MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2019

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") has been prepared as at May 7, 2019 and should be read in conjunction with the unaudited condensed consolidated interim financial statements of Ero Copper Corp. ("Ero" or "the Company") as at, and for the three month period ended March 31, 2019, and related notes thereto, which are prepared in accordance with International Accounting Standards ("IAS") 34, *Interim Financial Reporting* as permitted by the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (the "IASB"). As well, this MD&A should be read in conjunction with the Company's December 31, 2018 audited consolidated financial statements and MD&A. All dollar amounts are expressed in US dollars ("US") and tabular amounts are expressed in thousands of US dollars, unless otherwise indicated. References to "$" or "dollars" are to US dollars, references to "C$" are to Canadian dollars and references to "R$" are to Brazilian Reais.

This MD&A contains "forward-looking information" that is subject to risk factors set out in a cautionary note contained at the end of this MD&A. The Company cannot assure investors that such information will prove to be accurate, and actual results and future events may differ materially from those anticipated in such information. The results for the periods presented are not necessarily indicative of the results that may be expected for any future period. Investors are cautioned not to place undue reliance on this forward-looking information. All information contained in this MD&A is current and has been approved by the Board of Directors of the Company as of May 7, 2019, unless otherwise stated.

BUSINESS OVERVIEW

Ero, headquartered in Vancouver, B.C., is a mining company focused on developing its portfolio of assets in Brazil. The Company's common shares trade on the Toronto Stock Exchange under the symbol "ERO".

The Company's primary asset is a 99.6% interest in the Brazilian copper mining company, Mineração Caraíba S.A. ("MCSA"), 100% owner of the Vale do Curaçá Property with over 39 years of operating history in the region. The Company currently mines copper ore from the Pilar underground mine, its newly constructed Vermelhos underground mine and the R22W open pit mine. In addition to the Vale do Curaçá Property, MCSA owns 100% of the Boa Esperança development project, an IOCG-type copper project located in Pará, Brazil. The Company also owns, directly and indirectly through MCSA, 97.6% of NX Gold S.A. ("NX Gold"), a producing gold mine in Mato Grosso State, Brazil.

Additional information on the Company and its operations, including technical reports on the Vale do Curaçá Property, the NX Gold Mine and the Boa Esperança Project, can be found on the Company's website (www.erocopper.com) and on SEDAR (www.sedar.com).

HIGHLIGHTS

		2019 - Q1		2018 - Q4		2018 - Q1
Operating Information						
Copper (MCSA Operations)						
Ore Processed (tonnes)		**530,133**		777,480		316,126
Grade (% Cu)		**2.19**		1.77		1.76
Cu Production (tonnes)		**10,645**		12,104		4,845
Cu Production (lbs)		**23,468,419**		26,685,324		10,681,781
Cu Sold in Concentrate (tonnes)		**10,033**		12,900		4,096
Cu Sold in Concentrate (lbs)		**22,118,394**		28,439,667		9,030,124
C1 Cash cost of copper produced (per lb)[1]	**$**	**0.91**	$	0.99	$	1.63
Gold (NX Gold Operations)						
Au Production (ounces)		**10,119**		10,008		9,418
C1 Cash cost of gold produced (per ounce)[1]	**$**	**486**	$	540	$	555
Financial information ($millions, except per share amounts)						
Revenues	**$**	**72.0**	$	85.1	$	39.7
Gross profit	**$**	**32.6**	$	39.0	$	8.5
EBITDA[1]	**$**	**37.2**	$	40.2	$	13.6
Adjusted EBITDA[1]	**$**	**39.3**	$	39.0	$	13.6
Cash flow from operations	**$**	**25.1**	$	24.0	$	2.9
Net income (loss) attributable to owners of the Company	**$**	**15.3**	$	11.2	$	(1.4)
Net income (loss) per share attributable to owners						
of the Company - Basic	**$**	**0.18**	$	0.13	$	(0.02)
- Diluted	**$**	**0.17**	$	0.13	$	(0.02)
Adjusted income (loss) attributable to owners of the Company[1]	**$**	**15.7**	$	7.9	$	(1.9)
Adjusted earnings (loss) per share attributable to owners						
of the Company[1] - Basic	**$**	**0.19**	$	0.09	$	(0.02)
- Diluted	**$**	**0.17**	$	0.09	$	(0.02)
Cash and Cash Equivalents	**$**	**19.5**	$	18.9	$	27.1
Working Capital (Deficit)[1]	**$**	**(0.7)**	$	(9.3)	$	(22.2)
Net Debt[1]	**$**	**(133.1)**	$	(130.3)	$	(110.7)

Footnotes

[1] - C1 Cash cost of copper produced (per lb), C1 - Cash cost of gold produced (per ounce), EBITDA, Adjusted EBITDA, Adjusted net income (loss) attributable to owners of the company, Adjusted earnings (loss) per share, Net Debt, and Working capital, are non-IFRS measures - see page 16 of this MD&A for a discussion of non-IFRS measures.

First Quarter 2019 Highlights

Strong start to 2019 at MCSA Operations

- First quarter production at the Company's 99.6% owned MCSA operations of 10,645 tonnes of copper in concentrate.
- Significant increases in copper grades processed and metallurgical recoveries from the fourth quarter in 2018, with 530,133 tonnes of ore grading 2.19% copper processed producing 10,645 tonnes of copper in concentrate after average metallurgical recoveries of 91.8% during the first quarter.

- First quarter C1 Cash cost of $0.91 per pound of copper produced, an improvement of $0.08 from the fourth quarter of 2018.

Strong operational performance at NX Gold Operations

- First quarter gold and silver production at the Company's 97.6% owned high-grade NX Gold Mine of 10,119 ounces gold and 6,359 ounces silver.
- Quarter-on-quarter operations in-line with prior period with 38,717 tonnes grading 8.76 grams per tonne gold processed producing 10,119 ounces of gold and 6,359 ounces of silver after metallurgical recoveries that averaged 92.8% during the first quarter.
- First quarter C1 Cash cost of $486 per ounce of gold produced, an improvement of $54 from the fourth quarter in 2018.

Continued Expansion of Company-wide exploration programs – advancing new targets and discoveries

- 24 drill rigs currently operating in the Curaçá Valley plus an additional 6 drill rigs operating at the NX Gold Mine.
- Within the Vermelhos District, where 11 drill rigs are operating, exploration is now focused on in and near-mine expansion as well as drilling along a north-northeast mineralized trend encompassing the Vermelhos Mine, East Zone, N8 Deposit and several high-priority regional targets located south and to the north of the Vermelhos Mine – a combined strike length of approximately 5.5 kilometers.
- Exploration activity within the Pilar District, where 13 drill rigs are currently operating, continues to focus on previously announced discoveries of the West Limb and Deepening Extension zones. Recent drilling has identified a high-grade zone of mineralization within the southern portion of the West Limb and newly identified and now digitized data continues to augment exploration activities at Pilar – specifically within the West Limb. In addition, the Company continues to drill test several regional targets within the Pilar District south of the Pilar Mine identified during the Company's data compilation and targeting work.
- At the NX Gold Mine, where 6 drill rigs are currently operating, exploration efforts are focused on a recently announced new zone of mineralization. This new zone of mineralization is located between and on-trend of the Bras and Buracão veins. To-date, mineralization has been delineated over approximately 400 meters in strike-length and approximately 200 meters down-dip and remains open to depth.

REVIEW OF OPERATIONS

Mineração Caraíba S.A. (Vale do Curaçá):

	2019 - Q1	2018 - Q4	2018 - Q1
Operating Information			
Copper (MCSA Operations)			
Ore Processed (tonnes)	530,133	777,480	316,126
Grade (% Cu)	2.19	1.77	1.76
Cu Production (tonnes)	10,645	12,104	4,845
Cu Production (lbs)	23,468,419	26,685,324	10,681,781
Concentrate Grade (% Cu)	35.2%	34.5%	34.7%
Recovery (%)	91.8	87.8	87.3
Concentrate Sales (tonnes)	28,665	37,801	11,672
Cu Sold in Concentrate (tonnes)	10,033	12,900	4,096
Cu Sold in Concentrate (lbs)	22,118,394	28,439,667	9,030,124
C1 Cash cost of copper produced (per lb)(1)	$ 0.91	$ 0.99	$ 1.63

Footnote

[1] - C1 Cash cost of copper produced (per lb) is a non-IFRS measure - see page 16 of this MD&A for a discussion of non-IFRS measures.

MCSA's operating mines continued to perform well during the first quarter and in-line with expectations. The Pilar underground mine saw quarter-on-quarter declines in tonnes and grades mined relative to the fourth quarter of 2018. During the first quarter, 320,731 tonnes of ore was mined grading 1.67% copper from Pilar. The declines in grades mined during the period (as compared to 2.21% copper mined during fourth quarter) was anticipated due to several high-grade stopes that were sequenced at year end. We expect grades at the Pilar Mine to improve through the balance of 2019.

At the Vermelhos Mine, the first production from stopes within the main orebodies commenced during the period, resulting in a 34% quarter-on-quarter improvement in grades mined, while tonnes mined remained in-line with the prior quarter. 139,413 tonnes were mined grading 3.71% copper during the period. As we look forward to the balance of the year, we expect the Vermelhos Mine to continue to meaningfully contribute to copper production from our MCSA operations.

During the first quarter, the Company repositioned its open pit mining fleet and commenced operations at the R22W open pit mine, located just north of the Caraíba Mill. During the period a total of 57,344 tonnes of ore were mined grading 0.37% copper. The low grades mined during the period were predominately a result of above-cutoff grade material mined during stripping activities originally modelled as waste. Tonnes and grades mined are expected to improve as mining activity ramps up through the second quarter.

In total, 530,133 tonnes of ore grading 2.19% copper was processed during the first quarter of 2019. Metallurgical recoveries averaged 91.8% during the period – a significant quarter-on-quarter improvement as a result of improved grades, increased contribution from Vermelhos and several low-cost operational improvement initiatives undertaken at the end of 2018 that have improved our milling and flotation performance.

C1 Cash cost averaged $0.91 per pound of copper produced during the three-month period ended March 31, 2019. Lower mining costs, due to the completion of mining activities at Surubim, combined with an increase in processed copper grades as a result of the ramp-up of mining activities at Vermelhos, drove an improvement of $0.08 from the prior quarter.

The Company has an extensive exploration program underway at the Vale do Curaçá Property, where 24 exploration drill rigs are currently active, including 11 within the Vermelhos District and 13 within the Pilar District. Three of these drill rigs are testing regional exploration targets located within these districts.

Exploration activities within the Vermelhos District, located approximately 80 kilometers to the north of the Caraíba Mill complex and encompasses the high-grade Vermelhos underground mine, are focused on evaluating and increasing the known extent of mineralization of the Vermelhos Mine and District. Recent results, combined with results of the recently completed regional airborne geophysical survey and data compilation programs, continue to indicate potential for extensions of Vermelhos along a north-northeast trending structure that, to-date, has been interpreted to extend over 5.5 kilometers.

Within the Vermelhos Mine's infrastructure, recent drilling to test the southern extension of high-grade mineralization was highlighted by hole FVS-354 that intersected 17.0 meters grading 6.76% copper including 3.0 meters grading 17.19% copper, and hole FVS-364 that intersected 9.4 meters grading 1.66% copper and 24.6 meters grading 7.56% copper including 7.7 meters grading 15.97% copper. These holes indicate mineralized continuity in areas previously defined as discrete lenses south of the Sombrero orebody. In addition, recent results from the central portion of the main Vermelhos orebodies indicate an expansion of the mineralized thickness of the Toboggan orebody, highlighted by hole FVS-337 that intersected 23.8 meters grading 8.06% copper including 8.0 meters grading 9.20% copper and hole FVS-355 that intersected 25.0 meters grading 7.32% copper including 16.0 meters grading 9.67% copper, a 70% increase in the modeled thicknesses of the mineralization in the immediate area surrounding these new results. Exploration drilling within the Vermelhos District is now focused on a 5.5 kilometer north-northeast mineralized trend encompassing the Vermelhos Mine, East Zone, N8 Deposit and several high-priority regional targets located south and to the north of the Vermelhos Mine.

Exploration activities within the Pilar District, which encompasses the Pilar underground mine and Caraíba Mill is focused on extending and continuing to define the known extent of mineralization within the previously announced West Limb and in the Deepening Extension zones. Recent underground drilling has identified a high-grade zone of mineralization in the southern portion of the West Limb, highlighted by hole FC38157 that intersected 16.7 meters grading 3.31% copper including 3.0 meters grading 7.85% copper and hole FC38159 that intersected 10.5 meters grading 4.00% copper including 3.0 meters grading 8.70% copper. In addition, a newly identified and now digitized historic drill database encompassing 53 drill holes, of which 20 have been validated under the Company's quality assurance and quality control ("QA/QC") program, significantly extended the drilled extent of the West Limb. The historic database was discovered during the Company's ongoing data digitization program. The data encompasses an area within the West Limb measuring approximately 300 meters in length by 275 meters in depth located immediately south of the previously defined resource model of the West Limb. The 33 remaining historic drill samples are being systematically reviewed and validated via re-assaying and twin-hole drilling as required. These results are highlighted by hole FC3798 that intersected 11.0 meters grading 1.95% copper and hole FC3837 that intersected 20.0 meters grading 1.23% copper.

Drilling in the Deepening Extension zone, also located in the Pilar Mine, continues to extend mineralization beyond what was previously believed to be the southern limits of the mine's mineral resources at depth. Recent results are highlighted by hole FC38162 that intersected 13.2 meters grading 1.58% copper including 6.0 meters grading 2.06% copper. These new results, when combined with previously announced exploration results (see press release dated December 11, 2018), highlight that the Deepening Extension remains open to depth and to the south.

NX Gold S.A.

	2019 - Q1	2018 - Q4	2018 - Q1
Operating Information			
Gold (NX Gold Operations)			
Ore mined (tonnes)	**38,771**	37,950	27,221
Ore milled (tonnes)	**38,717**	38,464	24,831
Head grade (grams per tonne Au)	**8.76**	8.85	13.06
Recovery (%)	**92.8%**	91.5%	90.5%
Gold ounces produced (oz)	**10,119**	10,008	9,418
Silver ounces produced (oz)	**6,359**	6,186	5,667
Gold sold (oz)	**10,023**	10,603	8,996
Silver sold (oz)	**6,224**	6,752	5,488
Cash cost of gold produced (per ounce)(1)	**$ 486**	$ 540	$ 555

Footnote

[1] - C1 Cash cost of gold produced (per ounce) is a non-IFRS measure - see page 16 of this MD&A for a discussion of non-IFRS measures.

At the NX Gold Mine, mining and processing operations continued to perform well. The operational performance gains realized in 2018, and during the first quarter of 2019, are a continuation of improvement initiatives that commenced during the first half of 2017 in an effort to focus production and development activities on the highest grade zones within the Brás Vein and the application of a more selective manual mining method currently being employed in the Buracão Vein. Mining and processing operations during the first quarter resulted in the production of 10,119 ounces of gold and 6,359 ounces of silver (as by-product) produced from total mill feed of 38,717 tonnes grading 8.76 g/t gold after average recoveries of 92.8%. C1 Cash costs averaged $486 per ounce of gold produced during the first quarter. Stable production, combined with lower mining and processing costs drove an improvement of $54 from the prior quarter.

Exploration at the NX Gold Mine continues to focus on extensions of the Bras and Buracão veins and a recently announced significant new discovery. The new discovery, known as Santo Antonio, is a new zone of mineralization located between and on-trend of the Bras and Buracão veins. To-date, mineralization has been delineated over approximately 400 meters in strike-length and approximately 200 meters down-dip and remains open to depth. Development into this new vein has commenced while drilling to confirm the extent of mineralization remains ongoing. The Santo Antonio discovery is highlighted by drill holes SA13 that intersected 3.0 meters grading 19.38 grams per tonne gold, SA22 that intersected 3.8 meters grading 19.03 grams per tonne gold and SA31 that intersected 8.8 meters grading 6.89 grams per tonne gold. There are currently 6 drill rigs operating at the NX Gold Mine.

Please refer to the Company's press releases dated September 5, 2018, September 25, 2018, December 11, 2018 and April 18, 2019 for additional detail on the Company's 2018 updated mineral reserve and resource estimates and ongoing exploration activities, including new discoveries outlined.

Financial Update

Consolidated revenue for the first quarter of 2019 totalled $72.0 million. Gross profit for the first quarter of 2019 was $32.6 million.

At MCSA, revenue from copper sales for the first quarter of 2019 totaled $59.5 million. A total of 10,033 tonnes of copper in concentrate was sold during the quarter. Gross profit from mining operations for the quarter from MCSA was $27.3 million.

At NX Gold, revenue from gold and silver sales for the first quarter totaled $12.5 million based on sales of 10,023 ounces of gold and 6,224 ounces of silver. Gross profit from mining operations for the quarter from NX Gold was $5.3 million.

The Company generated overall net income for the quarter ended March 31, 2019 of $15.5 million.

The Company ended the quarter with $22.1 million in total cash (including $2.6 million of restricted cash). The working capital deficit improved by $8.6 million from December 31, 2018. The working capital position is expected to continue to improve with Vermelhos now in commercial production.

During the first quarter of 2019, the Company's subsidiary, MCSA, increased its unsecured line of credit with a Brazilian bank from R$35 million to R$40 million (approximately $10.3 million), and entered into credit agreements for a total of R$20 million (approximately $5.1 million) lines of credit with another Brazilian bank. As of May 7, 2019, these lines of credit, totalling R$60 million, are undrawn. In addition, the Company also has $5.0 million undrawn on its secured, revolving credit facility in Canada.

2019 Guidance/Outlook

Mineração Caraíba S.A.

Copper production in 2019 is expected to have a slight weighting towards the first half of the year due to higher-grade stope sequencing at both the Pilar and Vermelhos underground mines as well as incremental production from the R22W open pit mine. R22W is expected to augment underground production during the first half of the year (contributing approximately 250,000 tonnes of ore grading 0.50% copper). Underground production from the Pilar Mine is expected to contribute a total of approximately 1.3 million tonnes grading 1.80% copper while underground production from the Vermelhos Mine is expected to contribute a total of approximately 500,000 tonnes grading 3.20% copper resulting in a blended head grade of approximately 2.00% copper for 2019.

	2019 Guidance[1]
Tonnes Processed Sulphides	2,050,000
Copper Grade (% Cu)	2.00%
Copper Recovery (%)	88.0%
Cu Production (000 tonnes)	**36.0– 38.0**

[1] - Guidance is based on certain estimates and assumptions, including but not limited to, mineral reserve estimates, grade and continuity of interpreted geological formations and metallurgical performance. Please refer to the Company's SEDAR filings for complete risk factors.

The Company's guidance for 2019 assumes a USD:BRL foreign exchange rate of 3.70, gold price of $1,200 per ounce and silver price of $14.50 per ounce.

	2019 Guidance
C1 Cash Cost Guidance[1]	**$1.00 - $1.10**

(1) C1 Cash Costs are a non-IFRS measures – see the Notes section of this news release for additional information.

The Company's capital expenditure guidance for 2019 assumes a USD:BRL foreign exchange rate of 3.70 and has been presented below in USD millions.

	2019 Guidance[1]
Pilar Mine	42.0
Vermelhos	18.0
Boa Esperança	2.0
Capital Expenditure Guidance	62.0
Exploration[1]	**20.0**

(1) Exploration capital expenditure guidance is dependent, in part, on future exploration success and subject to further review and revision.

NX Gold S.A.

For 2019, the Company expects NX Gold to perform in line with its 2018 production and cost metrics. The continued operational and financial results have allowed the Company to re-invest cash into expanded exploration activities focused on extending mineral resources and reserves as well as new discoveries, such as Santo Antonio. Going forward, drilling activities (6 exploration drill rigs currently operating on site) will continue to focus on upgrading known mineral resources into reserves, extending the known mineralization to depth and along strike, as well as advancing the Santo Antônio discovery. These exploration activities are centered upon both maintaining the high-grade nature of the operations as well as extending the known life of the mine. The Company expects to provide an updated NI 43-101 technical report and mine plan during the third-quarter of 2019.

Boa Esperança

A full review of the Boa Esperança Feasibility Study[1] is currently being performed with the goal of extending the potential mine life and increasing copper production among other desktop optimization initiatives. The Company expects to provide an update on these initiatives later this year.

1. Technical report entitled "Feasibility Study, Technical Report for the Boa Esperança Copper Project, Pará State Brazil", dated September 7, 2017 with an effective date of June 1, 2017, prepared by Rubens Mendonça, MAusIMM of SRK Brazil as at the date of the report (now of Planminas) and Carlos Barbosa, MAIG and Girogio di Tomi, MAusIMM, both of SRK Consultores do Brasil Ltda. ("SRK Brazil") (the "Boa Esperança Feasibility Study")

REVIEW OF FINANCIAL RESULTS

The following table provides a summary of the financial results of the Company for the three month periods ended March 31, 2019 and 2018. Tabular amounts are in thousands of US dollars, except share and per share amounts.

	Notes		Three month period ended March 31, 2019		Three month period ended March 31, 2018[1]
Revenue	2	$	72,041	$	39,672
Cost of product sold	3		(38,140)		(30,775)
Sales expenses			(1,307)		(412)
Gross profit			32,594		8,485
Expenses					
General and administrative	4		(6,623)		(6,532)
Share-based compensation			(1,843)		(781)
Income before the undernoted			24,128		1,172
Other income (expenses)					
Finance income			136		210
Finance expense	5		(6,810)		(4,531)
Foreign exchange gain (loss)	6		(288)		809
Other income	7		1,048		890
Income (loss) before income taxes			18,214		(1,450)
Income tax recovery (expense)					
Current	8		(4,218)		(467)
Deferred	8		1,487		604
			(2,731)		137
Net income (loss) for the period			15,483		(1,313)
Other comprehensive income (loss)					
Foreign currency translation income (loss)			(1,413)		317
Comprehensive income (loss)		$	14,070	$	(996)
Net income (loss) attributable to:					
Owners of the Company		$	15,323		(1,369)
Non-controlling interests			160		56
		$	15,483	$	(1,313)
Comprehensive income (loss) attributable to:					
Owners of the Company		$	13,916		(1,053)
Non-controlling interests			154		57
		$	14,070	$	(996)
Income (loss) per share attributable to owners of the Company					
Net income (loss) per share					
Basic		$	0.18	$	(0.02)
Diluted		$	0.17	$	(0.02)
Weighted average number of common shares outstanding					
Basic			84,804,389		81,974,876
Diluted			89,917,828		81,974,876
Cash and cash equivalents		$	19,488		27,072
Total assets		$	387,860		373,034
Non-current liabilities		$	199,506		191,627

Notes:

1. The comparative income statement has been recast to present NX Gold as a continuing operation, as disclosed in the 2018 annual financial statements.
2. Revenues for the quarter ended March 31, 2019 from copper sales was $59.5 million (2018 - $28.2 million) which included the sale of 10,033 copper tonnes in concentrate as compared to 4,096 copper tonnes for the quarter ended March 31, 2018. The increase in revenue in the current quarter was due to the Vermelhos mine which commenced commercial production in October 2018. In addition, revenues for the quarter ended March 31, 2019 included $12.5 million (2018 - $11.5 million) from the sale of 10,023 (2018 - 8,996) ounces of gold from NX Gold operations.
3. Cost of products sold for the quarter ended March 31, 2019 from copper sales was $30.9 million (2018 - $22.8 million) which consisted of $9.8 million (2018 - $7.5 million) in depreciation and depletion, $7.5 million (2018 - $6.3 million) in salaries and benefits, $5.1 million (2018 - $3.0 million) in contractor services, $3.6 million (2018 - $2.5 million) in materials and consumables, $3.0 million (2018 - $2.2 million) in maintenance costs, $1.8 million (2018 - $1.1 million) in utilities, and $0.1 million (2018 - $0.2 million) in other costs. Cost of products sold for the three-month period ended March 31, 2019 increased relative to the same period in 2018 due to more copper produced and sold than the comparative quarter in 2018 as a result of the commencement of commercial production at the Vermelhos underground mine which commenced commercial production in October 2018. Cost of product sold for the quarter ended March 31, 2019 from gold sales was $7.3 million (2018 - $8.0 million) which comprised of $2.3 million (2018- $3.0 million) in depreciation and depletion, $1.6 million (2018 - $1.5 million) in salaries and benefits, $0.6 million (2018 - $0.9 million) in contractor services, $1.0 million (2018 - $1.1 million) in materials and consumables, $1.1 million (2018 - $1.1 million) in maintenance costs, $0.6 million (2018 - $0.4 million) in utilities, and $0.1 million (2018 - nil) in other costs.
4. General and administrative expenses for the quarter ended March 31, 2019 include $3.5 million (2018 - $4.8 million) with respect to MCSA for salaries and incentive payments, professional fees, office and sundry and provisions for tax, legal and labour claims, $0.5 million (2018 - $0.3 million) with respect to NX Gold for salaries and incentive payments, professional fees, office and sundry and provisions for tax, legal and labour claims and $2.6 million (2018 - $1.4 million) with respect to the corporate head office in Vancouver. Corporate head office costs are primarily comprised of $1.7 million (2018 - $0.7 million) in salaries, incentive payments, and consulting fees, $0.2 million (2017 - $0.2 million) in professional fees, $0.3 million (2018 - $0.3 million) in office and sundry costs and $0.4 million (2018 - $0.2 million) in travel-related costs. Current quarter amounts are higher than the comparative quarter due to the growth of operations at corporate head office, which included the hiring of more individuals. The current year also reflects accruals for head office incentive payments of $0.6 million for 2019.
5. Finance expense for the quarter ended March 31, 2019 was $6.8 million (2018 - $4.5 million) and is primarily comprised of interest on loans and borrowings at MCSA and NX Gold of $0.9 million (2018 - $2.4 million), the accretion of the asset retirement obligations of $1.3 million (2018 – nil) and other finance expenses of $1.5 million (2018 - $0.9 million), and interest on loans at the corporate head office of $3.1 million (2018 – $1.2 million). Interest on loans and borrowings at MCSA and NX Gold decreased due to the repayments of certain MCSA loans during 2018, while interest on loans at the corporate head office increased due to the senior secured non-revolving credit facility entered into in December 2018.
6. Foreign exchange loss for the quarter ended March 31, 2019 was $0.3 million (2018 - $0.8 million gain). This amount is comprised of a gain on foreign exchange forward contracts of $0.4 million (2018 - $0.9 million gain) There is a foreign exchange loss on US denominated debt of $0.1 million (2018 – nil) and an additional foreign exchange loss of $0.6 million (2018 – $0.1 million) for other foreign exchange transactions. Foreign exchange losses were small this quarter as the foreign exchange rate between the Brazilian Reais and the US dollar did not fluctuate significantly during this period.
7. Other income for the quarter ended March 31, 2019 of $1.0 million (2018 - $0.9 million) primarily consisted of state tax credits received that were deemed not recoverable in the past.

8. Income tax expense in the quarter ended March 31, 2019 increased over the comparative quarter primarily due to increases in income.

SUMMARY OF QUARTERLY RESULTS

The following table presents selected financial information for each of the most recent eight quarters. Tabular amounts are in millions of US Dollars, except share and per share amounts.

	2019	2018				2017		
Selected Financial Information	March 31	Dec 31 (2)	Sept 30	June 30 (3)	March 31	Dec 31 (4)	Sept 30	June 30
Revenue	$ 72.0	$ 85.1	$ 47.3	$ 61.0	$ 39.7	$ 49.4	$ 40.9	$ 38.9
Cost of product sold	$ (38.1)	$ (44.7)	$ (27.9)	$ (44.2)	$ (30.8)	$ (38.5)	$ (34.1)	$ (33.3)
Gross profit (loss) (1)	$ 32.6	$ 39.0	$ 18.8	$ 15.9	$ 8.5	$ 10.3	$ 6.0	$ 5.1
Net income (loss) for period	$ 15.5	$ 11.3	$ 5.2	$ (18.2)	$ (1.3)	$ 19.5	$ 17.9	$ (12.8)
Income (loss) per share attributable to owners of the Company								
- Basic	$ 0.18	$ 0.13	$ 0.05	$ (0.22)	$ (0.02)	$ 0.28	$ 0.32	$ (0.19)
- Diluted	$ 0.17	$ 0.13	$ 0.05	$ (0.22)	$ (0.02)	$ 0.24	$ 0.29	$ (0.19)
Weighted average number of common shares outstanding - Basic	84,804,389	84,736,476	84,504,954	84,458,914	81,974,876	70,929,120	56,772,684	56,772,684
- Diluted	89,917,828	89,191,707	88,638,656	88,458,396	81,974,876	81,448,095	63,112,617	56,772,684

1. Gross profit as a percentage of revenue has increased over the past eight quarters as grades have increased and efficiencies improved.
2. During the quarter ended December 31, 2018, MCSA began commercial production of the Vermelhos mine. This resulted in increased sales this quarter, generating higher net income for the period.
3. During the quarter ended June 30, 2018, the Company had overall net loss of $18.2 million, which included $26.4 million in foreign exchange losses. The foreign exchange losses were comprised of $12.2 million loss associated with US dollar denominated debt held by MCSA, whose functional currency is the Brazilian Real, $11.4 million loss on foreign exchange forward contracts and $2.8 million related to other operational exchange losses. The foreign exchange losses were unusually high this quarter due to volatility in the foreign exchange rates between the US dollar and the Brazilian Real.
4. During the quarter ended December 31, 2017, a gain on debt settlement of $28.7 million was recognized from the settlement of debt in MCSA.

LIQUIDITY, CAPITAL RESOURCES AND CONTRACTUAL OBLIGATIONS

Liquidity

As at March 31, 2019, the Company held cash and cash equivalents of $19.5 million. Cash and cash equivalents are primarily comprised of cash held with reputable financial institutions and are invested in highly liquid short-term investments with maturities of three months or less. The funds are not exposed to liquidity risk and there are no restrictions on the ability of the Company to use these funds to meet its obligations.

Cash and cash equivalents increased by $0.5 million during the three month period ended March 31, 2019. The Company's cash flows from operating, investing and financing activities during the three month period ended March 31, 2019 are summarized as follows:

- Cash from operating activities of $25.1 million.

Partially offset by:

- Cash used in investing activities of $22.1 million, including:
  - $21.9 million on additions to mineral property, plant and equipment;
  - $0.2 million on additions to exploration and evaluation assets;

- Cash flows used in financing activities of approximately $2.0 million, including:
    - $3.0 million on repayment on loans and borrowings;
    - $2.8 million on payment of interest on loans and borrowings;
    - $0.9 million of lease payments;
    - $0.9 million of other finance expenses

  net of:
    - $4.7 million proceeds from new loans and borrowings in MCSA relating to equipment financing;
    - $0.5 million proceeds from issuance of share capital;
    - $0.4 million move from restricted cash

As at March 31, 2019, the Company had a working capital deficit of $0.7 million.

The Company does not expect to have any issues with respect to its ability to meet its working capital requirements and to service its debt obligations. The Company expects, based on estimated cash flows including the now operational Vermelhos underground mine, as well as its undrawn lines of credit discussed previously in this MD&A, the Company will be able to meet its working capital requirements and service its debt obligations. The risk to the Company of being unable to service its debt obligations is largely limited to a significant drop in the underlying commodity price.

Capital Resources

The Company's primary sources of capital are comprised of cash from operations, cash and cash equivalents on hand and undrawn debt facilities. The Company will continuously monitor its capital structure and, based on changes in operations and economic conditions, may adjust such structure by issuing new common shares or new debt as necessary. While the Company has been successful in securing financing to date, there are no guarantees that it will be able to secure such financing in the future on terms acceptable to the Company, if at all. Taking into consideration cash flow from existing operations, the commissioning of the Vermelhos underground mine in October 2018, and the existing undrawn lines of credit, management believes that the Company has sufficient working capital and financial resources to maintain its planned operations and activities for the foreseeable future.

Certain loan agreements contain operating and financial covenants that could restrict the ability of the Company and its subsidiary, MCSA, to, among other things, incur additional indebtedness needed to fund its respective operations, pay dividends or make other distributions, make investments, create liens, sell or transfer assets or enter into transactions with affiliates. There are no other restrictions or externally imposed capital requirements of the Company.

MANAGEMENT OF RISKS AND UNCERTAINTIES

The Company thoroughly examines the various financial instruments and risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include credit risk, liquidity risk, currency risk, commodity price risk and interest rate risk. Where material, these risks are reviewed and monitored by the Board.

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 March 31, 2019 and December 31, 2018:

		March 31, 2019		December 31, 2018
Cash and cash equivalents	$	**19,488**	$	18,941
Restricted cash		**2,622**		3,000
Accounts receivable		**18,693**		7,219
Deposits		**1,401**		1,334
Other non-current assets - term deposits		**692**		686
	$	**42,896**	$	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 significant credit losses during the three month period ended March 31, 2019 nor has a provision for credit losses been recognized.

Derivatives

The Company may use derivatives, including forward contracts, collars and swap contracts, to manage market risks. At March 31, 2019, the Company has entered into foreign exchange collar contracts at zero cost for $164.2 million with an average floor rate of 3.67 and an average cap rate of 4.03 (December 31, 2018 - $21.5 million in foreign exchange forward contracts). The maturity dates of these contracts are from April 15, 2019 to December 27, 2019 and are financially settled on a net basis. The fair value of these contracts at March 31, 2019 was nominal, (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 currency contracts held at December 31, 2018 was a loss of $0.3 million for the three month period ended March 31, 2019 (three month ended March 31, 2018 – a gain of $0.6 million) and has been recognized in foreign exchange loss. In addition, in the three month period ended March 31, 2019, the Company recognized a realized gain of $0.7 million (three month ended March 31, 2018 – a gain of $0.3 million) related to the settlement of foreign currency forward contracts held at December 31, 2018.

As at March 31, 2019, the Company has entered into an interest rate swap contract to manage interest rate risk. The floating interest on a notional amount of $65 million of the Term Facility was swapped for a fixed interest rate of 2.69%. The fair value of this contract at March 31, 2019 was a liability of $0.8 million and was included in Derivatives in the statement of financial position.

For a discussion of additional risks applicable to the Company and its business and operations, including risks related to the Company's foreign operations, the environment and legal proceedings, see "*Risk Factors*" in the Company's Annual Information Form for the year ended December 31, 2018 and dated March 14, 2019 (the "AIF").

OTHER FINANCIAL INFORMATION

Off-Balance Sheet Arrangements

As at March 31, 2019, the Company had no material off-balance sheet arrangements.

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 a significant number of these claims are unlikely to be successful, if all such existing claims were decided against it, the Company could be exposed to liability of up to approximately $25.2 million, which could have an adverse impact on the Company's business, financial condition, results of operations, cash flows or prospects.

At the end of March 2019, MCSA provided a guarantee to the lender of one of its customers to facilitate an extension of their working capital lines by BRL$25 million. The funds were used to accelerate payment for already invoiced concentrate sales to this customer. On April 10, 2019 MCSA was released of its guarantee obligations.

Outstanding Share Data

At May 7, 2019, the Company had 85,013,647 common shares, 4,941,188 stock options, 3,166,662 warrants, and 215,288 performance share units issued and outstanding.

Related Party Disclosures

For the three month period ended March 31, 2019, amounts paid to related parties were incurred in the normal course of business and measured at the exchange amount, which is the amount agreed upon by the transacting parties and on terms and conditions similar to non-related parties.

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, and share based compensation. The aggregate value of compensation paid to key management personnel for the three month period ended March 31, 2019 was $1.4 million ($0.6 million for the three month period ended March 31, 2018). In addition, 125,000 options were issued to directors with $1.4 million recognized in share-based compensation expense for the three month period ended March 31, 2019 for options and share units previously issued ($0.5 million for the three month period ended March 31, 2018).

ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

Critical Accounting Judgments and Estimates

The Company's December 31, 2018 consolidated financial statements are prepared in accordance with IFRS as issued by the International Accounting Standards Board (IASB). The significant polices applied and recent accounting pronouncements are described in Note 3 of the Company's 2018 annual consolidated financial statements, respectively, except as discussed below.

In preparing the condensed consolidated interim financial statements in accordance with IAS 34, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. These estimates involve considerable judgement and are, or could be, affected by significant factors that are out of the Company's control. Actual results could differ from those estimates. Management reviews its estimates and assumptions on an ongoing basis using the most current information available. Revisions to estimates and the resulting effects on the carrying values of the Company's assets and liabilities are accounted for prospectively. For a description of the critical judgements in application of the accounting policies and information about assumptions and estimations uncertainties, refer to the Company's MD&A for the year ended December 31, 2018, which is available on SEDAR at www.sedar.com.

New Accounting Standards Adopted in the Current Period

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

i) 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.

The Company adopted IFRS 16 using the modified retrospective approach. Accordingly, the comparative information presented for 2018 has not been restated. The impact of adoption of IFRS 16 is disclosed in note 2(b) of the March 31, 2019 condensed consolidated interim financial statements.

As a result of applying IFRS 16, the Company recognized right-of-use assets of $4.7 million and lease liabilities of $4.9 million as at March 31, 2019.

ii) 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.

Local Currency Operating Metrics – Presented in Brazilian Real

		2019 - Q1	2018 - Q4	2018 - Q1
Costs (MCSA Operations)				
Mining - UG (Pilar)	R$	51,887	63,863	40,196
- UG (Vermelhos)		29,052	19,288	-
- OP		2,279	16,894	12,985
Processing		18,546	23,058	13,324
Indirect		12,363	10,783	4,899
Production costs		114,127	133,886	71,404
Capex development		(24,671)	(27,815)	(10,681)
By-product credits		(9,740)	(11,090)	(3,017)
Treatment, refining and other		603	(2,676)	(1,393)
C1 Cash costs	**R$**	**80,319**	92,305	56,313
Breakdown Mined and Processed (tonnes)				
UG Mined		541,877	687,872	275,003
OP Mined		234,211	700,732	1,347,536
Total Mined (t):		**776,088**	1,388,604	1,622,539
Total Processed (t)		**530,133**	777,480	316,126
Cu Production (t)		**10,645**	12,104	4,845
UG Mining Total - R$/tonne mined		103.84	120.88	146.17
Pilar - R$/tonne mined[2]		99.14	n/a	n/a
Vermelhos - R$/tonne mined[2]		114.63	n/a	n/a
OP Mining - R$/tonne mined		9.73	24.11	9.64
Processing -R$/S tonne processed		34.98	29.66	42.15
Indirect -R$/S tonne processed		23.32	13.87	15.50

Footnote

[1] - Above only includes amounts from MCSA. NX Gold operations are excluded.

[2] - Starting 2019, the company breaks out the cost metrics for underground mining between Pilar and Vermelhos.

NON-IFRS MEASURES

Financial results of the Company are prepared in accordance with IFRS. The Company utilizes certain non-IFRS measures, including C1 cash cost of copper produced (per lb), C1 cash cost of gold produced (per ounce), EBITDA, Adjusted EBITDA, Adjusted net income (loss) attributable to owners of the Company, Adjusted earnings (loss) per share, net debt and working capital, which are not measures recognized under IFRS. The Company believes that these measures, together with measures determined in accordance with IFRS, provide investors with an improved ability to evaluate the underlying performance of the Company. Non-IFRS measures do not have any standardized meaning prescribed under IFRS, and therefore they may not be comparable to similar measures employed by other companies. The data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The tables below provide a reconciliation of these non-IFRS measures to the most directly comparable IFRS measures as contained in the Company's financial statements.

Unless otherwise noted, the non-IFRS measures presented below have been calculated on a consistent basis for the periods presented.

C1 Cash Cost of Copper Produced (per lb)

C1 Cash cost of copper produced (per lb) is the sum of production costs, net of capital expenditure development costs and by-product credits, divided by the copper pounds produced. C1 cash costs reported by the Company include treatment, refining charges, offsite costs, and certain tax credits relating to sales invoiced to the Company's Brazilian customer on sales. By-product credits are calculated based on actual precious metal sales (net of treatment costs) during the period divided by the total pounds of copper produced during the period. C1 cash cost of copper produced per pound is a non-IFRS measure used by the Company to manage and evaluate operating performance of the Company's operating mining unit and is widely reported in the mining industry as benchmarks for performance but does not have a standardized meaning and is disclosed in addition to IFRS measures.

The following table provides a reconciliation of C1 cash cost of copper produced per pound to cost of goods sold, its most directly comparable IFRS measure.

		2019 - Q1		2018 - Q4[1]		2018 - Q1
Costs						
Mining	$	22,313	$	28,045	$	16,396
Processing		4,921		6,052		4,108
Indirect		3,032		2,830		1,511
Production costs		30,266		36,927		22,014
Capex development		(6,537)		(7,301)		(3,293)
By-product credits		(2,583)		(2,911)		(930)
Treatment, refining and other		165		(263)		(429)
C1 Cash Costs	**$**	**21,311**	$	26,452	$	17,362
Costs per pound						
Payable copper produced (lb)[1]		**23,468**		26,685		10,682
Mining	$	0.95	$	1.05	$	1.53
Processing	$	0.21	$	0.23		0.38
Indirect	$	0.13	$	0.11		0.14
Capex development	$	(0.28)	$	(0.27)		(0.30)
By-product credits	$	(0.11)	$	(0.11)		(0.08)
Treatment, refining and other	$	0.01	$	(0.02)		(0.04)
C1 Cash cost of Copper produced (per lb)	**$**	**0.91**	$	0.99	$	1.63

Footnote

[1] - Total includes amount produced from the newly constructed Vermelhos underground mine as of 2018 Q4 and pre-production ore.

The following table provides a reconciliation of C1 cash cost of copper produced per pound to cost of goods sold, its most directly comparable IFRS measure.

		2019 - Q1		2018 - Q4		2018 - Q1
Reconciliation:						
Cost of Product Sold	$	30,851	$	36,894	$	22,755
Add (less):						
Depreciation/amortization/depletion		(9,762)		(9,244)		(7,511)
Net Change in Inventory		1,397		(1,204)		3,135
Transportation costs & other		1,238		1,019		329
By-product credits		(2,583)		(2,911)		(930)
Treatment, refining, and other		165		(263)		(429)
Foreign exchange translation adjustments		5		2,161		13
C1 Cash costs	**$**	**21,311**	$	26,452	$	17,362

C1 Cash Cost of Gold produced (per ounce)

C1 Cash cost of gold produced (per ounce) is the sum of production costs, net of capital expenditure development costs and silver by-product credits, divided by the gold ounces produced. By-product credits are calculated based on actual precious metal sales during the period divided by the total ounces of gold produced during the period. C1 cash cost of gold produced per pound is a non-IFRS measure used by the Company to manage and evaluate operating performance of the Company's operating mining unit and is widely reported in the mining industry as benchmarks for performance but does not have a standardized meaning and is disclosed in addition to IFRS measures.

		2019 - Q1		2018 - Q4		2018 - Q1
Costs						
Mining	$	2,667	$	3,033	$	2,887
Processing		1,667		1,944		2,002
Indirect		816		668		629
Production costs		5,150		5,645		5,518
Capex development		(148)		(145)		(209)
By-product credits		(89)		(90)		(85)
C1 Cash Costs	**$**	**4,913**	$	5,410	$	5,224
Costs per ounce						
Payable gold produced (ounces)		**10,119**		10,008		9,418
Mining		264		303		307
Processing		165		194		213
Indirect		81		67		67
Capex development		(15)		(15)		(22)
By-product credits		(9)		(9)		(10)
C1 Cash cost of Gold produced (per ounce)	**$**	**486**	$	540	$	555

The following table provides a reconciliation of C1 cash cost of gold produced per ounce to cost of goods sold, its most directly comparable IFRS measure.

		2019 - Q1		2018 - Q4		2018 - Q1
Reconciliation:						
Cost of Product Sold	$	7,289	$	7,768	$	8,020
Add (less):						
Depreciation/amortization/depletion		(2,336)		(1,810)		(3,012)
Net Change in Inventory		49		(308)		236
By-product credits		(89)		(90)		(85)
Foreign exchange translation adjustments		-		(150)		65
C1 Cash costs	**$**	**4,913**	$	5,410	$	5,224

Earnings before interest, taxes, depreciation, and amortization ('EBITDA') and Adjusted EBITDA

EBITDA represents earnings before interest expense, income taxes, depreciation, and amortization. Adjusted EBITDA includes further adjustments for non-recurring items and items not indicative to the future operating performance of the Company. The Company believes EBITDA and adjusted EBITDA are appropriate supplemental measures of debt service capacity and performance of its operations.

Adjusted EBITDA is calculated by removing the following income statement items:

- Gains or losses on debt settlement
- Foreign exchange gain (loss)
- Share based compensation

		2019 - Q1		2018 - Q4		2018 - Q1
Reconciliation:						
Net income (loss)	$	15,483	$	11,280	$	(1,313)
Adjustments:						
Finance expenses		6,810		6,776		4,531
Taxes		2,731		6,852		(137)
Depreciation/amortization/depletion		12,139		15,301		10,552
EBITDA		**37,163**		40,209		13,633
Foreign exchange loss (gain)		288		(7,433)		(809)
Loss on debt settlement		-		5,476		-
Share based compensation		1,843		723		781
Adjusted EBITDA	**$**	**39,294**	$	38,975	$	13,605

Adjusted net income (loss) attributable to owners of the Company and Adjusted earnings (loss) per share

The Company uses the financial measure "Adjusted net income (loss) attributable to owners of the Company" and "Adjusted earnings (loss) per share" to supplement information in its consolidated financial statements. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, the Company and certain investor and analysts use this information to evaluate the Company's performance. The Company excludes certain unrealized foreign exchange gains or losses from net earnings to provide a measure which allows the Company and investors to evaluate the operating results of the underlying core operations. The presentation of Adjusted EPS is not meant to substitute the EPS presented in accordance with IFRS, but rather it should be evaluated in conjunction with such IFRS measures.

The following table provides a detailed reconciliation of net income (loss) attributable to owners of the Company as reported in the Company's consolidated financial statements to adjusted net income (loss) attributable to owners of the Company and adjusted EPS.

	2019 - Q1	2018 - Q4	2018 - Q1
Reconciliation:			
Net income (loss) as reported attributable to the owners of the Company	$ 15,323	$ 11,210	$ (1,369)
Adjustments for:			
Unrealized foreign exchange loss (gain) on USD denominated debt in MCSA	135	(4,816)	18
Unrealized foreign exchange loss (gain) on unrealized derivative contracts	264	(3,977)	(597)
Loss (gain) on debt settlement	-	5,461	-
Adjusted net income (loss) attributed to owners of the Company	**15,722**	7,878	(1,948)
Weighted average number of common shares - basic	84,804,389	84,736,476	81,974,876
Weighted average number of common shares - diluted	89,917,828	89,191,707	81,974,876
Adjusted earnings (loss) per share - basic	**$ 0.19**	$ 0.09	$ (0.02)
Adjusted earnings (loss) per share - diluted	**$ 0.17**	$ 0.09	$ (0.02)

Net Debt

Net debt is determined based on cash and cash equivalents, restricted cash and loans and borrowings as reported in the Company's consolidated financial statements. The Company uses net debt as a measure of the Company's ability to pay down its debt. The following table provides a calculation of net debt based on amounts presented in the Company's consolidated financial statements as at March 31, 2019 and December 31, 2018.

	March 31 2019	December 31, 2018
Cash and cash equivalents	$ 19,488	$ 18,941
Restricted cash	2,622	3,000
Less: Current portion of loans and borrowings	(11,255)	(10,602)
Long-term portion of loans and borrowings	(143,979)	(141,632)
Net Debt	**$ (133,124)**	**$ (130,293)**

Working Capital and Available Liquidity

Working capital is determined based on current assets and current liabilities as reported in the Company's consolidated financial statements. The Company uses working capital as a measure of the Company's short-term financial health and operating efficiency. Available liquidity includes the Company's working capital and undrawn revolving credit facilities in place. The following table provides a calculation for these based on amounts presented in the Company's consolidated financial statements as at March 31, 2019 and December 31, 2018.

		March 31 2019		December 31, 2018
Current Assets	$	67,328	$	50,954
Less: Current Liabilities		(68,076)		(60,265)
Working Capital (Deficit)	**$**	**(748)**	**$**	**(9,311)**
Available undrawn revolving credit facilities		**20,400**		**14,000**
Available Liquidity	**$**	**19,652**	**$**	**4,689**

Internal Control over Financial Reporting

The Company's management with the participation of the Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting ("ICFR"). The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Any system of ICFR, no matter how well designed, has inherent limitations and cannot provide absolute assurance that all misstatements and instances of fraud, if any, within the Company have been prevented or detected. The Company's ICFR is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in the accordance with International Financial Reporting Standards ("IFRS").

The Company uses the 2013 Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

There were no changes in the Company's ICFR that materially affected, or are reasonably likely to materially affect, ICFR during the three month period ended March 31, 2019.

NOTE REGARDING SCIENTIFIC AND TECHNICAL INFORMATION

Unless otherwise indicated, scientific and technical information in this MD&A relating to Ero's properties ("Technical Information") is based on information contained in the following reports:

The report prepared in accordance with National Instrument 43-101, *Standards of Disclosure for Mineral Projects* ("**NI 43-101**") and entitled "2018 Updated Mineral Resources and Mineral Reserves Statements of Mineração Caraíba's Vale do Curaçá Mineral Assets, Curaçá Valley", dated October 17, 2018 with an effective date of August 1, 2018, prepared by Rubens Jose De Mendonça, MAusIMM, of Planminas – Projectos e Consultoria em Mineração Ltd. ("**Planminas**"), and Porfirio Cabaleiro Rodrigues, MAIG, Fábio Valério Cãmara Xavier, MAIG, and Bernardo Horta de Cerqueira Viana, MAIG, all of GE21 Consultoria Mineral ("**GE21**"), and each a "qualified person" and "independent" of the Company within the meanings of NI 43-101 (the "**Vale do Curaçá Technical Report**").

The report prepared in accordance with NI 43-101 and entitled "Mineral Resource and Mineral Reserve Estimate of the NX Gold Mine, Nova Xavantina", dated January 21, 2019 with an effective date of August 31, 2018, prepared by Porfirio Cabaleiro Rodrigues, MAIG, Leonardo Apparicio da Silva, MAIG, and Leonardo de Moraes Soares, MAIG, each of GE21 and a "qualified person" and "independent" of the Company within the meanings of NI 43-101 (the "**NX Gold Technical Report**").

The report prepared in accordance with NI 43-101 and entitled "Feasibility Study, Technical Report for the Boa Esperança Copper Project, Pará State Brazil", dated September 7, 2017 with an effective date of June 1, 2017, prepared by Rubens Mendonça, MAusIMM of SRK Consultores do Brasil Ltda. ("**SRK**" or "**SRK Brazil**") as at the date of the report (now of Planminas) and Carlos Barbosa, MAIG and Girogio di Tomi, MAusIMM, both of SRK Brazil, and each a "qualified person" and "independent" of the Company within the meanings of NI 43-101 (the "**Boa Esperança Technical Report**").

Reference should be made to the full text of the Vale do Curaçá Technical Report, the NX Gold Technical Report and the Boa Esperança Technical Report, each of which is available for review under the Company's profile on SEDAR at www.sedar.com.

The disclosure of Technical Information in this MD&A was reviewed and approved by Rubens Mendonça, a Qualified Person under NI 43-101.

Cautionary Note Regarding Forward-Looking Statements

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities laws. Forward-looking information includes statements that use forward-looking terminology such as "may", "could", "would", "will", "should", "intend", "target", "plan", "expect", "budget", "estimate", "forecast", "schedule", "anticipate", "believe", "continue", "potential", "view" or the negative or grammatical variation thereof or other variations thereof or comparable terminology. Such forward-looking information includes, without limitation, statements with respect to the Company's expected operations at the Vermelhos, Pilar and R22W mines as well as at the NX Gold Property, drilling plans, plans for the Company's exploration program, timing of any updated mineral resource and reserve updates and technical reports, the Company's ability to service its ongoing obligations, the Company's future production outlook, cash costs, capital resources and expenditures and the impact of new accounting standards and amendments on the Company's financial statements.

Forward-looking information is not a guarantee of future performance and is based upon a number of estimates and assumptions of management in light of management's experience and perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances, as of the date of this Press Release including, without limitation, assumptions about: favourable equity and debt capital markets; the ability to raise any necessary additional capital on reasonable terms to advance the production, development and exploration of the Company's properties and assets; future prices of copper and other metal prices; the timing and results of exploration and drilling programs; the accuracy of any mineral reserve and mineral resource estimates; the geology of the Vale do Curaçá Property, NX Gold Property and the Boa Esperança Property being as described in the technical reports for these properties; production costs; the accuracy of budgeted exploration and development costs and expenditures; the price of other commodities such as fuel; future currency exchange rates and interest rates; operating conditions being favourable such that the Company is able to operate in a safe, efficient and effective manner; political and regulatory stability; the receipt of governmental, regulatory and third party approvals, licenses and permits on favourable terms; obtaining required renewals for existing approvals, licenses and permits on favourable terms; requirements under applicable laws; sustained labour stability; stability in financial and capital goods markets; availability of equipment; positive relations with local groups and the Company's ability to meet its obligations under its agreements with such groups; and satisfying the terms and conditions of the Company's current loan arrangements. While the Company considers these assumptions to be reasonable, the assumptions are inherently subject to significant business, social, economic, political, regulatory, competitive and other risks and uncertainties, contingencies and other factors that could cause actual actions, events, conditions, results, performance or achievements to be materially different from those projected in the forward-looking information. Many assumptions are based on factors and events that are not within the control of the Company and there is no assurance they will prove to be correct.

Furthermore, such forward-looking information involves a variety of known and unknown risks, uncertainties and other factors which may cause the actual plans, intentions, activities, results, performance or achievements of the Company to be materially different from any future plans, intentions, activities, results, performance or achievements expressed or implied by such forward-looking information. Such risks include, without limitation the risk factors listed under the heading "Risk Factors" in the AIF.

Although the Company has attempted to identify important factors that could cause actual actions, events, conditions, results, performance or achievements to differ materially from those described in forward-looking information, there may be other factors that cause actions, events, conditions, results, performance or achievements to differ from those anticipated, estimated or intended.

The Company cautions that the foregoing lists of important assumptions and factors are not exhaustive. Other events or circumstances could cause actual results to differ materially from those estimated or projected and expressed in, or implied by, the forward-looking information contained herein. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information.

Forward-looking information contained herein is made as of the date of this MD&A and the Company disclaims any obligation to update or revise any forward-looking information, whether as a result of new information, future events or results or otherwise, except as and to the extent required by applicable securities laws.

Cautionary Notes Regarding Mineral Resource and Reserve Estimates

In accordance with applicable Canadian securities regulatory requirements, all mineral reserve and mineral resource estimates of the Company disclosed or incorporated by reference in this press release have been prepared in accordance with National Instrument 43-101, *Standards of Disclosure for Mineral Projects* ("NI 43-101") and are classified in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") Definition Standards for Mineral Resources and Mineral Reserves, adopted by the CIM Council on May 10, 2014 (the "CIM Standards").

Mineral resources which are not mineral reserves do not have demonstrated economic viability. Pursuant to the CIM Standards, mineral resources have a higher degree of uncertainty than mineral reserves as to their existence as well as their economic and legal feasibility. Inferred mineral resources, when compared with Measured or Indicated mineral resources, have the least certainty as to their existence, and it cannot be assumed that all or any part of an Inferred mineral resource will be upgraded to an Indicated or Measured mineral resource as a result of continued exploration. Pursuant to NI 43-101, Inferred mineral resources may not form the basis of any economic analysis. Accordingly, readers are cautioned not to assume that all or any part of a mineral resource exists, will ever be converted into a mineral reserve, or is or will ever be economically or legally mineable or recovered.

ADDITIONAL INFORMATION

Additional information about Ero and its business activities, including the AIF, is available under the Company's profile at www.sedar.com.