CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2019 AND 2018

Ero Copper Corp.

Condensed Consolidated Statements of Financial Position

(Amounts in thousands of US Dollars, except share and per share amounts)
(Unaudited)

ASSETS	Notes	As at September 30, 2019	As at December 31, 2018
Current			
Cash and cash equivalents		$ 21,716	$ 18,941
Restricted cash	8(b)	1,875	3,000
Accounts receivable		7,803	7,219
Inventories	4	19,722	14,645
Derivatives	17	-	254
Other current assets	5	23,911	6,895
		75,027	50,954
Non-Current			
Mineral, property, plant and equipment	6	306,236	280,804
Exploration and evaluation assets	7	24,758	25,563
Deposits		1,323	1,334
Other non-current assets		7,155	1,784
		339,472	309,485
Total Assets		$ 414,499	$ 360,439
LIABILITIES			
Current			
Accounts payable and accrued liabilities		$ 34,642	$ 36,390
Deferred revenue		5,720	1,916
Current portion of loans and borrowings	8	10,648	10,602
Current portion of value added, payroll and other taxes payable		11,777	11,357
Current portion of derivatives	17	2,379	-
Current portion of lease liabilities	2(b)	3,500	-
		68,666	60,265
Non-Current			
Loans and borrowings	8	146,323	141,632
Provisions		30,988	31,509
Value added, payroll and other taxes		5,811	6,593
Derivatives	17	1,600	-
Lease liabilities	2(b)	437	-
Other non-current liabilities		1,285	807
Deferred income tax liabilities		13,879	15,811
		200,323	196,352
Total Liabilities		268,989	256,617
SHAREHOLDERS' EQUITY			
Share capital	9	120,027	117,944
Equity reserves		(32,150)	(24,755)
Retained earnings		57,051	10,337
Equity attributable to owners of the Company		144,928	103,526
Non-controlling interests		582	296
		145,510	103,822
Total Liabilities and Equity		$ 414,499	$ 360,439

Nature of operations (Note 1); Contingencies (Note 19)

APPROVED ON BEHALF OF THE BOARD:

"David Strang", CEO & Director *"Matthew Wubs"*, Director

Ero Copper Corp.

Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)

(Amounts in thousands of US Dollars, except share and per share amounts)
(Unaudited)

	Notes	**Three month period ended September 30, 2019**	Three month period ended September 30, 2018 (Recast - Note 3)	**Nine month period ended September 30, 2019**	Nine month period ended September 30, 2018 (Recast - Note 3)
Revenue	10	**$ 60,640**	$ 47,304	**$ 209,155**	$ 148,021
Cost of product sold	11	**(38,378)**	(27,945)	**(119,800)**	(102,950)
Sales expenses		**(953)**	(501)	**(3,367)**	(1,827)
Gross profit		**21,309**	18,858	**85,988**	43,244
Expenses					
General and administrative	12	**(6,360)**	(5,885)	**(20,110)**	(18,544)
Share-based compensation	9(a)(b)	**(1,353)**	(887)	**(4,488)**	(2,502)
Income before the undernoted		**13,596**	12,086	**61,390**	22,198
Other income (expenses)					
Finance income		**101**	190	**343**	530
Finance expense	13	**(5,206)**	(6,451)	**(18,414)**	(15,786)
Foreign exchange loss	14	**(10,866)**	(2,499)	**(9,571)**	(28,146)
Loss on debt settlement	8(b)	**-**	-	**(1,783)**	-
Recovery of value added taxes	15	**21,584**	-	**21,584**	-
Other income (expenses)		**(77)**	1,968	**1,080**	5,733
Income (loss) before income taxes		**19,132**	5,294	**54,629**	(15,471)
Income tax recovery (expense)					
Current		**(1,517)**	(196)	**(8,413)**	(1,046)
Deferred		**(1,308)**	151	**830**	2,246
		(2,825)	(45)	**(7,583)**	1,200
Net income (loss) for the period		**16,307**	5,249	**47,046**	(14,271)
Other comprehensive income (loss)					
Foreign currency translation loss		**(12,757)**	(10,881)	**(11,469)**	(31,631)
Comprehensive income (loss)		**$ 3,550**	$ (5,632)	**$ 35,577**	$ (45,902)
Net income (loss) attributable to:					
Owners of the Company		**16,280**	5,178	**46,714**	(14,365)
Non-controlling interests		**27**	71	**332**	94
		$ 16,307	$ 5,249	**$ 47,046**	$ (14,271)
Comprehensive income (loss) attributable to:					
Owners of the Company		**3,574**	(5,660)	**35,291**	(45,871)
Non-controlling interests		**(24)**	28	**286**	(31)
		$ 3,550	$ (5,632)	**$ 35,577**	$ (45,902)
Income (loss) per share attributable to owners of the Company	9(d)				
Net income (loss) per share					
Basic		**$ 0.19**	$ 0.06	**$ 0.55**	$ (0.17)
Diluted		**$ 0.18**	$ 0.06	**$ 0.51**	$ (0.17)
Weighted average number of common shares outstanding					
Basic		**85,505,675**	84,504,954	**85,117,603**	83,655,516
Diluted		**91,320,363**	88,638,656	**91,006,581**	83,655,516

Ero Copper Corp.

Condensed Consolidated Statement of Changes in Shareholders' Equity

(Amounts in thousands of US Dollars, except share and per share amounts)

(Unaudited)

	Share Capital		Equity Reserves						
	Number of shares	**Amount**	**Contributed surplus**	**Foreign exchange**	**Convertible debentures**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**
Balance, December 31, 2018	84,738,650	$ 117,944	$ 3,897	$ (28,652)	$ -	$ 10,337	$ 103,526	$ 296	$ 103,822
Income for the period	-	-	-	-	-	46,714	46,714	332	47,046
Other comprehensive loss for the period	-	-	-	(11,423)	-	-	(11,423)	(46)	(11,469)
Total comprehensive income for the period	**-**	**-**	**-**	**(11,423)**	**-**	**46,714**	**35,291**	**286**	**35,577**
Shares issued for:									
Exercise of options and warrants	834,996	2,083	(460)	-	-	-	1,623	-	1,623
Share-based compensation	-	-	4,488	-	-	-	4,488	-	4,488
Balance, September 30, 2019	**85,573,646**	**$ 120,027**	**$ 7,925**	**$ (40,075)**	**$ -**	**$ 57,051**	**$ 144,928**	**$ 582**	**$ 145,510**
Balance, December 31, 2017	79,381,339	$ 113,050	$ 879	$ (962)	$ 3,011	$ 14,011	$ 129,989	$ (243)	$ 129,746
Income (loss) for the period	-	-	-	-	-	(14,365)	(14,365)	94	(14,271)
Other comprehensive loss for the period	-	-	-	(31,506)	-	-	(31,506)	(125)	(31,631)
Total comprehensive loss for the period	-	-	-	(31,506)	-	(14,365)	(45,871)	(31)	(45,902)
Shares issued for:									
Exercise of options and warrants	1,197,861	1,627	(134)	-	-	-	1,493	-	1,493
Convertible debentures	4,059,450	3,044	-	-	(3,044)	-	-	-	-
Accrued interest on convertible debentures	-	-	-	-	33	(33)	-	-	-
Stock-based compensation	-	-	2,502	-	-	-	2,502	-	2,502
Reclassification of non-controlling interest allocation	-	-	-	-	-	(486)	(486)	486	-
Balance, September 30, 2018	84,638,650	$ 117,721	$ 3,247	$ (32,468)	$ -	$ (873)	$ 87,627	$ 212	$ 87,839

Ero Copper Corp.

Condensed Consolidated Statements of Cash Flows

(Amounts in thousands of US Dollars, except share and per share amounts)
(Unaudited)

	Three month period ended September 30, 2019	Three month period ended September 30, 2018 (Recast - Note 3)	Nine month period ended September 30, 2019	Nine month period ended September 30, 2018 (Recast - Note 3)
Cash Flows from Operating Activities				
Net income (loss) for the period	**$ 16,307**	$ 5,249	**$ 47,046**	$ (14,271)
Adjustments for:				
Amortization and depreciation	**10,768**	9,056	**34,129**	34,216
Income tax expense (recovery)	**2,825**	45	**7,583**	(1,200)
Loss on debt settlement	**-**	-	**1,783**	-
Recovery of value added taxes	**(21,584)**	-	**(21,584)**	-
Write-off of fixed assets	**1,030**	76	**2,298**	596
Unrealized derivative contracts	**1,514**	-	**1,514**	
Provisions	**(637)**	1,941	**(590)**	3,732
Share-based compensation	**1,353**	887	**4,488**	2,502
Finance income	**(101)**	(190)	**(343)**	(530)
Finance expenses	**5,206**	6,451	**18,414**	15,786
Foreign exchange loss	**10,866**	2,499	**9,571**	28,146
Derivative contract settlements	**(828)**	(5,420)	**(119)**	(9,154)
Changes in:				
Accounts receivable	**(833)**	4,152	**(1,166)**	1,367
Inventories	**(1,123)**	(3,314)	**(4,490)**	(8,102)
Other assets	**(548)**	1,788	**(1,636)**	(1,885)
Accounts payable and accrued liabilities	**6,070**	4,718	**(387)**	7,600
Deferred revenue	**(106)**	4,378	**4,226**	4,378
Value added, payroll and other taxes	**35**	(1,112)	**(3,513)**	(3,413)
Other liabilities	**(486)**	67	**(1,317)**	235
	29,728	31,271	**95,907**	60,003
Income taxes paid	**(200)**	(196)	**(4,008)**	(1,046)
	29,528	31,075	**91,899**	58,957
Cash Flows used in Investing Activities				
Additions to mineral property, plant and equipment	**(29,393)**	(19,226)	**(70,409)**	(75,202)
Additions to exploration and evaluation assets	**(230)**	(1,035)	**(834)**	(2,985)
Interest received	**9**	31	**26**	188
Financial investments	**(510)**	-	**(510)**	-
	(30,124)	(20,230)	**(71,727)**	(77,999)
Cash Flows (used in) from Financing Activities				
Restricted cash	**375**	-	**1,125**	(15)
Lease liability payments	**(1,258)**	-	**(3,077)**	-
New loans and borrowings, net of finance costs	**612**	4,170	**18,151**	9,445
Loans and borrowings paid	**(5,695)**	(3,758)	**(23,082)**	(6,973)
Interest paid on loans and borrowings	**(2,388)**	(2,936)	**(7,778)**	(7,788)
Other finance expenses	**(1,042)**	(1,083)	**(2,670)**	(2,430)
Issuance of share capital, net of issuance costs	**490**	306	**1,623**	1,493
	(8,906)	(3,301)	**(15,708)**	(6,268)
Effect of exchange rate changes on cash and cash equivalents	**(2,263)**	(4,104)	**(1,689)**	(5,272)
Net increase (decrease) in cash and cash equivalents	**(11,765)**	3,440	**2,775**	(30,582)
Cash and cash equivalents - beginning of period	**33,481**	17,125	**18,941**	51,147
Cash and cash equivalents - end of period	**$ 21,716**	$ 20,565	**$ 21,716**	$ 20,565

1. Nature of Operations and Going Concern

Ero Copper Corp. (“Ero" or the "Company") was incorporated on May 16, 2016 under the Business Corporations Act (British Columbia) and maintains its head office at Suite 1050, 625 Howe Street, Vancouver, BC, V6C 2T6. The Company’s shares are publicly traded on the Toronto Stock Exchange under the symbol “ERO”.

The Company’s principal asset is its 99.6% ownership interest in Mineração Caraíba S.A. (“MCSA”). The Company also currently owns, directly and indirectly, a 97.6% ownership interest in NX Gold S.A. (“NX Gold”).

MCSA is a Brazilian company which holds a 100% interest in the Vale do Curaçá Property and the Boa Esperança Property (Note 7). MCSA’s predominant activity is the production and sale of copper concentrate from the Vale do Curaçá Property, with gold and silver produced and sold as by-products. The Company currently mines copper ore from the Pilar underground mine (“Pilar UG Mine”) and the Vermelhos underground mine (“Vermelhos UG Mine”). The Boa Esperança Property is located within the municipality of Tucumã in the southeastern part of the state of Pará, Brazil, and consists of a single mineral concession covering an area of 4,033.81 hectares (“ha”).

NX Gold is a Brazilian gold mining company focused on the exploration and commercialization of gold as its main product and silver as its sub-product. NX Gold wholly owns a 31,730 ha property, located approximately 18 kilometers west of the town of Nova Xavantina, southeastern Mato Grosso State, Brazil, consisting of a single mining concession covering an area of 620 ha, where all gold mining and processing activities occur.

These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. Taking into consideration the expected cash flow from existing operations, and lines of credit in place at MCSA (see note 8(c)), management believes that the Company has sufficient working capital and financial resources to maintain its planned operations and activities for at least the next twelve months. In the long-term, the Company’s ability to continue as a going concern and meet its long-term debt obligations is dependent upon profitable operations at MCSA and NX Gold. The recoverability of the carrying values of the Company’s assets is dependent upon the ability of the Company to successfully maintain profitable production.

2. Basis of Preparation

a) Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting and, except as disclosed in note 2(b) below, follow the same accounting policies and methods of application as the Company’s most recent annual consolidated financial statements for the year ended December 31, 2018. These condensed consolidated interim financial statements do not include all of the information required for full consolidated annual financial statements and should be read in conjunction with the consolidated financial statements of the Company as at and for the year ended December 31, 2018, prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee.

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors of the Company (the “Board”) on November 5, 2019.

b) **New Accounting Standards and Interpretations Adopted in the Current Period**

The following new and amended IFRS pronouncements were adopted effective January 1, 2019:

IFRS 16 Leases

The Company has adopted IFRS 16 *Leases* ("IFRS 16") from January 1, 2019.

IFRS 16 introduces a single, on-balance sheet accounting model for lessees. As a result, the Company, as a lessee, has recognized right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. The Company may elect to not apply IFRS 16 to leases with a term of less than 12 months, which election is made by underlying class of assets to which the right of use asset relates, or leases where the underlying asset is of low value, which election is made on an asset by asset basis. Lessor accounting remains similar to previous accounting policies.

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4, *Determining Whether an Arrangement contains a Lease*. The Company now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

Transition

The Company adopted IFRS 16 using the modified retrospective approach. Accordingly, the comparative information presented for 2018 has not been restated.

On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, IFRS 16 was applied only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after January 1, 2019.

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Company recognizes right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet. However, the Company has elected not to recognize right-of-use assets and lease liabilities for some leases of low-value assets (e.g. information technology equipment). The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Company leases various assets including equipment, offices and properties that had previously been classified as operating leases under IAS 17. On transition lease liabilities for these leases were measured at the present value of remaining lease payments, discounted at the Company's or subsidiary's incremental borrowing rate as of January 1, 2019. The average incremental borrowing rate at January 1, 2019 was 10%. The Company elected to measure the right-of-use assets at an amount equal to the lease liability.

The Company used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term.

(Tabular amounts in thousands of US Dollars, except share and per share amounts)

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment).
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

The Company did not have any leases classified as finance leases under IAS 17 on the adoption date.

The Company presents right-of-use assets in mineral, property, plant and equipment in the statement of financial position, the same line item as it presents underlying assets of the same nature that it owns. The Company presents lease liabilities as a separate line item on the statement of financial position.

The impact on transition is summarized below:

	December 31, 2018	IFRS 16 adjustments	January 1, 2019
Mineral, property, plant and equipment	$ 280,804	$ 4,708	$ 285,512
Current portion of lease liabilities	-	3,383	3,383
Lease liabilities	-	1,325	1,325

	January 1, 2019
Operating lease commitments at December 31, 2018	$ 221
Arrangements reassessed as leases	4,914
Effect of discounting using the incremental borrowing rate at January 1, 2019	(427)
Lease liabilities recognized as IFRS 16 adjustment at January 1, 2019	$ 4,708

Significant accounting policies

The following is the new accounting policy for leases under IFRS 16:

A contract is or contains a lease when the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain re-measurements of the lease liability. The cost of the right of use asset includes the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, less any lease incentives received, any initial direct costs; and if applicable, an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The incremental borrowing rate reflects the rate of interest that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Company does not recognize right-of-use assets and lease liabilities for leases of low-value assets and leases with lease terms that are less than 12 months. Lease payments associated with these leases are instead recognized as an expense over the lease term on either a straight-line basis, or another systematic basis if more representative of the pattern of benefit.

The Company has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized.

Impact on financial statements

As a result of applying IFRS 16, the Company recognized right-of-use assets of $3.8 million and lease liabilities of $3.9 million as at September 30, 2019.

Also, during the three and nine month periods ended September 30, 2019, the Company recognized $1.0 million and $2.8 million, respectively, of depreciation charges related to right of use assets and $0.1 million and $0.3 million, respectively, of interest costs related to lease liabilities.

IFRIC 23 – Uncertainty over Income Tax Treatments

The Company has adopted IFRIC Interpretation 23 (“Interpretation 23”) – *Uncertainty over Income Tax Treatments* from January 1, 2019. The Interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. There is no material impact on the financial statements from the adoption of Interpretation 23.

c) **Use of Judgments and Estimates**

In preparing these condensed consolidated interim financial statements, management has made judgments, estimates and assumptions that affect the application of the Company’s accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ. Significant judgments made by management in applying the Company’s accounting policies and key sources of estimation uncertainty were the same as those applied in the most recent annual audited consolidated financial statements for the year ended December 31, 2018, except for those applied for leases as described above.

(Tabular amounts in thousands of US Dollars, except share and per share amounts)

3. NX Gold

From the date of acquisition on December 12, 2016 until the fourth quarter of 2018, the Company intended to sell its interest in NX Gold. Accordingly, the assets and liabilities of NX Gold were classified as assets and liabilities held for sale and its results from operations were presented as net income from discontinued operations. During the fourth quarter of 2018, the Company decided not to sell its interest in NX Gold and, instead, continue to own and operate the assets due to encouraging preliminary exploration work and weak capital markets for junior listed gold producers. As such, the assets and liabilities of NX Gold are no longer presented as assets and liabilities held for sale and its results from operations are no longer reflected as income from discontinued operations. The prior year statements of operations and comprehensive income (loss) and cash flow have been adjusted to reflect NX Gold as a continuing operation.

	Three month period ended September 30, 2018 as originally presented	NX Gold Adjustments	Three month period ended September 30, 2018 as adjusted
Revenue	$ 36,968	$ 10,336	$ 47,304
Cost of product sold	(20,870)	(7,075)	(27,945)
Sales expenses	(501)	-	(501)
Gross profit	15,597	3,261	18,858
Expenses			
General and administrative	(5,510)	(375)	(5,885)
Share-based compensation	(887)	-	(887)
Income before the understated	9,200	2,886	12,086
Other income (expenses)			
Finance income	193	(3)	190
Finance expense	(6,401)	(50)	(6,451)
Foreign exchange loss	(2,409)	(90)	(2,499)
Other income	1,967	1	1,968
Income before income taxes	2,550	2,744	5,294
Income tax recovery (expense)			
Current	83	(279)	(196)
Deferred	151	-	151
	234	(279)	(45)
Net income from continuing operations	2,784	2,465	5,249
Net income from discontinued operations	7,156	(7,156)	-
Net income (loss) for the period	$ 9,940	$ (4,691)	$ 5,249
Other comprehensive loss			
Foreign currency translation loss	(10,881)	-	(10,881)
Comprehensive loss	$ (941)	$ (4,691)	$ (5,632)
Net income (loss) attributable to:			
Owners of the Company	9,756	(4,578)	$ 5,178
Non-controlling interests	184	(113)	71
	$ 9,940	$ (4,691)	$ 5,249
Comprehensive income (loss) attributable to:			
Owners of the Company	(1,081)	(4,579)	$ (5,660)
Non-controlling interests	140	(112)	28
	$ (941)	$ (4,691)	$ (5,632)
Income per share attributable to owners of the Company			
Net Income per share			
Basic	$ 0.12		$ 0.06
Diluted	$ 0.11		$ 0.06
Weighted average number of common shares outstanding			
Basic	84,504,954		84,504,954
Diluted	88,638,656		88,638,656

(Tabular amounts in thousands of US Dollars, except share and per share amounts)

3. NX Gold (continued)

	Nine month period ended September 30, 2018 as originally presented	NX Gold Adjustments	Nine month period ended September 30, 2018 as adjusted
Revenue	$ 112,418	$ 35,603	$ 148,021
Cost of product sold	(78,382)	(24,568)	(102,950)
Sales expenses	(1,827)	-	(1,827)
Gross profit	32,209	11,035	43,244
Expenses			
General and administrative	(16,982)	(1,562)	(18,544)
Share-based compensation	(2,502)	-	(2,502)
Income before the understated	12,725	9,473	22,198
Other income (expenses)			
Finance income	510	20	530
Finance expense	(15,291)	(495)	(15,786)
Foreign exchange loss	(27,750)	(396)	(28,146)
Other income	5,719	14	5,733
Income (loss) before income taxes	(24,087)	8,616	(15,471)
Income tax recovery (expense)			
Current	(66)	(980)	(1,046)
Deferred	2,246	-	2,246
	2,180	(980)	1,200
Net income (loss) from continuing operations	(21,907)	7,636	(14,271)
Net income from discontinued operations	10,856	(10,856)	-
Net loss for the period	$ (11,051)	$ (3,220)	$ (14,271)
Other comprehensive loss			
Foreign currency translation loss	(31,631)	-	(31,631)
Comprehensive loss	$ (42,682)	$ (3,220)	$ (45,902)
Net income (loss) attributable to:			
Owners of the Company	(11,222)	(3,143)	$ (14,365)
Non-controlling interests	171	(77)	94
	$ (11,051)	$ (3,220)	$ (14,271)
Comprehensive income (loss) attributable to:			
Owners of the Company	(42,728)	(3,143)	$ (45,871)
Non-controlling interests	46	(77)	(31)
	$ (42,682)	$ (3,220)	$ (45,902)
Loss per share attributable to owners of the Company			
Net loss per share			
Basic and diluted	$ (0.13)		$ (0.17)
Weighted average number of common shares outstanding	83,655,516		83,655,516

(Tabular amounts in thousands of US Dollars, except share and per share amounts)

3. NX Gold (continued)

	Three month period ended September 30, 2018 as originally presented	NX Gold Adjustments	Three month period ended September 30, 2018 as adjusted
Cash Flows from (used in) Operating Activities			
Net income from continuing operations	$ **2,784**	$ 2,465	$ **5,249**
Adjustments for:			
Amortization and depreciation	**6,292**	2,764	**9,056**
Income tax expense (recovery)	**(234)**	279	**45**
Write-off of fixed assets	**76**	-	**76**
Provisions	**1,949**	(8)	**1,941**
Share-based compensation	**887**	-	**887**
Finance income	**(193)**	3	**(190)**
Finance expenses	**6,401**	50	**6,451**
Foreign exchange loss	**2,409**	90	**2,499**
Derivative contract settlements	**(5,420)**	-	**(5,420)**
Changes in:			
Accounts receivable	**4,250**	(98)	**4,152**
Inventories	**(6,043)**	2,729	**(3,314)**
Other assets	**1,270**	518	**1,788**
Accounts payable and accrued liabilities	**4,575**	143	**4,718**
Deferred revenue	**4,378**	-	**4,378**
Value added, payroll and other taxes	**(877)**	(235)	**(1,112)**
Other liabilities	**39**	28	**67**
	22,543	8,728	**31,271**
Income taxes received (paid)	**83**	(279)	**(196)**
	22,626	8,449	**31,075**
Cash Flows used in Investing Activities			
Additions to mineral property, plant and equipment	**(17,060)**	(2,166)	**(19,226)**
Additions to exploration and evaluation assets	**(1,035)**	-	**(1,035)**
Interest received	**31**	-	**31**
Advances to NX Gold	**5,842**	(5,842)	**-**
	(12,222)	(8,008)	**(20,230)**
Cash Flows used in Financing Activities			
New loans and borrowings, net of finance costs	**4,170**	-	**4,170**
Loans and borrowings paid	**(2,979)**	(779)	**(3,758)**
Interest paid on loans and borrowings	**(2,915)**	(21)	**(2,936)**
Other finance expenses	**(1,160)**	77	**(1,083)**
Issuance of share capital, net of issuance costs	**306**	-	**306**
	(2,578)	(723)	**(3,301)**
Effect of exchange rate changes on cash and cash equivalents	**(4,425)**	321	**(4,104)**
Net increase in cash and cash equivalents	**3,401**	39	**3,440**
Cash and cash equivalents - beginning of period	**17,092**	33	**17,125**
Cash and cash equivalents - end of period	$ **20,493**	$ 72	$ **20,565**

(Tabular amounts in thousands of US Dollars, except share and per share amounts)

3. NX Gold (continued)

	Nine month period ended September 30, 2018 as originally presented	NX Gold Adjustments	Nine month period ended September 30, 2018 as adjusted
Cash Flows from (used in) Operating Activities			
Net loss from continuing operations	**$ (21,907)**	$ 7,636	**$ (14,271)**
Adjustments for:			
Amortization and depreciation	**24,871**	9,345	**34,216**
Income tax expense (recovery)	**(2,180)**	980	**(1,200)**
Write-off of fixed assets	**596**	-	**596**
Provisions	**3,547**	185	**3,732**
Share-based compensation	**2,502**	-	**2,502**
Finance income	**(510)**	(20)	**(530)**
Finance expenses	**15,291**	495	**15,786**
Foreign exchange	**27,750**	396	**28,146**
Derivative contract settlements	**(9,154)**	-	**(9,154)**
Changes in:			
Accounts receivable	**398**	969	**1,367**
Inventories	**(6,528)**	(1,574)	**(8,102)**
Other assets	**(2,313)**	428	**(1,885)**
Accounts payable and accrued liabilities	**13,449**	(5,849)	**7,600**
Deferred revenue	**4,378**	-	**4,378**
Value added, payroll and other taxes	**(3,982)**	569	**(3,413)**
Other liabilities	**142**	93	**235**
	46,350	13,653	**60,003**
Income taxes paid	**(66)**	(980)	**(1,046)**
	46,284	12,673	**58,957**
Cash Flows used in Investing Activities			
Additions to mineral property, plant and equipment	**(69,874)**	(5,328)	**(75,202)**
Additions to exploration and evaluation assets	**(2,985)**	-	**(2,985)**
Interest received	**188**	-	**188**
Advances to NX Gold	**5,842**	(5,842)	**-**
	(66,829)	(11,170)	**(77,999)**
Cash Flows used in Financing Activities			
Restricted cash	**(15)**	-	**(15)**
New loans and borrowings, net of finance costs	**9,445**	-	**9,445**
Loans and borrowings paid	**(5,296)**	(1,677)	**(6,973)**
Interest paid on loans and borrowings	**(7,669)**	(119)	**(7,788)**
Other finance expenses	**(2,638)**	208	**(2,430)**
Issuance of share capital, net of issuance costs	**1,493**	-	**1,493**
	(4,680)	(1,588)	**(6,268)**
Effect of exchange rate changes on cash and cash equivalents	**(5,380)**	108	**(5,272)**
Net decrease in cash and cash equivalents	**(30,605)**	23	**(30,582)**
Cash and cash equivalents - beginning of period	**51,098**	49	**51,147**
Cash and cash equivalents - end of period	**$ 20,493**	$ 72	**$ 20,565**

(Tabular amounts in thousands of US Dollars, except share and per share amounts)

4. Inventories

	September 30, 2019	December 31, 2018
Supplies and consumables	**$ 15,030**	$ 11,641
Stockpile	**1,339**	1,116
Work in progress	**1,594**	543
Finished goods	**1,759**	1,345
	$ 19,722	$ 14,645

5. Other Current Assets

	September 30, 2019	December 31, 2018
Advances to suppliers	**$ 1,163**	$ 766
Prepaid expenses	**2,082**	2,188
Advances to employees (a)	**2,121**	1,349
Value added federal taxes recoverable (b)	**18,545**	2,592
	$ 23,911	$ 6,895

(a) Advances to employees include short term advances of salary, vacation and other benefits granted to employees of the Company's subsidiary MCSA.

(b) $15.7 million of this balance relates to a recent favourable legal decision that recognizes MCSA's right to a tax credit as a result of historical over-payments. MCSA will be able to use these tax credits against a variety of taxes, including taxes on future sales (note 15).

6. Mineral, Property, Plant and Equipment

Additions to mineral, property, plant and equipment totaled $36.6 million and $86.3 million during the three and nine month periods ended September 30, 2019, respectively (three and nine month periods ended September 30, 2018 - $19.1 million and $62.1 million, respectively). These additions consisted of $35.5 million and $79.4 million in mine development costs, and plant and equipment purchases, nil and $4.7 million due to the adoption of IFRS 16 (note 2(b)), and $1.1 million and $2.2 million due to acquisition of new right of use assets, during the three and nine month periods ended September 30, 2019, respectively. Of the $86.3 million in mineral, property, plant and equipment purchases during the nine month period ended September 30, 2019, $8.2 million was obtained through financing arrangements directly from equipment suppliers.

Certain equipment is secured for the equipment finance loans (note 8).

Included in mineral, property, plant and equipment is $9.7 million (December 31, 2018 - $10.4 million) related to the value of mineral resources beyond proven and probable reserves not currently being amortized. In addition, $59.9 million (December 31, 2018 - $42.1 million) related to projects in progress are not currently being amortized.

7. Exploration and Evaluation Assets

Exploration and evaluation assets relate to the Boa Esperança Property located in the Municipality of Tucumã, in the state of Pará, Brazil which consists of a single mineral concession. This prospective copper/gold property is in advanced stages of exploration with various geological mineral resource studies and is the subject of a completed feasibility study.

(Tabular amounts in thousands of US Dollars, except share and per share amounts)

8. Loans and Borrowings

Description	Denomination	Security	Time to Maturity	Coupon rate	Principal to be repaid	Carrying value September 30, 2019[(1)]	Carrying value December 31, 2018
Bank loan (at acquisition)	USD	Unsecured	-	7.50%	$ -	$ -	$ 558
Bank loan (at acquisition)	BRL R$	Secured	-	7.50%	-	-	8,607
Bank loan (at acquisition)	BRL R$	Unsecured	86 months	CDI + 0.5%	6,755	5,935	6,969
Bank loan (NX Gold)	BRL R$	Unsecured	-	95% CDI	-	-	106
Bank loan	USD	Unsecured	15 months	4.43%	1,875	1,879	3,000
Bank loan	BRL R$	Unsecured	5 months	CDI + 3.7%	492	493	1,484
Equipment finance loans	BRL R$	Secured	2 - 53 months	14.3%-21.6%	5,382	5,561	1,346
Equipment finance loans	EURO	Secured	11-33 months	7.00%	4,221	4,317	3,645
Equipment finance loans	USD	Secured	32-47 months	7%-7.95%	4,443	4,477	2,994
Senior non-revolving credit facility	USD	Secured	51 months	LIBOR + 2.75%-4.75%	80,000	79,005	79,056
Senior revolving credit facility	USD	Secured	39 months	LIBOR + 2.75%-4.75%	56,000	55,304	44,469
Total					**$ 159,168**	**$ 156,971**	**$ 152,234**
Current portion:						**$ 10,648**	**$ 10,602**
Non-current portion:						**$ 146,323**	**$ 141,632**

(1) Carrying value includes accrued interest.

	September 30, 2019	September 30, 2018[(2)]
Balance, beginning of year	**$ 152,234**	$ 139,166
New senior revolving credit facility	**10,572**	-
New equipment finance loans	**15,874**	9,445
Principal and interest payments	**(30,860)**	(12,965)
Interest accretion	**8,401**	10,147
Loss on debt settlement	**1,783**	-
Effect of foreign exchange rate changes	**(1,033)**	(4,143)
Balance, end of period	**$ 156,971**	$ 141,650

(2) Balance and transactions exclude NX Gold as it was considered a discontinued operation at that time.

(a) Senior credit facility

In December 2018, the Company replaced the $50 million senior secured non-revolving credit facility completed on December 29, 2017 with a new $130 million facility from a syndicate of Canadian financial institutions. The facility is comprised of an $80 million senior secured amortizing non-revolving credit facility ("Term Facility") and a $50 million senior secured revolving term credit facility ("Revolving Credit Facility") (collectively the "Facilities"). The Term Facility has a 5-year term with equal quarterly principal payments of $6.2 million beginning on December 13, 2020, while the Revolving Credit Facility is payable at maturity on December 13, 2022. The Facilities bear interest on a sliding scale at a rate of LIBOR plus 2.75% to 4.75% depending on the Company's consolidated leverage ratio at the time.

In January 2019, the Company entered into an interest rate swap transaction with a Canadian financial institution whereby the floating interest on a notional amount of $65 million of the Term Facility was swapped for a fixed interest rate of 2.69%. This interest rate swap transaction is in effect for the term of the Term Facility, with the notional amount reduced as principal payments are made. Interest payments are being made on a quarterly basis.

During the second quarter of 2019, the Company refinanced a loan held by the Company's subsidiary, MCSA, by extending its existing credit facility. The credit limit of the Revolving Credit Facility was increased by $20.0 million to $70.0 million. All other terms of the Facilities remained unchanged. Upon completion of the amendment, the Company drew $11.0 million to repay certain of its bank loans held by MCSA. As at September 30, 2019, the Company had a remaining $14.0 million undrawn on this secured Revolving Credit Facility.

The Facilities are secured by pledges of shares of MCSA and NX Gold. The Company is required to comply with certain financial covenants. As of the date of these consolidated financial statements, the Company is in compliance with these covenants.

(b) Bank loans (at acquisition)

The bank loans (at acquisition) relate to the Company's subsidiaries and were recognized at the date of acquisition at fair value and have subsequently been recognized at amortized cost, net of settlements. Interest is being recognized using the effective interest rate method at an interest rate of 11.29%.

During the three months ended June 30, 2019, the Company repaid one of MCSA's bank loans in full using funds from the Company's Revolving Credit Facility and recognized a loss on settlement of $1.8 million.

As per the terms of one of MCSA's bank loans, the Company is required to maintain a separate debt service bank account with sufficient funds to guarantee scheduled principal payments by MCSA. At September 30, 2019, $1.9 million was on deposit in said designated debt service account and is presented as restricted cash in the statement of financial position.

MCSA is required to comply with certain financial covenants. As of the date of these consolidated interim financial statements, MCSA no longer holds any bank loans secured by buildings and equipment. The equipment finance loans are only secured by the corresponding equipment in which the loans are related.

(c) Line of Credit

MCSA entered into a credit agreement for a line of credit of up to BRL$40 million at an interest rate of CDI + 9% per annum. In addition, MCSA also entered into a second credit agreement for a total line of credit of up to BRL$30 million at an interest rate of 15.0% per annum. MCSA may drawdown on this line of credit at any time until August 27, 2020. The Company and NX Gold provide unsecured guarantees for these credit agreements. During the three month period ended September 30, 2019, NX Gold entered into an agreement for a line of credit of up to BRL$7.5 million at an interest rate of 15.0% per annum. NX Gold may drawdown on this line of credit at any time until August 27, 2020. As at September 30, 2019, no amounts had been drawn on these facilities.

(Tabular amounts in thousands of US Dollars, except share and per share amounts)

9. Share Capital

As at September 30, 2019, the Company's authorized share capital consists of an unlimited number of common shares without par value. As at September 30, 2019, 85,573,646 common shares were outstanding.

(a) Options

As at September 30, 2019, the following stock options were outstanding:

Expiry Date	Number of Stock Options	Weighted Average Exercise Price		Vested and Exercisable Number of Stock Options	Weighted Average Remaining Life in Years
May 15, 2022	1,082,001	1.50	USD	543,665	2.62
July 10, 2022	100,000	1.50	USD	66,666	2.78
November 24, 2022	318,000	6.48	CAD	106,000	3.15
December 7, 2022	1,393,335	6.74	CAD	499,997	3.19
January 18, 2023	60,000	7.95	CAD	20,000	3.30
January 23, 2023	83,334	7.76	CAD	-	3.32
June 19, 2023	164,000	10.25	CAD	64,000	3.72
July 16, 2023	200,000	9.01	CAD	66,666	3.79
December 31, 2023	1,155,519	9.76	CAD	-	4.25
January 2, 2024	125,000	9.80	CAD	125,000	4.26
August 15, 2024	40,000	21.09	CAD	23,828	4.88
	4,721,189	5.08	USD	1,515,822	3.40

In determining the weighted average exercise price of all outstanding options in the table below, the CAD prices were converted to USD at the September 30, 2019 exchange rate of 1.3243.

	Number of Stock Options		Weighted Average Exercise Price
Outstanding stock options, December 31, 2018	4,924,519	$	4.64
Issued	165,000		9.47
Exercised	(368,330)		2.81
Outstanding stock options, September 30, 2019	4,721,189	$	5.08

The fair value of options granted in the three and nine month periods ended September 30, 2019 was determined using the Black-Scholes option pricing model. Expected volatility is estimated by considering historic average share price volatility of comparable companies. The weighted average inputs used in the measurement of fair values at grant date of the options are the following:

Expected term (years)		3.0
Forfeiture rate		0%
Volatility		61.0%
Dividend yield		0%
Risk-free interest rate		1.70%
Weighted-average fair value per option	$	4.59

For the three and nine month periods ended September 30, 2019, the Company recorded share-based compensation of $1.1 million (2018 - $0.9 million) and $3.7 million (2018 - $2.5 million), respectively, with respect to its outstanding stock options.

(Tabular amounts in thousands of US Dollars, except share and per share amounts)

(b) Share Unit Plan

As at September 30, 2019, 211,804 share units have been issued and are outstanding to certain officers and employees of the Company pursuant to the Company's Share Unit Plan and are outstanding. These share units will vest three years from the date they were approved for granting by the Board (December 31, 2021) and the number of share units that will vest may range from 0% to 200% of the number granted, subject to the satisfaction of certain market and non-market performance conditions. Each vested share unit entitles the holder thereof to receive on or about the applicable date of vesting of such share unit (i) one common share; (ii) a cash amount equal to the fair market value of one common share as at the applicable date of vesting; or (iii) a combination of (i) and (ii), as determined by the Board in its sole discretion. The Company currently intends to settle these share units using common shares. Accordingly, they are classified as equity settled instruments.

For the share units with non-market performance conditions, the fair value of the share units granted was determined using the share price at the date of grant. For the share units with market performance conditions, the fair value of the share units granted was determined using a Geometric Brownian Motion model. Expected volatility is estimated by considering historic share price information. The inputs used in the measurement of fair values at grant date of the share units are the following:

Expected term (years)		3.0
Forfeiture rate		0%
Volatility		45.4%
Dividend yield		0%
Risk-free interest rate		1.95%
Weighted-average fair value per Share Unit	$	17.75

During the three and nine month periods ended September 30, 2019, the Company recorded share-based compensation of $0.3 million (2018 - $nil) and $0.8 million (2018 - $nil), respectively, with respect to the share units.

(c) Warrants

As at September 30, 2019, 2,866,662 (December 31, 2018 – 3,333,328) common share purchase warrants were outstanding with a weighted average exercise price of $1.20 and a weighted average remaining contractual life of 2.20 years.

During the three and nine month periods ended September 30, 2019, 466,666 warrants were exercised for gross proceeds of $0.6 million.

(Tabular amounts in thousands of US Dollars, except share and per share amounts)

(d) Net Income (Loss) per Share

		Three month period ended September 30, 2019		Three month period ended September 30, 2018
Weighted average number of common shares outstanding		**85,505,675**		84,504,954
Dilutive effect of warrants		**2,686,319**		2,762,694
Dilutive effect of stock options		**3,128,369**		1,371,008
Weighted average number of diluted common shares outstanding		**91,320,363**		88,638,656
Net income attributable to owners of the Company	**$**	**16,280**	$	5,178
Basic net income per share attributable to owners of the Company		**0.19**		0.06
Diluted net income per share attributable to owners of the Company		**0.18**		0.06

		Nine month period ended September 30, 2019		Nine month period ended September 30, 2018
Weighted average number of common shares outstanding		**85,117,603**		83,655,516
Dilutive effect of warrants		**2,935,852**		-
Dilutive effect of stock options		**2,953,126**		-
Weighted average number of diluted common shares outstanding		**91,006,581**		83,655,516
Net income (loss) attributable to owners of the Company	**$**	**46,714**	$	(14,365)
Basic net income (loss) per share attributable to owners of the Company		**0.55**		(0.17)
Diluted net income (loss) per share attributable to owners of the Company		**0.51**		(0.17)

For the nine month period ended September 30, 2018, the potentially dilutive effect of warrants and stock options are excluded from the dilutive net income (loss) per share calculation as the Company incurred a loss for the period.

(Tabular amounts in thousands of US Dollars, except share and per share amounts)

10. Revenue

	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Copper concentrate				
- sales within Brazil	**$ 37,778**	$ 39,903	**$ 130,934**	$ 86,830
- export sales	**16,544**	479	**44,936**	28,352
- price adjustments on provisionally priced sales	**18**	(3,414)	**2,676**	(2,764)
Gold				
- export sales	**6,300**	10,336	**30,609**	35,603
	$ 60,640	$ 47,304	**$ 209,155**	$ 148,021

Under the terms of the Company's contract with its primary customer, sales are provisionally priced on the date of sale based on the previous month's average copper price. The final sales price for all shipments in a month is determined at the end of the month in which the sale is recognized. Accordingly, as at September 30, 2019, there are no sales subject to provisional pricing. During the three and nine month periods ended September 30, 2019, the Company recognized $nil and $2.7 million, respectively, related to provisional price adjustments related to such provisionally priced sales.

11. Cost of Product Sold

	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Materials	**$ 5,452**	$ 3,286	**$ 16,093**	$ 12,407
Salaries and benefits	**9,121**	7,396	**29,276**	25,798
Depreciation and depletion	**10,726**	9,029	**34,005**	34,134
Contracted services	**5,345**	3,441	**18,133**	12,645
Maintenance costs	**4,530**	2,521	**13,358**	11,001
Utilities	**2,945**	2,090	**8,216**	6,303
Other costs	**259**	182	**719**	662
	$ 38,378	$ 27,945	**$ 119,800**	$ 102,950

12. General and Administrative Expenses

	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Accounting and legal	**$ 311**	$ 419	**$ 1,069**	$ 1,002
Amortization and depreciation	**42**	27	**124**	82
Office and sundry	**1,573**	1,936	**4,461**	6,926
Provisions	**(637)**	729	**(590)**	1,363
Salaries and consulting fees	**3,933**	2,448	**11,504**	8,264
Incentive payments	**567**	-	**1,701**	-
Transfer agent and filing fees	**33**	28	**156**	143
Travel and conference	**538**	298	**1,685**	764
	$ 6,360	$ 5,885	**$ 20,110**	$ 18,544

(Tabular amounts in thousands of US Dollars, except share and per share amounts)

13. Finance Expense

	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Interest on loans and borrowings	**$ 2,889**	$ 3,065	**$ 10,590**	$ 10,398
Accretion of purchase price adjustments	**186**	129	**569**	813
Accretion of mine closure and rehabilitation provision	**973**	-	**3,704**	-
Commitment fees and other	**1,158**	3,258	**3,551**	4,576
	$ 5,206	$ 6,451	**$ 18,414**	$ 15,786

14. Foreign Exchange Loss

The following foreign exchange gains (losses) arise as a result of balances and transactions in the Company's Brazilian subsidiaries that are denominated in currencies other than the Brazilian Reais (BRL$), which is their functional currency.

	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Foreign exchange on USD denominated debt	**$ (9,597)**	$ (2,462)	**$ (8,159)**	$ (14,644)
Realized foreign exchange on derivative contracts (note 17)	**(58)**	(5,420)	**647**	(9,154)
Unrealized foreign exchange on derivative contracts (note 17)	**(1,404)**	3,901	**(1,660)**	(2,856)
Other	**193**	1,482	**(399)**	(1,492)
	$ (10,866)	$ (2,499)	**$ (9,571)**	$ (28,146)

15. Recovery of Value Added Taxes

During the three months ended September 30, 2019, the Company recognized a recovery of $21.6 million in net income related to value added taxes previously paid on sales in Brazil. The recovery was recognized as a result of a Brazil Supreme Court ruling in 2017 that concluded that the relevant taxing authorities had historically used an incorrect methodology to determine such taxes. The ruling set a precedent for all companies in Brazil but was required to be confirmed for the Company's specific claim, which approval was received in July 2019. These credits can be used to offset the payment of a variety of other taxes, including taxes on future sales. Of the recovery recognized, $15.7 million has been included in other current assets based on the expected timing of their use, with the remaining $5.9 million recognized in other non-current assets in the statement of financial position.

16. Related Party Transactions

Key management personnel consist of the Company's directors and officers and their compensation includes director retainer fees and management salaries paid to these individuals, as well as share-based compensation. The aggregate value of compensation paid to key management personnel for the three and nine month periods ended September 30, 2019 was $1.5 million and $4.4 million, respectively ($0.8 million and $2.0 million for the three and nine month periods ended September 30, 2018, respectively). In addition, 40,000 and 165,000 options were issued to directors during the three and nine month periods ended September 30, 2019, respectively. $1.0 million and

(Tabular amounts in thousands of US Dollars, except share and per share amounts)

$3.3 million was recognized in share-based compensation expense for the three and nine month periods ended September 30, 2019 for options and share units previously issued ($0.7 million and $1.8 million for the three and nine month periods ended September 30, 2018).

During the three and nine months ended September 30, 2019, key management personnel exercised 66,666 and 176,666 options, respectively, for cash proceeds to the Company of $0.1 million and $0.3 million, respectively (33,000 options and 283,000 options for the three and nine month periods ended September 30, 2018, respectively). During the nine month period ended September 30, 2018, key management personnel converted convertible debentures into 1,476,164 common shares and 369,040 common share purchase warrants. The warrants were subsequently exercised into 369,040 common shares.

17. Financial Instruments

Fair value

Fair values of financial assets and liabilities are determined based on available market information and valuation methodologies appropriate to each situation. However, some judgments are required in the interpretation of the market data to produce the most appropriate realization value estimate. As a consequence, the estimates presented herein do not necessarily indicate the amounts that could be realized in the current exchange market. The use of different market information and/or evaluation methodologies may have a material effect on the market value amount.

As at September 30, 2019, derivatives were measured at fair value based on Level 2 inputs.

The carrying values of cash and cash equivalents, restricted cash, accounts receivable, deposits, financial investments and accounts payable and accrued liabilities approximate their fair values due to their short terms to maturity or market rates of interest used to discount amounts. The carrying value of value added, payroll and other taxes approximate fair value based on the discount rate applied. At September 30, 2019, the carrying value of loans and borrowings is $157.0 million while the fair value is approximately $158.7 million. The effective interest rates used to amortize these loans are a close approximation of market rates of interest at September 30, 2019 (Level 2 of the fair value hierarchy).

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers. The carrying amount of the financial assets below represents the maximum credit risk exposure as at September 30, 2019 and December 31, 2018:

	September 30, 2019	December 31, 2018
Cash and cash equivalents	**$ 21,716**	$ 18,941
Restricted cash	**1,875**	3,000
Accounts receivable	**7,803**	7,219
Deposits	**1,323**	1,334
Other non-current assets - term deposits	**1,143**	686
	$ 33,860	$ 31,180

The Company invests cash and cash equivalents as well as restricted cash with financial institutions that are financially sound based on their credit rating. The Company's exposure to credit risk associated with accounts receivable is influenced mainly by the individual characteristics of each customer. The Company currently has only three significant customers, all of which have no history of credit default with the Company. The Company has not incurred credit losses during the nine month period ended September 30, 2019 nor has a provision for credit losses been recognized.

(i) Foreign exchange currency risk

The Company may use derivatives, including forward contracts, collars and swap contracts, to manage market risks. At September 30, 2019, the Company has entered into foreign exchange collar contracts at zero cost for notional amounts of $330.9 million with an average floor rate of 3.80 BRL to US Dollar and an average cap rate of 4.32 BRL to US Dollar (December 31, 2018 – notional amount of $21.5 million in foreign exchange forward contracts). The maturity dates of these contracts are from October 15, 2019 to April 28, 2021 and are financially settled on a net basis. The fair value of these contracts at September 30, 2019 was a liability of $1.3 million, (December 31, 2018 – an asset of $0.3 million) which was included in Derivatives in the statement of financial position. The change in fair value of foreign exchange collar contracts was a loss of $1.4 million and $1.7 million for the three and nine month periods ended September 30, 2019, respectively, (a gain of $3.9 million and a loss of $2.8 million for the three and nine month periods ended September 30, 2018, respectively) has been recognized in foreign exchange loss. In addition, in the three and nine month periods ended September 30, 2019, the Company recognized a realized loss of $0.1 million and a realized gain of $0.6 million, respectively, (a loss of $5.4 million and $9.2 million for the three and nine month periods ended September 30, 2018, respectively) related to the settlement of foreign currency forward contracts.

(ii) Interest rate risk

The Company is principally exposed to the variation in interest rates on loans and borrowings with variable rates of interest. Management reduces interest rate risk exposure by entering into loans and borrowings with fixed rates of interest or by entering into derivative instruments that fix the ultimate interest rate paid.

The Company is principally exposed to interest rate risk through its Term Facilities of $136.0 million and Brazilian Real denominated bank loans of $7.2 million. Based on the Company's net exposure at September 30, 2019, a 1% change in the variable rates would have an impact of $1.4 million on pre-tax annual net income, without consideration of the effects of the swap contracts below.

In order to mitigate the above volatility due to variable rates on loans, as at September 30, 2019, the Company has entered into an interest rate swap contract to manage interest rate risk (see note 8). The floating interest on a notional amount of $65 million was swapped for a fixed interest rate of 2.69%. The fair value of this contract at September 30, 2019 was a liability of $2.0 million and was included in Derivatives in the statement of financial position.

(iii) Price risk

The Company may use derivatives, including forward contracts, collars and swap contracts, to manage commodity price risks. At September 30, 2019, the Company has entered into commodity swap collar contracts for notional amounts of 6,000 ounces of gold with an average floor rate of 1,280.00 USD/oz and an average cap rate of 1,375.50 USD/oz. The maturity dates of these contracts are from October 29, 2019 to December 31, 2019 and are financially settled on a net basis. The fair value of these contracts at September 30, 2019 was a liability of $0.7 million, which was included in Derivatives in the statement of financial position. The Company recognized a realized loss of $0.8

(Tabular amounts in thousands of US Dollars, except share and per share amounts)

million and an unrealized loss of $0.7 million for the three and nine month periods ended September 30, 2019 related to the settlement of commodity forward contracts.

18. Segment Disclosure

The Company's operations are segmented by entity between MCSA, NX Gold and corporate head office, which is consistent with internal reporting purposes. The Company monitors the operating results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. The accounting policies used in the operating segments are the same as those contained in Note 2.

Total revenue from MCSA is from two customers while total revenue from NX Gold is from one customer.

Segmented information is as follows:

Three months ended September 30, 2019	**MCSA (Brazil)**	**NX Gold (Brazil)**	**Corporate (Canada)**	**Consolidated**
Revenue	$ 54,340	$ 6,300	$ -	**$ 60,640**
Depreciation and depletion	(9,675)	(1,051)	-	**(10,726)**
Other cost of product sold expenses	(22,721)	(4,931)	-	**(27,652)**
Cost of product sold	(32,396)	(5,982)	-	**(38,378)**
Sales expenses	(953)	-	-	**(953)**
Gross profit	20,991	318	-	**21,309**
Expenses				
General and administrative	(3,562)	(472)	(2,326)	**(6,360)**
Share-based compensation	-	-	(1,353)	**(1,353)**
Finance income	83	10	8	**101**
Finance expenses	(2,504)	(364)	(2,338)	**(5,206)**
Foreign exchange gain (loss)	(10,847)	1	(20)	**(10,866)**
Loss on debt settlement	-	-	-	**-**
Recovery of value added taxes	21,584	-	-	**21,584**
Other income	625	(702)	-	**(77)**
Income (loss) before taxes	26,370	(1,209)	(6,029)	**19,132**
Current taxes	(1,537)	20	-	**(1,517)**
Deferred taxes	(1,346)	38	-	**(1,308)**
Net Income (Loss)	$ 23,487	$ (1,151)	$ (6,029)	**$ 16,307**

(Tabular amounts in thousands of US Dollars, except share and per share amounts)

Nine months ended September 30, 2019	**MCSA (Brazil)**	**NX Gold (Brazil)**	**Corporate (Canada)**	**Consolidated**
Revenue	$ 178,546	$ 30,609	$ -	**$ 209,155**
Depreciation and depletion	(28,979)	(5,026)	-	**(34,005)**
Other cost of product sold expenses	(71,008)	(14,787)	-	**(85,795)**
Cost of product sold	(99,987)	(19,813)	-	**(119,800)**
Sales expenses	(3,367)	-	-	**(3,367)**
Gross profit	75,192	10,796	-	**85,988**
Expenses				
General and administrative	(10,728)	(1,763)	(7,619)	**(20,110)**
Share-based compensation	-	-	(4,488)	**(4,488)**
Finance income	193	124	26	**343**
Finance expenses	(9,032)	(1,011)	(8,371)	**(18,414)**
Foreign exchange gain (loss)	(9,538)	1	(34)	**(9,571)**
Loss on debt settlement	(1,783)	-	-	**(1,783)**
Recovery of value added taxes	21,584	-	-	**21,584**
Other income	1,447	(367)	-	**1,080**
Income (loss) before taxes	67,335	7,780	(20,486)	**54,629**
Current taxes	(6,341)	(2,072)	-	**(8,413)**
Deferred taxes	421	409	-	**830**
Net Income (Loss)	$ 61,415	$ 6,117	$ (20,486)	**$ 47,046**
Assets				
Current	$ 63,003	$ 7,506	$ 4,518	**$ 75,027**
Non-current	319,405	17,234	2,833	**339,472**
Total Assets	$ 382,408	$ 24,740	$ 7,351	**$ 414,499**
Total Liabilities	$ 118,404	$ 13,777	$ 136,808	**$ 268,989**

Three months ended September 30, 2018	**MCSA (Brazil)**	**NX Gold (Brazil)**	**Corporate (Canada)**	**Consolidated**
Revenue	$ 36,968	$ 10,336	$ -	**$ 47,304**
Depreciation and depletion	(6,265)	(2,764)	-	**(9,029)**
Other cost of product sold expenses	(14,605)	(4,311)	-	**(18,916)**
Cost of product sold	(20,870)	(7,075)	-	**(27,945)**
Sales expenses	(501)	-	-	**(501)**
Gross profit	15,597	3,261	-	**18,858**
Expenses				
General and administrative	(3,915)	(374)	(1,596)	**(5,885)**
Share-based compensation	-	-	(887)	**(887)**
Finance income	172	(1)	19	**190**
Finance expenses	(5,048)	(50)	(1,353)	**(6,451)**
Foreign exchange gain (loss)	(2,467)	(89)	57	**(2,499)**
Other income	1,967	1	-	**1,968**
Income (loss) before taxes	6,306	2,748	(3,760)	**5,294**
Current taxes	83	(279)	-	**(196)**
Deferred taxes	151	-	-	**151**
Net Income (Loss)	$ 6,540	$ 2,469	$ (3,760)	**$ 5,249**

(Tabular amounts in thousands of US Dollars, except share and per share amounts)

Nine months ended September 30, 2018	MCSA (Brazil)	NX Gold (Brazil)	Corporate (Canada)	Consolidated
Revenue	$ 112,418	$ 35,603	$ -	**$ 148,021**
Depreciation and depletion	(24,789)	(9,345)	-	**(34,134)**
Other cost of product sold expenses	(53,593)	(15,223)	-	**(68,816)**
Cost of product sold	(78,382)	(24,568)	-	**(102,950)**
Sales expenses	(1,827)	-	-	**(1,827)**
Gross profit	32,209	11,035	-	**43,244**
Expenses				
General and administrative	(12,577)	(1,561)	(4,406)	**(18,544)**
Share-based compensation	-	-	(2,502)	**(2,502)**
Finance income	354	21	155	**530**
Finance expenses	(11,376)	(495)	(3,915)	**(15,786)**
Foreign exchange loss	(27,518)	(396)	(232)	**(28,146)**
Other income	5,719	14	-	**5,733**
Income (loss) before taxes	(13,189)	8,618	(10,900)	**(15,471)**
Current taxes	(66)	(980)	-	**(1,046)**
Deferred taxes	1,894	-	352	**2,246**
Net Income (Loss)	$ (11,361)	$ 7,638	$ (10,548)	**$ (14,271)**

19. Contingencies

With the acquisition of MCSA, the Company inherited certain liabilities and MCSA has been subject to a number of claims (including claims related to tax, labour and social security matters and civil action) in the course of its business which individually are not material and have not been accrued for in the Company's financial statements as it is not probable that a cash outflow will occur. While the Company believes that these claims are unlikely to be successful, if all such existing claims were decided against it, the Company could be exposed to a liability of up to approximately $31.0 million (December 31, 2018 - $21.9 million) as at September 30, 2019, which could have an adverse impact on the Company's business, financial condition, results of operations, cash flows or prospects.