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**Amerigo Resources Ltd.
Management's Discussion and Analysis
For the Three Months Ended March 31, 2018**

TABLE of CONTENTS

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

1. **Corporate Profile** – An executive summary of Amerigo's business and long-term contractual relationship with Corporación Nacional del Cobre de Chile ("Codelco")'s El Teniente Division ("DET")...(PAGE 3)
2. **Introduction** – 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. **Highlights and Significant Events** – A summary of key operating and financial metrics during the three months ended March 31, 2018 ("Q1-2018) and as at March 31, 2018...(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. **Operating Results** – An analysis of production results, revenue, costs, cash cost and total cost for Q1-2018 and compared to the three months ended March 31, 2017 ("Q1-2017")...(PAGE 7)
6. **Financial Results** – An analysis of financial performance during Q1-2018, compared to Q1-2017...(PAGE 8)
7. **Comparative Periods** – A summary of financial data for the most recent eight reporting quarters...(PAGE 13)
8. **Liquidity and Financial Position** – A review of cash flow components, summary of borrowings and credit facilities and analysis of liquidity and financial position as at March 31, 2018...(PAGE 14)
9. **Agreements with Codelco's DET** – A summary of contractual arrangements with Codelco's DET...(PAGE 16)
10. **Cauquenes Expansion**– Information on the Cauquenes expansion project...(PAGE 18)
11. **Other MD&A Requirements** – Investments, transactions with related parties, critical accounting estimates & judgements, internal controls over financial reporting, commitments, and cautionary statement on forward looking information...(PAGE 18)

THIS DOCUMENT CONTAINS FORWARD-LOOKING STATEMENTS. REFER TO THE CAUTIONARY LANGUAGE UNDER THE HEADING "CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION" BELOW.

CORPORATE PROFILE

Amerigo Resources Ltd. (the “Company”) owns a 100% interest in Minera Valle Central S.A. (“MVC”), a Chilean producer of copper concentrates.

MVC has a long-term contractual relationship with Codelco’s DET to process fresh and historic tailings from El Teniente, the world’s largest underground copper mine, in production since 1905.

MVC also has a molybdenum sales agreement with Chile’s Molibdenos y Metales S.A. (“Molymet”) that expires on December 31, 2019. In addition, up to June 30, 2017, MVC had an agreement with Minera Maricunga (“Maricunga”), under which MVC tolled Maricunga copper concentrate, dried the material and delivered blended concentrates through its tolling contract with DET.

Effective January 1, 2015 and up to December 31, 2022, MVC’s production of copper concentrates is being conducted under a tolling agreement with DET under which title to the copper concentrates produced by MVC remains with DET and MVC earns tolling revenue, calculated as the gross value of copper produced at applicable market prices, net of notional items (treatment and refining charges, DET copper royalties and transportation costs). Refer to **Agreements with Codelco’s DET** (page 16).

MVC is undertaking a significant expansion to extract and process the higher grade Cauquenes historic tailings. The expansion has two phases. In 2015, the first phase of the expansion, was completed, extending MVC’s economic life to at least 2037. Construction of the expansion’s second phase (“Phase Two”) is underway. Phase Two will improve flotation recovery efficiency allowing MVC to increase production to 85.0 to 90.0 million pounds of copper per year.

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

INTRODUCTION

This MD&A of the results of operations and financial position of Amerigo together with its subsidiaries (collectively, the “Group”), is prepared as of May 7, 2018, and should be read in conjunction with the Company’s condensed interim consolidated financial statements and related notes for Q1-2018 and the Company’s audited consolidated financial statements and related notes for the year ended December 31, 2017.

This MD&A’s objective is to help the reader understand the factors affecting the Group’s current and future financial performance.

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

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 Group. A tabular reconciliation of cash and total costs to tolling and production costs in Q1-2018 and Q1-2017 is available on page 11.

HIGHLIGHTS and SIGNIFICANT EVENTS

Comparative Overview

	Q1-2018	Q1-2017	Change	
			\$	%
Copper produced (million pounds) ¹	14.2	15.1	(0.9)	(6%)
Copper delivered (million pounds) ¹	14.5	15.2	(0.7)	(5%)
Percentage of production from historic tailings	63%	63%		-
Revenue (\$ thousands) ²	33,881	29,744	4,137	14%
DET notional copper royalties (\$ thousands)	10,797	7,715	3,082	40%
Tolling and production costs (\$ thousands)	28,717	27,761	956	3%
Gross profit (\$ thousands)	5,164	1,983	3,181	160%
Net income (loss) (\$ thousands)	1,217	(1,310)	2,527	-
Earnings (loss) per share - basic & diluted	0.01	(0.01)	0.02	-
Operating cash flow (\$ thousands) ³	5,944	4,255	1,689	40%
Cash flow paid for purchase of plant and equipment (\$ thousands)	10,274	451	9,823	2178%
Cash and cash equivalents (\$ thousands) ⁴	29,869	23,097	6,772	29%
Borrowings (\$ thousands) ⁵	66,047	70,942	(4,895)	(7%)
MVC's copper price (\$/lb) ⁶	3.09	2.65	0.44	17%

¹ Copper production conducted under tolling agreements with DET and in Q1-2017, Maricunga.

² Revenue reported net of notional items (smelting and refining charges, DET notional copper royalties and transportation costs).

³ Operating cash flow before changes in non-cash working capital.

⁴ At March 31, 2018 includes \$22.5 million in operating cash accounts and a \$7.3 million debt service reserve account.

⁵ At March 31, 2018 includes short and long-term portions of \$18.1 and \$47.9 million respectively.

⁶ Copper price before smelting and refining, DET notional copper royalties, transportation costs and settlement adjustments to prior period sales.

Financial results

- Revenue was \$33.9 million (Q1-2017: \$29.8 million), including copper revenue of \$29.5 million (Q1-2017: \$25.3 million) and molybdenum and other revenue of \$4.4 million (Q1-2017: \$4.4 million).
- Copper revenue is calculated from MVC's gross value of copper produced of \$45.9 million (Q1-2017: \$38.7 million) less notional items including DET royalties of \$10.8 million (Q1-2017: \$7.7 million), smelting and refining of \$5.0 million (Q1-2017: \$5.1 million) and transportation of \$0.6 million (Q1-2017: \$0.5 million).
- In Q1-2018, MVC's copper price was \$3.09 per pound ("lb") (Q1-2017: \$2.65/lb) and MVC's molybdenum price was \$12.12/lb (Q1-2017: \$8.01/lb).
- Tolling and production costs were \$28.7 million (Q1-2017: \$27.8 million), driven by higher power, lime and grinding media costs. Unit tolling and production costs were \$1.98/lb (Q1-2017: \$1.83/lb).
- 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 11) before DET notional copper royalties and DET molybdenum royalties increased to \$1.77/lb (Q1-2017: \$1.71/lb) due to higher tolling and production costs offset by higher molybdenum by-product credits.
- Total cost (a non-GAAP measure equal to the aggregate of cash cost, DET notional copper royalties and DET molybdenum royalties of \$0.80/lb and depreciation of \$0.25/lb, page 11) increased to \$2.83/lb (Q1-2017: \$2.52/lb), due to higher DET notional royalties from higher metal prices.
- Gross profit was \$5.2 million (Q1-2017: \$2.0 million). Net income was \$1.2 million (Q1-2017: net loss of \$1.3 million).

- Earnings per share were \$0.01 (Q1-2017: loss per share of \$0.01).
- The Group generated operating cash flow before changes in non-cash working capital of \$5.9 million (Q1-2017: \$4.3 million).

Production

- Q1-2018 production was 14.2 million pounds of copper, 6% lower than the 15.1 million pounds produced in Q1-2017, which included 0.9 million pounds of copper produced pursuant to the tolling contract with Maricunga.
- Q1-2018 copper production includes 8.9 million pounds from Cauquenes (Q1-2017: 9.6 million pounds) and 5.3 million pounds from fresh tailings (Q1-2017: 4.7 million pounds).
- Molybdenum production was 0.4 million pounds (Q1-2017: 0.3 million pounds).
- At March 31, 2018, the Phase Two expansion project was on time, on budget and 51% complete.

Cash and Working Capital

- At March 31, 2018, the Group's cash balance was \$29.9 million (December 31, 2017: \$27.5 million), including \$22.5 million in operating accounts and \$7.3 million in a debt service reserve account ("DSRA") which must be used to: /i/ pay the principal and interest of MVC's bank loans and the amounts owing under related interest rate swaps ("IRS") if MVC has insufficient funds to make these payments and /iii/ fund MVC's operating expenses. If it becomes necessary to fund MVC's operations with funds from the DSRA, MVC must replenish the DSRA at each month end with funds necessary to maintain a balance equal to one hundred percent of the sum of the principal and interest pursuant to the bank loans and the IRS that are payable in the following six months.
- At March 31, 2018, the Group had a working capital deficiency of \$3.7 million (December 31, 2017: \$4.5 million), caused by the Group's current estimated DET Price Support Facility repayment scheduled to be completed in September 2018, which may change depending on MVC's actual cash flows. The Group does not consider that its working capital deficiency constitutes a liquidity risk, as it is only required to repay the DET Price Support Facility by December 2019 and at a rate of \$1.0 million per month, and the Group anticipates generating sufficient operating cash flow to meet current liabilities as they come due. Working capital deficiencies are not uncommon in companies with short-term debt.
- At March 31, 2018, the Group had \$30.5 million of undrawn, committed credit facilities, \$17.5 million from the Phase Two expansion loan and \$13.0 million from a shareholders' standby line of credit (page 16).

Outlook

- The Group continues to expect full year production of 65.0 to 70.0 million pounds of copper at a cash cost of \$1.45 to \$1.60/lb and annual molybdenum production of 1.5 million pounds. Stronger production and lower cash costs are expected in H2-2018 when better quality material in Cauquenes is accessed and plant recoveries improve on completion of Phase Two.
- Construction of Phase Two is on track for completion in Q3-2018, with full production in Q4-2018. MVC expects to complete the project within budget of \$35.3 million including contingencies. Phase Two will improve flotation recovery efficiency, allowing MVC to increase production to 85.0 to 90.0 million pounds of copper per year.
- In 2018, MVC expects to incur up to \$23.5 million in Phase Two capital expenditures ("Capex") and \$5.5 million in sustaining Capex. MVC will also invest an additional \$1.5 million in various Capex projects to improve safety and process efficiencies and is undertaking an expansion of its molybdenum plant at a Capex of \$7.9 million financed by way of a seven-year lease and operating contract.
- MVC expects to draw the remaining \$17.5 million from the Phase Two expansion loan and continue reducing its debt in 2018. Total borrowings at year end are expected to be \$67.5 million.

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

SUMMARY OF FINANCIAL RESULTS Q1-2017 TO Q1-2018

	Q1-2018	Q4-2017	Q3-2017	Q2-2017	Q1-2017
Copper production, million pounds	14.210	15.625	15.487	16.262	15.141
Copper deliveries, million pounds	14.520	16.284	15.251	16.197	15.175
MVC's copper price (\$/lb)	3.09	3.10	3.00	2.59	2.65
Financial results (\$ thousands)					
Revenue					
Gross value of copper produced	45,862	51,615	50,256	39,267	38,650
Notional items deducted from gross value of copper produced:					
DET royalties - copper	(10,797)	(11,453)	(9,365)	(7,856)	(7,715)
Smelting and refining	(5,040)	(5,765)	(5,455)	(5,410)	(5,087)
Transportation	(554)	(572)	(564)	(534)	(503)
Copper tolling revenue	29,471	33,825	34,872	25,467	25,345
Molybdenum and other revenue	4,410	3,176	2,549	4,393	4,399
	33,881	37,001	37,421	29,860	29,744
Tolling and production costs					
Tolling and production costs	(22,839)	(23,221)	(20,352)	(21,068)	(22,666)
Depreciation and amortization	(3,566)	(3,583)	(3,576)	(3,578)	(3,584)
Administration	(1,696)	(1,338)	(1,257)	(1,182)	(1,377)
DET royalties - molybdenum	(616)	(397)	(334)	(338)	(134)
	(28,717)	(28,539)	(25,519)	(26,166)	(27,761)
Gross profit	5,164	8,462	11,902	3,694	1,983
Other expenses					
Derivative to related parties including changes in fair value	(414)	(1,003)	(214)	(2,472)	(1,093)
Salaries, management and professional fees	(575)	(839)	(466)	(388)	(418)
Office and general expenses	(299)	(141)	(232)	(118)	(294)
Share-based payment compensation	(684)	(47)	(117)	(223)	(241)
	(1,558)	(1,027)	(815)	(729)	(953)
Foreign exchange gain (expense)	98	(293)	384	(28)	18
Other gains	168	7	106	8	15
	266	(286)	490	(20)	33
	(1,706)	(2,316)	(539)	(3,221)	(2,013)
Operating profit (loss)	3,458	6,146	11,363	473	(30)
Finance expense	(985)	(1,243)	(854)	(1,662)	(1,353)
Income (loss) before income tax	2,473	4,903	10,509	(1,189)	(1,383)
Income tax (expense) recovery	(1,256)	(1,805)	(2,655)	(464)	73
Net income (loss)	1,217	3,098	7,854	(1,653)	(1,310)
Earnings (loss) per share - basic	0.01	0.02	0.04	(0.01)	(0.01)
Earnings (loss) per share - diluted	0.01	0.02	0.04	(0.01)	(0.01)
Unit tolling and production costs	1.98	1.75	1.67	1.62	1.83
Cash cost (\$/lb) ¹	1.77	1.66	1.69	1.53	1.71
Total cost (\$/lb) ¹	2.83	2.64	2.55	2.28	2.52
Uses and sources of cash (\$thousands)					
Operating cash flow before working capital changes	5,944	6,640	11,021	4,470	4,255
Operating cash flow after working capital changes	9,437	13,568	5,316	6,422	7,438
Cash used in investing activities	(10,274)	(6,945)	(5,291)	(2,006)	(451)
Cash received from (used in) financing activities	2,882	(2,329)	2,074	(7,367)	57
Ending cash balance ²	29,869	27,524	22,702	20,144	23,097

¹ Cash and total costs are non-GAAP measures. Page 11 has the reconciliation of these measures to tolling and production costs.

² At March 31, 2018 includes \$22.5 million in operating cash accounts and a \$7.3 million DSRA.

OPERATING RESULTS

In Q1-2018 the Group produced 14.2 million pounds of copper under its tolling agreement with DET, including 8.9 million pounds from Cauquenes and 5.3 million pounds from fresh tailings. Q1-2018 production was 6% or 0.9 million pounds lower than in Q1-2017, which included 0.9 million pounds from the Maricunga tolling agreement then in place. Copper deliveries were 14.5 million pounds (Q1-2017: 15.2 million pounds).

MVC's plant performance in Q1-2018 progressed according to plan. The Cauquenes mining team extracted lower than average grade material, and tonnage was slightly lower due to the annual maintenance shutdown at El Teniente and MVC, which took 5 days. MVC's new sumps at Cauquenes became operational at quarter end. The sumps are deep (depth in excess of 37 meters) and copper grade is expected to increase in the following quarters.

Molybdenum production was 0.4 million pounds (Q1-2017: 0.3 million pounds).

Tolling and production costs increased to \$28.7 million (Q1-2017: \$27.8 million) due to higher power, lime and grinding media costs. Unit cash cost (page 11) increased to \$1.77/lb (Q1-2017: \$1.71/lb).

Production

	Q1-2018	Q1-2017
FRESH TAILINGS FROM EL TENIENTE		
Tonnes processed	10,521,210	10,566,171
Copper grade (%)	0.119%	0.120%
Copper recovery	19.3%	16.6%
Copper produced (lbs)	5,308,746	4,650,990
HISTORIC TAILINGS FROM EL TENIENTE		
Tonnes processed	5,328,898	5,813,239
Copper grade (%)	0.246%	0.254%
Copper recovery	30.8%	29.4%
Copper produced (lbs)	8,901,172	9,593,986
TOLL PROCESSING FROM MARICUNGA		
Copper produced (lbs)	-	896,310
COPPER		
Total copper produced (lbs)	14,209,918	15,141,286
Total copper delivered to DET (lbs)	14,519,627	15,174,620
MOLYBDENUM		
Total molybdenum produced (lbs)	372,144	281,096
Total molybdenum sold (lbs)	355,859	276,536

FINANCIAL RESULTS – Q1-2018

The Group posted net income of \$1.2 million (\$0.01 basic and diluted earnings per share) (Q1-2017: net loss of \$1.3 million; \$0.01 basic and diluted loss per share) because of stronger metal prices.

Revenue

Revenue in Q1-2018 was \$33.9 million (Q1-2017: \$29.7 million).

	Q1-2018		Q1-2017	
Average LME copper price per pound	\$	3.16	\$	2.65
Gross value of copper produced (thousands)	\$	45,862	\$	38,650
Notional items deducted from gross value of copper produced:				
DET royalties - copper (thousands)		(10,797)		(7,715)
Smelting and refining charges (thousands)		(5,040)		(5,087)
Transportation (thousands)		(554)		(503)
Copper tolling revenue (thousands)		29,471		25,345
Molybdenum and other revenue (thousands)		4,410		4,399
Revenue (thousands)	\$	33,881	\$	29,744
MVC's copper price (\$/lb)	\$	3.09	\$	2.65
MVC's molybdenum price (\$/lb) ¹	\$	12.12	\$	8.01

¹ Molybdenum price before roasting charges and settlement adjustments to prior period sales.

MVC's production of copper concentrates is conducted under a tolling agreement with DET for the period 2015 to 2022, under which 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, net of notional items (treatment and refining charges, DET copper royalties and transportation costs).

MVC's compensation is determined in accordance with annual industry benchmarks for pricing terms and smelting and refining charges, and in 2018 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 March 2018 deliveries will be the average LME copper price for June 2018.

The average LME copper price in Q1-2018 was \$3.16/lb (Q1-2017: \$2.65/lb) and MVC's copper price was \$3.09/lb (Q1-2017: \$2.65/lb). Differences between the average LME copper price and MVC's copper price result from the pricing terms that apply in the period.

At March 31, 2018, the provisional copper price used by MVC was \$3.10/lb. A 10% increase or decrease from that price would result in price-driven revenue settlement adjustments of \$4.5 million.

DET royalties on copper production are a notional item deducted from MVC's gross value of copper produced. In Q1-2018, DET notional copper royalties were \$10.8 million, (Q1-2017: \$7.7 million) due to higher copper prices. The terms for DET notional copper royalties and molybdenum royalties are disclosed under **Agreements with Codelco's DET** (page 16).

Transportation was \$0.6 million (Q1-2017: \$0.5 million).

In Q1-2018, MVC's molybdenum sales price was \$12.12/lb and MVC's sales agreement with Molymet provided that the sale price is the average market price for the third month after delivery. At March 31, 2018, sales of molybdenum were provisionally priced at the average Platt's molybdenum dealer oxide price of \$12.73/lb.

Tolling and Production Costs

(Expressed in thousands)		Q1-2018		Q1-2017
Direct tolling and production costs				
Power costs	\$	7,975	\$	7,412
Labour costs		2,741		2,623
Lime costs		2,197		1,973
Grinding media		1,853		1,665
Other direct tolling / production costs		8,073		8,993
		22,839		22,666
Depreciation and amortization		3,566		3,584
Administration		1,696		1,377
DET royalties - molybdenum		616		134
Tolling and production costs	\$	28,717	\$	27,761
Unit tolling and production costs (\$/lb)		1.98		1.83

Power costs increased by \$0.6 million or 8% compared to Q1-2017 due to higher power transmissions costs. The former Chilean government introduced a new provisional decree effective 2018 that changed the method used to determine pass-through transmission charges to power consumers. MVC has sought expert advice on this matter and expects to challenge this position with Chile's Controller General in Q2-2018.

Lime cost increased by \$0.2 million or 11% compared to Q1-2017, due to higher lime prices. Grinding media costs of \$1.9 million were 11% higher than in Q1-2017 due to higher steel costs.

As a result of stronger copper prices, the Chilean peso ("CLP") has strengthened against the United States dollar. In Q1-2018 the CLP was 8% stronger than in Q1-2017. A stronger CLP negatively impacts costs such as labour, maintenance and services.

Other direct tolling costs are summarized in the following tables:

(Expressed in thousands)		Q1-2018		Q1-2017
Other direct tolling costs				
Maintenance, excluding labour		1,944		1,772
Historic tailings extraction	\$	1,592	\$	1,143
Molybdenum production costs		1,499		1,271
Industrial water		643		510
Subcontractors, support services		635		492
Inventory adjustments		533		840
Process control, environmental and safety		517		436
Copper reagents		514		580
Filtration and all other direct tolling costs		196		133
Maricunga tolling costs		-		1,816
	\$	8,073	\$	8,993

(\$/lb Cu)	Q1-2018	Q1-2017
Other direct tolling costs		
Maintenance, excluding labour	0.14	0.12
Historic tailings extraction	0.11	0.08
Molybdenum production costs	0.11	0.09
Industrial water	0.05	0.04
Subcontractors, support services	0.04	0.03
Inventory adjustments	0.04	0.06
Process control, environmental and safety	0.04	0.03
Copper reagents	0.04	0.04
Filtration and all other direct tolling costs	0.01	0.01
Maricunga tolling costs	-	0.13
	0.57	0.63

The most significant cost variances were:

- The elimination of \$1.8 million in Maricunga tolling costs.
- A cost reduction of \$0.3 million from inventory adjustments caused by the difference between production and actual deliveries in each quarter.
- A \$0.4 million increase in historic tailings extraction costs due to the repositioning of equipment in new sumps in Q1-2018.
- A \$0.2 million increase in molybdenum costs driven by higher production.
- A \$0.1 million increase in subcontractor and support services due to a stronger CLP.

Depreciation and amortization were \$3.6 million in Q1-2018 and Q1-2017.

Administration expenses were \$1.7 million (Q1-2017: \$1.4 million) due to a stronger CLP and higher production and performance bonuses paid at MVC in Q1-2018.

Other expenses

Other expenses of \$1.7 million (Q1-2017: \$2.0 million) are costs not related to MVC's production operations, comprised of the following:

- General and administration expenses of \$1.6 million (Q1-2017: \$1.0 million) including share-based payments of \$0.7 million (Q1-2017: \$0.2 million), salaries, management and professional fees of \$0.6 million (Q1-2017: \$0.4 million) and office and general expenses of \$0.3 million in both Q1-2018 and Q1-2017.
- A \$0.4 million expense associated with the derivative to related parties (Q1-2017: \$1.1 million), including actual amounts paid or accrued to related parties of \$0.2 million (Q1-2017: \$0.2 million) and an increase in the derivatives' fair value of \$0.2 million (Q1-2017: \$0.9 million).
- Other gains of \$0.3 million (Q1-2017: \$0.1 million), comprised of other gains of \$0.2 million (Q1-2017: \$nil) and a foreign exchange gain of \$0.1 million (Q1-2017: \$0.1 million).

Finance expense

The Group's finance expense was \$1.0 million (Q1-2017: \$1.4million) including finance, commitment and interest charges and changes in value on interest rate swaps.

Taxes

Income tax expense was \$1.3 million (Q1-2017: recovery of \$0.1 million) including current income tax expense of \$0.7 million (Q1-2017: \$nil) and deferred tax expense of \$0.6 million (Q1-2017: recovery of \$0.1 million) in respect of 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 Group believes that these measures provide additional information to evaluate corporate performance. Management also uses these measures to monitor internal performance.

Cash cost is the aggregate of copper and molybdenum tolling and production costs, smelting and refining notional charges, administration and transportation costs, minus by-product credits. Total cost is the aggregate of cash cost, DET notional copper royalties and molybdenum royalties, depreciation and amortization.

A reconciliation of tolling and production costs to cash cost and total cost in Q1-2018 and Q1-2017 is presented below:

		Q1-2018		Q1-2017
Tolling and production costs (thousands)	\$	28,717	\$	27,761
Add (deduct):				
DET notional royalties - copper (thousands)		10,797		7,715
Smelting and refining charges (thousands)		5,040		5,087
Transportation costs (thousands)		554		503
Inventory adjustments (thousands):		(532)		(840)
By-product credits (thousands)		(4,410)		(4,399)
Total cost (thousands)	\$	40,166	\$	35,827
Deduct:				
DET notional royalties - copper (thousands)		(10,797)		(7,715)
DET royalties - molybdenum (thousands)		(616)		(134)
		(11,413)		(7,849)
Depreciation and amortization (thousands)		(3,566)		(3,584)
Cash cost (thousands)	\$	25,187	\$	24,394
Pounds of copper tolled from fresh and old tailings (millions) ¹		14.21		14.25
Cash cost (\$/lb)		1.77		1.71
Total cost (\$/lb)		2.83		2.52

¹ Excludes 0.9 million pounds produced in Q1-2017 from Maricunga toll processing, a by-product.

The Group's trailing quarterly cash costs (\$/lb of copper produced) were:

	Q1-2018	Q4-2017	Q3-2017	Q2-2017	Q1-2017
Power costs	0.56	0.50	0.54	0.49	0.52
Lime	0.16	0.15	0.15	0.14	0.14
Grinding media	0.13	0.11	0.10	0.11	0.12
Other direct costs	0.72	0.60	0.60	0.62	0.76
By-product credits	(0.31)	(0.20)	(0.17)	(0.28)	(0.31)
Smelting & refining	0.35	0.37	0.35	0.34	0.36
Administration	0.12	0.09	0.08	0.08	0.09
Transportation	0.04	0.04	0.04	0.03	0.03
Cash Cost	\$1.77	\$1.66	\$1.69	\$1.53	\$1.71

Cash cost (page 11) was \$1.77/lb (Q1-2017: \$1.71/lb).

Power, MVC's most significant cost, was \$0.1156/kWh in Q1-2018 (Q1-2017: \$0.0999/kWh). Unit power costs increased to \$0.56/lb (Q1-2017: \$0.52/lb) following the introduction by the former Chilean government of a new provisional decree effective 2018 that changed the method used to determine pass-through transmission charges to power consumers. MVC has sought expert advice on this matter and expects to challenge this position with Chile's Controller General in Q2-2018.

Lime costs were \$0.16/lb (Q1-2017: \$0.14/lb) as a result of higher lime supply costs.

Unit grinding media costs were \$0.13/lb (Q1-2017: \$0.12/lb) as a result of higher steel prices.

By-product credits remained at \$0.31/lb, due to higher molybdenum production and stronger molybdenum prices. In Q1-2017 by-product credits still included the Maricunga tolling contract.

Other direct costs were \$0.72/lb (Q1-2017: \$0.76/lb).

The Group's trailing quarterly total costs (\$/lb of copper produced) were:

	Q1-2018	Q4-2017	Q3-2017	Q2-2017	Q1-2017
Cash cost	1.77	1.66	1.69	1.53	1.71
DET notional royalties/royalties	0.81	0.75	0.63	0.52	0.55
Amortization/depreciation	0.25	0.23	0.23	0.23	0.26
Total Cost	\$2.83	\$2.64	\$2.55	\$2.28	\$2.52

Total cost was \$2.83/lb (Q1-2017: \$2.52/lb), mainly due to a \$0.26/lb increase in DET notional royalties (from higher metal prices).

COMPARATIVE PERIODS

The Company's quarterly financial statements are reported under IFRS applicable to interim financial reporting. The following tables provide highlights from the Company's financial statements of quarterly results for the past eight quarters.

	Q1-2018	Q4-2017	Q3-2017	Q2-2017
	\$	\$	\$	\$
Total revenue (thousands)	33,881	37,001	37,421	29,860
Net income (loss) (thousands)	1,217	3,098	7,854	(1,653)
Earnings (loss) per share	0.01	0.02	0.04	(0.01)
Diluted earnings (loss) per share	0.01	0.02	0.04	(0.01)

	Q1-2017	Q4-2016	Q3-2016	Q2-2016
	\$	\$	\$	\$
Total revenue (thousands)	29,744	29,473	23,383	19,276
Net (loss) income (thousands)	(1,310)	2,984	(2,545)	(3,613)
(Loss) earnings per share	(0.01)	0.02	(0.01)	(0.02)
Diluted (loss) earnings per share	(0.01)	0.02	(0.01)	(0.02)

Quarterly revenue variances result mostly from higher or lower copper deliveries (a factor of quarterly production), the Group's realized copper price (a factor of market prices) and settlement adjustments to prior quarter sales. The Group's revenues are highly sensitive to these variables, as summarized below:

	Q1-2018	Q4-2017	Q3-2017	Q2-2017	Q1-2017	Q4-2016	Q3-2016	Q2-2016
Copper sales/deliveries ¹	14.52	16.28	15.25	16.20	15.18	13.42	15.60	14.51
MVC's copper price ²	\$3.09	\$3.10	\$3.00	\$2.59	\$2.65	\$2.57	\$2.14	\$2.10
Settlement adjustments ³	\$0.93	\$1.19	\$4.54	(\$1.19)	\$0.92	\$4.02	\$0.43	(\$0.96)

¹ Million pounds of copper sold under tolling agreements with DET and Maricunga (2016 and H1-2017).

² Copper price per pound, before smelting and refining charges and settlement adjustments to prior quarters' sales.

³ Settlement adjustments to prior quarter's sales, expressed in millions of dollars

Q2-2016 and Q3-2016 revenue was positively impacted by stronger copper production from Cauquenes. Q4-2016 revenue was negatively affected by 16 days of lost production due to a strike at MVC and annual an maintenance shutdown at El Teniente but benefited from higher copper prices, both for quarterly deliveries and in respect of positive price-driven settlement adjustments to Q3-2016 deliveries. Production returned to expected levels in Q1-2017, positively impacting revenue, which also benefitted from stronger copper prices and positive settlement adjustments to prior quarter sales. Q2-2017 revenue was positively impacted by higher volumes of copper tolled, partially offset by lower average copper prices and the effect of negative price-driven settlement adjustments. Q3-2017 was positively impacted by higher copper prices and significant positive settlement adjustments to prior quarter's sales. Q4-2017 and Q1-2018 revenue were positively impacted by strong copper prices.

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

	Q1-2018	Q4-2017	Q3-2017	Q2-2017	Q1-2017	Q4-2016	Q3-2016	Q2-2016
Tolling and production costs ¹	\$28.72	\$28.54	\$25.52	\$26.17	\$27.76	\$23.61	\$24.30	\$22.44
Unit tolling and production cost ²	\$1.98	\$1.75	\$1.67	\$1.62	\$1.83	\$1.76	\$1.56	\$1.55

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), copper prices and the depreciation or appreciation of the CLP to the U.S. dollar. In Q2 and Q3-2016 tolling and production cost increased due to a substantial increase in production, which also resulted in lower unit costs. Q4-2016 costs were lower due to 16 days of lost production due to a strike of MVC workers, however lower production resulted in higher unit costs. In Q1-2017 tolling and production costs increased due to higher production levels and unit costs were affected by inventory variations. Q2-2017 costs were lower than in the preceding quarter despite higher production due to MVC's cost containment efforts. Q3-2017 costs were also lower than the prior quarter, due to lower copper production and the termination of the Maricunga tolling contract. Q4-2017 and Q1-2018 costs increased due to higher power, lime and other direct costs.

LIQUIDITY and CAPITAL RESOURCES

Cash Flow from Operations

The Group generated cash from operations of \$9.4 million (Q1-2017: \$7.4 million).

Excluding the effect of changes in working capital, the Group generated cash of \$5.9 million (Q1-2017: \$4.3 million).

Cash Flow from Financing Activities

In Q1-2018, the Group received \$5.8 million in debt proceeds net of transaction costs (Q1-2017: \$nil) and made debt repayments of \$3.0 million (Q1-2017: \$nil).

The Company received \$0.1 million in proceeds from various exercises of stock options (Q1-2017: \$0.1 million).

Cash Flow used in Investing Activities

In Q1-2018, the Group used cash of \$10.3 million for payments of capital expenditures (Q1-2017: \$0.5 million). Capex payments in Q1-2018 included payments of \$6.2 million associated with Phase Two and \$4.1 million in respect of sustaining Capex.

Liquidity and Financial Position

At March 31, 2018, the Group's cash and cash equivalents were \$29.9 million (December 31, 2017: \$27.5 million), including \$7.3 million in a DSRA described on page 5 (December 31, 2017: \$7.3 million). The Group had a working capital deficiency of \$3.7 million (December 31, 2017: \$4.5 million), caused by the Group's current estimated DET Price Support Facility repayment schedule (to September 2018), which may change depending on MVC's actual cash flows.

The Group does not view its working capital deficiency as a liquidity risk, as it is only required to repay the DET Price Support Facility by December 2019 at a rate of \$1.0 million per month, and the Group anticipates generating sufficient operating cash flow to meet current liabilities as they come due. Working capital deficiencies are not uncommon in companies with short-term debt.

The Group operates in a cyclical industry where cash flow generating capacity correlates closely to market copper prices. From H2-2014 to Q3-2016, the Group's liquidity and financial position were affected by low copper prices. As copper prices started to recover in Q4-2016 (average quarterly LME price of \$2.40/lb) the Group's financial results and cash flow generating capacity have strengthened. Average LME prices were \$2.80/lb in 2017 and \$3.16/lb in Q1-2018.

In 2018, MVC estimates to produce 65.0 to 70.0 million pounds of copper at an annual cash cost (page 11) of \$1.45 to \$1.60/lb, following completion of Phase Two in Q3-2018. Under these assumptions, the Group expects to meet its financial obligations as they become due.

At March 31, 2018, the Group had \$30.5 million of undrawn, committed credit facilities (\$17.5 million from the Phase Two expansion loan and \$13.0 million from a shareholders' standby line of credit, both described below). MVC expects to draw the remaining \$17.5 million from the Phase Two expansion loan and continue reducing its debt in 2018. Total borrowings at year end are expected to be \$67.5 million

Borrowings

Borrowings outstanding (Thousands)	March 31, 2018 \$	December 31, 2017 \$
Cauquenes Phase One Loan (a)	42,238	41,527
Cauquenes Phase Two Loan (a)	17,213	11,601
	59,451	53,128
DET Price Support Facility (b)	6,596	9,939
	66,047	63,067
Comprise of:		
Short-term debt and current portion of long-term debt	18,111	20,810
Long-term debt	47,936	42,257
	66,047	63,067

- a) On March 25, 2015, MVC closed a bank syndicate financing with Banco Bilbao Vizcaya Argentaria ("BBVA") and Export Development Canada ("EDC") for a loan facility (the "Cauquenes Phase One Loan") of \$64.4 million for phase one of the Cauquenes expansion. Loan terms include interest synthetically fixed through an IRS, accounted for at fair value through profit or loss ("FVTPL"), at a rate of 5.56% per annum for 75% of the facility. The remaining 25% of the facility is subject to a variable rate based on the US Libor 6-month rate, which at March 31, 2018 was 5.34% per annum. Interest is paid semi-annually on June and December 30. MVC incurred due diligence, bank fees and legal costs of \$2.4 million, recognized as transaction costs that are being amortized over the loan's term using the effective interest rate method. The Cauquenes Phase One Loan has a maximum repayment term of 6 years consisting of 12 equal semi-annual principal payments of \$5.4 million, commencing on June 30, 2016. The repayment term may be shortened without penalty in accordance with the loan provisions. The balance of the Cauquenes Phase One Loan (net of transaction costs) at March 31, 2018 was \$42.2 million (December 31, 2017: \$41.5 million). The IRS on the Phase One Loan has a term to December 27, 2018.

On August 3, 2017, MVC closed a second financing tranche with BBVA and EDC for a facility (the "Cauquenes Phase Two Loan") of up to \$35.3 million for the second phase of the Cauquenes expansion. Loan terms include interest synthetically fixed through an IRS, accounted for at FVTPL, at a rate of 6.02% per annum for 75% of the facility. The remaining 25% of the facility is subject to a variable rate based on the US Libor 6-month rate, which at March 31, 2018 was 5.34% per annum. Interest is paid semi-annually on June and December 30. MVC incurred due diligence, bank fees and legal costs of \$1.3 million, recognized as transaction costs that are being amortized over the loan's term using the effective interest rate method. The Cauquenes Phase Two Loan has a maximum repayment term of 3 years consisting of 6 equal semi-annual principal payments to commence on June 30, 2019. The repayment term may be shortened without penalty in accordance with the loan provisions. The balance of the Cauquenes Phase Two Loan (net of transaction costs) at March 31, 2018 was \$17.2 million (December 31, 2017: \$11.6). On March 31, 2018, the fair value of the second IRS was determined to be \$0.2 million (December 31, 2017: liability of \$0.2 million). The IRS on the Phase Two Loan has a term to January 3, 2022.

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

Original loan terms and provisions required MVC to be in compliance with bank covenants (current ratio, tangible net worth and debt service coverage ratio) measured semi-annually on June 30 and December 31. Certain covenants were amended on closing of the second financing tranche, including modifications to the tangible net worth requirements starting on December 31, 2017 and non-measurement of the current ratio on December 31, 2017; June 30, 2018; December 31, 2018 and June 30, 2019. At December 31, 2017, MVC met the debt service coverage ratio (requirement of 1.2) and the tangible net worth ratio (requirement of \$110.0 million).

MVC has a DSRA described in page 5.

- b) MVC has a Price Support Facility with DET described under **Agreements with Codelco's DET**.
- c) The Company has a \$13.0 million standby line of credit (the "Line of Credit") from three Company shareholders which is available through to the later of December 31, 2018 and the date of commencement of commercial production of Phase Two, provided such date occurs no later than March 31, 2019. Amounts drawn from the Line of Credit, if any, are subject to a drawdown fee equivalent to 1.5% of drawn funds and interest at a rate of 1.5% per month, payable semi-annually in arrears. Principal is payable in the amounts and at such times as permitted under the terms and conditions of the Cauquenes Phase One and Phase Two loans. All obligations arising from the Line of Credit are to be paid in full on or before the date that is the earlier of December 31, 2019 and the 1-year anniversary of the date in which MVC has paid in full all amounts due and owing under the Cauquenes Phase One and Phase Two loans. No security was provided in connection with this facility. At March 31, 2018, no funds had been drawn from the Line of Credit. In 2018, the Company incurred an annual commitment fee of \$0.2 million in respect of the Line of Credit, settled with the issuance of 265,119 Company shares (2017: \$0.2 million, settled with 403,577 Company shares).

AGREEMENTS WITH CODELCO'S EL TENIENTE DIVISION

In 1991, MVC entered into a contract with DET to process the fresh tailings from El Teniente for a term to 2021 (the "Fresh Tailings Contract"). In 2009, MVC and DET entered into an agreement to process the tailings from Colihues, one of DET's historic tailings deposits (the "Colihues Contract"). In 2014, MVC and DET entered into a contract (the "Master Agreement") for the purchase by MVC of the rights to process tailings from an additional historic tailings deposit, Cauquenes, for a term to the earlier of its depletion or 2033 and extending the Fresh Tailings Contract from 2021 to 2037 and the Colihues Contract to the earlier of its depletion or 2037.

Until December 31, 2014, royalties were payable to DET in respect of copper concentrates produced by MVC. DET royalties were calculated using the average LME copper price for the month of concentrates production and were recorded as components of production costs.

In 2015, MVC and DET entered into a modification to the Master Agreement which changed the legal relationship between the parties for the period 2015 to 2022. During this period, production of copper concentrates by MVC has and will be conducted 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, net of notional items (DET copper royalties, smelting and refining charges 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 historic tailings are determined through a sliding scale for copper prices ranging from \$1.95/lb (16%) to \$5.50/lb (39%).

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

The Master Agreement contains provisions requiring the parties to meet and review cost and notional royalty/royalty structures in the event monthly average prices fall below certain ranges and projections indicate the permanence of such prices over time. The review of all notional royalty/royalty structures is to be carried out in a manner that gives priority to the Master Agreement's viability and maintains the equilibrium of the benefits between the parties.

The Master Agreement also contains three early exit options exercisable by DET within 2021 and every three years thereafter only in the event of changes unforeseen as of the date of the Master Agreement. The Company has currently judged the probabilities of DET exercising any of these early exit options as remote.

In 2015, DET provided to MVC a copper price support facility of \$17.0 million (the "DET Price Support Facility") which bears interest at a rate of 0.6% per month and is subordinate to MVC's bank financing. The DET Price Support Facility is scheduled to be repaid in the period from January 1, 2017 to December 31, 2019 at a rate of \$1.0 million per month, provided this repayment schedule does not preclude MVC from making the semi-annual principal debt repayments described in **Borrowings (a)**. In Q1-2018 MVC repaid \$3.0 million towards the DET Price Support Facility (Q1-2017: \$nil), and MVC currently anticipates the DET Price Support Facility may be fully repaid before its contractual maturity. MVC may repay the DET Price Support Facility in advance and without penalty. The loan's balance at March 31, 2018 was \$6.6 million (December 31, 2017: \$9.9 million), including \$0.6 million in accrued interest (December 31, 2017: \$0.9 million), shown as a current liability in the Company's statement of financial position.

At March 31, 2018, the accrual for DET notional copper royalties and DET molybdenum royalties, was \$11.5 million (December 31, 2017: \$12.0 million).

CAUQUENES EXPANSION

MVC is undertaking a significant expansion to extract and process the higher grade Cauquenes tailings. The expansion has two phases. Phase One was completed in December 2015 on time and under budget, enabling MVC to extract Cauquenes tailings for processing in MVC's processing plant. The Phase One Capex budget was \$71.1 million and actual Capex was \$66.6 million. Phase One enabled MVC to reach production of 56.8 million pounds of copper in 2016 and 62.5 million pounds copper in 2017.

Phase Two, currently under construction, is advancing according to program and within budget. Flotation cells have been delivered to site and mechanical installation has commenced. Delivery of the Phase Two regrind mill from the manufacturer in China is behind schedule but MVC will install the mill in parallel with other final project works in order not to impact Phase Two commissioning and production tests.

Phase Two will improve flotation recovery efficiency and expand MVC's facilities to an output of 85.0 to 90.0 million pounds of copper per year. Phase Two has a Capex of \$35.3 million including all contingencies and is on track for completion in Q3-2018 with full production in Q4-2018. At March 31, 2018, the project was 51% complete.

MVC's molybdenum plant currently has a processing capacity of 330 tonnes per day which will need to be expanded by 35% to 450 tonnes per day once Phase Two is operational, for MVC to continue extracting all the molybdenum that will be available because of expected future copper production. The molybdenum plant capacity expansion has a Capex of \$7.9 million which will be undertaken by way of a seven-year build, lease and operating contract, with Capex payable over seven years, or earlier at the discretion of MVC based on available cash flow.

OTHER MD&A REQUIREMENTS

Transactions with Related Parties

a) Derivative

The Company holds its interest in MVC through Amerigo International Holdings Corp. ("Amerigo International"), wholly-owned by the Company except for certain outstanding Class A shares which are owned indirectly by the Company's founders (including the Company'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 the Company their option to purchase MVC.

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

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

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

The derivative expense includes the actual monthly payments described above and changes in the derivative's fair value. In Q1-2018, \$0.2 million was paid or accrued to the Class A shareholders (Q1-2017: \$0.2 million) and the derivative's fair value increased \$0.2 million (Q1-2017: \$0.9 million), for a total derivative expense of \$0.4 million (Q1-2017: \$1.1 million).

In Q1-2017 the increase in the derivative's fair value was caused by the estimated increase in future production at MVC resulting from the Cauquenes Phase Two expansion currently underway.

At March 31, 2018, the derivative totalled \$12.4 million (December 31, 2017: \$12.2 million), with a current portion of \$1.0 million (December 31, 2017: \$1.2 million) and a long-term portion of \$11.4 million (December 31, 2017: \$11.0 million). Actual monthly payments outstanding at March 31, 2018 and December 31, 2017 were \$0.1 million).

b) Directors' fees and remuneration to officers

In Q1-2018, the Group paid or accrued \$0.3 million in salaries and fees to companies associated with certain Company directors and officers (Q1-2017: \$0.2 million).

Management fees are paid to the below noted companies owned by executive officers, as follows:

- Zeitler Holdings Corp. – Controlled by Dr. Klaus Zeitler, the Company's Executive Chairman
- Delphis Financial Strategies Inc. – Controlled by Aurora Davidson, the Company's Executive Vice President and Chief Financial Officer

In the same period, the Company paid or accrued \$0.1 million in directors' fees to independent directors (Q1-2017: \$0.1 million). In the Company's consolidated financial statements directors' fees and remuneration to officers are categorized as salaries, management and professional fees. These transactions were in the ordinary course of business and measured at the exchange amounts agreed to by the parties.

In each of Q1-2018 and Q1-2017, 2,950,000 options were granted to Company directors and officers.

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

Critical Accounting Estimates and Judgements

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended December 31, 2017.

Disclosure Controls and Procedures

The Company's disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is communicated to senior management and to allow timely decisions regarding required disclosure.

The Company has a formal corporate disclosure policy in place which includes the setting up of a Disclosure Policy Committee currently consisting of the members of the Company's Board of Directors, Rob Henderson, the Company's President and CEO and Aurora Davidson, the Company's Executive Vice President and CFO.

Management is reasonably confident that material information relating to the Company, including its consolidated subsidiaries, is being made known to senior management in a timely manner, and that the Company's disclosure controls and procedures are effective not only with respect to the Company's annual filing requirements but on an ongoing basis as of the end of the period covered by this report.

Internal Controls over Financial Reporting (“ICFR”)

ICFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The Company’s ICFR includes policies and procedures that pertain to the maintenance of records that accurately and fairly reflect the additions to and dispositions of Group assets; provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS and the Company’s receipts and expenditures are made only in accordance with authorization of management and the Company’s directors; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of Group assets that could have a material effect on the annual or interim financial statements.

Any system of internal controls over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

There were no changes during the quarter ended March 31, 2018 that have materially affected, or are reasonably likely to affect, the Company’s ICFR

Commitments

- a) MVC has a long-term power supply agreement to supply 100% of MVC’s power requirements for the period from January 1, 2018 to December 31, 2032. The agreement establishes minimum stand-by charges based on peak hour power supply calculations, currently estimated to range from \$1.4 to \$1.8 million per month.
- a. At March 31, 2018, MVC had commitments of \$13.0 million in respect of purchase orders for the Cauquenes Phase Two expansion and had entered into a letter of intent for the construction and financing of the \$7.9 million molybdenum plant expansion.
- c) The Company entered into an agreement for the lease of office premises in Vancouver for a 5-year period which commenced on December 1, 2016. The Company’s remaining rent commitments during the term of the lease are expected to be approximately \$0.5 million.
- d) The Master Agreement with DET has a Closure Plan clause requiring MVC and DET to work jointly to assess the revision of the closure plan for Cauquenes and compare it to the current plan in the possession of DET. In the case of any variation in the interests of DET due to MVC’s activities extracting and processing tailings contained in Cauquenes, the parties will jointly evaluate the form of implementation and financing of or compensation for such variation. Until such time as 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 the Company’s view there is no obligation to record a provision because the amount, if any, is not possible to determine.

Other

As of May 7, 2018, Amerigo has outstanding 177,200,754 common shares and 13,450,000 options (exercisable at prices ranging from Cdn\$0.14 to Cdn\$1.06 per share).

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

Cautionary Statement on Forward Looking Information

This MD&A contains certain forward-looking information and statements as defined in applicable securities laws (collectively referred to as "forward-looking statements"). These statements relate to future events or 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. 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. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such statements. These forward-looking statements speak only as of the date of this MD&A. These forward-looking statements include but are not limited to, statements concerning:

- a forecasted increase in production and a reduction in operating costs;
- our strategies and objectives;
- the expected improvement of flotation recovery efficiency from the Phase Two expansion;
- our estimates of the availability, quantity and grade of tailings (including, but not limited to, the estimated higher grades from the Cauquenes deposit), and the quality of our mine plan estimates;
- prices and price volatility for copper and other commodities and of materials we use in our operations;
- the demand for and supply of copper and other commodities and materials that we produce, sell and use;
- sensitivity of our financial results and share price to changes in commodity prices;
- our financial resources and our expected ability to meet our obligations for the next 12 months;
- interest and other expenses;
- domestic and foreign laws affecting our operations;
- our tax position and the tax rates applicable to us;
- the timing and costs of construction and tolling/production of, and the issuance and maintenance of the necessary permits and other authorizations required for, our expansion projects, including the expansion for the Cauquenes deposit and the timing of ramp-up to full production from Cauquenes;
- our ability to procure or have access to financing and to comply with our loan covenants;
- the probability of DET exercising any of its early exit options under the Master Agreement;
- the anticipated repayment of the DET Price Support Facility in full before its contractual maturity of December 31, 2019;
- the production capacity of our operations, our planned production levels and future production;
- potential impact of production and transportation disruptions;
- hazards inherent in the mining industry causing personal injury or loss of life, severe damage to or destruction of property and equipment, pollution or environmental damage, claims by third parties and suspension of operations
- our planned Capex (including our plan to upgrade our existing plant and operations) including the timing and cost of completion of our capital projects;
- estimates of asset retirement obligations and other costs related to environmental protection;
- our future capital and production costs, including the costs and potential impact of complying with existing and proposed environmental laws and regulations in the operation and closure of our operations;
- repudiation, nullification, modification or renegotiation of contracts;
- our financial and operating objectives;
- our environmental, health and safety initiatives;
- the outcome of legal proceedings and other disputes in which we may be involved;
- the outcome of negotiations concerning metal sales, treatment charges and royalties;
- disruptions to the Group's information technology systems, including those related to cybersecurity;

- our dividend policy; and
- general business and economic conditions.

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

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 Group to profitably extract and process material from the Cauquenes tailings deposit;
- the timing of the receipt of and retention of permits and other regulatory and governmental approvals;
- the availability of and ability of the Group to obtain adequate funding on reasonable terms for expansions and acquisitions;
- the ability of the Group to draw down funds from bank facilities and the Standby Line of Credit;
- our costs of production and our production and productivity levels, as well as those of our competitors;
- changes in credit market conditions and conditions in financial markets generally;
- our ability to procure equipment and operating supplies in sufficient quantities and on a timely basis;
- the availability of qualified employees and contractors for our operations;
- our ability to attract and retain skilled staff;
- the satisfactory negotiation of collective agreements with unionized employees;
- the impact of changes in foreign exchange rates and capital repatriation on our costs and results;
- engineering and construction timetables and capital costs for our expansion projects;
- costs of closure of various operations;
- market competition;

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

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

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