Amerigo Resources Ltd. Marine Building Suite 1260-355 Burrard Street Vancouver, B.C. Canada V6C 2G8 P+1.604.681.2802 F+1.604.682.2802

Amerigo Resources Ltd.
Management's Discussion and Analysis
For the Year Ended December 31, 2020

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

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

1. **About Amerigo** – An executive summary of the Company's business and long-term contractual relationship with Corporación Nacional del Cobre de Chile ("Codelco")'s El Teniente Division ("DET") … (PAGE 3)

2. **Purpose of MD&A and Identification of Non-GAAP Measures** – Information on accounting principles, reporting currency and other background factors to facilitate the understanding of this MD&A and related consolidated financial statements... (PAGE 3)

3. **Annual Headlines** – A summary of key operating and financial metrics during the year ended December 31, 2020 and as at December 31, 2020… (PAGE 4)

4. **Five-Quarter Financial Results and Summary Cash Flow Information**– A summary of financial results and uses and sources of cash presented on a quarterly basis for the most recent five reporting quarters... (PAGE 6)

5. **Overall Performance** – A brief description of financial performance in 2020… (PAGE 7)

6. **Selected Annual Information** – Three-year financial metrics in tabular form… (PAGE 7)

7. **Operating Results** – An analysis of production results, for 2020 compared to the year ended December 31, 2019 and production outlook for 2021… (PAGE 8)

8. **Financial Results - 2020** – An analysis of financial performance during 2020 compared to 2019… (PAGE 9)

9. **Financial Results - Quarter Ended December 31, 2020** – An analysis of financial performance during the quarter ended December 31, 2020 ("Q4-2020"), compared to the quarter ended December 31, 2019 ("Q4- 2019") … (PAGE 15)

10. **Comparative Periods** – A summary of financial data for the most recent eight reporting quarters… (PAGE 15)

11. **Liquidity, Financial Position and Borrowings** – A review of cash flow components, summary of borrowings and analysis of liquidity and financial position as at December 31, 2020… (PAGE 17)

12. **Agreements with Codelco's DET** – A summary of contractual arrangements with Codelco's DET… (PAGE 19)

13. **Summary of Obligations** – Summary of contractual obligations… (PAGE 20)

14. **Transactions with Related Parties** – Description of related party transactions… (PAGE 21)

15. **Other MD&A Requirements** –Critical accounting estimates & judgements, internal controls over financial reporting, commitments, and cautionary statement on forward looking information… (PAGE 22)

THIS DOCUMENT CONTAINS FORWARD-LOOKING STATEMENTS. REFER TO THE CAUTIONARY LANGUAGE UNDER THE HEADING "CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION" (PAGE 24).

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 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”).

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 February 16, 2021.

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

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

ANNUAL HEADLINES

ANNUAL KEY PERFORMANCE METRICS	Years ended December 31,			
	2020	2019	Change	%
Copper produced (million pounds)[1]	56.2	69.8	(13.6)	(19%)
Copper delivered (million pounds)[1]	56.3	69.9	(13.6)	(19%)
Revenue ($ thousands) [2]	126,427	119,803	6,624	6%
DET notional copper royalties ($ thousands)	33,536	33,828	(292)	(1%)
Tolling and production costs ($ thousands)	111,041	119,400	(8,359)	(7%)
Gross profit ($ thousands)	15,386	403	14,983	-
Net income (loss) ($ thousands)	6,064	(9,413)	15,477	-
Earnings (loss) per share	0.03	(0.05)	0.08	(160%)
Operating cash flow before changes in working capital ($ thousands)	29,148	9,845	19,303	196%
Cash flow paid for purchase of plant and equipment ($ thousands)	(2,794)	(10,016)	(7,222)	(72%)
Cash and cash equivalents ($ thousands)	14,085	7,164	6,921	97%
Borrowings ($ thousands)[3]	53,768	55,897	(2,129)	(4%)
MVC's copper price ($/lb) [4]	2.94	2.73	0.21	8%
MVC's molybdenum price ($/lb) [5]	8.19	10.64	(2.45)	(23%)

1 Copper production conducted under tolling and slag processing agreements with DET. 2019 production included 11.6 million 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 At December 31, 2020, comprised of short and long-term portions of $17.1 and $36.7 million respectively.
4 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.
5 MVC's molybdenum price is the average realized molybdenum price in the period, before roasting charges and settlement adjustments to prior quarter periods.

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 negatively impacted in Q1-2020 and Q2-2020 because 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 2020 annual net income of $6.1 million and Q4-2020 net income of $8.3 million

- 2020 net income was $6.1 million (2019: net loss of $9.4 million) due to higher copper prices in the second half of the year, lower tolling and production costs and lower expenses.

- Annual earnings per share ("EPS") was $0.03 (2019: loss per share ("LPS") of $0.05).

- The Company generated annual operating cash flow of $29.1 million before changes in non-cash working capital (2019: $9.8 million). Annual net operating cash flow was $19.8 million (2019: $9.7 million).

MVC produced 56.2 million pounds of copper (“M lbs”) at a cash cost of $1.76lb

- 2020 production was 56.2 M lbs of copper (2019: 69.8 M lbs), including 29.3 M lbs from Cauquenes (2019: 38.9 M lbs), 25.6 M lbs from fresh tailings (2019: 19.3 M lbs) and 1.2 M lbs from slag processing (2019: 11.6 M lbs). Excluding slag processing, 2020 copper production was 55.0 M lbs (2019: 58.2 M lbs) mostly due to reduced Cauquenes processing rates in H1-2020 in response to drought conditions then present at MVC.

- Molybdenum production was 1.4 M lbs in 2020 and 2019.

- 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) decreased to $1.76 per pound (“/lb”) (2019: $1.82/lb). In the computation of cash cost, by-product credits include molybdenum and slag processing revenue.

- Total cost (a non-GAAP measure equal to the aggregate of cash cost, DET notional copper royalties and DET molybdenum royalties of $0.64/lb and depreciation of $0.32/lb, page 14) decreased to $2.72/lb (2019: $2.74/lb).

MVC’s average copper price in 2020 was $2.94/lb

- MVC’s copper price was $2.94/lb (2019: $2.73/lb) and MVC’s molybdenum price was $8.19/lb (2019: $10.64/lb).

- Revenue was $126.4 million (2019: $119.8 million), including copper tolling revenue of $116.3 million (2019: $103.6 million), molybdenum revenue of $9.5 million (2019: $10.6 million) and slag processing revenue of $0.7 million (2019: $5.5 million).

- Copper tolling revenue is calculated from MVC’s gross value of copper tolled of $156.6 million (2019: $158.7 million) and fair value adjustments to settlement receivables of $11.6 million (2019: $0.3 million), less notional items including DET royalties of $33.5 million (2019: $33.8 million), smelting and refining of $16.7 million (2019: $19.8 million) and transportation of $1.8 million (2019: $1.8 million).

- MVC’s financial performance is very sensitive to changes in copper prices. At December 31, 2020, MVC’s provisional copper price was $3.53/lb and final prices for October, November, and December 2020 sales will be the average London Metal Exchange (“LME”) prices for January, February and March 2021 respectively. A 10% increase or decrease from the $3.53/lb provisional price would result in a $5.6 million change in copper revenue in 2021 in respect of 2020 production.

- Amerigo remains fully leveraged to the price of copper.

At December 31, 2020, cash balance was $14.1 million, with a working capital deficiency of $6.1 million

- At December 31, 2020, the Company’s cash balance was $14.1 million (December 31, 2019: $7.2 million) and the Company’s working capital deficiency was down to $6.1 million from $15.1 million at December 31, 2019.

- Although the Company’s working capital deficiency continues to be a liquidity risk indicator, Amerigo expects to continue to meet obligations for at least the next 12 months from operating cash flows, assuming 2021 copper prices average at least $2.85/lb and the Company’s 2021 production and cost outlook is met.

- In 2020, MVC made debt repayments of $9.4 million (2019: $12.4 million) and obtained a $7.3 million loan from Codelco's El Teniente to finance settlement adjustments. The Company's debt balance at year end was $53.8 million (December 31, 2019: $55.9 million).

Refer to Cautionary Statement on Forward Looking Information (page 24).

SUMMARY OF FINANCIAL RESULTS Q4-2020 TO Q4-2019

	Q4-2020 $	Q3-2020 $	Q2-2020 $	Q1-2020 $	Q4-2019 $
Copper production, million pounds [1]	16,449	14.685	12.965	12.080	24.320
Copper deliveries, million pounds [1]	15,904	14.963	13.698	11.822	24.046
MVC's copper price ($/lb)	3.52	3.04	2.61	2.35	2.76
Financial results ($ thousands)					
Revenue					
Gross value of copper produced	56,015	44,306	33,333	27,180	41,435
Adjustments to fair value of settlement receivables	5,346	5,937	1,426	(5,332)	2,208
	61,361	50,243	34,759	21,848	43,643
Notional items deducted from gross value of copper produced:					
DET royalties - copper	(12,355)	(9,839)	(6,150)	(5,192)	(8,584)
Smelting and refining	(4,905)	(4,480)	(4,257)	(3,023)	(5,061)
Transportation	(511)	(478)	(444)	(318)	(434)
Copper tolling revenue	43,590	35,446	23,908	13,315	29,564
Slag revenue	-	-	-	668	4,091
Molybdenum and other revenue	3,598	2,109	2,138	1,655	1,819
	47,188	37,555	26,046	15,638	35,474
Tolling and production costs					
Tolling and production costs	(25,376)	(22,587)	(20,740)	(18,459)	(25,748)
Depreciation and amortization	(4,350)	(4,270)	(4,338)	(4,736)	(4,352)
Administration	(1,227)	(1,448)	(1,053)	(1,112)	(1,390)
DET royalties - molybdenum	(506)	(267)	(310)	(262)	(461)
	(31,459)	(28,572)	(26,441)	(24,569)	(31,951)
Gross profit (loss)	15,729	8,983	(395)	(8,931)	3,523
Other expenses					
Derivative to related parties including changes in fair value	(1,359)	(303)	(2,100)	3,742	(1,314)
Salaries, management and professional fees	(950)	(457)	(354)	(436)	(1,088)
Office and general expenses	(88)	(115)	(51)	(255)	(85)
Share-based payment compensation	(43)	(32)	(29)	(10)	(112)
	(1,081)	(604)	(434)	(701)	(1,285)
Foreign exchange (loss) gain	1,013	(86)	(396)	960	303
Loss in inventory adjustments	(2,376)	-	-	-	-
Other gains	(1)	71	14	35	30
	(1,364)	(15)	(382)	995	333
	(3,804)	(922)	(2,916)	4,036	(2,266)
Operating profit (loss)	11,925	8,061	(3,311)	(4,895)	1,257
Finance expense	(719)	(784)	(904)	(2,833)	(951)
Income (loss) before income tax	11,206	7,277	(4,215)	(7,728)	306
Income tax (expense) recovery	(2,899)	(1,889)	613	3,699	327
Net income (loss)	8,307	5,388	(3,602)	(4,029)	633
Earnings (loss) per share - basic	0.05	0.03	(0.02)	(0.02)	-
Earnings (loss) per share - diluted	0.04	0.03	(0.02)	(0.02)	-
Unit tolling and production costs	1.91	1.91	1.93	2.32	2.07
Cash cost ($/lb) [2]	1.65	1.80	1.72	1.94	1.79
Total cost ($/lb) [2]	2.70	2.78	2.55	2.88	2.64
Uses and sources of cash ($thousands)					
Operating cash flow before working capital changes	19,757	10,738	2,785	(4,132)	6,412
Net cash from (used in) operating activities	4,639	15,384	1,132	(1,378)	6,901
Cash used in investing activities	(977)	(540)	(810)	(393)	(991)
Cash used in financing activities	(446)	(5,030)	(403)	(4,779)	(223)
Ending cash balance	14,085	10,471	489	572	7,164

[1] Includes production from fresh tailings, Cauquenes tailings and in Q4-2019 and Q1-2020 DET slag processing.
[2] Cash and total costs are non-GAAP measures. Refer to page 13 for the basis of reconciliation of these measures to tolling and production costs.

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

OVERALL PERFORMANCE

The Company posted net income of $6.1 million in 2020 (2019: net loss of $9.4 million), due to higher copper prices in the second half of the year, lower tolling and production costs and lower other expenses.

In 2020, MVC's copper price was $2.94/lb (2019: $2.73/lb) and MVC's molybdenum price was $8.19/lb (2019: $10.64/lb).

Tolling and production costs decreased from $119.4 million in 2019 to $111.0 million in 2020 (page 11) and other expenses decreased from $5.3 million in 2019 to $3.6 million in 2020.

The Company's cash flow generation substantially improved in 2020. Operating cash before changes in non-cash working capital accounts was $29.1 million (2019: $9.8 million) and net cash from operating activities was $19.8 million (2019: $9.7 million).

At December 31, 2020, the Company had cash and cash equivalents of $14.1 million (2019: $7.2 million) and had reduced its working capital deficiency to $6.1 million from $15.1 million at December 31, 2019.

SELECTED ANNUAL INFORMATION

The following information has been extracted from the Company's audited consolidated financial statements for the years ended December 31, 2020, 2019 and 2018.

	Year ended December 31, 2020 $	Year ended December 31, 2019 $	Year ended December 31, 2018 $
Revenue (thousands)	126,427	119,803	136,833
Net income (loss) (thousands)	6,064	(9,413)	10,495
Earnings (loss) per share	0.03	(0.05)	0.06
Diluted earnings (loss) per share	0.03	(0.05)	0.06

	At December 31, 2020 $	At December 31, 2019 $	At December 31, 2018 $
Total assets	237,575	233,662	257,613
Total long-term financial liabilities	51,548	63,171	60,711

Long term financial liabilities at December 31, 2020 were comprised of: long-term portion of borrowings of $36.7 million (2019: $45.8 million, 2018: $42.7 million), long-term portion of leases of $4.1 million (2019: $5.4 million, 2018: $7.4 million), related party derivative liability of $10.1 million (2019: $11.0 million, 2018: $9.7 million) and severance provisions of $0.6 million (2019: $1.0 million, 2018: $1.0 million).

OPERATING RESULTS

2020 Production Results

Copper production in 2020 was 56.2 M lbs of copper (2019: 69.8 M lbs) and copper deliveries were 56.4 M lbs (2019: 69.9 M lbs).

2019 production was higher mostly from the contribution to production of 11.6 M lbs of high-grade slag material from DET's smelter stockpile. This processing contract ended in Q1-2020 when DET commenced operating its own slag processing plant. In 2020, MVC's production from slag processing was only 1.2 M lbs.

With respect to Cauquenes production, in 2020 MVC produced 29.3 M lbs (2019: 38.9 M lbs). Cauquenes production was severely impacted in H1-2020 when MVC was forced to reduce processing rates in order to preserve water due to severe drought conditions then present. The drought was resolved in June 2020 when the region experienced heavy rainfall, as a result of which MVC's water reserves in Colihues increased from a low point of 300,000 cubic meters earlier in 2020 to 10 million cubic meters, a level not seen since 2018. Water reserves at Colihues at year end 2020 remained high at 8.5 million cubic meters, which are sufficient for MVC to maintain projected Cauquenes tonnage processing through 2021.Annual 2020 processing from Cauquenes was only 15.5 million tonnes compared to 20.7 million tonnes in 2019. Cauquenes recovery in 2020 was 34.2% (2019: 33.6%) and Cauquenes copper grade was 0.251% (2019: 0.254%).

In 2020, MVC's copper production from fresh tailings was 25.6 M lbs, up from 19.3 M lbs in 2019, due to an increase in processing rates to 43.7 million tonnes (2019: 42.3 million tonnes), improved recovery of 19.9% (2019: 18.6%) and improved copper grade of 0.134% (2019: 0.111%).

MVC worked during most of 2020 in a plant optimization program, focused primarily on reducing copper losses in the classification stage at MVC. This work, together with improved water supply conditions, resulted in consistent production increases quarter-on-quarter from 10.9 M lbs produced in Q1-2020 to 16.5 M lbs produced in Q4-2020.

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

Molybdenum production was 1.4 million pounds (2019: 1.4 million pounds).

Annual production results for 2020 and 2019 are included below:

PRODUCTION	2020	2019
FRESH TAILINGS		
Tonnes per day	123,690	118,707
Operating days	353	356
Tonnes processed	43,662,625	42,309,069
Copper grade (%)	0.134%	0.111%
Copper recovery	19.9%	18.6%
Copper produced (M lbs)	25.64	19.27
CAUQUENES TAILINGS		
Tonnes per day	47,453	58,466
Operating days	326	354
Tonnes processed	15,488,590	20,685,058
Copper grade (%)	0.251%	0.254%
Copper recovery	34.2%	33.6%
Copper produced (M lbs)	29.31	38.89
Fresh tailings + Cauquenes (M lbs)	54.95	58.16
SLAG PROCESSING		
Tonnes processed	14,960	127,133
Copper grade (%)	4.6%	5.2%
Copper recovery	80.0%	79.6%
Copper produced (M lbs)	1.23	11.62
COPPER		
Total copper produced (M lbs)	56.18	69.78

2021 Production Outlook

In 2021, Amerigo expects to produce 61.0 M lbs of copper and 1.5 M lbs of molybdenum at a cash cost of $1.79/lb. The following quarterly production breakdown is currently expected based on MVC's mine plan, including grade and projected recoveries in each quarter:

	Q1-2021	Q2-2021	Q3-2021	Q4-2021	2021
Copper production (M lbs)	15.6	15.6	14.7	15.1	61.0
Molybdenum production (M lbs)	0.4	0.4	0.3	0.4	1.5
Cash cost ($/lb)	1.83	1.74	1.77	1.81	1.79

Production in H1 is expected to be stronger than in H2 given that MVC and El Teniente's annual plant shutdown will take place in September and October instead of in Q1, as has been the case historically. MVC anticipates losing 8 production days due to the annual plant maintenance shutdown.

MVC has identified additional plant optimization initiatives together with its technical consultant 911Metallurgy Corp., most of which are expected to be completed by the end of Q2-2021, with some of the work continuing into Q3-2021. The Company's 2021 production targets do not include any impact from the optimization work underway.

The Company's 2021 cash cost forecast in this MD&A assumes a market copper price of $3.50/lb (2020: $2.80/lb), a molybdenum market price of $9.30/lb (2020: $8.8/lb) and an exchange rate of the Chilean peso ("CLP") to the USD of $715 (2020: $792).

The projected 2021 cash cost is currently expected to be slightly higher than in 2020 due to a stronger projected CLP. A 10% change in molybdenum price could have a $0.02/lb impact on cash cost, and a 10% change on the CLP to USD foreign exchange rate could have an impact of $0.06/lb on cash cost.

Under these conditions, the Company expects to produce 61.0 million pounds of copper and 1.5 million pounds of molybdenum. Cash cost would be $1.83/lb in Q1, $1.74/lb in Q2, $1.77/lb in Q3 and $1.81/lb in Q4, for an annual average of $1.79/lb.

FINANCIAL RESULTS – 2020

The Company posted net income of $6.1 million in 2020 ($0.03 basic and diluted EPS) compared to a 2019 net loss of $9.4 million ($0.05 LPS), due to higher copper prices in the second half of the year, lower tolling and production costs and lower other expenses.

Revenue

Revenue in 2020 was $126.4 million (2019: $119.8 million).

(Expressed in thousands)	2020 $	2019 $
Average LME copper price per pound	2.80	2.72
Gross value of copper produced	156,584	158,744
Adjustments to fair value of settlement receivables	11,627	299
	168,211	159,043
Notional items deducted from gross value of copper produced:		
DET royalties - copper	(33,536)	(33,828)
Smelting and refining charges	(16,665)	(19,755)
Transportation	(1,751)	(1,838)
Copper tolling revenue	116,259	103,622
Slag revenue	668	5,534
Molybdenum revenue	9,500	10,647
Revenue	126,427	119,803
MVC's copper price ($/lb)	2.94	2.73
MVC's molybdenum price ($/lb)	8.19	10.64

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

The average LME copper price in 2020 was $2.80/lb (2019: $2.72/lb) and MVC's average copper price was $2.94/lb (2019: $2.73/lb). Differences between the average LME copper price and MVC's average copper price result from the pricing terms that applied in the period.

As of December 31, 2020, the provisional copper price used by MVC was $3.53/lb and final prices for October, November, and December 2020 sales will be the average London Metal Exchange ("LME") prices for January, February, and March 2021 respectively. A 10% increase or decrease from the $3.53/lb provisional price would result in a $5.6 million change in copper revenue in 2021 in respect of 2020 production.

DET royalties on copper production are a notional item deducted from MVC's gross value of copper produced. In 2020, DET notional copper royalties were $33.5 million (2019: $33.8 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 agreement with Chile's Molibdenos y Metales S.A. ("Molymet") and with Glencore Chile SpA ("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 on a monthly basis. In 2020, pricing terms varied from M+1 to M+6 in respect of the average Platts 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 2020, MVC's average molybdenum sales price was $8.19/lb (2019: $10.64/lb). At December 31, 2020, molybdenum sales were provisionally priced at $9.34/lb, and a 10% increase or decrease in this price would result in price-driven revenue settlement adjustments of $0.5 million.

In respect of slag processing, MVC charged DET a flat processing fee per tonne processed.

Tolling and Production Costs

(Expressed in thousands)	2020 $	2019 $
Direct tolling and production costs		
Power costs	28,498	32,421
Direct labour costs	10,197	12,418
Grinding media	7,559	8,974
Lime costs	7,509	8,206
Other direct tolling / production costs	33,399	32,459
	87,162	94,478
Depreciation and amortization	17,694	17,487
Administration	4,840	5,400
DET royalties - molybdenum	1,345	2,035
Tolling and production costs	111,041	119,400

Power costs decreased by $3.9 million compared to 2019. Costs in 2020 were $0.0953/kWh (2019: $0.0987/kWh).

Direct labour costs decreased to $10.2 million (2019: $12.4 million). Direct labour costs in 2019 included $2.1 million associated with signing bonuses paid to MVC's plant union workers on renewal of a three-year collective agreement (to October 21, 2022). The full cost of the bonuses was recognized as a direct labour cost on signing of the collective agreement in October 2019.

Lime cost decreased to $7.5 million in 2020 from $8.2 million in 2019 and grinding media costs decreased to $7.6 million from $9.0 million in 2019 due to lower copper production.

In aggregate, other direct tolling costs increased by $0.9 million or 3% in 2020, due mostly to an $0.8 million increase from industrial water cost in 2020 in response to drought conditions, and an increase in inventory adjustments of $4.0 million, offset by decreases of $1.0 in maintenance costs and $1.4 million in direct slag processing costs.

(Expressed in thousands)	2020 $	2019 $
Other direct production costs		
Maintenance, excluding labour	6,721	7,691
Molybdenum production costs	6,218	6,624
Historic tailings extraction	4,936	5,562
Industrial water	4,159	3,308
Inventory adjustments	3,382	(661)
Process control, environmental and safety	2,381	2,278
Copper reagents	2,317	2,500
Subcontractors and support services	2,111	2,605
Filtration and all other direct tolling costs	846	843
Direct slag processing costs	328	1,709
	33,399	32,459

($/lb Cu)	2020	2019
Other direct production costs		
Maintenance, excluding labour	0.12	0.13
Molybdenum production costs	0.11	0.11
Historic tailings extraction	0.09	0.10
Industrial water	0.08	0.06
Inventory adjustments	0.06	(0.01)
Process control, environmental and safety	0.04	0.04
Copper reagents	0.04	0.04
Subcontractors and support services	0.04	0.04
Filtration and all other direct copper tolling costs	0.02	0.01
Direct slag processing costs	0.01	0.03
	0.61	0.56

Depreciation and amortization increased to $17.7 million (2019: $17.5 million), from a higher asset base.

Administration expenses were $4.8 million in 2020 (2019: $5.4 million) due to cost reduction initiatives at MVC.

Expenses

Other expenses of $3.6 million (2019: $5.3 million) are costs not related to MVC's production operations and include:

- General and administration expenses of $2.8 million (2019: $4.4 million) which include salaries, management and professional fees of $2.2 million (2019: $2.3 million), share-based payments of $0.1 million (2019: $1.5 million) and office and general expenses of $0.5 million (2019: $0.6 million).

- Other losses of $0.8 million (2019: other gains of $1.1 million) are comprised of a foreign exchange gain of $1.5 million (2019: $1.0 million),other gains of $0.1 million (2019: $0.2 million) and a loss on inventory adjustments of $2.4 million (2019: $nil).

- A $nil expense associated with the related party derivative liability (2019: expense of $2.0 million), which includes actual amounts paid or accrued to a related party of $1.0 million (2019: $1.0 million) and a $1.0 million decrease in fair value (2019: increase in fair value of $1.1 million).

The Company’s finance expense was $5.2 million (2019: $7.8 million) which included $3.7 million in finance and interest charges (2019: $6.8 million) and a fair value adjustment to interest rate swaps of $1.5 million (2019: $1.0 million).

Income tax expense in 2020 was $0.5 million (2019: income tax recovery of $3.3 million), including current income tax expense of $0.2 million (2019: $0.1 million) and deferred tax expense of $0.3 million (2019: deferred tax recovery of $3.4 million).

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

Cash Cost and Total Cost

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

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

In 2020 cash cost was $1.76/lb (2019: $1.82/lb) and total cost was $2.72/lb (2019: $2.74/lb).

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

(Expressed in thousands)	**2020**	**2019**
	$	**$**
Tolling and production costs	111,041	119,400
Add (deduct):		
DET notional royalties - copper	33,536	33,828
Smelting and refining	16,665	19,755
Transportation costs	1,751	1,838
Inventory adjustments	(3,381)	661
By-product credits	(10,168)	(16,181)
Total cost	149,444	159,301
Deduct:		
DET notional royalties - copper	(33,536)	(33,828)
DET royalties - molybdenum	(1,345)	(2,035)
	(34,881)	(35,863)
Depreciation and amortization	(17,694)	(17,487)
Cash cost	96,869	105,951
Pounds of copper tolled (fresh and old tailings)	54.9M	58.2M
Cash cost ($/lb)	**1.76**	**1.82**
Total cost ($/lb)	**2.72**	**2.74**

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

($/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**

($/lb of copper produced)	2019	Q4-2019	Q3-2019	Q2-2019	Q1-2019
Power costs	0.56	0.52	0.52	0.60	0.60
Smelting & refining	0.34	0.32	0.33	0.36	0.34
Grinding media	0.16	0.15	0.16	0.17	0.14
Lime	0.14	0.15	0.13	0.13	0.15
Administration	0.09	0.09	0.07	0.09	0.12
Transportation	0.03	0.03	0.03	0.03	0.04
Other direct costs [1, 2]	0.78	0.91	0.68	0.75	0.81
By-product credits	(0.28)	(0.38)	(0.36)	(0.16)	(0.17)
Cash Cost	**$1.82**	**$1.79**	**$1.56**	**$1.97**	**$2.03**

[1] For the year 2019, cash cost includes $.04/lb in respect of MVC's union signing bonuses. Normalized annual cash cost without union signing bonuses would have been $1.78/lb.

[2] 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.

MVC's components of cash cost decreased in 2020 due to better terms (power, smelting & refining, grinding media) but by-product credits were less favourable in 2020 due to reduced slag processing revenue and lower molybdenum prices.

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

($/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**

($/lb of copper produced)	2019	Q4-2019	Q3-2019	Q2-2019	Q1-2019
Cash cost	1.82	1.79	1.56	1.97	2.03
DET notional royalites/royalties	0.62	0.57	0.60	0.65	0.66
Amortization/depreciation	0.30	0.28	0.27	0.33	0.33
Total Cost	**$2.74**	**$2.64**	**$2.43**	**$2.95**	**$3.02**

Total cost was $2.72/lb (2019: $2.74/lb) due to lower cash cost and depreciation.

FINANCIAL RESULTS – QUARTER ENDED DECEMBER 31, 2020

In Q4-2020, the Company posted net income of $8.3 million ($0.05 EPS), compared to net income of $0.6 million in Q4-2019 ($nil EPS).

The Company generated operating cash flow before working capital changes of $19.8 million (Q4-2019: $6.4 million), and net cash from operating cash flow of $5.1 million (Q4-2019: $6.9 million).

Revenue

Revenue in Q4-2020 was $47.2 million (2019: $35.5 million) due to stronger copper prices.

Expenses

(Expressed in thousands)		Q4-2020 $		Q4-2019 $
Direct tolling and production costs				
Power costs	$	8,349	$	8,216
Direct labour costs		2,812		4,757
Lime costs		2,105		2,342
Grinding media		2,305		2,432
Other direct tolling / production costs		9,805		8,001
		25,376		25,748
Depreciation and amortization		4,350		4,353
Administration		1,227		1,390
DET royalties - molybdenum		506		460
Tolling and production costs	$	31,459	$	31,951
Unit tolling and production costs ($/lb)		1.91		2.07

Direct tolling and production costs in Q4-2020 were $25.4 million (Q4-2019: $25.7 million), due mostly to a decrease of $2.0 million in direct labour costs (MVC had a $2.1 million labour cost in Q4-2019 associated with union signing bonuses) offset by a $1.8 million increase in other direct tolling and production costs.

Depreciation and amortization in Q4-2020 remained at $4.4 million, administration expenses were $1.2 million (2019: $1.4 million) and the DET molybdenum royalties remained at $0.5 million.

Unit tolling and production costs in Q4-2020 decreased from $2.07/lb in Q4-2019 to $1.91/lb in Q4-2020.

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.

	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)

	Q4-2019	Q3-2019	Q2-2019	Q1-2019
	$	$	$	$
Total revenue (thousands)	35,474	33,900	22,692	27,736
Net income (loss) (thousands)	633	(2,083)	(6,564)	(1,399)
EPS (LPS)	-	(0.01)	(0.04)	(0.01)
Diluted EPS (LPS)	-	(0.01)	(0.04)	(0.01)

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

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

	Q4-2020	Q3-2020	Q2-2020	Q1-2020	Q4-2019	Q3-2019	Q2-2019	Q1-2019
Copper sales/deliveries [1]	15.9	15.0	13.7	11.8	15.5	16.6	13.4	12.9
MVC's copper price	3.52	3.04	2.61	2.35	2.76	2.62	2.67	2.92
Settlement adjustments[2]	5.35	4.77	(1.00)	(3.01)	1.04	(0.55)	(1.72)	0.85

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 Q1-2019 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 COVID-19 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 and Q4-2020 revenue was again positively impacted by both an increase in copper prices and an increase in copper delivered during the quarter.

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:

	Q4-2020	Q3-2020	Q2-2020	Q1-2020	Q4-2019	Q3-2019	Q2-2019	Q1-2019
Tolling and production costs [1]	31.46	28.57	26.44	24.57	31.95	32.89	28.79	25.76
Unit tolling and production cost [2]	1.91	1.91	1.93	2.32	2.07	1.99	2.08	1.99

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

Tolling and production costs are affected by production levels, input costs (particularly power, lime and grinding media costs) and the depreciation or appreciation of the Chilean peso to the U.S. dollar. 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. In Q3-2020 and Q4-2020, total tolling and production costs increased due to higher production levels but decreased on a unit cost basis.

LIQUIDITY, FINANCIAL POSITION AND BORROWINGS

Cash Flow from Operations

In 2020, the Company generated net cash from operating activities of $19.8 million (2019: $9.7 million). Excluding the effect of changes in working capital accounts, the Company generated cash of $29.1 million in the year (2019 $9.8 million).

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 the year was due to higher copper prices in the second half of the year along with lower operating costs.

MVC's financial performance is very sensitive to changes in copper prices. At December 31, 2020, MVC's provisional copper price was $3.53/lb and final prices for October, November, and December 2020 sales will be the average LME prices for January, February and March 2021 respectively. A 10% increase or decrease from the $3.53/lb provisional price would result in a $5.6 million change in copper revenue in 2021 in respect of 2020 production.

Cash Flow used in Financing Activities

In 2020, the Company made debt repayments of $9.4 million (2019: $11.3 million) and made lease payments of $1.4 million ($1.2 million). In 2019, the Company paid $1.1 million in transaction costs associated with MVC's debt refinance.

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

Cash Flow used in Investing Activities

In 2020, the Company used cash of $2.8 million for payments of Capex (2019: $10.0 million) and paid $0.7 million in capitalized interest in 2019. Capex payments in 2019 included final payments for the Phase II expansion.

Liquidity Analysis

At December 31, 2020, the Company's cash and cash equivalents were $14.1 million (December 31, 2019: $7.2 million) and the Company had reduced its working capital deficiency to $6.1 million (December 31, 2019: $15.1 million).

The Company expects that it will continue to be able to meet obligations for at least the next 12 months from operating cash flows, assuming copper prices in 2021 average at least $2.85/lb and the Company's 2021 production and cost outlook is met (page 9).

Borrowings

(Expressed in thousands)	December 31, 2020 $	December 31, 2019 $
Consolidated bank loan	46,463	55,897
DET deferred settlements loan	7,305	-
	53,768	55,897
Comprise:		
Short-term debt and current portion of long-term debt	17,059	10,108
Long-term debt	36,709	45,789
	53,768	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 an original 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 an original 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 repayment term of 4 years to September 26, 2023. MVC may make early repayments without penalty in accordance with the provisions of the debt agreement. Seven semi-annual installments of $4.7 million must be made starting together with accrued interest. The first scheduled installment was paid on March 26, 2020 and the second installment on September 28, 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 interest rate swap (“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, which on December 31, 2020 was 3.124% per annum. The IRS has a term to September 26, 2023.

The balance of the Consolidated Bank Loan (net of transaction costs) at December 31, 2020 was $46.5 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 1.25), tangible net worth (requirement of $125.0 million), debt service coverage ratio (requirement of 1.2) and debt/EBITDA ratio (requirement < 3), measured semi-annually on June 30 and December 31.

In 2020, MVC made debt repayments of $9.4 million (2019: $12.4 million) and had a debt balance at year end of $53.8 million (December 31, 2019: $55.9 million). At December 31, 2020, MVC did not meet the current ratio bank covenant required and received waivers from Scotiabank and EDC in respect of covenant compliance (page 18).

MVC is also required to have a Debt Service Reserve Account ("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's 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. At December 31, 2020, MVC held DSRA funds in the required amount of $6.1 million.

During 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, commenced 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 %. At December 31, 2020, the Deferred Payments balance of $7.3 million was included in current liabilities.

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, 2020, the lease obligation was $5.6 million (December 31, 2019: $6.8 million).

AGREEMENTS WITH CODELCO'S DET

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

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	14,579	14,579	-	-	-
Current income tax payable	97	97	-	-	-
DET royalties	13,010	13,010	-	-	-
Derivative to related parties	11,295	1,196	1,209	3,129	5,761
Severance provisions	649	-	-	-	649
Minimum power payments [1]	249,941	16,249	15,468	43,650	174,574
Borrowings	53,768	16,768	9,081	27,919	-
Leases	5,734	1,643	1,428	2,663	0
Total contractual obligations	349,073	63,542	27,186	77,361	180,984

1 At December 31, 2020, 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 $1.1 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 2020, $1.0 million was paid or accrued to the Class A shareholder (2019: $1.0 million) and the derivative's fair value increased $1.0 million (2019: decreased $1.0 million), for a total derivative expense of $nil (2019: expense of $2.0 million).

At December 31, 2020, the derivative liability totalled $11.3 million (2019: $12.1 million), with a current portion of $1.2 million (2019: $1.2 million) and a long-term portion of $10.1 million (201: $10.9 million).

b) Directors' fees and remuneration to officers

In 2020, the Company paid or accrued $1.2 million in salaries and fees to companies associated with certain officers (2019: $1.4 million). In the same period, Amerigo paid or accrued $0.3 million in directors' fees (2019: $0.2 million). These transactions were in the ordinary course of business and measured at market rates determined on a cost recovery basis.

In 2020, 2,000,000 options were granted to Amerigo directors and officers (2019: 3,150,000 options).

OTHER MD&A REQUIREMENTS

Critical Accounting Estimates and Judgments

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

In preparing these consolidated financial statements, the Company makes judgments, estimates and assumptions concerning the future which may vary from actual results. Judgments estimates and assumptions that could have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

a) Useful Lives of Long-Lived Assets

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

b) 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.

c) 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, 2020 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, 2020, MVC had a long-term agreement for the supply of 100% of MVC's power requirements to December 31, 2032. The agreement established minimum stand-by charges based on peak hour power supply calculations, estimated to range from $1.1 to $1.4 million per month.
- Amerigo has an agreement for the lease of office premises in Vancouver to December 1, 2021. Rent commitments under the agreement are approximately $0.1 million.
- The DET Agreement has a Closure Plan clause requiring MVC and DET to jointly assess the revision of the closure plan for Cauquenes and compare it to the current DET plan. In the case of any variation in the interests of DET due to MVC's activities in the Cauquenes deposit, the parties will jointly evaluate the form of implementation and financing of or compensation for such variation. Until the estimation of the new closure plan is available, and the parties agree on the terms of compensation resulting from the revised plan, it is Amerigo's view there is no obligation to record a provision because the amount, if any, is not possible to determine.

Securities Outstanding

On February 16, 2021 Amerigo had 180,769,351 common shares outstanding and 10,070,000 options outstanding (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 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 2021 sustaining capital expenditures;
- the sufficiency of water reserves of Colihues to maintain projected Cauquenes tonnage processing in 2021;
- the timing of completion of MVC's plant optimization initiatives;
- prices and price volatility for copper, molybdenum, and other commodities and of materials we use in our operations;
- 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;
- an expectation that MVC will, during 2021, repay its loan due to El Teniente and our expectation of how much MVC is to pay towards its bank loan and molybdenum plan lease during 2021;
- 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, including, but not limited to, our estimate of the loss of production days due to the annual MVC plant shutdown scheduled for September and October 2021;
- 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 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;
- 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.