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Amerigo Resources Ltd.
Management's Discussion and Analysis
For the Three and Six Months Ended June 30, 2020

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

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

THIS DOCUMENT CONTAINS FORWARD-LOOKING STATEMENTS. REFER TO THE CAUTIONARY LANGUAGE UNDER THE HEADING "CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION" (Page 23).

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. Refer to Agreements with Codelco’s DET (page 20).

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 predominantly sold under a molybdenum sales agreement with Chile’s Molibdenos y Metales S.A. (“Molymet”).

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

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 August 10, 2020.

It should be read in conjunction with Amerigo’s condensed interim consolidated financial statements and related notes for the six months ended June 30, 2020, and the audited consolidated financial statements and related notes for the year ended December 31, 2019.

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

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

Non-GAAP measures

References are made in this MD&A to cash cost and total cost, two non-GAAP financial measures with no standardized meaning under IFRS and which may not be comparable to similar measures presented by other issuers.

Cash cost and total cost are commonly used as performance indicators in the mining industry and are an important performance metric for the Company.

A tabular reconciliation of cash and total costs to tolling and production costs in Q2-2020 and Q2-2019 is available on page 14.

QUARTERLY HEADLINES

Key performance metrics for the current and comparative quarter

	Q2-2020	Q2-2019	Change $	Change %
Copper produced (million pounds)[1]	13.0	13.3	(0.3)	(2%)
Copper delivered (million pounds)[1]	13.7	13.4	0.3	2%
Percentage of production from historic tailings	49%	62%		-
Revenue ($ thousands) [2]	26,046	22,692	3,354	15%
DET notional copper royalties ($ thousands)	6,150	8,322	(2,172)	(26%)
Tolling and production costs ($ thousands)	26,441	28,794	(2,353)	(8%)
Gross loss ($ thousands)	(395)	(6,102)	5,707	(94%)
Net loss ($ thousands)	(3,602)	(6,564)	2,962	(45%)
Loss per share	(0.02)	(0.04)	0.02	(50%)
Operating cash flow ($ thousands)[3]	2,785	(4,754)	7,539	(159%)
Cash flow paid for plant and equipment ($ thousands)	(810)	(2,486)	1,676	(67%)
Cash and cash equivalents ($ thousands)	489	8,415	(7,926)	(94%)
Borrowings ($ thousands)[4]	51,147	57,641	(6,494)	(11%)
MVC's copper price ($/lb)[5]	2.61	2.67	(0.06)	(2%)
MVC's molybdenum price ($lb)[6]	7.88	11.84	(3.96)	(33%)

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 June 30, 2020, comprised of short and long-term portions of $9.9 and $41.2 million, respectively.
5 MVC’s copper price is the average notional copper price for the period, before smelting and refining, DET notional copper royalties, transportation costs and settlement adjustments to prior period sales.
6 MVC’s molybdenum price is the average realized molybdenum price in the period, before roasting charges and settlement adjustments to prior period sales

COVID-19 effect on financial results and ongoing uncertainty

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

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

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

Amerigo reported quarterly net loss of $3.6 million

- Net loss was $3.6 million (Q2-2019: net loss of $6.6 million) from higher revenue resulting from positive adjustments to fair value of settlement receivables and lower tolling and production costs in Q2-2020 compared to Q2-2019.

- Loss per share during Q2-2020 was $0.02 (Q2-2019: $0.04).

- The Company generated $2.8 million in operating cash flow before changes in non-cash working capital in Q2-2020 (Q2-2019: used cash of $4.8 million in operations). Quarterly net operating cash flow was $1.1 million (Q2-2019: $3.0 million).

MVC produced 13.0 million pounds of copper during Q2-2020 (Q2-2019: 13.3 million pounds) at a cash cost of $1.72/lb (Q2-2019: $1.97/lb)

- Q2-2020 production of 13.0 million pounds of copper (Q2-2019: 13.3 million pounds) included 6.3 million pounds from high-grade historic tailings from DET (the "Cauquenes" tailings) (Q2-2019: 8.2 million pounds) and 6.7 million pounds from DET fresh tailings (Q2-2019: 5.1 million pounds).

- Q2-2020 production results were in line with the Company's 2020 guidance and considered a reduction in Cauquenes tonnage processing through H1-2020 in response to drought conditions then present in central Chile.

- In Q2-2020, processing rates averaged 119,435 tonnes per day ("TPD") for fresh tailings and 35,875 TPD for Cauquenes. Copper grade in fresh tailings was slightly higher than expected and recoveries from fresh and Cauquenes tailings also exceeded initial expectations in response to MVC's initial plant debottlenecking initiatives. Operating days in Q2-2020 were 91/91 for fresh tailings and 89/91 for Cauquenes. Two operation days were lost in Cauquenes in late June due to intense rainfall.

- Molybdenum production was 0.4 million pounds (Q2-2019: 0.2 million pounds).

- Cash cost (a non-GAAP measure equal to the aggregate of smelting and refining charges, tolling/production costs net of inventory adjustments and administration costs, net of by-product credits, page 14) was $1.72 per pound ("/lb") (Q2-2019: $1.97/lb).

- Total cost (a non-GAAP measure equal to the aggregate of cash cost, DET notional copper royalties and DET molybdenum royalties of $0.50/lb and depreciation of $0.33/lb, page 14) decreased to $2.55/lb (Q2-2019: $2.95/lb), due to lower cash cost and lower DET notional royalties from lower metal prices.

MVC's average copper price in Q2-2020 was $2.61/lb

- During Q2-2020, MVC's copper price was $2.61/lb (Q2-2019: $2.67/lb) and MVC's molybdenum price was $7.88/lb (Q2-2019: $11.84/lb).

- Revenue during Q2-2020 was $26.0 million (Q2-2019: $22.7 million), including copper tolling revenue of $23.9 million (Q2-2019: $20.5 million) and molybdenum revenue of $2.1 million (Q2-2019: $2.2 million).

- Copper tolling revenue is calculated from MVC's gross value of copper produced during Q2-2020 of $33.3 million (Q2-2019: $37.3 million) and positive fair value adjustments to settlement receivables of $1.4 million (Q2-2019: negative adjustments of $3.2 million) less notional items including DET royalties of $6.1 million (Q2-2019: $8.3 million), smelting and refining of $4.3 million (Q2-2019: $4.8 million) and transportation of $0.4 million (Q2-2019: $0.5 million).

- MVC's financial performance is very sensitive to changes in copper prices. MVC's Q2-2020 final prices will be the average London Metal Exchange ("LME") prices for July, August and September 2020. A 10% increase or decrease from the $2.61/lb provisional price used at June 30, 2020 would result in a $3.6 million change in revenue in Q3-2020 in respect of Q2-2020 production.

At June 30, 2020, MVC had a working capital deficiency of $26.7 million

- At June 30, 2020, the Company's cash balance was $0.5 million (December 31, 2019: $7.2 million) due to a delay in payment of $4.6 million in receivables due to a Chilean holiday on June 29, 2020, which were paid on July 1, 2020. If payment had been received on time, cash balance at June 30, 2020 would have been $5.1 million and amounts receivable would have been $1.3 million, including a provision of $7.3 million in negative settlement adjustments due by MVC to DET which subsequent to June 30, 2020, were restructured for payment in 2021 (Refer to Subsequent Events, page 23).

- At June 30, 2020, the Company had a $26.7 million working capital deficiency (December 31, 2019: $15.1 million). Subsequent to June 30, 2020, the Company's working capital deficiency was reduced by $3.7 million as settlement adjustments due to DET were restructured to be paid in 2021.

- The Company's working capital deficiency is a significant liquidity risk indicator, particularly given the volatility in copper prices experienced YTD-2020 in response to the uncertainty surrounding COVID-19 and its impact on the global economy.

- The Company expects to meet obligations for the next 12 months from operating cash flow, assuming copper prices in the period average at least $2.75/lb, and the Company's actual production and cost results are consistent with the Company's outlook for H2-2020. Refer to Liquidity, Financial Position and Going Concern (page17).

- Refer to Cautionary Statement on Forward Looking Information (page 23).

SUMMARY OF FINANCIAL RESULTS Q2-2020 TO Q2-2019

	Q2-2020 $	Q1-2020 $	Q4-2019 $	Q3-2019 $	Q2-2019 $
Copper production, million pounds [1]	12.965	12.080	24.320	19.086	13.344
Copper deliveries, million pounds [1]	13.698	11.822	24.046	19.549	13.424
MVC's copper price ($/lb)	2.61	2.35	2.76	2.62	2.67
Financial results ($ thousands)					
Revenue					
Gross value of copper produced	33,333	27,180	41,435	43,618	37,278
Adjustments to fair value of settlement receivables	1,426	(5,332)	2,208	(875)	(3,182)
	34,759	21,848	43,643	42,743	34,096
Notional items deducted from gross value of copper produced:					
DET royalties - copper	(6,150)	(5,192)	(8,584)	(8,786)	(8,322)
Smelting and refining	(4,257)	(3,023)	(5,061)	(5,391)	(4,830)
Transportation	(444)	(318)	(434)	(512)	(447)
Copper tolling revenue	23,908	13,315	29,564	28,054	20,497
Slag revenue	-	668	4,091	1,443	-
Molybdenum and other revenue	2,138	1,655	1,819	4,403	2,195
	26,046	15,638	35,474	33,900	22,692
Tolling and production costs					
Tolling and production costs	(20,740)	(18,459)	(25,748)	(26,583)	(22,772)
Depreciation and amortization	(4,338)	(4,736)	(4,352)	(4,372)	(4,398)
Administration	(1,053)	(1,112)	(1,390)	(1,191)	(1,221)
DET royalties - molybdenum	(310)	(262)	(461)	(745)	(403)
	(26,441)	(24,569)	(31,951)	(32,891)	(28,794)
Gross (loss) profit	(395)	(8,931)	3,523	1,009	(6,102)
Other expenses					
Derivative to related parties including changes in fair value	(2,100)	3,742	(1,314)	(55)	256
Salaries, management and professional fees	(354)	(436)	(1,088)	(359)	(527)
Office and general expenses	(51)	(255)	(85)	(191)	(69)
Share-based payment compensation	(29)	(10)	(112)	(276)	(576)
	(434)	(701)	(1,285)	(826)	(1,172)
Foreign exchange (loss) gan	(396)	960	303	708	(385)
Other gains	14	35	30	53	89
	(382)	995	333	761	(296)
	(2,916)	4,036	(2,266)	(120)	(1,212)
Operating (loss) profit	(3,311)	(4,895)	1,257	889	(7,314)
Finance expense	(904)	(2,833)	(951)	(3,596)	(1,501)
(Loss) income before income tax	(4,215)	(7,728)	306	(2,707)	(8,815)
Income tax recovery	613	3,699	327	624	2,251
Net (loss) income	(3,602)	(4,029)	633	(2,083)	(6,564)
Loss per share - basic	(0.02)	(0.02)	-	(0.01)	(0.04)
Loss per share - diluted	(0.02)	(0.02)	-	(0.01)	(0.04)
Unit tolling and production costs	1.93	2.32	2.07	1.99	2.08
Cash cost ($/lb) [2]	1.72	1.94	1.79	1.56	1.97
Total cost ($/lb) [2]	2.55	2.88	2.64	2.43	2.95
Uses and sources of cash ($thousands)					
Operating cash flow before w orking capital changes	2,785	(4,132)	6,412	3,016	(4,754)
Net cash from (used in) operating activities	1,132	(1,378)	6,901	1,307	2,951
Cash used in investing activities	(810)	(393)	(991)	(3,875)	(2,486)
Cash used in financing activities	(403)	(4,779)	(223)	(4,121)	(8,596)
Ending cash balance	489	572	7,164	1,617	8,415

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

2 Cash and total costs are non-GAAP measures. Refer to page 14 for the basis of reconciliation of these measures to tolling and production costs.

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

OPERATING RESULTS

Copper production in Q2-2020 was 13.0 million pounds (Q2-2019: 13.3 million pounds), comprising 6.3 million pounds from Cauquenes (Q2-2019: 8.2 million pounds) and 6.7 million pounds from fresh tailings (Q2-2019: 5.1 million pounds).

	Q2-2020	Q2-2019
FRESH TAILINGS		
Tonnes per day	119,435	123,099
Operating days	91	89
Tonnes processed	10,868,556	10,940,468
Copper grade (%)	0.137%	0.111%
Copper recovery	20.3%	19.1%
Copper produced (M lbs)	6.66	5.12
CAUQUENES TAILINGS		
Tonnes per day	35,875	57,746
Operating days	89	89
Tonnes processed	3,164,898	5,094,589
Copper grade (%)	0.257%	0.232%
Copper recovery	34.9%	31.6%
Copper produced (M lbs)	6.31	8.22
COPPER		
Total copper produced (M lbs)	12.97	13.34
MOLYBDENUM		
Total molybdenum produced (M lbs)	0.35	0.25

	April 2020	May 2020	June 2020	Q2-2020
Fresh tailings				
Tonnes per day	123,650	124,149	110,347	119,435
Operating days	30	31	30	91
Tonnes processed	3,709,504	3,848,629	3,310,423	10,868,556
Copper grade	0.137%	0.140%	0.134%	0.137%
Copper recovery	19%	21%	21%	20%
Copper produced (million of pounds)	2.12	2.44	2.1	6.66
Cauquenes tailings				
Tonnes per day	35,323	34,573	37,907	35,875
Operating days	30	31	28	89
Tonnes processed	1,047,178	1,064,852	1,052,868	3,164,898
Copper grade	0.253%	0.257%	0.262%	0.257%
Copper recovery	34%	35%	37%	35%
Copper produced (million of pounds)	1.97	2.11	2.23	6.31
Copper produced (M lbs)	4.09	4.55	4.33	12.97
Cash cost ($/pound copper)	1.79	1.65	1.73	1.72

Q2-2020 production results were in line with the Company's 2020 guidance which considered a reduction in Cauquenes tonnage processing through H1-2020 in response to drought conditions then present in central Chile.

In Q2-2020, processing rates averaged 119,435 TPD for fresh tailings and 35,875 TPD for Cauquenes. Copper grade in fresh tailings was slightly higher than expected and recoveries from fresh and Cauquenes tailings also exceeded initial expectations in response to MVC's initial plant debottlenecking initiatives. Operating days in Q2-2020 were 91/91 for fresh tailings and 89/91 for Cauquenes. Two days of operation were lost in Cauquenes in late June due to strong rainfall.

Molybdenum production during Q2-2020 was 0.4 million pounds (Q1-2019: 0.3 million pounds).

MVC's operations continued through Q2-2020 without any significant disruptions due to COVID-19 and MVC's response to COVID-19 was praised by Chile's Mining Ministry.

The central region of Chile where MVC is located experienced lower than normal rain in 2018 (total annual rainfall of 291 millimeters ("mm"), where each mm of measured precipitation is the equivalent of one liter of rainfall per square meter) and a severe drought in 2019 (total annual rainfall of 124 mm) compared to normal annual rainfall of approximately 410 mm.

In 2020, the rain season started mid-June with some days of intense rain which resulted in 2 days of lost production in Cauquenes in June and 11 days of lost production in Cauquenes in July. Despite these lost days, the Company continues to expect to meet 2020 production guidance, as MVC has increased processing rates at Cauquenes due to higher water availability.

To July 31, 2020, cumulative rainfall at MVC was 310 mm, essentially 75% of normal annual rainfall. Lower levels of rainfall could continue through August and part of September.

Rainfall has increased the water reserves at Colihues from a low point of 300,000 cubic meters earlier in 2020 to 8 million cubic meters, a level not seen since February 2018. The positive effect of rainfall in fresh tailings is not yet seen as El Teniente is located at a higher altitude than MVC and will only see the benefits of the 2020 rain season as snow starts to melt in the fourth quarter of the year.

The Company's production forecast for H2-2020 assumes: (i) increased processing rates from Cauquenes, which have been achieved in July, (ii) lower processing rates from fresh tailings in Q3-2020 associated with reduced activity at El Teniente due to COVID-19, and (iii) the known impact of debottlenecking initiatives implemented to date. Cash costs will step down progressively in Q3-2020 and Q4-2020, primarily due to increased production at Cauquenes. MVC continues to work on additional initiatives to improve plant performance.

Under these assumptions, MVC estimates that it will produce 56 million pounds of copper in 2020 at a cash cost of $1.67/lb. Additional information is included in the following table.

	Q1-2020 Actual	Q2-2020 Actual	Q3-2020 Est.	Q4-2020 Est.	2020
Fresh tailings					
Tonnes per day	120,037	119,435	106,804	125,000	117,724
Operating days	78	91	92	92	353
Tonnes processed	9,306,854	10,868,556	9,826,000	11,437,500	41,438,910
Copper grade	0.125%	0.137%	0.127%	0.115%	0.126%
Copper recovery	19.9%	20.3%	21.0%	22.0%	20.8%
Copper produced (M lbs)	5.13	6.66	5.75	6.38	23.92
Cauquenes tailings					
Tonnes per day	43,763	35,875	50,000	62,500	48,481
Operating days	67	88	86	92	333
Tonnes processed	2,976,621	3,164,898	4,300,000	5,750,000	16,191,519
Copper grade	0.261%	0.257%	0.243%	0.243%	0.249%
Copper recovery	33.4%	34.9%	33.3%	35.0%	34.3%
Copper produced (M lbs)	5.72	6.31	7.68	10.79	30.50
Fresh tailings +Cauquenes (M lbs)	10.85	12.97	13.43	17.17	54.42
Slag Processing					
Tonnes processed	14,960	-	-	-	14,960
Copper grade	4.6%	-	-	-	4.6%
Copper recovery	80%	-	-	-	80%
Copper produced (M lbs)	1.23	-	-	-	1.23
Copper produced (M lbs)	**12.08**	**12.97**	**13.43**	**17.17**	**55.65**
Cash cost($/pound copper)	**1.94**	**1.72**	**1.56**	**1.46**	**1.67**
Molybdenum produced (M lbs)	0.19	0.35	0.43	0.42	1.39

FINANCIAL RESULTS – Q2-2020

Net loss during Q2-2020 was $3.6 million ($0.02 loss per share (“LPS”)) (Q2-2019: net loss of $6.6 million; $0.04 LPS) from higher revenue due to the effect of positive adjustments to fair value of settlement receivables and lower tolling and production costs in Q2-2020 compared to Q2-2019.

Revenue

Revenue in Q2-2020 was $26.0 million (Q2-2019: $22.7 million).

(Expressed in thousands)	Q2-2020 $	Q2-2019 $
Average LME copper price per pound	2.42	2.77
Gross value of copper produced	33,333	37,278
Adjustments to fair value of settlement receivables	1,426	(3,182)
	34,759	34,096
Notional items deducted from gross value of copper produced:		
DET royalties - copper	(6,150)	(8,322)
Smelting and refining charges	(4,257)	(4,830)
Transportation	(444)	(447)
Copper tolling revenue	23,908	20,497
Molybdenum revenue	2,138	2,195
Revenue	26,046	22,692
MVC's copper price ($/lb)	2.61	2.67
MVC's molybdenum price ($/lb)	7.88	11.84

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 2020, it is based on the average LME copper price for the third month following delivery of copper concentrates produced under the tolling agreement (M+3). Accordingly, final pricing for copper produced by MVC is determined based on the average LME copper price of the third month following delivery of copper, which for June 2020 deliveries will be the average LME copper price for September 2020. This variable difference gives rise to a derivative, changes in the fair value of which are recognized in revenue as settlement receivables.

At June 30, 2020, the provisional copper price used by MVC was $2.61/lb. Financial performance is very sensitive to changes in copper prices. For example, a 10% increase or decrease from the $2.61/lb price would result in a $3.6 million change in copper tolling revenue in Q3-2020.

DET royalties on copper production are a notional item deducted from MVC’s gross value of copper produced. In Q2-2020, DET notional copper royalties were $6.2 million, (Q2-2019: $8.3 million) due to lower production and weaker copper prices.

We disclose the terms for DET notional copper royalties and molybdenum royalties under Agreements with Codelco's DET (page 20).

Molybdenum produced by MVC is predominantly sold under a 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 monthly. In Q2-2020, the pricing term elected was M+6 in respect of the average Platt's molybdenum dealer oxide price of the month of sale. This variable difference also gives rise to a derivative, which is valued at fair value through profit or loss.

In Q2-2020, MVC's molybdenum sales price was $7.88/lb (Q2-2019: $11.84/lb). At June 30, 2020, molybdenum sales were provisionally priced at $8.01/lb. A 10% increase or decrease in this price would result in price-driven revenue settlement adjustments of $0.3 million.

Tolling and Production Costs

(Expressed in thousands)	Q2-2020 $	Q2-2019 $
Direct tolling and production costs		
Power costs	6,682	8,055
Direct labour	2,339	2,566
Grinding media	1,943	2,218
Lime costs	1,514	1,782
Other direct tolling / production costs	8,262	8,151
	20,740	22,772
Depreciation and amortization	4,338	4,398
Administration	1,053	1,221
DET royalties - molybdenum	310	403
Tolling and production costs	26,441	28,794
Unit tolling and production costs ($/lb)	1.93	2.08

During Q2-2020 power costs decreased by $1.3 million or 16% compared to Q2-2019 due to lower power rates under MVC's amended power supply contract which became effective January 1, 2020 and 9% lower power consumption in Q2-2020. Costs in Q2-2020 were $0.0903/kWh (Q2-2019: $0.0995/kWh).

During Q2-2020 labour and lime cost decreased by $0.3 million compared to Q2-2019 due to a weaker Chilean peso. Grinding media costs decreased by $0.3 million.

In aggregate, other direct tolling costs increased by $0.1 million which includes inventory variations of $1.6 million between both periods. Excluding this variation, all other direct tolling costs except for industrial water decreased in Q2-2020 compared to Q2-2019 as shown in the table below.

Cauquenes extraction costs decreased in Q2-2020 compared to Q2-2019 due to a reduction in processing rates. All other costs decreased in response to cost containment initiatives at MVC.

(Expressed in thousands)	Q2-2020 $	Q2-2019 $
Other direct tolling costs		
Maintenance, excluding labour	1,503	1,602
Molybdenum production costs	1,302	1,515
Cauquenes extraction costs	887	1,400
Industrial water	908	801
Inventory adjustments	2,106	772
Subcontractors, support services	462	727
Copper reagents	460	604
Process control, environmental and safety	455	541
Filtration and all other direct tolling costs	179	189
	8,262	8,151

($/lb Cu)	Q2-2020	Q2-2019
Other direct tolling costs		
Maintenance, excluding labour	0.12	0.12
Molybdenum production costs	0.10	0.11
Cauquenes extraction costs	0.07	0.10
Industrial water	0.07	0.06
Inventory adjustments	0.16	0.06
Subcontractors, support services	0.04	0.05
Process control, environmental and safety	0.04	0.04
Copper reagents	0.04	0.04
Filtration and all other direct tolling costs	0.01	0.01
	0.64	0.59

Depreciation and amortization in Q2-2020 were $4.3 million (Q2-2019: $4.4 million), due to MVC's lower asset base.

Administration expenses during Q2-2020 were $1.1 million (Q2-2019: $1.2 million).

Other Gains and Expenses

Other expenses of $2.9 million in Q2-2020 (Q2-2019: $1.2 million) are costs not related to MVC's production operations, and include:

- General and administration expenses of $0.4 million (Q2-2019: $1.2 million) including share-based payments of $nil (Q2-2019: $0.6 million), salaries, management and professional fees of $0.3 million (Q2-2019: $0.5 million) and office and general expenses of $0.1 million (Q2-2019: $0.1 million).

- A $2.1 million loss associated with the derivative to related parties (Q2-2019: gain of $0.3 million), including actual amounts paid or accrued to related parties of $0.3 million (Q2-2019: $0.2 million) and an increase in the derivatives' fair value of $1.8 million (Q2-2019: decrease of $0.5 million).

- Other expenses of $0.4 million in Q2-2020 (Q2-2019: $0.3 million) is comprised of a foreign exchange expense of $0.4 million (Q2-2019: $0.4 million) and other gains of $0.1 million in Q2-2019.

The Company's finance expense was $0.9 million (Q2-2019: $1.5 million) which includes interest on loans, leases and bank charges of $0.8 million (Q2-2019: $1.3 million) and fair value changes on an interest rate swap ("IRS") of $0.1 million (Q2-2019: $0.2 million).

Income tax recovery in Q2-2020 was $0.1 million, fully in connection with deferred income tax. In Q2-2019 the Company posted an income tax recovery of $2.3 million, fully in connection with deferred income tax.

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

Cash Cost and Total Cost

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

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

A reconciliation of tolling and production costs to cash cost and total cost in Q2-2020 and Q2-2019 is presented below:

(Expressed in thousands)	**Q2-2020**	**Q2-2019**
	$	**$**
Tolling and production costs	26,441	28,794
Add (deduct):		
DET notional royalties - copper	6,150	8,322
Smelting and refining	4,257	4,830
Transportation costs	444	447
Inventory adjustments	(2,105)	(772)
By-product credits	(2,138)	(2,195)
Total cost	33,049	39,426
Deduct:		
DET notional royalties - copper	(6,150)	(8,322)
DET royalties - molybdenum	(310)	(403)
	(6,460)	(8,725)
Depreciation and amortization	(4,338)	(4,398)
Cash cost	22,251	26,303
Pounds of copper tolled	12.96	13.34
Cash cost ($/lb)	**1.72**	**1.97**
Total cost ($/lb)	**2.55**	**2.95**

The Company's trailing quarterly cash costs were:

($/lb of copper produced)	Q2-2020	Q1-2020	Q4-2019	Q3-2019	Q2-2019
Power costs	0.51	0.52	0.52	0.52	0.60
Smelting & refining	0.33	0.28	0.32	0.33	0.36
Lime	0.12	0.17	0.15	0.13	0.13
Grinding media	0.15	0.12	0.15	0.16	0.17
Administration	0.08	0.10	0.09	0.07	0.09
Transportation	0.03	0.03	0.03	0.03	0.03
Other direct costs	0.66	0.93	0.91	0.68	0.75
By-product credits	(0.16)	(0.21)	(0.38)	(0.36)	(0.16)
Cash Cost	**$1.72**	**$1.94**	**$1.79**	**$1.56**	**$1.97**

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

The Company's trailing quarterly total costs were:

($/lb of copper produced)	Q2-2020	Q1-2020	Q4-2019	Q3-2019	Q2-2019
Cash cost	1.72	1.94	1.79	1.56	1.97
DET notional royalites/royalties	0.50	0.50	0.57	0.60	0.65
Amortization/depreciation	0.33	0.44	0.28	0.27	0.33
Total Cost	**$2.55**	**$2.88**	**$2.64**	**$2.43**	**$2.95**

During Q2-2020, total cost was $2.55/lb (Q2-2019: $2.95/lb), due to a $0.25/lb decrease in cash cost and a $0.15/lb decrease in DET notional royalties from lower metal prices.

FINANCIAL RESULTS – SIX MONTHS ENDED JUNE 30, 2020

YTD-2020, the Company posted a net loss of $7.6 million or $0.04 LPS (YTD-2019: $8.0 million or $0.04 LPS).

Revenue YTD-2020 was $41.7 million (YTD-2019: $50.4 million) and tolling and production costs were $51.0 million (YTD-2019: $54.6 million), resulting in a gross loss of $9.3 million (YTD-2019: $4.1 million).

Revenue was negatively impacted by lower production and weaker copper prices. The Company has undertaken a series of cost reduction initiatives at MVC which contributed partially to a decrease of $3.6 million in tolling and production costs YTD-2020 compared to YTD-2019.

Other expenses were $1.1 million (YTD-2019: $2.9 million).

Finance expense was $3.7 million (YTD-2019: $3.3 million) and the Company posted an income tax recovery of $4.3 million (YTD-2019: $2.4 million), driven by the lower income before income tax expense YTD-2020.

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.

	Q2-2020 $	Q1-2020 $	Q4-2019 $	Q3-2019 $
Total revenue (thousands)	26,046	15,638	35,474	33,900
Net (loss) income (thousands)	(3,602)	(4,029)	633	(2,083)
(Loss) earnings per share	(0.02)	(0.02)	-	(0.01)
Diluted (loss) earnings per share	(0.02)	(0.02)	-	(0.01)

	Q2-2019 $	Q1-2019 $	Q4-2018 $	Q3-2018 $
Total revenue (thousands)	22,692	27,736	37,582	32,370
Net (loss) income (thousands)	(6,564)	(1,399)	5,120	1,438
(Loss) earnings per share	(0.04)	(0.01)	0.03	0.01
Diluted (loss) earnings per share	(0.04)	(0.01)	0.03	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 the fair value of settlement receivables.

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

	Q2-2020	Q1-2020	Q4-2019	Q3-2019	Q2-2019	Q1-2019	Q4-2018	Q3-2018
Copper sales/deliveries [1]	13.7	11.8	15.5	16.6	13.4	12.9	17.6	17.6
MVC's copper price	2.61	2.35	2.76	2.62	2.67	2.92	2.77	2.74
Settlement adjustments [2]	(1.00)	(3.01)	1.04	(0.55)	(1.72)	0.85	0.41	(6.08)

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

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

	Q2-2020	Q1-2020	Q4-2019	Q3-2019	Q2-2019	Q1-2019	Q4-2018	Q3-2018
Tolling and production costs [1]	26.44	24.57	31.95	32.89	28.79	25.76	27.50	28.43
Unit tolling and production cost [2]	1.93	2.32	2.07	1.99	2.08	1.99	1.56	1.62

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

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

LIQUIDITY, FINANCIAL POSITION and GOING CONCERN

Cash Flow from Operations

In Q2-2020, the Company generated net cash from operating activities of $1.1 million (Q2-2019: $3.0 million). Excluding the effect of changes in working capital accounts, the Company generated $2.8 million in cash from operations in Q2-2020 (Q2-2019: used cash of $4.8 million in operations).

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

At June 30, 2020, the provisional copper price used by MVC was $2.61/lb. Financial performance is very sensitive to changes in copper prices. For example, a 10% increase or decrease from the $2.61/lb price would result in a $3.6 million change in copper tolling revenue in Q3-2020.

Cash Flow Used in Financing Activities

YTD-2020, the Company made debt repayments of $4.7 million (YTD-2019: $8.6 million) and made lease repayments of $0.6 million (Q2-2019: $0.7 million).

YTD-2020 the Company received $0.1 million in proceeds from various exercises of stock options (YTD-2019: $0.5 million).

Cash Flow used in Investing Activities

YTD-2020, the Company used cash of $1.3 million for payments of Capex (YTD-2019: $5.7 million) and received $0.1 million from the sale of investments (YTD-2019: $nil).

Liquidity, Financial Position and Going Concern

YTD-2020, the Company incurred a net loss of $8.2 million, which includes $3.9 million in negative adjustments to the fair value of copper settlement receivables. The negative settlement adjustments were the result of the sharp decline in market copper prices during the period in response to the global COVID-19 pandemic.

Given the Company's M+3 settlement terms in respect of copper revenue, in a period of declining copper prices, the Company is impacted both from recording quarterly copper production at a low provisional copper price, and from adjusting down the three preceding months of production to adjust from a higher provisional price to a lower final settlement price. The adjustments can be material, as was the case in Q1-2020 when the Company recorded charges of $5.3 million from fair value settlement adjustments, impacting financial results, cash flow and working capital. The lowest average monthly copper price in 2020 was in April ($2.29/lb), increasing to $2.37/lb in May and $2.60/lb in June. During Q2-2020 the Company booked $1.4 million in positive revenue settlement adjustments. Copper prices have continued to improve subsequent to June 30, 2020.

At June 30, 2020, the Company held cash of $0.5 million (December 31, 2019: $7.2 million), with a working capital deficiency of $26.7 million (December 31, 2019: $15.1 million).

The major components affecting the Company's working capital were a decrease in cash of $6.3 million used for scheduled debt and interest payments in March 2020, and the impact of the sharp decline in copper prices during YTD-2020, when the average LME copper price was $2.49/lb compared to 2019's ending copper price of $2.75/lb. The decline in copper price affected the Company's ability to generate cash flow from operations, reduced trade and settlement receivables due to realized fair value adjustments and increased trade and other payables as the Company deferred payments to suppliers to preserve minimum levels of cash at hand.

In response to these circumstances, the Company reduced operating costs, suspended most capital expenditures, and structured deferred payment programs with key suppliers. During Q2-2020 the Company generated cash flow from operations before changes in non-cash working capital of $2.8 million, compared to cash used in operations before changes in non-cash working capital of $4.1 million in Q1-2020.

Subsequent to June 30, 2020, MVC reached an agreement with DET to defer payment of $7.3 million in copper settlement adjustments (refer to Subsequent Events, page 23), to be paid in 2021.

MVC has maintained an ongoing dialogue with its lenders to maintain the existing loan in good standing. The MVC lenders waived MVC's debt covenants compliance obligations on June 30, 2020, although the Company was technically in breach of its debt covenants.

The price of copper has recovered to levels where it is sufficient to cover the Company's production costs and royalty obligations to DET, and the Company expects to meet its debt obligations for the next 12 months from operating cash flow, assuming copper prices average at least $2.75/lb and production and cost targets continue to be met.

Borrowings

(Expressed in thousands)	**June 30, 2020 $**	**December 31, 2019 $**
Consolidated bank loan	51,147	55,897
Comprise:		
Current portion of long-term debt	9,898	10,108
Long-term debt	41,249	45,789
	51,147	55,897

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

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

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

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

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

The balance of the Consolidated Bank Loan (net of transaction costs) at June 30, 2020 was $51.1 million (December 31, 2019: $55.9 million).

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

MVC is required to meet four bank covenants: current ratio (requirement of 1.05), tangible net worth (requirement of $125.0 million), debt service coverage ratio (requirement of 1.2), and debt/EBITDA ratio (requirement of <3), measured semi-annually on June 30 and December 31. At June 30, 2020, MVC received waivers from Scotiabank and EDC in respect of covenants compliance.

MVC is also required to have a debt service reserve account (the "DSRA") which must be used to: /i/ pay the principal and interest of bank loans and amounts owing under the IRS if MVC has insufficient funds to make these payments and /ii/ fund MVC's operating expenses. If it becomes necessary to fund MVC's operations with funds from the DSRA, MVC will need to replenish the DSRA at each month end with funds necessary to maintain a balance equal to one hundred percent of the sum of the principal, interest and IRS that are payable in the following six months. On March 26, 2020, the totality of funds in the DSRA were used to make scheduled principal and interest payments and at June 30, 2020, MVC had insufficient funds to replenish the DSRA. MVC is actively discussing options with the lenders to defer replenishing the DSRA to a mutually agreeable date.

Molybdenum Plant Expansion Lease

In 2018, MVC entered into a lease of 201,903 Chilean Unidades de Fomento ("UF") to finance the expansion of MVC's molybdenum plant. 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 June 30, 2020, the lease obligation was $5.5 million (December 31, 2019: $6.8 million).

AGREEMENTS WITH CODELCO'S DET

MVC has a contract with DET (the "DET Agreement") to process the fresh tailings from El Teniente and the tailings from the Cauquenes and Colihues historic tailings deposits. The 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 concentrates production.

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

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

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

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

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

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

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

OTHER MD&A REQUIREMENTS

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.

YTD-2020, $0.5 million was paid or accrued to the Class A shareholders (YTD-2019: $0.4 million) and the derivative's fair value decreased by $2.1 million (YTD-2019: increased by $0.3 million), for a total derivative recovery of $1.6 million (YTD-2019: expense of $0.7 million).

At June 30, 2020, the derivative totalled $10.5 million (December 31, 2019: $12.1 million), with a current portion of $1.6 million (December 31, 2019: $1.2 million) and a long-term portion of $8.9 million (December 31, 2019: $10.9 million).

Actual monthly payments outstanding at June 30, 2020 were $0.6 million (December 31, 2019: $0.2 million) and included the payments from December 2019 to June 2020.

b) Directors' fees and remuneration to officers

YTD-2020, the Company paid or accrued $0.4 million in salaries and fees to companies associated with certain officers (YTD-2019: $0.3 million), and in both periods Amerigo paid or accrued $0.1 million in directors' fees. These transactions were in the ordinary course of business and measured at market rates determined on a cost recovery basis. Amerigo has deferred payment of directors' fees from Q4-2019 to Q2-2020 and payment of management's 2019 performance bonuses, in the aggregate amount of $0.5 million.

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

Critical Accounting Estimates and Judgements

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

In Q2-2020, management's significant judgements and the key sources of estimation uncertainty were consistent with those used to prepare Amerigo's 2019 annual consolidated financial statements.

Disclosure Controls and Procedures

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

Amerigo has a formal corporate disclosure policy and a Disclosure Policy Committee. Amerigo's directors, Aurora Davidson (President & CEO) and Carmen Amezquita (CFO) are members of this committee.

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

Internal Controls over Financial Reporting ("ICFR")

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

Amerigo's ICFR includes policies and procedures that:

- Pertain to the maintenance of records that accurately and fairly reflect the additions to and dispositions of Company assets;

- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements under IFRS;

- Provide reasonable assurance that the Company's receipts and expenditures have the proper authorization of Amerigo's management and directors; and

- Provide reasonable assurance on the prevention or timely detection of unauthorized acquisition, use or disposition of Company assets that could have a material effect on the financial statements.

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

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

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

Commitments

- On June 25, 2020, MVC received a notification from Chile's Environmental Supervisory Unit (Superintendencia del Medio Ambiente, ("SMA")) under which MVC was charged with three counts of non-compliance in respect of certain of its environmental obligations. Two of the charges were in respect of deficiencies in MVC's environmental compliance reports and the third count was associated with a delay in the application of dust suppressing polymers on certain areas of the Cauquenes deposit. None of the charges caused environmental or safety damages. On July 20, 2020, MVC filed with the SMA a Compliance Plan (Plan de Cumplimiento ("PDC")) which includes MVC's proposal to fully remedy the reporting and operational charges presented by the SMA.

- 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 $1.1 million to $1.5 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.

- Amerigo has an agreement for the lease of office premises in Vancouver to December 1, 2021. Rent commitments under the agreement are approximately $0.2 million.

Subsequent Events

Subsequent to June 30, 2020, MVC reached an agreement with DET to defer payment of $7.3 million in copper settlements (the "Deferred Payments"). The Deferred Payments, which were immediately due to DET, will commence to be paid on January 5, 2021 in 12 equal monthly installments and will bear interest at a rate of Libor 12-months plus 3%.

Securities Outstanding

On August 10, 2020 Amerigo had 180,769,351 common shares outstanding and 10,120,000 options (exercisable at prices ranging from Cdn$0.14 to Cdn$1.11 per share).

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

Cautionary Statement on Forward Looking Information

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

- forecasted production, reductions in operating costs and an increase in recoveries;
- water supply risk to MVC;
- 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 2020 sustaining capital expenditures;
- the timing of completion of MVC's projects to improve water recirculation;
- prices and price volatility for copper and other commodities and of materials we use in our operations;
- the demand for and supply of copper and other commodities and materials that we produce, sell and use;
- sensitivity of our financial results and share price to changes in commodity prices;
- our financial resources and our expected ability to meet our obligations for the next 12 months;
- interest and other expenses;
- domestic and foreign laws affecting our operations;
- our tax position and the tax rates applicable to us;
- our ability to comply with our loan covenants;
- the production capacity of our operations, our planned production levels and future production;
- potential impact of production and transportation disruptions;
- hazards inherent in the mining industry causing personal injury or loss of life, severe damage to or destruction of property and equipment, pollution or environmental damage, claims by third parties and suspension of operations
- estimates of asset retirement obligations and other costs related to environmental protection;
- our future capital and production costs, including the costs and potential impact of complying with existing and proposed environmental laws and regulations in the operation and closure of our operations;
- repudiation, nullification, modification or renegotiation of contracts;
- our financial and operating objectives;
- our environmental, health and safety initiatives;
- the outcome of legal proceedings and other disputes in which we may be involved;

- the outcome of negotiations concerning metal sales, treatment charges and royalties;
- disruptions to the Company's information technology systems, including those related to cybersecurity;
- our dividend policy; and
- general business and economic conditions.

These forward-looking statements involve known and unknown risks, uncertainties and other factors that are beyond our ability to predict or control, including risks that may affect our operating or capital plans; risks generally encountered in the permitting and development of mineral projects such as unusual or unexpected geological formations, negotiations with government and other third parties, unanticipated metallurgical difficulties, delays associated with permits, approvals and permit appeals, ground control problems, adverse weather conditions, process upsets and equipment malfunctions; risks associated with labour disturbances and availability of skilled labour and management; fluctuations in the market prices of our principal commodities, which are cyclical and subject to substantial price fluctuations; risks created through competition for mining projects and properties; risks associated with lack of access to markets; risks associated with availability of and our ability to obtain both tailings from Codelco's Division El Teniente's current production and historic tailings from tailings deposit; the ability of the Company to draw down funds from bank facilities and lines of credit, the availability of and ability of the Company to obtain adequate funding on reasonable terms for expansions and acquisitions; mine plan estimates; risks posed by fluctuations in exchange rates and interest rates, as well as general economic conditions including the current outbreak of the novel coronavirus known as COVID-19 on the Company's business, operations and financial condition; risks associated with environmental compliance and changes in environmental legislation and regulation; risks associated with our dependence on third parties for the provision of critical services; risks associated with non-performance by contractual counterparties; title risks; social and political risks associated with operations in foreign countries; risks of changes in laws affecting our operations or their interpretation, including foreign exchange controls; and risks associated with tax reassessments and legal proceedings. Notwithstanding the efforts of the Company and MVC, there can be no guarantee that the Company's or MVC's staff will not contract COVID-19 or that the Company'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 the Company processes and its resulting metals production, therefore these risks and uncertainties may also affect their operations and in turn have a material effect on the Company.

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

- general business and economic conditions;
- interest rates;
- changes in commodity and power prices;
- acts of foreign governments and the outcome of legal proceedings;
- the supply and demand for, deliveries of, and the level and volatility of prices of copper and other commodities and products used in our operations;
- the ongoing supply of material for processing from Codelco's current mining operations;
- the ability of the Company to profitably extract and process material from the Cauquenes tailings deposit;
- the timing of the receipt of and retention of permits and other regulatory and governmental approvals;
- our costs of production and our production and productivity levels, as well as those of our competitors;
- changes in credit market conditions and conditions in financial markets generally;
- our ability to procure equipment and operating supplies in sufficient quantities and on a timely basis;
- the availability of qualified employees and contractors for our operations;
- our ability to attract and retain skilled staff;
- the satisfactory negotiation of collective agreements with unionized employees;
- the impact of changes in foreign exchange rates and capital repatriation on our costs and results;
- engineering and construction timetables and capital costs for our expansion projects;
- costs of closure of various operations;
- market competition;

- the accuracy of our preliminary economic assessment (including with respect to size, grade and recoverability) and the geological, operational and price assumptions on which these are based;
- tax benefits and tax rates;
- the outcome of our copper concentrate sales and treatment and refining charge negotiations;
- the resolution of environmental and other proceedings or disputes;
- the future supply of reasonably priced power;
- rainfall in the vicinity of MVC returning to normal levels;
- average recoveries for fresh tailings and Cauquenes tailings;
- our ability to obtain, comply with and renew permits and licenses in a timely manner; and
- our ongoing relations with our employees and entities with which we do business.

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

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

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