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**Amerigo Resources Ltd.
Management's Discussion and Analysis
For the Three and Nine Months Ended September 30, 2017**

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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. (“Amerigo” or 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 the El Teniente Division (“DET”) of Corporación Nacional del Cobre de Chile (“Codelco”) to process fresh and historic tailings from Codelco’s El Teniente mine, the world’s largest underground copper mine, in production since 1905.

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 gross revenue for 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 El Teniente Division** (page 17).

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 Q2-2017 MVC had an agreement with Chile’s Minera Maricunga (“Maricunga”), under which MVC tolled Maricunga copper concentrate, dried the material and delivered blended concentrates through its tolling contract with DET.

MVC completed the first phase of development of the higher grade Cauquenes historic tailings deposit in December 2015, extending MVC’s economic life to at least 2037. Financing for the second phase of the expansion to improve flotation and recovery efficiency (“Phase Two”) was obtained in Q3-2017 and construction is underway. On completion of Phase Two, MVC estimates to reach annual production of 85 to 90 million pounds of copper, at an estimated cash cost of \$1.40 to \$1.60 per pound.

Amerigo’s shares are listed for trading on the Toronto Stock Exchange and the OTCQX Stock Exchange in the United States.

INTRODUCTION

The following MD&A of the results of operations and financial position of Amerigo together with its subsidiaries (collectively, the “Group”), is prepared as of November 7, 2017, and should be read in conjunction with the Company’s condensed interim consolidated financial statements and related notes for the three and nine months ended September 30, 2017, and the Company’s audited consolidated financial statements and related notes for the year ended December 31, 2016.

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”) and those applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The financial data in this MD&A is derived from the Company’s financial statements, except non-GAAP measures which are indicated as such.

Reference is made in this MD&A to various non-GAAP measures such as cash cost and total cost, which are terms that do not have a standardized meaning but are widely used as performance indicators in the mining industry. A tabular reconciliation of the Group’s cash and total costs to tolling and production costs in Q3-2017 and Q3-2016 is presented on page 11.

HIGHLIGHTS and SIGNIFICANT EVENTS**Comparative Overview**

	Q3-2017	Q3-2016	Change	
			\$	%
Copper produced ¹ million pounds	15.5	16.0	(0.5)	(3%)
Copper delivered ¹ million pounds	15.3	15.6	(0.3)	(2%)
Percentage of production from historic tailings	63%	61%		
Revenue (\$ thousands) ²	37,421	23,383	14,038	60%
DET notional copper royalties (\$ thousands)	9,365	5,495	3,870	70%
Tolling and production costs (\$ thousands)	25,519	24,300	1,219	5%
Gross profit (loss) (\$ thousands)	11,902	(917)	12,819	-
Net income (loss) (\$ thousands)	7,854	(2,545)	10,399	-
Operating cash flow (\$ thousands) ³	11,021	1,656	9,365	566%
Cash flow paid for purchase of plant and equipment (\$thousands)	(5,291)	(1,341)	(3,950)	295%
Cash and cash equivalents (\$ thousands) ⁴	22,702	21,056	1,646	8%
Borrowings (\$ thousands) ⁵	66,170	74,458	(8,288)	(11%)
Gross copper tolling price (\$/lb)	3.00	2.13	0.87	41%

¹ Copper production is conducted under a tolling agreement with DET.

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

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

⁴ Includes \$16.0 million held in operating cash accounts and \$6.7 million held in a debt service reserve account.

⁵ Total borrowings at September 30, 2017 include short and long-term portions of \$24.4 and \$41.8 million, respectively.

Financial results

- Gross tolling copper revenue was \$50.3 million (Q3-2016: \$32.5 million), due to stronger copper prices. The Group's recorded copper tolling price was \$3.00/lb (Q3-2016: \$2.13/lb).
- Revenue from molybdenum was \$2.5 million (Q3-2016: \$2.1 million combined from molybdenum and the Maricunga tolling contract).
- Revenue after notional items was \$37.4 million (Q3-2016: \$23.4 million).
- Tolling and production costs were \$25.5 million (Q3-2016: \$24.3 million), driven by higher power and lime costs. Unit tolling and production costs were \$1.67/lb (Q3-2016: \$1.56/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 was \$1.69/lb (Q3-2016: \$1.60/lb) due to higher power and lime costs.
- Total cost (a non-GAAP measure equal to the aggregate of cash cost, DET notional copper royalties and DET molybdenum royalties of \$0.63/lb and depreciation of \$0.23/lb, page 11) increased to \$2.55/lb (Q3-2016: \$2.18/lb), due to higher DET notional royalties/royalties from higher metal prices and higher cash cost.
- Gross profit was \$11.9 million (Q3-2016: gross loss of \$0.9 million). Net income was \$7.9 million (Q3-2016: net loss of \$2.5 million), as a result of stronger copper prices, including \$4.5 million in positive settlement adjustments for prior quarter copper deliveries to DET.

- In Q3-2017 the Group generated cash flow from operations before working capital changes of \$11.0 million (Q3-2016 \$1.7 million). Including changes in working capital, cash flow from operations was \$5.3 million (Q3-2016: \$10.2 million).

Production

- Q3-2017 production was 15.5 million pounds of copper, 3% lower than the 16.0 million pounds produced in Q3-2016 due to lower recovery from the high-oxide tailings in the historical areas mined in Q3-2017.
- Q3-2017 copper production includes 9.8 million pounds from Cauquenes and 5.7 million pounds from fresh tailings.
- Molybdenum production was 0.4 million pounds (Q3-2016: 0.1 million pounds).
- At September 30, 2017, the Phase Two expansion project was on time, on budget and 19% complete. Purchase orders for all major equipment had been placed and earthworks construction had commenced.

Cash and Working Capital

- The Group's cash balance was \$22.7 million (December 31, 2016: \$15.9 million), including \$16.0 million in operating accounts and \$6.7 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 /ii/ fund MVC's operating expenses. If it becomes necessary to fund MVC's operations with funds from the DSRA, MVC must replenish the DSRA at each month end with funds necessary to maintain a balance equal to one hundred percent of the sum of the principal and interest pursuant to the bank loans and the IRS that are payable in the following six months.
- At September 30, 2017, the Group had a working capital deficiency of \$5.1 million (December 31, 2016: working capital of \$0.6 million). The working capital deficiency was caused by the Group's current estimated schedule of repayment of the balance of the DET Price Support Facility (page 17) from October 2017 to September 2018, which may change depending on MVC's actual cash flows. The Group does not consider its working capital deficiency as 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 portions of debt.

Outlook

- MVC maintains its 2017 production guidance of 60.0 to 65.0 million pounds of copper at an annual cash cost (page 11) of \$1.60 to \$1.75/lb.
- MVC also maintains its guidance in respect of production of 1.5 million pounds of molybdenum.
- Construction of Phase Two is underway and on track for completion in Q3-2018, with full production expected in Q4-2018. The project will improve flotation recovery efficiency and is expected to increase MVC's production to 85.0 to 90.0 million pounds of copper per year, at an estimated cash cost of \$1.40 to \$1.60 per pound.
- Refer to **Cautionary Statement on Forward Looking Information** (page 21).

SUMMARY OF FINANCIAL RESULTS Q3-2016 TO Q3-2017¹

	Q3-2017	Q2-2017	Q1-2017	Q4-2016	Q3-2016
Copper production, million pounds	15.487	16.262	15.141	13.591	16.027
Copper deliveries, million pounds	15.251	16.197	15.175	13.417	15.599
Gross copper tolling price (\$/lb) ¹	3.00	2.59	2.65	2.57	2.13
Financial results (\$ thousands)					
Revenue					
Gross tolling revenue	50,256	39,267	38,650	36,571	32,500
Notional items deducted from gross tolling revenue:					
Smelting and refining	(5,455)	(5,410)	(5,087)	(4,678)	(5,246)
DET notional royalties - copper	(9,365)	(7,856)	(7,715)	(5,731)	(5,495)
Transportation	(564)	(534)	(503)	(393)	(460)
	34,872	25,467	25,345	25,769	21,299
Molybdenum and other revenue	2,549	4,393	4,399	3,704	2,084
	37,421	29,860	29,744	29,473	23,383
Tolling and production costs					
Tolling and production costs	(20,352)	(21,068)	(22,666)	(18,763)	(19,845)
DET royalties - molybdenum	(334)	(338)	(134)	(193)	(84)
Depreciation and amortization	(3,576)	(3,578)	(3,584)	(3,319)	(3,295)
Administration	(1,257)	(1,182)	(1,377)	(1,340)	(1,076)
	(25,519)	(26,166)	(27,761)	(23,615)	(24,300)
Gross profit (loss)	11,902	3,694	1,983	5,858	(917)
Other expenses					
Office and general expenses	(232)	(118)	(294)	(101)	(278)
Salaries, management and professional fees	(466)	(388)	(418)	(925)	(346)
Share-based payment compensation	(117)	(223)	(241)	(11)	(28)
	(815)	(729)	(953)	(1,037)	(652)
Other expenses					
Foreign exchange gain (expense)	384	(28)	18	(128)	(113)
Other gains	106	8	15	10	96
	490	(20)	33	(118)	(17)
Derivative to related parties including changes in fair value					
	(214)	(2,472)	(1,093)	(231)	254
	(539)	(3,221)	(2,013)	(1,386)	(415)
Operating profit (loss)	11,363	473	(30)	4,472	(1,332)
Finance expense	(854)	(1,662)	(1,353)	(1,105)	(973)
Income (loss) before income tax	10,509	(1,189)	(1,383)	3,367	(2,305)
Income tax (expense) recovery	(2,655)	(464)	73	(383)	(240)
Net income (loss) for the period	7,854	(1,653)	(1,310)	2,984	(2,545)
Earnings (loss) per share - basic	0.04	(0.01)	(0.01)	0.02	(0.02)
Earnings (loss) per share - diluted	0.04	(0.01)	(0.01)	0.02	(0.02)
Unit tolling and production costs	1.67	1.62	1.83	1.76	1.56
Cash cost (\$/lb) ²	1.69	1.53	1.71	1.87	1.60
Total cost (\$/lb) ²	2.55	2.28	2.52	2.60	2.18
Uses and sources of cash (\$thousands)					
Operating cash flow before working capital changes	11,021	4,470	4,255	7,051	1,656
Operating cash flow after working capital changes	5,316	6,422	7,438	567	10,188
Cash used in investing activities	(5,291)	(2,006)	(451)	(1,145)	(1,341)
Net debt proceeds (repayments)	1,750	(7,367)	57	(4,367)	3,000
Ending cash balance ³	22,702	20,144	23,097	15,921	21,056

¹ Copper recorded price for the period before smelting and refining charges, DET notional copper royalties, transportation costs and settlement adjustments to prior quarters' sales.

² Cash and total costs are non-GAAP measures. Refer to page 11 for the basis of reconciliation of these measures to tolling and production costs.

³ Includes \$16.0 million held in operating cash accounts and \$6.7 million held in a debt service reserve account.

OPERATING RESULTS

In Q3-2017 the Group produced 15.5 million pounds of copper under a tolling agreement with DET, 3% lower than Q3-2016 production. Copper deliveries were 15.3 million pounds, including 9.8 million pounds from Cauquenes and 5.7 million pounds of copper from El Teniente's fresh tailings. 63% of MVC's copper production in Q3-2017 was from the higher-grade Cauquenes historic tailings.

Molybdenum production in Q3-2017 was 0.4 million pounds (Q3-2016: 0.1 million).

MVC's tolling contract with Maricunga ended in Q2-2017 as a result of Maricunga suspending operations. In Q3-2016, MVC produced 0.7 million pounds of copper pursuant to the agreement with Maricunga.

Tolling and production costs increased to \$25.5 million (Q3-2016: \$24.2 million) due to higher power and lime costs. MVC's unit cash cost (page 11) increased to \$1.69/lb (Q3-2016: \$1.60/lb).

Production

	Q3-2017	Q3-2016
FRESH TAILINGS FROM EL TENIENTE		
Tonnes processed	11,152,930	11,373,542
Copper grade (%)	0.117%	0.113%
Copper recovery	19.8%	19.7%
Copper produced (lbs)	5,699,857	5,571,356
HISTORIC TAILINGS FROM EL TENIENTE		
Tonnes processed	5,716,546	5,435,474
Copper grade (%)	0.235%	0.236%
Copper recovery	33.0%	34.4%
Copper produced (lbs)	9,787,069	9,756,304
TOLL PROCESSING FROM MARICUNGA		
Copper produced (lbs)	-	700,358
COPPER		
Total copper produced (lbs)	15,486,926	16,028,018
Total copper delivered to DET (lbs)	15,250,966	15,599,494
MOLYBDENUM		
Total molybdenum produced (lbs)	425,848	138,301
Total molybdenum sold (lbs)	413,751	131,392

FINANCIAL RESULTS – Q3-2017

In Q3-2017 the Group posted net income of \$7.9 million (\$0.04 basic and diluted earnings per share), compared to a net loss of \$2.5 million posted in Q3-2016 (\$0.01 basic and diluted loss per share), because of stronger metal prices.

Revenue

Revenue in Q3-2017 was \$37.4 million (Q3-2016: \$23.4 million).

		Q3-2017		Q3-2016	
Average LME copper price per pound	\$	2.88	\$	2.17	
Gross tolling revenue (thousands)	\$	50,256	\$	32,500	
Notional items deducted from gross tolling revenue:					
Smelting and refining charges (thousands)		(5,455)		(5,246)	
DET royalties - copper (thousands)		(9,365)		(5,495)	
Transportation costs (thousands)		(564)		(460)	
Copper net revenue (thousands)		34,872		21,299	
Molybdenum (and Maricunga tolling revenue in Q3-2106) (thousands)		2,549		2,084	
Total revenue (thousands)	\$	37,421	\$	23,383	
Company's gross copper tolling price per pound ¹	\$	3.00	\$	2.13	
Company's gross molybdenum price per pound ²	\$	8.10	\$	7.01	

¹ Copper recorded price for the period before smelting and refining charges, DET notional copper royalties, transportation costs and settlement adjustments to prior quarters' sales.

² Molybdenum recorded price for the period before roasting charges and settlement adjustments to prior quarters' sales.

Production of copper concentrates by MVC is being conducted under a tolling agreement with DET for the period from January 1, 2015 to December 31, 2022, under which title to the copper concentrates produced by MVC is retained by DET and MVC earns tolling revenue, calculated as gross revenue for 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 2017 is based on the average London Metal Exchange ("LME") copper price for the third month following the 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 produced under the tolling agreement.

The average LME copper price in Q3-2017 were \$2.88/lb (Q3-2016: \$2.17/lb) and the Group's recorded copper tolling price was \$3.00/lb (Q3-2016: \$2.13/lb). Differences between the average LME copper price and the Group's recorded tolling price result from the pricing terms that applied in the period.

At September 30, 2017, the provisional copper price used by MVC was \$3.00/lb. A 10% increase or decrease from that price would result in price-driven revenue settlement adjustments of \$4.6 million.

DET royalties on copper production are a notional item deducted from gross tolling revenue. In Q3-2017, DET notional copper royalties were \$9.4 million, \$3.9 million higher than in Q3-2016, due to higher copper prices. The terms for DET notional copper royalties and molybdenum royalties are disclosed under **Agreements with Codelco's El Teniente Division** (page 17).

Transportation was \$0.6 million in Q3-2017 (Q3-2016: \$0.5 million).

MVC's molybdenum sales price in Q3-2017 was \$8.10/lb. MVC's sales agreement with Molymet provides in 2017 that the sale price is the average market price for the third month after delivery. Sales of molybdenum were provisionally priced at the average Platt's molybdenum dealer oxide price which for September 30, 2017 was \$8.63/lb.

Tolling and Production Costs

(Expressed in thousands)	Q3-2017		Q3-2016	
Direct tolling and production costs				
Power costs	\$	8,294	\$	7,717
Lime		2,264		1,701
Grinding media		1,629		1,885
Labour costs		2,454		2,385
Other direct tolling / production costs		5,711		6,157
		20,352		19,845
Depreciation and amortization		3,576		3,295
DET royalties - molybdenum		334		84
Administration		1,257		1,076
Tolling and production costs	\$	25,519	\$	24,300
Unit tolling and production costs (\$/lb)		1.67		1.56

Direct tolling costs were \$20.4 million (Q3-2016: \$19.9 million), a cost increase of 3%.

Power costs increased by \$0.6 million or 7% compared to Q3-2016, because of a 3% increase in energy consumption and a 4% increase in MVC's contractual grid price.

Lime is MVC's second most significant direct cost, due to the acidic nature of the Cauquenes tailings, with a cost increase of \$0.6 million in Q3-2017 compared to Q3-2016. Both lime consumption and lime supply cost increased in Q3-2017.

Grinding media costs of \$1.6 million were 14% lower than in Q3-2016 due to the finer characteristics of the Cauquenes tailings.

Direct labour costs were \$2.5 million in Q3-2017 (Q3-2016: \$2.4 million).

Other direct tolling costs decreased by \$0.4 million, influenced mostly by a cost reduction of \$1.0 million in changes in inventory adjustments, \$0.7 million in higher molybdenum production costs due to higher production, and lower Maricunga costs. Final costs associated with the Maricunga tolling contract which terminated in Q2-2017 were \$0.1 million (Q3-2016: \$1.0 million).

The most relevant other direct tolling costs are summarized in the following tables:

(Expressed in thousands)	Q3-2017		Q3-2016	
Other direct tolling costs				
Historic tailings extraction	\$	1,275	\$	962
Maintenance, excluding labour		1,733		1,389
Molybdenum production costs		1,487		779
Maricunga tolling costs		111		1,018
Industrial water		480		575
Copper reagents		539		509
Subcontractors, support services, etc.		518		424
Filtration and all other direct tolling costs		152		105
Process control, environmental and safety		505		436
Inventory adjustments		(1,089)		(40)
	\$	5,711	\$	6,157

(\$/lb Cu)	Q3-2017		Q3-2016	
Other direct tolling costs				
Historic tailings extraction		0.08		0.06
Maintenance, excluding labour		0.11		0.09
Molybdenum production costs		0.10		0.05
Maricunga tolling costs		0.01		0.07
Industrial water		0.03		0.04
Copper reagents		0.03		0.03
Subcontractors, support services, etc.		0.03		0.03
Filtration and all other direct tolling costs		0.01		0.01
Process control, environmental and safety		0.03		0.03
Inventory adjustments		(0.07)		0.01
		0.37		0.42

Depreciation and amortization increased to \$3.6 million (Q3-2016: \$3.3 million) from a higher asset base.

Administration expenses were \$1.3 million in Q3-2017 (Q3-2016: \$1.1 million).

Other expenses

Other expenses of \$0.5 million (Q3-2016: \$0.4 million) are costs or gains not related to MVC's production operations, and are comprised of the following:

- General and administration expenses of \$0.8 million (Q3-2016: \$0.7 million) which include salaries, management and professional fees of \$0.5 million (Q3-2016: \$0.3 million), office and general expenses of \$0.2 million (Q3-2016: \$0.3 million) and share-based payments of \$0.1 million (Q3-2016: \$0.1 million).
- Other gains of \$0.5 million (Q3-2016: \$nil), comprised of a foreign exchange gain of \$0.4 million (Q3-2016: expense of \$0.1 million) and other gains of \$0.1 million in Q3-2017 and Q3-2016.
- A \$0.2 million expense associated with the derivative to related parties (Q3-2016: recovery of \$0.3 million), which includes actual royalty dividends paid or accrued to related parties of \$0.3 million (Q3-2016: \$0.3 million) and in Q3-2016, a decrease in fair value of the derivative of \$0.6 million.

Finance expense

The Group recorded a finance expense of \$0.9 million (Q3-2016: \$1.0 million), which includes finance, interest charges and changes in value on interest rate swaps.

Taxes

Income tax expense was \$2.7 million (Q3-2016: \$0.2 million) and includes current income tax expense of \$1.9 million (Q3-2016: income tax recovery of \$ 0.3 million) and deferred income tax of \$0.8 million (Q3-2016: \$0.5 million).

Current income tax expense is the expected tax payable on taxable income, using tax rates enacted or substantively enacted at period end. The Company's current income tax expense is substantially generated in MVC, which has returned to profitability and tax-paying mode in 2017. Corporate income tax rates applicable in Chile are 25.5% in 2017 and 27% as of 2018. Deferred income tax expense is a non-cash expense which results predominantly from the differences between the book and tax values of MVC's property, plant and equipment. Deferred income tax expense and deferred income tax liabilities do not represent income tax due in Chile on a current basis.

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 investors with an improved ability to evaluate corporate performance by providing information on control of production costs, trends in cash and total costs, and the underlying operating performance of the core mining business. 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 Q3-2017 and Q3-2016 is presented below:

		Q3-2017		Q3-2016
Tolling and production costs (thousands)	\$	25,519	\$	24,300
Add (deduct):				
DET notional royalties - copper (thousands)		9,365		5,495
Smelting and refining charges (thousands)		5,455		5,246
Transportation costs (thousands)		564		460
Inventory adjustments (thousands):		1,089		40
By-product credits (thousands)		(2,549)		(2,084)
Total cost (thousands)	\$	39,443	\$	33,457
Deduct:				
DET notional royalties - copper (thousands)		(9,365)		(5,495)
DET royalties - molybdenum (thousands)		(334)		(84)
		(9,699)		(5,579)
Depreciation and amortization (thousands)		(3,576)		(3,295)
Cash cost (thousands)	\$	26,168	\$	24,583
Pounds of copper tolled from fresh and old tailings (millions) ¹		15.49		15.33
Cash cost (\$/lb)		1.69		1.60
Total cost (\$/lb)		2.55		2.18

¹ Excludes 0.7 million pounds produced in Q3-2016 from Maricunga toll processing, a by-product.

The Group's trailing annual and quarterly cash costs (see table above) (\$/lb of copper produced) were:

	Q3-2017	Q2-2017	Q1-2017	Q4-2016	Q3-2016
Power costs	0.54	0.49	0.52	0.52	0.50
Lime	0.15	0.14	0.14	0.13	0.11
Grinding media	0.10	0.11	0.12	0.12	0.12
Other direct costs	0.60	0.62	0.76	0.88	0.57
By-product credits	(0.17)	(0.28)	(0.31)	(0.29)	(0.14)
Smelting & refining	0.35	0.34	0.36	0.37	0.34
Administration	0.08	0.08	0.09	0.11	0.07
Transportation	0.04	0.03	0.03	0.03	0.03
Cash Cost	\$1.69	\$1.53	\$1.71	\$1.87	\$1.60

Cash cost in Q3-2017 was \$1.69/lb (Q3-2016: \$1.60/lb).

Power is MVC's most significant cost, and was \$0.1037/kWh in Q3-2017 (Q3-2016: \$0.0998/kWh). MVC operates its generators when the grid price exceeds the generators' operating costs. There was an economic contribution from operating the generators of \$0.2 million in each of Q3-2017 and Q3-2016. Unit power costs were \$0.54/lb (Q3-2016: \$0.50/lb).

Lime costs were \$0.15/lb in Q3-2017, compared to \$0.11/lb in Q3-2016. Higher lime costs were incurred because of the more acidic nature of the Cauquenes tailings.

Unit grinding media costs were \$0.10/lb (Q3-2016: \$0.12/lb), as a result of lower grinding ball consumption associated with the processing of the finer Cauquenes tailings.

Other direct costs were \$0.60/lb (Q3-2016: \$0.57/lb), influenced by higher Cauquenes processing and maintenance costs.

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

	Q3-2017	Q2-2017	Q1-2017	Q4-2016	Q3-2016
Cash cost	1.69	1.53	1.71	1.87	1.60
DET notional royalties/royalties	0.63	0.52	0.55	0.47	0.36
Amortization/depreciation	0.23	0.23	0.26	0.26	0.22
Total Cost	\$2.55	\$2.28	\$2.52	\$2.60	\$2.18

Total cost was \$2.55/lb (Q3-2016: \$2.18/lb), due to a \$0.27/lb increase in DET notional royalties (from higher metal prices) and a \$0.09/lb increase in cash cost, as explained in the preceding paragraphs.

FINANCIAL RESULTS – NINE MONTHS ENDED SEPTEMBER 30, 2017

YTD-2017, the Company posted net income of \$4.9 million (\$0.03 per share), compared to a net loss of \$10.5 million (\$0.06 per share) YTD-2016. Financial performance was positively impacted by stronger copper prices.

Revenue YTD-2017 was \$97.0 million (YTD-2016: \$61.9 million) and tolling and production costs were \$79.4 million (YTD-2016: 68.4 million), resulting in gross profit of \$17.6 million (YTD-2016: gross loss of \$6.5 million).

Other expenses were \$5.8 million (YTD-2016: \$1.2 million), driven most notably by an increase of \$3.8 million in the value of the derivative to related parties (YTD-2016: \$0.2 million).

Finance expense was \$3.9 in both nine-month periods and the Group posted an income tax expense of \$3.0 million, compared to an income tax recovery of \$1.1 million YTD-2016, driven by the increase in the Company's income before income tax expense YTD-2017.

COMPARATIVE PERIODS

The Company's financial statements are reported under IFRS issued by the IASB. The following tables provide highlights from the Company's financial statements of quarterly results for the past eight quarters.

	Q3-2017	Q2-2017	Q1-2017	Q4-2016
	\$	\$	\$	\$
Total revenue (thousands)	37,421	29,860	29,744	29,473
Net income (loss) (thousands)	7,854	(1,653)	(1,310)	2,984
Earnings (loss) per share	0.04	(0.01)	(0.01)	0.02
Diluted earnings (loss) per share	0.04	(0.01)	(0.01)	0.02

	Q3-2016	Q2-2016	Q1-2016	Q4-2015
	\$	\$	\$	\$
Total revenue (thousands)	23,383	19,276	19,255	7,809
Net loss (thousands)	(2,545)	(3,613)	(4,357)	(4,673)
Loss per share	(0.01)	(0.02)	(0.03)	(0.03)
Diluted loss per share	(0.01)	(0.02)	(0.03)	(0.03)

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

	Q3-2017	Q2-2017	Q1-2017	Q4-2016	Q3-2016	Q2-2016	Q1-2016	Q4-2015
Pounds of copper delivered ¹	15.25	16.20	15.18	13.42	15.60	14.51	12.75	7.44
MVC's realized copper price ²	\$3.00	\$2.59	\$2.65	\$2.57	\$2.13	\$2.10	\$2.24	\$2.08
Settlement adjustments ³	\$4.54	(\$1.19)	\$0.92	\$4.02	\$0.43	(\$0.96)	-	(\$1.02)

¹ Million pounds of copper delivered under agreements with DET and Maricunga (Q4-2015 to Q2-2017 only).

² Copper recorded price per pound for the period, before notional smelting and refining charges and settlement adjustments to prior quarters' sales.

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

Q4-2015 revenue was affected by lower production (as it excluded Cauquenes production) and lower copper prices. Q1-2016 to 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 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 affecting revenue, which also benefitted from stronger copper prices and positive settlement adjustments to prior quarter sales. Q2-2017 revenue was positively impacted by higher copper sales, partially offset by lower average copper prices and the effect of negative price-driven settlement adjustments. Q3-2017 revenue was positively impacted by higher copper prices and positive settlement adjustments of \$4.5 million to Q3-2017 deliveries.

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

	Q3-2017	Q2-2017	Q1-2017	Q4-2016	Q3-2016	Q2-2016	Q1-2016	Q4-2015
Tolling and production costs ¹	\$25.52	\$26.17	\$27.76	\$23.61	\$24.30	\$22.44	\$21.66	\$13.26
Unit tolling and production cost ²	\$1.67	\$1.62	\$1.83	\$1.76	\$1.56	\$1.55	\$1.70	\$1.78

¹ Millions of dollars.

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

Tolling and production costs are affected by production levels, input costs (particularly power, lime and grinding media costs), copper prices and the depreciation or appreciation of the CLP to the U.S. dollar. In Q4-2015, total and unit tolling costs decreased consistently each quarter as a result of lower production levels, cost reductions at MVC and a weaker CLP compared to the U.S. dollar. Tolling costs in Q4-2015 also decreased due to suspension of Colihues operations. Q4-2015 cost data did not include Cauquenes tolling and production costs which were capitalized as pre-operating costs. In Q1, Q3 and Q3-2016 total 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 ongoing 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.

LIQUIDITY and CAPITAL RESOURCES

Cash Flow from Operations

In Q3-2017 the Group generated cash of \$5.3 million from operations (Q3-2016: \$10.2 million). YTD-2017 cash generated from operations was \$19.2 million (YTD-2016: \$18.8 million).

Excluding the effect of changes in working capital accounts, the Group generated cash of \$11.0 million in Q3-2017 (Q3-2016: \$1.7) and \$19.8 million YTD-2017 (YTD-2016: \$2.5 million).

Cash Flow from Financing Activities

YTD-2017 the Group made debt repayments of \$10.4 million and received debt proceeds for the Phase Two expansion of \$4.8 million. It also received \$0.4 million from various exercises of stock options.

YTD-2016, the Group received \$13.8 million in debt proceeds net of transaction costs and made debt repayments of \$14.1 million.

Cash Flow from Investing Activities

YTD-2017, the Group used cash of \$7.7 million for payments of capital expenditures ("Capex") (YTD-2016: \$7.2 million), including the Phase Two expansion project.

Liquidity and Financial Position

The Group's cash and cash equivalents at September 30, 2017 totaled \$22.7 million (December 31, 2016: \$15.9 million), including \$6.7 million held in a DSRAs described on page 5 (December 31, 2016: \$6.7 million). The Group had a working capital deficiency of \$5.1 million at September 30, 2017, compared to working capital of \$0.6 million at December 31, 2016.

The working capital deficiency is caused by the Group's current estimated schedule of repayment of the balance of the DET Price Support Facility (page 17) from October 2017 to September 2018, which may change depending on MVC's actual cash flows. The Group does not consider its working capital deficiency as 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 portions of debt.

The Group operates in a cyclical industry cash flow generating capacity is closely correlated to the market prices for copper. In recent years and up 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 quarterly LME prices in 2017 were \$2.65/lb in Q1, \$2.57/lb in Q2 and \$2.88/lb in Q3.

MVC estimates to produce 60.0 to 65.0 million pounds of copper at an annual cash cost (page 11) of \$1.60 to \$1.75/lb in 2017, and to increase production and reduce cash cost once the Phase Two expansion is completed. Under these assumptions, the Group should be able to meet its financial obligations as they become due.

At September 30, 2017, the Group had \$42.3 million of undrawn, committed credit facilities (\$29.3 million from the Phase Two expansion loan and \$13.0 million from a shareholders' line of credit, both described below).

Borrowings

(Thousands)	September 30, 2017	December 31, 2016
	\$	\$
Cauquenes Expansion Loan - Phase One (a)	47,362	51,739
Cauquenes Expansion Loan - Phase Two (a)	5,792	-
	53,154	51,739
DET Price Support Facility (b)	13,016	18,108
	66,170	69,847
Comprised of:		
Short-term debt and current portion of long-term debt	24,379	10,733
Long -term debt	41,791	59,114
	66,170	69,847

- 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 the Phase One of the expansion of MVC's operations for the processing of tailings from the Cauquenes deposit. Terms of the loan include interest fixed through an interest rate swap ("IRS") 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 September 30, 2017 was 4.95% 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 term of the loan 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 provisions of the loan. The balance of the Cauquenes Phase One Loan (net of transaction costs) at September 30, 2017 was \$47.4 million (December 31, 2016: \$51.7 million). Concurrently with the Cauquenes Phase One Loan, MVC entered into an IRS with BBVA to fix 75% of the interest payable on that facility. On September 30, 2017, the fair value of the IRS was determined to be \$0.1 million. The IRS 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 Phase Two of the Cauquenes expansion. Terms of the loan include interest fixed through an IRS 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 September 30, 2017 was 4.95% per annum. Interest will be 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 term of the loan 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 provisions of the loan. The balance of the Cauquenes Phase Two Loan (net of transaction costs) at September 30, 2017 was \$5.8 million (December 31, 2016: \$nil). Concurrently with the Cauquenes Phase Two Loan, MVC entered into an IRS with BBVA to fix 75% of the interest payable on that facility. On September 30, 2017, the fair value of the IRS was determined to be \$0.4 million. The IRS 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 terms and provisions of the loan 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. At June 30, 2017, MVC met the debt service coverage ratio (requirement of 1.2) and received waivers from BBVA and EDC in respect of the current ratio (requirement of 1.15) and tangible net worth ratio (requirement of \$125.0 million). 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.

MVC has a debt service reserve account ("DSRA") which must be used to: /i/ pay the principal and interest of the loans and the amounts owing under the interest rate swaps if MVC has insufficient funds to make these payments and /ii/ fund MVC's operating expenses. If it becomes necessary to fund MVC's operations with funds from the DSRA, MVC must replenish the DSRA at each month end with funds necessary to maintain a balance equal to one hundred percent of the sum of the principal and interest pursuant to the loans and interest rate swaps that are payable in the following six months. At September 30, 2017, MVC held DSRA funds in the required amount of \$6.7 million.

- b) MVC has a Price Support Facility with DET as described under **Agreements with Codelco's El Teniente Division**.
- c) The Company has a \$13.0 million standby line of credit (the "Line of Credit") from three Amerigo shareholders which is currently available through to the end of 2018 and thereafter until the date of commencement of commercial production of Phase Two of the Cauquenes expansion, provided such date occurs no later than March 31, 2019. Amounts drawn from the Line of Credit, if any, will be repaid 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 one-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 September 30, 2017, no funds had been drawn from the Line of Credit. In 2017, the Company incurred an annual commitment fee of \$0.2 million in respect of the Line of Credit, settled with the issuance of 403,577 shares of Amerigo (2016: \$0.1 million, settled with cash).

AGREEMENTS WITH CODELCO'S EL TENIENTE DIVISION

In 1991, MVC entered into a contract with DET to process the fresh tailings from El Teniente, the world's largest underground copper mine, 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 El Teniente'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 London Metal Exchange ("LME") copper price for the month of production of the concentrates, 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 from January 1, 2015 to December 31, 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 gross revenue for copper produced at applicable market prices, net of notional items (treatment and refining charges, DET copper royalties and transportation costs). The notional DET copper royalties precisely mimic the former royalty arrangements between MVC and DET.

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 Colihues historic tailings are determined through a sliding scale for copper prices ranging from \$0.80/lb (3%) to \$4.27/lb (30%). The parties are required to review costs and potentially adjust notional royalty structures for copper production from Colihues tailings if the copper price remains below \$1.95/lb or over \$4.27/lb for three consecutive months.

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 \$40.0/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 viability of the Master Agreement 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 agreement of up to \$17.0 million (the "**DET Price Support Facility**") under which MVC drew down \$1.0 million from the DET Price Support Facility in each month in which the average final settlement copper price to MVC was less than \$2.80/lb, up to the \$17.0 million maximum. The DET Price Support Facility 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 semi-annual bank debt repayments. YTD-2017 MVC repaid \$5.0 million towards the DET Price Support Facility, and MVC currently anticipates the DET Price Support Facility may be fully repaid before its contractual maturity of December 31, 2019. MVC may repay the DET Price Support Facility in advance and without penalty. The balance of the loan at September 30, 2017 was \$13.0 million (December

31, 2016: \$18.1 million), including \$1.0 million in accrued interest (December 31, 2016: \$1.1 million), shown as a current liability in the Company's statement of financial position.

In 2016, MVC and DET reached an agreement to defer DET notional copper royalties during a four-month period, for a total deferral of \$5.4 million. In June 2017, MVC and DET agreed on a repayment schedule comprising four equal monthly repayments of \$1.4 million plus interest at a rate of 0.6% per month effective from the dates in which royalties were deferred.

At September 30, 2017, the accrual for DET notional copper royalties and DET molybdenum royalties, including one outstanding deferral repayment and interest, was \$11.2 million (December 31, 2016: \$11.3 million).

CAUQUENES EXPANSION

MVC is undertaking a significant expansion of its operations to extract and process the higher grade Cauquenes tailings. The Cauquenes expansion is being undertaken in 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 existing processing plant, increasing MVC's copper production. The Phase One Capex budget was \$71.1 million and actual Capex was \$66.6 million. Phase One enabled MVC to reach record production of 56.8 million pounds of copper in 2016, and an estimated production of 55.0 to 60.0 million pounds copper in 2017.

Phase Two, currently under construction, will improve flotation recovery efficiency and expand MVC's existing facilities to an output of 85.0 to 90.0 million pounds of copper per year at an estimated cash cost of \$1.40 to \$1.60/lb. Phase Two is on track for completion in Q3-2018, with full production expected in Q4-2018. Phase Two has an estimated Capex of \$30.0 to \$35.0 million. The expansion project is advancing according to program and within budget. At September 30, 2017, the project was 19% complete, purchase orders for all major equipment had been placed and earthworks construction had commenced.

OTHER MD&A REQUIREMENTS

Impairment Analysis

As at September 30, 2017, management identified no impairment indicators and consequently, impairment testing was not required.

Transactions with Related Parties

a) Derivative

Amerigo 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 original founders (including the Company's current Executive Chairman). The Class A shares were issued as part of a tax-efficient structure for a stream of payments granted as consideration to the founders transferring to the Company their option to purchase MVC in 2003.

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 El Teniente 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 El Teniente tailings by MVC or any successor entity to MVC if the price of copper is \$0.80/lb or more.

Under IFRS, the stream of payments constitutes 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 includes the actual monthly payments as described above and the changes in the fair value of the derivative. YTD-2017, \$0.8 million were paid or accrued to the Class A shareholders (nine months ended September 30, 2016 (“YTD-2016”): \$0.8 million) and the fair value of the derivative increased \$3.0 million (YTD-2016: decrease in fair value of \$0.6 million), for a total derivative expense of \$3.8 million (YTD-2016 \$0.2 million). The increase in the fair value of the derivative YTD-2017 was caused by the estimated increase in future production at MVC resulting from the Cauquenes Phase Two expansion now underway.

At September 30, 2017, the derivative totalled \$11.4 million (December 31, 2016: \$9.0 million), with a current portion of \$1.0 million (December 31, 2016: \$1.6 million) and a long-term portion of \$10.4 million (December 31, 2016: \$7.4 million). Actual monthly payments outstanding at September 30, 2017 were \$0.1 million (December 31, 2016: \$0.7 million).

b) Directors’ fees and remuneration to officers

YTD-2017 and YTD-2016, the Group paid or accrued \$0.7 million in salaries and fees to companies associated with certain directors and officers of Amerigo.

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

- Zeitler Holdings Corp. – Controlled by Dr. Klaus Zeitler, Executive Chairman of Amerigo
- Delphis Financial Strategies Inc. – Controlled by Aurora Davidson, Executive Vice President and CFO of Amerigo

In the same periods, Amerigo paid or accrued \$0.2 million in directors’ fees to independent directors. In Amerigo’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.

YTD-2017, 2,950,000 options were granted to directors and officers of the Company (YTD-2016: 3,350,000).

c) As of September 30, 2017, one of Amerigo’s officers acted as an officer and one of Amerigo’s directors acted as a director and Chairman of Los Andes Copper Ltd., a company in which Amerigo holds an investment.

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, 2016.

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")

Management is responsible for establishing and maintaining adequate ICFR. Any system of ICFR, 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 was no material change in the Company's ICFR during the quarter ended September 30, 2017.

Commitments

- a) MVC entered into power supply agreements from January 1, 2010 to December 31, 2017 which establish minimum stand-by charges based on peak hour power supply calculations, currently estimated to be \$0.4 million per month, and from January 1, 2018 to December 31, 2027 which establish minimum charges based on peak hour power supply calculations, currently estimated to be \$1.4 million per month.
- b) At September 30, 2017, MVC had commitments of \$13.4 million in respect of purchase in connection with the Cauquenes Phase Two expansion.
- c) Amerigo entered into an agreement for the lease of office premises in Vancouver for a five-year period commencing December 1, 2016. Amerigo's 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 the Cauquenes deposit 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 November 7, 2017, Amerigo has outstanding 176,235,635 common shares and 11,200,000 options (exercisable at prices ranging from Cdn\$0.14 to Cdn\$0.53 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 and 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 LOC; 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 LOC;
- 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.