresh and old tailings)	63.4M	54.9M
Cash cost ($/lb)	**1.75**	**1.76**
Total cost ($/lb)	**3.32**	**2.72**

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

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

($/lb of copper produced)	2020	Q4-2020	Q3-2020	Q2-2020	Q1-2020
Power costs	0.52	0.50	0.54	0.51	0.52
Smelting & refining	0.30	0.3	0.31	0.33	0.28
Lime	0.14	0.13	0.14	0.12	0.17
Grinding media	0.14	0.14	0.13	0.15	0.12
Administration	0.08	0.06	0.10	0.08	0.10
Transportation	0.03	0.03	0.03	0.03	0.03
Other direct costs	0.74	0.72	0.68	0.66	0.93
By-product credits	(0.19)	(0.23)	(0.14)	(0.16)	(0.21)
Cash Cost	**$1.76**	**$1.65**	**$1.80**	**$1.72**	**$1.94**

MVC's components of cash cost decreased in 2021 due to increased production compared to 2020 as well as higher by-product credits driven by stronger molybdenum prices.

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

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

($/lb of copper produced)	2020	Q4-2020	Q3-2020	Q2-2020	Q1-2020
Cash cost	1.76	1.65	1.80	1.72	1.94
DET notional royalites/royalties	0.64	0.78	0.69	0.50	0.50
Amortization/depreciation	0.32	0.27	0.29	0.33	0.44
Total Cost	**$2.72**	**$2.70**	**$2.78**	**$2.55**	**$2.88**

Total cost was $3.32/lb (2020: $2.72/lb) due mostly to higher DET notional royalties driven by stronger copper prices.

FINANCIAL RESULTS – QUARTER ENDED DECEMBER 31, 2021

In Q4-2021, the Company posted net income of $8.9 million and $0.05 EPS (Cdn$0.06), compared to net income of $8.3 million in Q4-2020 and $0.05 EPS (Cdn$0.06).

The Company generated operating cash flow before working capital changes of $18.2 million (Q4-2020: $19.8 million), and net cash from operating cash flow of $17.7 million (Q4-2020: $4.6 million) (page 7).

Revenue

Revenue in Q4-2021 was $52.0 million (2020: $47.2 million) due to stronger copper prices, positive settlement adjustments, and an increase in copper deliveries.

Expenses

(Expressed in thousands)		Q4-2021 $		Q4-2020 $
Direct tolling and production costs				
Power costs	$	7,630	$	8,349
Direct labour costs		2,735		2,812
Grinding media		2,527		2,305
Lime costs		1,659		2,105
Other direct tolling / production costs		10,333		9,805
		24,884		25,376
Depreciation and amortization		4,992		4,350
Administration		1,346		1,227
DET royalties - molybdenum		896		506
Tolling and production costs	$	32,118	$	31,459
Unit tolling and production costs ($/lb)		1.92		1.98

Direct tolling and production costs in Q4-2021 were $24.9 million (2020: $25.4 million), due mostly to decreases of $0.7 million in power costs and $0.4 million in lime costs, offset by a $0.5 million increase in other direct tolling and production costs and a $0.2 million increase in grinding media.

Depreciation and amortization in Q4-2021 increased to $5.0 million (2020: $4.4 million), administration expenses were $1.3 million (2020: $1.2 million) and the DET molybdenum royalties were $0.9 million (2020: $0.5 million).

Unit tolling and production costs decreased from $1.98/lb in Q4-2020 to $1.92/lb in Q4-2021.

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.

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

	Q4-2020	Q3-2020	Q2-2020	Q1-2020
	$	$	$	$
Total revenue (thousands)	47,188	37,555	26,046	15,638
Net income (loss) (thousands)	8,307	5,388	(3,602)	(4,029)
EPS (LPS)	0.05	0.03	(0.02)	(0.02)
Diluted EPS (LPS)	0.04	0.03	(0.02)	(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 fair value of settlement receivables.

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

	Q4-2021	Q3-2021	Q2-2021	Q1-2021	Q4-2020	Q3-2020	Q2-2020	Q1-2020
Copper sales/deliveries [1]	16.7	16.9	15.1	15.1	15.9	15.0	13.7	11.8
MVC's copper price	4.32	4.23	4.37	4.08	3.52	3.04	2.61	2.35
Settlement adjustments [2]	3.00	(2.37)	5.30	5.04	5.35	4.77	(1.00)	(3.01)

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

In Q1-2020, copper deliveries were affected by lower production driven by MVC's water preservation efforts due to drought conditions in central Chile and low plant recoveries. Additionally, copper prices were sharply affected by the onset of the global pandemic, affecting quarterly revenue, and resulting in $3.0 million in negative adjustments to prior quarter sales. In Q2-2020, revenue was positively impacted by a recovery in copper prices, an increase in copper delivered during the quarter and reduced final copper adjustments to prior quarter sales. In Q3-2020, Q4-2020, and Q1-2021, revenue was again positively impacted by both an increase in copper prices and an increase in copper delivered during the quarter. In Q2-2021, the copper delivered remained consistent with the previous quarter, but the revenue was impacted by a further increase in the price of copper. In Q3-2021, revenue was positively impacted by an increase in copper delivered during the quarter and negatively impacted by a decrease in copper prices and negative settlement adjustments. In Q4-2021, revenue was positively impacted by an increase in the price of copper.

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:

	Q4-2021	Q3-2021	Q2-2021	Q1-2021	Q4-2020	Q3-2020	Q2-2020	Q1-2020
Tolling and production costs [1]	32.12	33.94	31.38	30.03	31.46	28.57	26.44	24.57
Unit tolling and production cost [2]	1.92	2.01	2.07	1.99	1.98	1.91	1.93	2.32

1 Million of dollars.
2 Tolling and production costs divided over the number of 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 USD. Tolling and production costs were low in Q1-2020 due to a lower contractual power cost and other cost mitigation initiatives, but unit costs increased due to lower production levels in the quarter. In Q2-2020 and Q3-2020, total tolling and production costs increased due to higher production levels but decreased on a unit cost basis. In Q4-2020, tolling and production costs increased both in total and on a unit cost basis. In Q1-2021, total tolling and production costs decreased, but due to a decrease in production during the quarter, the unit cost increased. In Q2-2021, total tolling and production costs increased, but production during the quarter did not increase from the previous quarter, resulting in an increased unit cost. In Q3-2021, total tolling and production costs increased due to higher production levels but decreased on a unit cost basis. In Q4-2021, total tolling and production costs decreased mostly due to a decrease in inventory adjustments due to lower differences between copper tolled and delivered in the quarter.

FINANCIAL POSITION AND BORROWINGS

Cash Flow from Operating Activities

In 2021, the Company generated net cash from operating activities of $93.1 million (2020: $19.8 million). Excluding the effect of changes in working capital accounts, the Company generated cash of $69.5 million in the year (2020 $29.1 million) (page 7).

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

The increase in cash generated from operations in 2021 was due to higher copper prices and a 13% increase in copper production.

At December 31, 2021, MVC's provisional copper price was $4.32/lb. Financial performance is very sensitive to changes in copper prices. For example, a 10% increase or decrease from the $4.32/lb provisional price would result in a $7.2 million change in copper revenue in 2022 in respect of 2021 production.

Cash Flow used in Financing Activities

In 2021, the Company made debt repayments of $57.8 million (2020: $9.4 million) and received funds of $33.8 million from a replacement term loan.

The Company paid $8.8 million to purchase 8.5 million common shares for cancellation (7.1 million shares repurchased through a Substantial Issuer Bid completed on November 12, 2021, and 1.4 million shares repurchased through an ongoing Normal Course Issuer Bid), and paid a quarterly dividend of $2.8 million (Cdn$0.02 per share).

The Company also received $0.1 million in proceeds from various exercises of stock options (2020: $0.1 million) and made lease repayments of $1.2 million (2020: $1.4 million).

Cash Flow used in Investing Activities

In 2021, the Company made payments of $12.0 million (2020: $2.8 million) which included $9.4 million for Capex and $2.6 million for capitalized maintenance.

In 2021, the Company received $3.9 million from the sale of investments (2020: $0.1 million) which were non-core investments and which had experienced an increase in fair market value.

Financial Position

On December 31, 2021, the Company's cash and restricted cash balance was $64.0 million (December 31, 2020: $14.1 million) and the Company's working capital was $24.6 million, up from a working capital deficiency of $6.1 million at December 31, 2020.

With the improved cash balance and financial flexibility achieved in 2021, Amerigo completed a Substantial Issuer Bid, commenced a Normal Course Issuer Bid as described above, and reinstated the declaration and payment of dividends on a quarterly basis commencing in Q4-2021.

Borrowings

(Expressed in thousands)	December 31, 2021 $	December 31, 2020 $
Consolidated bank loan (a)	-	46,463
Term loan (b)	30,404	-
DET deferred settlements loan	-	7,305
	30,404	53,768
Comprise:		
Short-term debt and current portion of long-term debt	7,004	17,059
Long-term debt	23,400	36,709

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

Interest on the Consolidated Bank Loan was synthetically fixed through an interest rate swap ("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 was subject to a variable rate based on the US Libor six-month rate plus a margin of 2.85% per annum. The IRS had a term to September 26, 2023.

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

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

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

The Term Loan has a 5-year term to June 30, 2026, with ten semi-annual installments of $3.5 million each commencing on December 31, 2021, together with accrued interest. MVC may make early repayments without penalty in accordance with the provisions of the Finance Agreement. Interest on the Term Loan is synthetically fixed through an IRS, accounted for at fair value through profit or loss, at a rate of 5.48% per annum for 75% of the facility. The remaining 25% of the facility is subject to a variable rate based on the US Libor six-month rate, which on December 31, 2021 was 0.35438% per annum plus a margin of 3.90%. The IRS has a term to June 30, 2026. On December 31, 2021, the balance of the Term Loan was $30.4 million.

The Line of Credit can be drawn in multiple disbursements and has an availability period until June 30, 2023. The repayment terms are of up to two years for each disbursement, counted from each disbursement date, and would consist of 4 equal semi-annual payments, with the first payments due six months from each disbursement date. The interest rate will be based on the US Libor six-month rate plus a margin to be defined on each disbursement date. At the date that US Libor is discontinued, the interest rate will be based on the ISDA 2020 IBOR Fallbacks Protocol. As of December 31, 2021, MVC has not drawn funds from the Line of Credit.

MVC is required to have a debt service reserve account to be funded monthly with 1/6 of the next debt payment (principal and interest) such that semi-annual debt payments are fully funded a month prior to the payment date, and a second reserve account of $3.5 million to be released on January 1, 2025. On December 31, 2021, MVC held the required reserved funds in the amount of $0.7 million and $3.5 million, respectively, shown as restricted cash on Amerigo's statement of financial position.

MVC is required to meet two bank covenants semi-annually on June 30 and December 31: debt/EBITDA ratio (requirement =< 3) and net worth (requirement => $100.0 million) which were met on December 31, 2021.

Upon entering into the Finance Agreement, MVC's cash in excess of $15 million became available for distribution to Amerigo shareholders. Going forward, MVC will be able to determine annually the amount available for distribution to Amerigo shareholders, provided that MVC has a debt service coverage ratio of at least 1.4x in respect of its preceding year annual financial statements, MVC maintains cash of at least $15 million after the distribution, and the amount to be distributed does not exceed 60% of free cash flow generated in the preceding year, which is defined as earnings before interest, taxes, depreciation and administration, less tax payments, less Capex, plus or minus changes in working capital less debt service.

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

Molybdenum Plant Expansion Lease

In 2018, MVC entered into a lease of 201,903 Chilean Unidades de Fomento to finance the expansion of MVC's molybdenum plant. 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, 2021, the lease obligation was $3.4 million (December 31, 2020: $5.6 million).

AGREEMENTS WITH CODELCO'S DET

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

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

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

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

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

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

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

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

The DET Agreement also contains three early exit options exercisable by DET within 2021 (not exercised) and every three years thereafter only in the event of changes unforeseen at the time the DET Agreement was entered into. Amerigo has currently assessed 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	17,983	17,983	-	-	-
Current income tax payable	8,311	8,311	-	-	-
DET royalties	22,846	22,846	-	-	-
Derivative to related parties	10,904	1,030	1,214	3,155	5,505
Severance provisions	607	-	-	-	607
Minimum power payments [1]	232,089	15,340	14,443	57,798	144,508
Borrowings	30,404	6,759	6,756	16,889	-
Leases	3,443	1,202	2,241	-	-
Total contractual obligations	326,587	73,471	24,654	77,842	150,620

1 At December 31, 2021, MVC had an agreement for the supply of MVC's annual power requirements from 2021 to 2037. The agreement established minimum charges based on peak hour power supply calculations, estimated to range from $0.8 to $1.4 million per month.

TRANSACTIONS WITH RELATED PARTIES

a) Derivative liability

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

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

- $0.01 for each pound of copper equivalent produced from DET tailings by MVC or any successor entity to MVC if the price of copper is under $0.80/lb, or
- $0.015 for each pound of copper equivalent produced from DET tailings by MVC or any successor entity to MVC if the price of copper is $0.80/lb or more.

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

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

In 2021, $1.0 million was paid or accrued to the Class A shareholder (2020: $1.0 million) and the derivative's fair value decreased $0.2 million (2020: decreased $1.0 million), for a total derivative expense of $0.8 million (2020: expense of $nil) (Note 19(b)).

At December 31, 2021, the derivative liability totalled $10.9 million (2020: $11.3 million), with a current portion of $1.0 million (2020: $1.2 million) and a long-term portion of $9.9 million (2020: $10.1 million).

Payments outstanding at December 31, 2021 were $0.1 million (2020: $0.3 million).

b) Directors' fees and remuneration to officers

In 2021, the Company paid or accrued $1.8 million in salaries, fees, and performance bonuses to companies associated with certain officers (2020: $1.2 million). In the same period, Amerigo paid or accrued $0.3 million in directors' fees (2020: $0.3 million). These transactions were in the ordinary course of business and measured at market rates determined on a cost recovery basis.

In 2021, 1,970,000 options were granted to certain directors and officers of the Company (2020: 1,200,000 options). Share-based payments associated with vesting of options during the year ended December 31, 2021 were $0.1 million (2020: $0.1 million).

OTHER MD&A REQUIREMENTS

Critical Accounting Estimates and Judgments

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

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

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

a) Useful Lives of Long-Lived Assets

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

b) Related Party Derivative Liability

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

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

a) Impairment of Property, Plant and Equipment

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

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

Disclosure Controls and Procedures

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

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

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

Internal Controls over Financial Reporting (“ICFR”)

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

Amerigo’s ICFR includes policies and procedures that:

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

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

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

An evaluation of the design and operating effectiveness of the Company’s ICFR was conducted as of December 31, 2021 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

- At December 31, 2021 MVC has a long-term agreement for the supply of 100% of MVC's power requirements to December 31, 2037. The agreement established minimum stand-by charges based on peak hour power supply calculations, estimated to range from $0.8 million to $1.4 million per month.

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

Subsequent event

On February 22, 2022, Amerigo's Board of Directors declared a quarterly dividend of Cdn$0.03 per share, payable on March 21, 2022 to shareholders of record as of March 4, 2022. Amerigo designates the entire amount of this taxable dividend to be an "eligible dividend" for purposes of the *Income Tax Act* (Canada), as amended from time to time.

Securities Outstanding

On February 22, 2022 Amerigo had 174,160,117 common shares outstanding and 8,840,005 options outstanding (exercisable at prices ranging from Cdn$0.40 to Cdn$1.29 per share).

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

Environmental, Social and Governance ("ESG") Objectives

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

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

Cautionary Statement on Forward Looking Information

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

- forecasted production and operating costs;
- potential impact of COVID-19 on our business and operations;
- our strategies and objectives;
- our estimates of the availability and quantity of tailings, and the quality of our mine plan estimates;
- our estimates in respect of annual 2022 sustaining capital expenditures and other Capex projects, and the number of sustaining capital and other Capex projects to be completed during 2022;
- the expected length and timing of the annual plant maintenance shutdown at MVC and El Teniente;
- the sufficiency of water reserves of Colihues to maintain projected Cauquenes tonnage processing in 2022 and future years;
- prices and price volatility for copper, molybdenum, and other commodities and of materials we use in our operations;
- the expected amount of the DET royalty to be paid during 2022;
- the demand for and supply of copper, molybdenum, and other commodities and materials that we produce, sell and use;
- sensitivity of our financial results and share price to changes in commodity prices;
- our financial resources and our expected ability to meet our obligations for the next 12 months, including, but not limited to, the timely payment of 2 semi-annual bank debt repayments and the payments on the molybdenum plant lease;
- the expected amount of MVC's annual free cash flow that will become available for distribution to Amerigo shareholders each year during the term of the Term Loan;
- our assessment of the probabilities of DET exercising its early exit options under the DET Agreement as remote;
- interest and other expenses;
- domestic and foreign laws affecting our operations;
- our tax position and the tax rates applicable to us;
- our ability to comply with our loan covenants;
- the production capacity of our operations, our planned production levels and future production;
- hazards inherent in the mining industry causing personal injury or loss of life, severe damage to or destruction of property and equipment, pollution or environmental damage, claims by third parties and suspension of operations
- estimates of asset retirement obligations and other costs related to environmental protection;
- our future capital and production costs, including the costs and potential impact of complying with existing and proposed environmental laws and regulations in the operation and closure of our operations;
- repudiation, nullification, modification or renegotiation of contracts;
- our financial and operating objectives;
- our environmental, health and safety initiatives;
- the outcome of legal proceedings and other disputes in which we may be involved;
- the outcome of negotiations concerning metal sales, treatment charges and royalties;
- disruptions to the Company's information technology systems, including those related to cybersecurity;
- our dividend policy; and
- general business and economic conditions.

These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such statements. Inherent in forward-looking statements are risks and uncertainties beyond our ability to predict or control, including risks that may affect our operating or capital plans; risks generally encountered in the permitting and development of mineral projects such as unusual or unexpected geological formations, negotiations with government and other third parties, unanticipated metallurgical difficulties, delays associated with permits, approvals and permit appeals, ground control problems, adverse weather conditions, process upsets and equipment malfunctions; risks associated with labour disturbances and availability of skilled labour and management; risks related to the potential impact of global or national health concerns, including COVID-19, and the inability of employees to access sufficient healthcare; government or regulatory actions or inactions, fluctuations in the market prices of our principal commodities, which are cyclical and subject to substantial price fluctuations; risks created through competition for mining projects and properties; risks associated with lack of access to markets; risks associated with availability of and our ability to obtain both tailings from Codelco's Division El Teniente's current production and historic tailings from tailings deposits; risks with respect to the ability of the Company to draw down funds from bank facilities and lines of credit, and 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. Notwithstanding the efforts of the Company and MVC, there can be no guarantee that Amerigo's or MVC's staff will not contract COVID-19 or that Amerigo's and MVC's measures to protect staff from COVID-19 will be effective. Many of these risks and uncertainties apply not only to the Company and its operations, but also to Codelco and its operations. Codelco's ongoing mining operations provide a significant portion of the materials MVC processes and its resulting metals production, therefore these risks and uncertainties may also affect their operations and in turn have a material effect on the Company.

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

- general business and economic conditions;
- interest and currency exchange rates;
- changes in commodity and power prices;
- acts of foreign governments and the outcome of legal proceedings;
- the supply and demand for, deliveries of, and the level and volatility of prices of copper and other commodities and products used in our operations;
- the ongoing supply of material for processing from Codelco's current mining operations;
- the grade and projected recoveries of tailings processed by MVC;
- the ability of the Company to profitably extract and process material from the Cauquenes tailings deposit;
- the timing of the receipt of and retention of permits and other regulatory and governmental approvals;
- our costs of production and our production and productivity levels, as well as those of our competitors;
- changes in credit market conditions and conditions in financial markets generally;
- our ability to procure equipment and operating supplies in sufficient quantities and on a timely basis;
- the availability of qualified employees and contractors for our operations;
- our ability to attract and retain skilled staff;
- the satisfactory negotiation of collective agreements with unionized employees;
- the impact of changes in foreign exchange rates and capital repatriation on our costs and results;
- costs of closure of various operations;
- market competition;
- tax benefits and tax rates;
- the outcome of our copper concentrate sales and treatment and refining charge negotiations;
- the resolution of environmental and other proceedings or disputes;
- the future supply of reasonably priced power;
- rainfall in the vicinity of MVC returning to normal levels;
- average recoveries for fresh tailings and Cauquenes tailings;
- our ability to obtain, comply with and renew permits and licenses in a timely manner; and
- our ongoing relations with our employees and entities with which we do business.

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

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

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

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