



CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018



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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Ero Copper Corp.

Opinion

We have audited the consolidated financial statements of Ero Copper Corp. ("the Company"), which comprise:

- the consolidated statements of financial position as at December 31, 2019 and December 31, 2018;
- the consolidated statements of operations and comprehensive income (loss), changes in shareholders' equity and cash flows for the years then ended; and
- notes to the consolidated statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2019 and December 31, 2018, and its consolidated financial performance and consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management’s Discussion and Analysis filed with the relevant Canadian Securities Commissions; and
- information, other than the financial statements and the auditors’ report thereon, included in a document likely to be entitled “Annual Report”.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management’s Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditors’ report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors’ report. We have nothing to report in this regard.

The information, other than the financial statements and the auditors’ report thereon, included in a document likely to be entitled “Annual Report” is expected to be made available to us after the date of this auditors’ report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.



Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants

The engagement partner on the audit resulting in this auditors' report is Robert Ryan Owsnett, CPA, CA.

Vancouver, Canada
March 12, 2020

Consolidated Statements of Financial Position

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

ASSETS	Notes	As at December 31, 2019	As at December 31, 2018
Current			
Cash and cash equivalents		\$ 21,485	\$ 18,941
Restricted cash	9(b)	1,500	3,000
Accounts receivable		7,680	7,219
Inventories	4	19,377	14,645
Derivatives	21	-	254
Other current assets	5	25,523	6,895
		75,565	50,954
Non-Current			
Mineral, property, plant and equipment	6	339,516	280,804
Exploration and evaluation assets	7	25,878	25,563
Deposits	11(b)	1,200	1,334
Deferred income tax assets	19	13,099	-
Other non-current assets	18	7,416	1,784
		387,109	309,485
Total Assets		\$ 462,674	\$ 360,439
LIABILITIES			
Current			
Accounts payable and accrued liabilities	8	\$ 43,694	\$ 36,390
Deferred revenue		-	1,916
Current portion of loans and borrowings	9	18,984	10,602
Current portion of value added, payroll and other taxes payable	10	13,994	11,357
Current portion of derivatives	21	650	-
Current portion of lease liabilities		3,159	-
		80,481	60,265
Non-Current			
Loans and borrowings	9	140,386	141,632
Provisions	11	33,581	31,509
Value added, payroll and other taxes	10	5,694	6,593
Derivatives	21	1,059	-
Lease liabilities		487	-
Other non-current liabilities		1,928	807
Deferred income tax liabilities	19	-	15,811
		183,135	196,352
Total Liabilities		263,616	256,617
SHAREHOLDERS' EQUITY			
Share capital	12	120,492	117,944
Equity reserves		(24,489)	(24,755)
Retained earnings		102,220	10,337
Equity attributable to owners of the Company		198,223	103,526
Non-controlling interests		835	296
		199,058	103,822
Total Liabilities and Equity		\$ 462,674	\$ 360,439

Nature of operations (Note 1); Contingencies (Note 11(c)); Subsequent events (Notes 9(c) and 12)

APPROVED ON BEHALF OF THE BOARD:

"David Strang", CEO & Director

"Matthew Wubs", Director

Ero Copper Corp.

Consolidated Statements of Operations and Comprehensive Income (Loss)

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

	Notes	Year ended December 31, 2019	Year ended December 31, 2018
Revenue	13	\$ 284,843	\$ 233,105
Cost of product sold	14	(162,817)	(147,611)
Sales expenses		(4,962)	(3,268)
Gross profit		117,064	82,226
Expenses			
General and administrative	15	(32,817)	(29,000)
Share-based compensation	12(a)(b)	(5,792)	(3,225)
Income before the undernoted		78,455	50,001
Other income (expenses)			
Finance income		701	1,303
Finance expense	16	(20,428)	(22,562)
Foreign exchange loss	17	(5,148)	(20,713)
Loss on debt settlement	9(a)(b)	(1,783)	(5,476)
Recovery of value added taxes	18	21,584	-
Other income		1,448	108
Income before income taxes		74,829	2,661
Income tax recovery (expense)			
Current	19	(10,645)	(2,899)
Deferred	19	28,271	(2,753)
		17,626	(5,652)
Net income (loss) for the year		92,455	(2,991)
Other comprehensive income (loss)			
Foreign currency translation loss		(4,941)	(27,801)
Comprehensive income (loss)		\$ 87,514	\$ (30,792)
Net income (loss) attributable to:			
Owners of the Company		91,883	(3,155)
Non-controlling interests		572	164
		\$ 92,455	\$ (2,991)
Comprehensive income (loss) attributable to:			
Owners of the Company		86,962	(30,845)
Non-controlling interests		552	53
		\$ 87,514	\$ (30,792)
Income (loss) per share attributable to owners of the Company			
Net income (loss) per share			
Basic	12(e)	\$ 1.08	\$ (0.04)
Diluted		\$ 1.01	\$ (0.04)
Weighted average number of common shares outstanding			
Basic		85,244,277	83,927,977
Diluted		91,390,425	83,927,977

The accompanying notes are an integral part of these consolidated financial statements

Page 2

Consolidated Statement of Changes in Shareholders' Equity

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

	Notes	Share Capital		Equity Reserves				Total	Non-controlling interest	Total equity
		Number of shares	Amount	Contributed surplus	Foreign exchange	Convertible debentures	Retained earnings			
Balance, December 31, 2017		79,381,339	\$ 113,050	\$ 879	\$ (962)	\$ 3,011	\$ 14,011	\$ 129,989	\$ (243)	\$ 129,746
Income (loss) for the year		-	-	-	-	-	(3,155)	(3,155)	164	(2,991)
Other comprehensive loss for the year		-	-	-	(27,690)	-	-	(27,690)	(111)	(27,801)
Total comprehensive loss for the year		-	-	-	(27,690)	-	(3,155)	(30,845)	53	(30,792)
Shares issued for:										
Exercise of options and warrants		1,297,861	1,850	(207)	-	-	-	1,643	-	1,643
Convertible debentures	12	4,059,450	3,044	-	-	(3,044)	-	-	-	-
Accrued interest on convertible debentures		-	-	-	-	33	(33)	-	-	-
Stock-based compensation		-	-	3,225	-	-	-	3,225	-	3,225
Reclassification of non-controlling interest allocation		-	-	-	-	-	(486)	(486)	486	-
Balance, December 31, 2018		84,738,650	\$ 117,944	\$ 3,897	\$ (28,652)	\$ -	\$ 10,337	\$ 103,526	\$ 296	\$ 103,822
Income for the year		-	-	-	-	-	91,883	91,883	572	92,455
Other comprehensive loss for the year		-	-	-	(4,921)	-	-	(4,921)	(20)	(4,941)
Total comprehensive income for the year		-	-	-	(4,921)	-	91,883	86,962	552	87,514
Shares issued for:										
Exercise of options and warrants		964,996	2,548	(605)	-	-	-	1,943	-	1,943
Share-based compensation	12(a)(b)	-	-	5,792	-	-	-	5,792	-	5,792
Dividends to non-controlling interest		-	-	-	-	-	-	-	(13)	(13)
Balance, December 31, 2019		85,703,646	\$ 120,492	\$ 9,084	\$ (33,573)	\$ -	\$ 102,220	\$ 198,223	\$ 835	\$ 199,058

Consolidated Statements of Cash Flows

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

	Year ended December 31, 2019	Year ended December 31, 2018
Cash Flows from Operating Activities		
Net income (loss) for the year	\$ 92,455	\$ (2,991)
Adjustments for:		
Amortization and depreciation	46,171	45,297
Income tax expense (recovery)	(17,626)	5,652
Loss on debt settlement	1,783	5,476
Recovery of value added taxes	(21,584)	-
Write-off of plant and equipment	3,475	3,782
Unrealized derivative contracts	1,427	-
Provisions	(625)	(1,464)
Share-based compensation	5,792	3,225
Finance income	(701)	(1,303)
Finance expenses	20,428	22,562
Foreign exchange loss	5,148	20,713
Derivative contract settlements	(1,011)	(10,119)
Changes in:		
Accounts receivable	(756)	(4,616)
Inventories	(5,946)	(5,225)
Other assets	(4,636)	3,192
Accounts payable and accrued liabilities	11,604	6,855
Deferred revenue	(1,882)	1,707
Value added, payroll and other taxes	43	(5,606)
Provision settlements	(1,786)	(1,967)
	131,773	85,170
Income taxes paid	(3,943)	(2,228)
	127,830	82,942
Cash Flows used in Investing Activities		
Additions to mineral property, plant and equipment	(105,382)	(97,556)
Additions to exploration and evaluation assets	(892)	(3,616)
Interest received	38	198
Other	(505)	-
	(106,741)	(100,974)
Cash Flows used in Financing Activities		
Restricted cash	1,500	(807)
Lease liability payments	(4,082)	-
New loans and borrowings, net of finance costs	37,867	141,488
Loans and borrowings paid	(41,305)	(127,369)
Interest paid on loans and borrowings	(10,276)	(11,522)
Other finance expenses	(3,668)	(10,765)
Issuance of share capital, net of issuance costs	1,943	1,643
	(18,021)	(7,332)
Effect of exchange rate changes on cash and cash equivalents	(524)	(6,842)
Net increase (decrease) in cash and cash equivalents	2,544	(32,206)
Cash and cash equivalents - beginning of year	18,941	51,147
Cash and cash equivalents - end of year	\$ 21,485	\$ 18,941

Notes to Consolidated Financial Statements

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

1. Nature of Operations

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 4,034 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 31,096 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.

2. Basis of Preparation

a) Statement of Compliance

These consolidated financial statements have been 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 consolidated financial statements were authorized for issue by the Board of Directors of the Company (the "Board") on March 12, 2020.

b) Basis of Presentation and Principles of Consolidation

These consolidated financial statements have been prepared on a historical cost basis except for fair-value through-profit-or-loss and derivative financial instruments, which are measured at fair value.

These consolidated financial statements include the accounts of the Company and its subsidiaries. Subsidiaries are entities controlled by the Company. Control over a subsidiary is defined to exist when the Company is exposed to variable returns from involvement with an investee and has the ability to affect the returns through power over the investee. All intercompany balances and transactions are eliminated upon consolidation.

The Company applies the acquisition method to account for business combinations. The consideration transferred by the Company to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities assumed and the equity interests issued by the Company, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Company recognizes identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognized in the acquiree's financial statements prior to

Notes to Consolidated Financial Statements

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

the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill arising from acquisitions is the excess of the sum of a) fair value of consideration transferred, b) the recognized amount of any non-controlling interest in the acquiree and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount would be recognized in profit or loss immediately.

Since the Company does not own 100% of its interests in MCSA and NX Gold, the interest attributable to non-controlling shareholders is reflected in non-controlling interests. Adjustments to non-controlling interests that do not involve the loss of control are accounted for as equity transactions and adjustments are based on a proportionate amount of the net assets of the subsidiary.

c) Foreign Currency Translation

The functional currency and presentation currency of the Company is the US dollar. The monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in profit or loss.

The functional currency of MCSA and NX Gold is the Brazilian Real ("BRL"). The assets and liabilities of MCSA and NX Gold are translated into the US dollar presentation currency using the rate of exchange at the statement of financial position date while revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in a separate component of shareholders' equity.

d) Use of Estimates and Judgments

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of the assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

The estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Critical Judgments

Functional currency

The functional currency of the Company and each of its subsidiaries is the currency of the primary economic environment in which the entities operate. The Company has determined that the functional currency for the Company is the US dollar while the functional currency for MCSA and NX Gold is the Brazilian Real. Assessment of functional currency involves certain judgements to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

Notes to Consolidated Financial Statements

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

Legal claims and contingent liabilities

The recognition of legal provisions and contingent liabilities involves the assessment of claims made against the Company and each of its subsidiaries. The recognition of a legal provision, or disclosure of a contingent liability, involves certain judgements to determine the probability of whether a cash outflow will occur. In making this judgment, management has assessed various criteria and also relies on the opinions of its legal advisers to assist in making this assessment.

Key Sources of Estimation Uncertainty

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates and such differences could be significant. Significant estimates made by management affecting the consolidated financial statements include:

Impairment of mineral, property, plant and equipment

The Company evaluates each asset or cash generating unit every reporting period to determine whether there are any indications of impairment. If any such indication exists, which is often judgmental, a formal estimate of recoverable amount is performed and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset or cash generating group of assets is measured at the higher of fair value less costs to sell and value in use. The evaluation of asset carrying values for indications of impairment includes consideration of both external and internal sources of information, including such factors as market and economic conditions, production budgets and forecasts, and life-of-mine estimates.

When required, the determination of fair value and value in use requires management to make estimates and assumptions about expected production, sales volumes, commodity prices, mineral reserves, operating costs, closure and rehabilitation costs and future capital expenditures. The estimates and assumptions are subject to risk and uncertainty; hence, there is the possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances, some or all of the carrying value of the assets may be further impaired or the impairment charge reduced with the impact recorded in profit or loss.

Mineral reserve and resource estimates including life of mine plan

The Company estimates its mineral reserves and mineral resources based on information compiled by competent individuals. Mineral reserves are used in the calculation of depreciation, impairment assessments and for forecasting the timing of payment of mine closure and rehabilitation costs.

There are numerous uncertainties inherent in estimating mineral reserves, and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the estimation methodology, forecasted prices of commodities, exchange rates, production costs or recovery rates may change the economic status of mineral reserves and may, ultimately, result in changes in the mineral reserves.

The carrying amounts of the Company's mineral properties, plant and equipment are depleted in part based on recoverable mineral reserve tonnes processed, depending on the use of the asset. Changes to estimates of recoverable quantities of metals, mineral reserve tonnes and depletable costs, including changes resulting

Notes to Consolidated Financial Statements

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

from revisions to the Company's mine plans and changes in metals prices forecasts, can result in a change to future depreciation and depletion rates and may result in impairment charges.

Mine closure and rehabilitation costs

Significant estimates and assumptions are made in determining the provision for mine closure and rehabilitation as there are numerous factors that will affect the ultimate liability payable. These factors include estimation of the extent and cost of rehabilitation activities, timing of future cash flows, discount rates, inflation rate, and regulatory requirements.

Changes in the above factors can result in a change to the provision recognized by the Company. Changes to mine closure and rehabilitation costs are recorded with a corresponding change to the carrying amounts of related mineral properties, plant and equipment. Adjustments to the carrying amounts of related mineral properties, plant and equipment can result in a change to future depreciation and depletion expense.

Significant assumptions used to determine mine closure and rehabilitation costs are included in Note 11(a).

Inventory

The net recoverable value of stockpile inventory and production in work in progress inventory is based on the quantity of recoverable metal inventory which is an estimate based on the tons of ore added and removed from the process, expected grade and recovery rates. The quantity of recoverable metal in finished concentrate inventory is an estimate based on initial weights and assay results. The net recoverable value of these inventories also requires estimates of expected selling prices and, where applicable, costs to complete.

Income taxes

The determination of the Company's tax expense for the period and deferred tax assets and liabilities involves significant estimation and judgement by management. In determining these amounts, management interprets tax legislation in a variety of jurisdictions and makes estimates of the expected timing of the reversal of deferred tax assets and liabilities. Management also makes estimates of future earnings, which affect the extent to which potential future tax benefits may be used. The Company is subject to assessments by various taxation authorities, which may interpret legislation differently. These differences may affect the final amount or the timing of the payment of taxes. The Company provides for such differences where known based on management's best estimate of the probable outcome of these matters.

e) **Changes in Accounting Standards Adopted During the Year**

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

IFRS 16 Leases

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

Notes to Consolidated Financial Statements

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

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's accounting policy in Note 3(m) has been updated to reflect the Company's new accounting policies under IFRS 16.

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. However, the Company has elected not to recognize right-of-use assets and lease liabilities for some leases of low-value assets and with a term of less than 12 months. 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 used for base calculations 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.
- 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.

Notes to Consolidated Financial Statements

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

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	-	4,221	4,221
Lease liabilities (long-term)	-	487	487

	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

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.

3. Significant Accounting Policies

a) Revenue

Revenue is generated from the sale of metals in concentrate and gold doré. The Company’s performance obligations relate primarily to the delivery of the concentrate or gold doré to customers, with each shipment representing a separate performance obligation.

Revenue from the sale of metals in concentrate and gold doré is recognized at the point the customer obtains control of the product. Control is transferred when title has passed to the purchaser, the product is physically delivered to the customer, the customer controls the risks and rewards of ownership and the Company has a present right to payment for the product which is generally when the concentrate or ore is delivered to a location designated by the customer.

The sales amount is typically based on quoted market and contractual prices which are fixed at the time the shipment is received at the customers’ premises. In certain circumstances the sales price of metals in concentrate may be determined in a period subsequent to the date of sale (provisionally priced sales) based on the terms of specific copper concentrate contracts. Provisionally priced sales are recognized based on an estimate of metal contained using forward market prices corresponding with the expected date that final sales prices will be fixed. The period between provisional pricing and final settlement can be up to one month. The settlement receivable is recorded at fair value each reporting period by reference to forward market prices until the date of final pricing, with the changes in fair value recorded as an adjustment to revenue.

b) Tax Incentives

The Company receives certain tax incentives in Brazil. These tax incentives are recognized in profit or loss in the period the incentives are received or receivable and recorded against the expenditure that they are intended to compensate.

Notes to Consolidated Financial Statements

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

c) Finance Income and Finance Expense

Finance income includes interest on cash and cash equivalents, restricted cash and financial investments, and gains related to changes in the fair value of financial assets measured at fair value through profit. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance expense comprise interest expense on loans and borrowings, unwinding of the discount on provisions and leases, commitment fees and losses related to changes in the fair value of financial assets measured at fair value through profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

d) Employee Benefits

Short-term employee benefit obligations are recognized as personnel expenses as the corresponding service is provided. Liabilities are recognized at the amount that is expected to be paid if the Company has a present legal or constructive obligation to pay that amount based on past services rendered by the employee, and the obligation can be estimated reliably. There are no long-term employee benefit plans.

e) Taxation

Income tax expense comprises current and deferred tax. Current income tax is the expected tax payable or receivable on the taxable income or loss for the year using tax rates enacted or substantively enacted at the reporting date.

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the tax laws that have been enacted or substantively enacted at the reporting date. Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity. Deferred income tax is not recognized for the initial recognition of assets or liabilities in a transaction that is not a business combination and that effects neither accounting nor taxable income or loss, differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future and taxable differences arising from the initial recognition of goodwill.

A deferred income tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

f) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of consumable inventory is determined on a weighted average acquisition cost basis. Cost of stockpile inventory, products in progress and finished goods is determined based on a weighted average production cost basis and includes the cost of mining and processing ore including direct labour and materials; depreciation and amortization; and an appropriate share of production overheads based on normal operating capacity.

Net realizable value of stockpile inventory, products in progress and finished goods is the estimated selling price in the ordinary course of business, less estimated completion costs and selling expenses.

Notes to Consolidated Financial Statements

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

Provisions for low turnover or obsolete supplies and consumables inventory are established by management as deemed necessary.

g) Mineral, Property, Plant and Equipment

Mineral, property, plant and equipment is measured at acquisition or construction cost, including capitalized borrowing costs, less accumulated depreciation and accumulated impairment losses.

i) Acquisition and disposal

The cost of mineral, property, plant and equipment include expenditures directly attributable to an asset's acquisition. The cost of assets constructed by Company includes the cost of materials and direct labor, any other costs to bring the asset in the place and conditions required to be operated in the manner intended by management, costs of disassembly and restoration of the site and borrowing costs on qualifying assets.

When parts of mineral, property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of mineral, property, plant and equipment.

Gains and losses on disposal of mineral, property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of equipment and are recognized net within other income.

ii) Subsequent costs

The cost of replacing plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the item will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced item is derecognized. The costs of the day-to-day servicing of equipment are included in profit or loss.

iii) Development and construction in progress

When economically viable mineral reserves have been determined and the decision to proceed with development has been approved, exploration and evaluation assets are first assessed for impairment, then reclassified to construction-in-progress or mineral properties. The expenditures related to development and construction are capitalized as construction-in-progress and are included within mineral, property, plant and equipment. Costs associated with the commissioning of new assets incurred before they are operating in the way intended by management, including directly attributable costs of testing, are capitalized. Construction-in-progress includes the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for its intended use including advances on long-lead items. Construction-in-progress is not depreciated.

Once the asset is operating in the way intended by management, construction-in-progress costs are reclassified to mineral properties or plant and equipment.

Pre-production costs of removing overburden to access ore in the open pit mines and developing access headings in the underground mines are capitalized as pre-production stripping or development costs respectively and are included within mineral, property, plant and equipment. Revenues earned during pre-production periods are also capitalized.

Notes to Consolidated Financial Statements

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

iv) Mineral properties

Mineral properties consist of the cost of acquiring and developing mineral properties. Once in production, mineral properties are amortized on a units-of-production basis over the component of the ore body to which they relate.

v) Stripping costs and development in the production phase

Where open pit production stripping or underground development activities do not result in inventory produced, but does provide improved access to the ore body, the costs are classified as mineral properties when these activities meet all of the following criteria: (1) it is probable that the future economic benefit associated with the activity will flow to the Company; (2) the Company can estimate the mineral reserve of the ore body for which access has been improved; and (3) the costs relating to the activity associated with that mineral reserve can be measured reliably.

For underground mines, costs incurred to access a mineral reserve of the ore body are capitalized to mineral properties or construction-in-progress and are depreciated on a units-of-production basis over the expected useful life of the identified mineral reserve of the ore body to which access has been improved as a result of the development activity. For open pit mines, stripping costs are capitalized to mineral properties or construction-in-progress until an average stripping ratio is achieved (waste/ore) for the mine. After the stripping ratio is achieved, all stripping costs are classified as production costs. The capitalized stripping costs are depreciated over the related mineral reserves accessed by the stripping activity.

vi) Mine closure and rehabilitation costs

The Company's provision for mine closure and rehabilitation liabilities represents management's best estimate of the present value of the future cash outflows required to settle estimated reclamation and closure costs at the end of a mine's life. The provision reflects estimates of future costs, inflation, movements in foreign exchange rates and assumptions of risks associated with the future cash outflows, and the applicable risk-free interest rates for discounting the future cash outflows. Changes in the above factors can result in a change to the provision recognized by the Company.

vii) Depreciation

Items of mineral, property, plant and equipment are depreciated on a straight-line method based on the estimated economic useful life of each component as follows:

Buildings	Up to 25 years
Mining equipment	4 years
Mobile equipment & other assets	5 years
Mineral properties	Units of production
Mine closure and rehabilitation costs	Units of production or period until remediation
Right of use assets	Shorter of the term of lease and life of asset

The depletion of mineral, properties and mine closure and rehabilitation costs is determined based on the ratio of tons of copper/kg of gold contained in the ore mined and total proven and probable mineral reserve tonnes of contained copper/kg of contained gold.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

Notes to Consolidated Financial Statements

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

h) Exploration and Evaluation Assets

Exploration and evaluation costs relate to the initial search for a mineral deposit, the cost of acquisition of a mineral property interest or exploration rights and the subsequent evaluation to determine the economic potential of the mineral deposit. The exploration and evaluation stage commences when the Company obtains the legal right or license to begin exploration and subsequently exploration and evaluation expenses are capitalized as exploration and evaluation assets. Costs incurred prior to the Company obtaining the legal rights are expensed.

When the exploration and evaluation of a mineral property indicates that development of the mineral property is technically and commercially feasible, the future economic benefits are probable, and the Company has the intention and sufficient resources to complete the development and use or sell the asset, the related costs are transferred from exploration and evaluation assets to mineral property, plant and equipment.

Management reviews the carrying value of capitalized exploration costs for indicators that the carrying value is impaired at least annually and when facts and circumstances suggest that the carrying amount may exceed the recoverable amount. The review is based on the Company's intentions for further exploration and development of the undeveloped property, results of drilling, commodity prices and other economic and geological factors. Subsequent recovery of the resulting carrying value depends on successful development or sale of the undeveloped project. If a property does not prove viable, all non-recoverable costs associated with the project, net of any previous impairment provisions, are written off.

i) Financial Instruments

Non-derivative financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Measurement and classification of financial assets is dependent on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred.

Fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or liability, the Company uses observable market data, as much as possible. Fair values are classified into different levels in a hierarchy based on the inputs used in the valuation techniques, as follows:

- **Level 1:** quoted prices (without adjustments) in active markets for identical assets or liabilities.
- **Level 2:** inputs other than Level 1 quoted prices, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3:** inputs, for assets or liabilities, that are not based on observable market information (non-observable inputs).

Notes to Consolidated Financial Statements

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

The Company recognizes transfers between levels of the hierarchy of fair value at the end of the reporting period during which the change occurred.

When applicable, additional information on the assumptions used in the fair value calculations are disclosed in the specific notes of the corresponding asset or liability.

Financial assets at FVTPL

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the income statement. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in profit or loss in the period in which they arise. Derivatives are also categorized as FVTPL unless they are designated as hedges.

Financial assets at FVTOCI

Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income following the derecognition of the investment.

Financial assets at amortized cost

Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date. Gains and losses on derecognition of financial assets classified amortized cost are recognized in profit or loss.

Financial liabilities

Financial liabilities are recognized initially at fair value, net of transaction costs incurred, and are subsequently measured at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit and loss over the period to maturity using the effective interest method.

Derivative instruments

Derivative instruments, including embedded derivatives in executory contracts or financial liability contracts, are classified as at FVTPL and, accordingly, are recorded in the statement of financial position at fair value. Unrealized gains and losses on derivatives not designated in a hedging relationship are recorded as part of the revenue or expense item to which the derivative relates, depending on the nature of the derivative. Fair values for derivative instruments are determined using inputs based on market conditions existing at the balance sheet date or settlement date of the derivative. Derivatives embedded in non-derivative contracts are recognized separately unless they are closely related to the host contract.

Trade receivables related to provisionally priced sales are measured at fair value with changes recognized in profit or loss.

Compound instruments

Equity components of compound instruments, such as convertible debt, are separated from the debt host contract using the residual method. The Company determines the fair value of the debt component by

Notes to Consolidated Financial Statements

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

discounting the expected principal and interest payments using an appropriate discount rate reflective of debt instruments with similar risks but without the equity component. The difference between the proceeds received and the amount assigned to the debt component is allocated to the equity component.

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of common shares and share options are recognized as a deduction from equity, net of any tax effects. The Company includes the value of share purchase warrants included in the issuance of equity units, which consist of common shares and warrants, in share capital.

Classification and Measurement Changes

The Company has assessed the classification and measurement of its financial assets and financial liabilities under IFRS 9 in the following table:

	Measurement Category
Financial Assets:	
Cash, cash equivalents and restricted cash	Amortized cost
Trade receivables	Amortized cost
Deposits	Amortized cost
Other non-current assets - term deposits	Amortized cost
Financial Liabilities:	
Trade payables	Amortized cost
Loans and borrowings	Amortized cost
Derivatives	Fair value through profit or loss

Cash and cash equivalents, restricted cash and deposits

Cash is comprised of cash on hand and demand deposits. Cash equivalents, restricted cash and deposits are short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in fair value.

Trade receivables

Trade receivables relate to amounts receivable from sales with fixed or determinable payments that are not quoted in an active market. These receivables are non-interest bearing and are recognized at face amount, except when fair value is materially different, and are subsequently measured at amortized cost. Trade receivables recorded are net of lifetime expected credit losses.

Other non-current assets – term deposits

Term deposits are directly related to loan agreements with a Brazilian financial institution which requires the establishment of a reserve fund. Redemptions of financial investments are conditional on the Company making the scheduled loan repayments. These term deposits are classified as, and subsequently measured at, amortized cost. These term deposits are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method, less any impairment losses.

Notes to Consolidated Financial Statements

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

j) **Impairment**

i) Financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve months' expected credit losses. For trade receivables the Company applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized. The expected lifetime credit loss provision for trade receivables is based on historical counterparty default rates and adjusted for relevant forward-looking information, when required. As the Company's three primary significant customers are considered to have a low default rate and historical default rates are low, the lifetime expected credit loss allowance for trade receivables is nominal as at December 31, 2019. Accordingly, the Company did not record a provision for expected credit losses for trade receivables.

ii) Non-Financial assets

At each reporting date the carrying amounts of the Company's mineral, property, plant and equipment and exploration and evaluation assets are reviewed to determine whether there is any indication that those assets are impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use, which is the present value of future cash flows expected to be derived from the asset or its related cash generating unit. For purposes of impairment testing, assets are grouped at the lowest levels that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the associated assets are reduced to their recoverable amount and the impairment loss is recognized in the profit or loss for the period.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment charge is reversed through profit or loss only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of any applicable depreciation, if no impairment loss had been recognized.

k) **Provisions**

i) Mine closure and rehabilitation provision

The Company records the present value of estimated costs of legal and constructive obligations related to mine closure and rehabilitation in the period in which the obligation occurs. Mine closure and rehabilitation activities include facility decommissioning and dismantling; removal and treatment of waste materials; site and land rehabilitation, including compliance with and monitoring of environmental regulations; and related costs required to perform this work and/or operate equipment designed to reduce or eliminate environmental effects. The provision is adjusted each period for new disturbances, and changes in regulatory requirements, the estimated amount of future cash flows required to discharge the obligation, the timing of

Notes to Consolidated Financial Statements

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

such cash flows and the pre-tax discount rate specific to the liability. The unwinding of the discount is recognized in profit or loss as a finance expense.

When the provision is initially recognized, the corresponding cost is capitalized by increasing the carrying amount of the related asset and is amortized to profit or loss on a unit-of-production basis.

ii) Other provisions

Other provisions are recognized, based on a past event, when the Company has a legal or constructive obligation that can be estimated reliably, and it is probable that an economic mineral resource will be required to settle the obligation. Provisions are measured by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and specific risks for the liability. The discount is unwound over the period over which the cash flows are expected to be incurred with the related expense included in finance expense.

l) Share-Based Compensation

The grant date fair value of share-based payment awards granted to employees and consultants, including directors and officers, is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be performed or satisfied such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

m) Leases

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.

Notes to Consolidated Financial Statements

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

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.

n) Income (Loss) per Share

Basic income (loss) per share is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted income (loss) per common share is calculated by adjusting the weighted average number of common shares outstanding for the effect of conversion of all potentially dilutive share equivalents, such as stock options and warrants, and assumes that the receipt of proceeds upon exercise of the options are used to repurchase common shares at the average market price during the period. The net effect of the shares issued less the shares assumed to be repurchased is added to the basic weighted average shares outstanding. For convertible instruments, the common shares to be included in the diluted per share calculation assumes that the instrument is converted at the beginning of the period (or the issue date if later). For Share Units (as defined herein, see note 12(b)), the common shares to be included in the diluted per share calculation is based on the number of shares that would be issuable if the reporting date were the end of the vesting period. The profit or loss attributable to common shareholders is adjusted to eliminate related interest costs of dilutive securities recognized in profit or loss for the period.

4. Inventories

	December 31, 2019	December 31, 2018
Supplies and consumables	\$ 13,878	\$ 11,641
Stockpile	2,556	1,116
Work in progress	2,164	543
Finished goods	779	1,345
	\$ 19,377	\$ 14,645

5. Other Current Assets

	December 31, 2019	December 31, 2018
Advances to suppliers	\$ 1,046	\$ 766
Prepaid expenses	4,779	2,188
Advances to employees (a)	2,829	1,349
Value added federal taxes recoverable (b)	16,869	2,592
	\$ 25,523	\$ 6,895

- (a) Advances to employees include short term advances of salary, vacation and other benefits granted to employees of the Company's Brazilian subsidiaries.
- (b) \$12.2 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 income taxes and taxes on future sales (note 18).

Notes to Consolidated Financial Statements

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

6. Mineral, Property, Plant and Equipment

	Buildings	Mining Equipment	Mineral Properties	Projects in Progress	Mobile Equipment & Other Assets	Mine Closure Costs	Right-of-Use Assets	Total
Cost:								
Balance at December 31, 2017	\$ 16,229	\$ 46,576	\$ 144,366	\$ 55,705	\$ 10,548	\$ 12,570	\$ -	\$ 285,994
Reclassification of NX Gold amounts from assets held for sale	1,661	2,443	28,216	-	102	647	-	33,069
Additions	471	33,451	3,694	61,898	1,446	1,109	-	102,069
Disposals	-	(1,008)	(313)	(1,655)	(1,085)	-	-	(4,061)
Transfers	-	2,695	63,008	(65,703)	-	-	-	-
Foreign exchange	(2,622)	(9,310)	(29,072)	(8,098)	(1,175)	(1,985)	-	(52,262)
Balance at December 31, 2018	15,739	74,847	209,899	42,147	9,836	12,341	-	364,809
Adoption of IFRS 16 (note 2(e))	-	-	-	-	-	-	4,708	4,708
Additions	-	15,429	5,255	91,392	1,348	2,266	3,220	118,910
Disposals	-	(1,819)	-	(2,267)	(1,414)	-	(463)	(5,963)
Transfers	2,532	18,313	55,754	(76,672)	73	-	-	-
Foreign exchange	(662)	(3,595)	(9,516)	(1,895)	(362)	(500)	(234)	(16,764)
Balance at December 31, 2019	\$ 17,609	\$ 103,175	\$ 261,392	\$ 52,705	\$ 9,481	\$ 14,107	\$ 7,231	\$ 465,700
Accumulated depreciation:								
Balance at December 31, 2017	\$ (1,083)	\$ (9,057)	\$ (19,155)	\$ -	\$ (1,696)	\$ (620)	\$ -	\$ (31,611)
Reclassification of NX Gold amounts from assets held for sale	(1,660)	(1,922)	(8,092)	-	(93)	(581)	-	(12,348)
Depreciation expense	(985)	(8,657)	(34,242)	-	(1,652)	(1,092)	-	(46,628)
Disposals	-	556	-	-	2	-	-	558
Foreign exchange	459	2,100	2,891	-	301	273	-	6,024
Balance at December 31, 2018	(3,269)	(16,980)	(58,598)	-	(3,138)	(2,020)	-	(84,005)
Depreciation expense	(922)	(11,032)	(29,286)	-	(1,582)	(1,033)	(3,869)	(47,724)
Disposals	-	1,196	-	-	3	-	14	1,213
Foreign exchange	144	1,217	2,591	-	145	95	140	4,332
Balance at December 31, 2019	\$ (4,047)	\$ (25,599)	\$ (85,293)	\$ -	\$ (4,572)	\$ (2,958)	\$ (3,715)	\$ (126,184)
Net book value December 31, 2018	\$ 12,470	\$ 57,867	\$ 151,301	\$ 42,147	\$ 6,698	\$ 10,321	\$ -	\$ 280,804
Net book value December 31, 2019	\$ 13,562	\$ 77,576	\$ 176,099	\$ 52,705	\$ 4,909	\$ 11,149	\$ 3,516	\$ 339,516

Notes to Consolidated Financial Statements*(Tabular amounts in thousands of US Dollars, except share and per share amounts)*

6. Mineral, Property, Plant and Equipment (continued)

Of the \$118.9 million in mineral, property, plant and equipment purchases during the year ended December 31, 2019, \$8.6 million was obtained through financing arrangements directly from equipment suppliers.

Certain equipment is secured for the equipment finance loans (note 9).

Included in mineral, property, plant and equipment is \$7.3 million (December 31, 2018 - \$10.4 million) related to the value of mineral resources beyond proven and probable reserves not currently being amortized. During the year ended December 31, 2019, \$3.1 million (year ended December 31, 2018 - \$8.2 million) was transferred from mineral resources to amortizable mineral reserves as a result of an update to MCSA's proven and probable reserves during the year. In addition, \$52.7 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.

8. Accounts Payable and Accrued Liabilities

	December 31, 2019	December 31, 2018
Trade suppliers	\$ 21,811	\$ 19,007
Payroll and related charges	20,058	14,802
Other accrued liabilities	1,818	2,581
	\$ 43,687	\$ 36,390

Notes to Consolidated Financial Statements

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

9. Loans and Borrowings

Description	Denomination	Security	Time to Maturity	Coupon rate	Principal to be repaid	Carrying value December 31, 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	83 months	CDI + 0.5%	6,736	5,941	6,969
Bank loan (NX Gold)	BRL R\$	Unsecured	-	95% CDI	-	-	106
Bank loan (MCSA)	USD	Unsecured	12 months	4.43%	1,500	1,503	3,000
Bank loan (MCSA)	BRL R\$	Unsecured	2 months	CDI + 3.7%	204	204	1,484
Line of credit (NX Gold)	BRL R\$	Unsecured	9 months	15.00%	645	670	-
Equipment finance loan (Plural)	BRL R\$	Secured	23 months	CDI + 7.0%	2,853	2,892	-
Equipment finance loans	BRL R\$	Secured	1 - 50 months	11.88%-16.49%	5,400	5,585	1,346
Equipment finance loans	EURO	Secured	8-36 months	5.5%-7.0%	3,945	3,996	3,645
Equipment finance loans	USD	Secured	29-38 months	6.99%-7.95%	4,094	4,125	2,994
Senior non-revolving credit facility	USD	Secured	48 months	LIBOR + 2.75%-4.75%	80,000	79,091	79,056
Senior revolving credit facility	USD	Secured	36 months	LIBOR + 2.75%-4.75%	56,000	55,363	44,469
Total					\$ 161,377	\$ 159,370	\$ 152,234
Current portion:						\$ 18,984	\$ 10,602
Non-current portion:						\$ 140,386	\$ 141,632

(1) Carrying value includes accrued interest.

	December 31, 2019	December 31, 2018
Balance, beginning of year	\$ 152,234	\$ 139,166
Reclassification of NX Gold amounts from assets held for sale	-	2,071
New senior non-revolving credit facility	-	78,837
New senior revolving credit facility, net	10,565	44,346
New equipment finance loans	24,890	11,652
New bank loans	10,976	4,581
Debt extinguishment	-	(124,697)
Principal and interest payments	(51,581)	(19,670)
Interest accretion	11,236	14,965
Loss on debt settlement	1,783	5,476
Effect of foreign exchange rate changes	(733)	(4,493)
Balance, end of period	\$ 159,370	\$ 152,234

(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. The Company incurred transaction costs associated with the Facilities of \$2.3 million which have been included in the carrying value of the Facilities and are being amortized using an effective interest rate of 5.64%. The settlement of the previous \$50 million senior secured non-revolving credit facility resulted in a loss on settlement of \$1.8 million.

In January 2019, the Company entered into an interest rate swap transaction with a Canadian financial institution whereby the floating LIBOR interest on a notional amount of \$65 million 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. Settlements are being made on a quarterly basis.

Notes to Consolidated Financial Statements

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

During the second quarter of 2019, the Company refinanced a loan held by the Company's subsidiary, MCSA, by extending the Revolving 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 December 31, 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 and equipment finance loans

The bank loans (at acquisition) relate to the Company's subsidiary, MCSA, and were recognized at the date the Company acquired MCSA 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% for the remaining such loan at December 31, 2019.

In June 2019, the Company repaid one of MCSA's bank loans (at acquisition) in full using funds from the Company's Revolving Credit Facility and recognized a loss on settlement of \$1.8 million. During the year ended December 31, 2018, the Company acquired and/or settled certain of the MCSA bank loans (at acquisition) with a carrying value of \$68.8 million. The settlement of these loans resulted in a loss of \$3.7 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 December 31, 2019, \$1.5 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 which MCSA is in compliance with at December 31, 2019. The equipment finance loans are secured by the corresponding equipment relating to them and a guarantee by the Company.

(c) MCSA and NX Gold lines of credit

At December 31, 2019, the Company's subsidiaries MCSA and NX Gold have the following credit facilities available:

MCSA entered into a credit agreement for a line of credit of up to BRL \$30.0 million at an interest rate of CDI ("Brazilian Interbank Deposit Rate") + 9% per annum. MCSA may drawdown on this line of credit at any time until November 30, 2020. In addition, MCSA also entered into a second credit agreement for a total line of credit of up to BRL \$30.0 million at an interest rate of 14.98% 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. At December 31, 2019, no amounts had been drawn from either of these credit facilities

NX Gold entered into an agreement for a line of credit of up to BRL \$7.5 million at an interest rate of 14.98% per annum. NX Gold may drawdown on this line of credit at any time until August 27, 2020. As at December 31, 2019, BRL \$2.7 million (\$0.7 million) has been drawn from NX Gold's line of credit.

Subsequent to December 31, 2019, NX Gold entered into a credit agreement for a line of credit of up to BRL \$7.5 million at an interest rate of 14.34% per annum. NX Gold may drawdown on this line of credit at any time until February 22, 2021. NX Gold is using BRL \$1.5 million of this line of credit to provide a letter of credit to a supplier until January 31, 2022. The Company provides unsecured guarantees for these credit agreements.

Notes to Consolidated Financial Statements

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

(d) Plural loan

During the quarter ended December 31, 2019, MCSA secured a new equipment finance loan with Plural Bank for BRL \$12.0 million for a term of 24 months and at an interest rate of 7% + CDI per annum. Concurrently, MCSA entered into an interest rate swap transaction and a foreign exchange swap transaction with Plural Bank whereby the floating interest of 7% + CDI on a notional amount of BRL \$12.0 million was swapped for a fixed interest rate of 9.90%, and a notional principal amount of BRL \$12.0 million was swapped for the USD currency at a rate of 3.9500. This interest rate and foreign exchange swap transactions are in effect for the term of the loan.

(e) Debt repayments

Repayments of the principal portion of loans and borrowings is as follows:

2020	\$	18,984
2021		30,318
2022		83,286
2023		25,918
2024		1,004
2025 and beyond		1,867
	\$	161,377

10. Value Added, Payroll and Other Taxes

	December 31, 2019	December 31, 2018
Value-added taxes payable	\$ 2,865	\$ 2,873
Tax based on net sales of copper and gold	5,287	3,064
Federal sales tax	-	1,984
Social security installments (a)	9,519	8,744
Income taxes	1,108	944
Other taxes	909	341
Total value added, payroll and other taxes	19,688	17,950
Less: current portion of value added, payroll and other taxes	13,994	11,357
Non-current value added, payroll and other taxes	\$ 5,694	\$ 6,593

(a) The Company’s subsidiary, MCSA, has an agreement with the National Institute of Social Security in Brazil to pay outstanding social security contributions in installments over a period to 2024.

Notes to Consolidated Financial Statements

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

11. Provisions and Contingent Liabilities

	Mine Closure and Rehabilitation	Legal Claims	Total
Balance at December 31, 2017	\$ 22,688	\$ 7,626	\$ 30,314
Reclassification of NX Gold amounts from assets held for sale	6,082	329	6,411
Additions (reductions) due to change in estimated cash flows	1,136	(2,825)	(1,689)
Unwinding of the discount	3,767	-	3,767
Settled	(1,967)	-	(1,967)
Foreign exchange	(4,352)	(975)	(5,327)
Balance at December 31, 2018	27,354	4,155	31,509
Additions (reductions) due to change in estimated cash flows	2,266	(625)	1,641
Unwinding of the discount	3,508	-	3,508
Settled	(1,786)	-	(1,786)
Foreign exchange	(1,145)	(146)	(1,291)
Balance at December 31, 2019	\$ 30,197	\$ 3,384	\$ 33,581

(a) Mine closure and rehabilitation

The Company’s provision for mine closure and rehabilitation consists of costs accrued based on the current best estimate of mine closure and reclamation activities that will be required upon completion of mining. The Company’s provision for future site closure and reclamation costs is based on the level of known disturbance at the reporting date, known legal requirements and cost estimates prepared by a third-party specialist.

Management used a pre-tax discount rates in the range of 4.34% - 6.5% (2018 – 6.5%) and an inflation factor in the range of 3.5% – 3.75% (2018 – 4.2%) in preparing the Company’s provision for mine closure and rehabilitation. Although the ultimate amount to be incurred is uncertain, based on development, legal requirements and estimated costs as at December 31, 2019, the undiscounted inflation-adjusted liability for provision for mine closure and rehabilitation is estimated to be approximately \$45.7 million (2018 - \$48.7 million), of which \$36.8 million (2018 - \$39.1 million) relates to MCSA and \$8.9 million (2018 - \$9.6 million) relates to NX Gold. The cash expenditures are expected to occur over a period of time extending several years after the projected closure, which for both MCSA and NX Gold is currently 2026.

(b) Legal claims

There are various legal actions that are in process against the Company’s Brazilian subsidiaries related to labor, civil and tax matters. Based on an analysis of individual judicial and administrative legal claims, the following provision has been made for probable losses associated with these claims:

	December 31, 2019	December 31, 2018
Labour claims (i)	\$ 3,311	\$ 3,561
Tax claims (ii)	73	522
Other claims	-	72
	\$ 3,384	\$ 4,155

(i) Labor claims

The labor claims related primarily to claims made by existing and former employees for alleged travel time reimbursements, overtime and severance payments. Of the claims made, the Company has assessed, with the assistance of its legal counsel, that the probable loss on such claims is \$3.3 million and such amount has been accrued.

Notes to Consolidated Financial Statements

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

(ii) Tax claims

The provisions for tax claims relate to tax assessments, interest and penalties resulting from unpaid income and social contribution taxes by MCSA.

In relation to the above-mentioned claims and those discussed in Note 11(c) below, MCSA and NX Gold were required to place a total of \$1.2 million in trust as of December 31, 2019 (December 31, 2018 - \$1.3 million), which is included in other non-current assets on the statement of financial position.

(c) Contingent liabilities

As of December 31, 2019, based on the opinion of its legal advisers, the Company has not recognized a provision for the following claims of MCSA and NX Gold as it is not probable that a cash outflow will occur.

	December 31, 2019	December 31, 2018
Social security tax (i)	\$ 3,681	\$ 3,715
Taxes (ii)	14,990	14,800
Labour (refer to note 11(b)(i))	6,303	3,380
Mining and other (iii)	6,080	-
	\$ 31,054	\$ 21,895

(i) Social security tax

Social security claims relate to potential social security tax payments related to past payments to employees, including profit sharing, and payments made to external contractors. The Company strongly believes, based on precedent court case rulings, that part of the claim will be cancelled after administrative and judicial discussions. The estimated portion of the claim expected to be cancelled of \$3.7 million is included in the table above.

(ii) Tax

There are 129 tax claims (2018 – 99 tax claims) against MCSA which were evaluated as possible, but not probable, losses by external legal counsel. The main subjects under discussion for the tax claims involve the validity of tax credits used to offset federal taxes.

(iii) Mining

In June 2019, MCSA was notified of five administrative claims filed by the Nacional Mining Agency regarding alleged differences in the calculation of certain sales taxes on mining revenue by MCSA. The Company, based on the opinion of its legal advisers, does not believe such claims will result in a probable cash outflow.

12. Share Capital

As at December 31, 2019, the Company’s authorized share capital consists of an unlimited number of common shares without par value. As at December 31, 2019, 85,703,646 (2018 – 84,738,650) common shares were outstanding.

In January 2017, the Company issued \$2.75 million of convertible debentures with an interest rate of 10% to be repaid within two years or to be converted to units, at the option of the holder, at a conversion price of \$0.75 per unit, with each unit consisted of one common share and one-quarter of one common share purchase warrant. Each whole warrant entitled the holder to purchase one common share at a price of \$1.20 per common share until

Notes to Consolidated Financial Statements

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

December 12, 2021. The Company had the right to accelerate the expiry of any warrants issued in relation to these convertible debentures if the closing share price on a recognized exchange reached or exceeded \$1.70 for 20 consecutive trading days. In February 2018, all of the convertible debenture holders converted their debentures into units, resulting in the issuance of 4,059,450 common shares and 1,014,861 common share purchase warrants. These warrants were subsequently exercised for an equivalent number of common shares for gross proceeds received by the Company of \$1.2 million.

(a) Options

In January 2018, the Company granted 60,000 options to an employee of the Company at an exercise price of CAD\$7.95 per share with a term to expiry of five years. In addition, the Company also granted in January 2018 125,000 options to an employee of the Company at an exercise price of CAD\$7.76 per share with a term to expiry of five years. These stock options vest in three equal installments on each annual anniversary date from the date of grant. The total fair value of these options to be expensed over the vesting period was \$0.5 million.

In June 2018, the Company granted 174,000 options to an employee and a director of the Company at an exercise price of CAD\$10.25 per share with a term to expiry of five years. 150,000 of these stock options vest in three equal installments on each annual anniversary date from the date of grant, while 24,000 of these stock options vested immediately. The total fair value of these options to be expensed over the vesting period was \$0.6 million.

In July 2018, the Company granted 200,000 options to an employee of the Company at an exercise price of CAD\$9.01 per share with a term to expiry of five years. These stock options vest in three equal installments on each annual anniversary date from the date of grant. The total fair value of these options to be expensed over the vesting period was \$0.6 million.

On December 31, 2018, the Company granted 1,155,519 options to certain officers, directors, consultants and employees of the Company at an exercise price of CAD\$9.76 per share with a term to expiry of five years. These stock options vest in three equal installments on each annual anniversary date from the date of grant. The total fair value of these options to be expensed over the vesting period was \$3.5 million.

On January 2, 2019, the Company granted 125,000 options to directors of the Company at an exercise price of CAD\$9.80 per share with a term to expiry of five years. These options vested immediately, and their total fair value was \$0.5 million.

On August 15, 2019, the Company granted 40,000 options to directors of the Company at an exercise price of CAD\$21.09 per share with a term to expiry of five years. 23,828 of these options vested immediately, while 16,172 will vest upon shareholder approval. Their total fair value was \$0.3 million.

On December 12, 2019, the Company granted 470,228 options to certain officers, directors, consultants and employees of the Company at an exercise price of CAD\$20.52 per share with a term to expiry of five years. These stock options vest in three equal installments on each annual anniversary date from the date of grant. The total fair value of these options to be expensed over the vesting period was \$2.7 million.

	Number of Stock Options	Weighted Average Exercise Price
Outstanding stock options, December 31, 2017	3,493,000	\$ 3.28
Issued	1,714,519	6.97
Exercised	(283,000)	1.50
Outstanding stock options, December 31, 2018	4,924,519	4.64
Issued	635,228	14.20
Exercised	(498,330)	2.75
Outstanding stock options, December 31, 2019	5,061,417	\$ 6.23

Notes to Consolidated Financial Statements

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

The weighted average share price on the date of exercise for the year ended December 31, 2019 was \$14.60 (year ended December 31, 2018 - \$8.91).

As at December 31, 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	972,001	1.50 USD	433,665	2.37
July 10, 2022	100,000	1.50 USD	66,666	2.53
November 24, 2022	318,000	6.48 CAD	212,000	2.90
December 7, 2022	1,393,335	6.74 CAD	946,664	2.94
January 18, 2023	60,000	7.95 CAD	20,000	3.05
January 23, 2023	83,334	7.76 CAD	-	3.07
June 19, 2023	144,000	10.25 CAD	44,000	3.47
July 16, 2023	200,000	9.01 CAD	66,666	3.54
December 31, 2023	1,155,519	9.76 CAD	385,165	4.00
January 2, 2024	125,000	9.80 CAD	125,000	4.01
August 15, 2024	40,000	21.09 CAD	23,828	4.63
December 12, 2024	470,228	20.52 CAD	-	4.95
	5,061,417	6.23 USD	2,323,654	3.33

In determining the weighted average exercise price of all outstanding options in the tables above and below, the CAD prices were converted to USD at the December 31, 2019 exchange rate of 1.2989.

The fair value of options granted in the years ended December 31, 2019 and 2018 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:

	2019	2018
Expected term (years)	3.0	3.0
Forfeiture rate	0%	0%
Volatility	53.3%	60.7%
Dividend yield	0%	0%
Risk-free interest rate	1.68%	1.92%
Weighted-average fair value per option	\$ 5.42	\$ 2.98

For the year ended December 31, 2019, the Company recorded share-based compensation \$4.7 million (2018 - \$3.2 million) with respect to its outstanding stock options.

Subsequent to December 31, 2019, the Company granted 73,456 options to directors and certain employees of the Company at an exercise price of CAD\$23.42 per share with a term to expiry of five years. The 43,456 options to directors vested immediately, while the 30,000 options to employees vest in three equal installments on each annual anniversary date from the date of grant.

Subsequent to December 31, 2019, 53,332 options were exercised for gross proceeds of \$0.2 million.

(b) Share Unit Plan

The Company has a share unit plan (the "Share Unit Plan") pursuant to which the Board, at the compensation committee's recommendation, may grant share units ("Share Units") to any director, officer, employee, or consultant of the Company or its subsidiaries. At the time of grant of a Share Unit, the Board, at the compensation

Notes to Consolidated Financial Statements

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

committee’s recommendations, may establish performance conditions for the vesting of the Share Units. The performance conditions may be graduated such that different percentages (which may be greater or lower than 100%) of the Share Units in a grant become vested depending on the satisfaction of one or more performance conditions. Performance conditions may include terms or conditions relating to: (i) the market price of the Shares; (ii) the return to holders of shares, with or without reference to other comparable companies; (iii) the financial performance or results of the Company or its subsidiaries; (iv) the achievement of performance conditions or other performance criteria relating to the Company or its subsidiaries; (v) any other terms and conditions the Board may in its sole discretion determine with respect to vesting or the acceleration of vesting; and (vi) the vesting date of the Share Units. The Board may, in its discretion, subsequent to the grant of a Share Unit, waive any such performance condition or determine that it has been satisfied subject to applicable law. Each Share Unit entitles the holder thereof to receive one common share, without payment of additional consideration, on the redemption date selected by the Board following the date of vesting of such Share Unit, which will be within 30 days of the date of vesting, or at a later deferred date, subject to certain exception and restrictions.

On December 31, 2018, 215,288 Share Units were issued and on December 12, 2019, 225,659 Share Units were issued to certain officers and employees of the Company pursuant to the Company’s Share Unit Plan. These Share Units will vest three years from the date they were approved for granting by the Board (December 31, 2021 and December 12, 2022, respectively) 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.

As at December 31, 2019, 437,463 Share Units have been issued and are outstanding to certain officers and employees of the Company pursuant to the Company’s Share Unit Plan.

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 issued are the following:

	December 12, 2019	December 31, 2018
Expected term (years)	3.0	3.0
Forfeiture rate	0%	0%
Volatility	44.5%	45.4%
Dividend yield	0%	0%
Risk-free interest rate	1.69%	1.95%
Weighted-average fair value per Share Unit	\$ 18.97	\$ 17.75

During the year ended December 31, 2019, the Company recorded share-based compensation of \$1.0 million (2018 - \$nil) with respect to the Share Units.

Subsequent to December 31, 2019, 1,000 Share Units were issued to certain employees of the Company pursuant to the Company’s Share Unit Plan.

(c) Deferred Share Unit Plan

On December 12, 2019, a Deferred Share Unit Plan (“DSU Plan”) was established by the Board as a component of our compensation for independent directors. Only independent directors are eligible to participate and to receive

Notes to Consolidated Financial Statements

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

deferred share units (“DSUs”) under the DSU Plan. DSUs may be awarded by the Board from time to time to provide independent directors with appropriate equity-based compensation for the services they render to the Company and may be subject to terms and conditions with respect to vesting of such DSUs. In addition, independent directors may elect to receive a portion or all of their respective annual cash remuneration in the form of DSUs, which will be fully vested upon such grant. The number of DSUs to be awarded to a participant under the DSU Plan is determined by dividing the portion of that participant’s annual cash remuneration by the fair market value of a common share on the last day of the quarter in which such portion of the annual cash remuneration was earned. Pursuant to the DSU Plan, DSUs may only be settled by way of cash payment. A participant is not entitled to payment in respect of the DSUs until his or her death, retirement or removal from the Board. The settlement amount of each DSU is based on the fair market value of a common share on the DSU redemption date multiplied by the number of DSUs being redeemed.

Subsequent to December 31, 2019, 23,674 DSUs were issued to independent directors.

(d) Warrants

As at December 31, 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 1.95 years.

During the year ended December 31, 2019, 466,666 warrants were exercised for gross proceeds of \$0.6 million.

(e) Net Income (Loss) per Share

	Year ended December 31, 2019	Year ended December 31, 2018
Weighted average number of common shares outstanding	85,244,277	83,927,977
Dilutive effect of warrants	2,788,885	-
Dilutive effect of stock options	2,919,799	-
Dilutive effect of Share Units	437,463	-
Weighted average number of diluted common shares outstanding	91,390,425	83,927,977
Net income (loss) attributable to owners of the Company	\$ 91,883	\$ (3,155)
Basic net income (loss) per share attributable to owners of the Company	1.08	(0.04)
Diluted net income (loss) per share attributable to owners of the Company	1.01	(0.04)

For the year ended December 31, 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 year.

13. Revenue

	Year ended December 31, 2019	Year ended December 31, 2018
Copper concentrate		
- sales within Brazil	\$ 176,885	\$ 137,039
- export sales	69,499	49,382
- price adjustments on provisionally priced sales	(187)	(1,691)
Gold		
- export sales	38,646	48,375
	\$ 284,843	\$ 233,105

Notes to Consolidated Financial Statements

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

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. As at December 31, 2019, there are no sales subject to provisional pricing. During the year ended December 31, 2019, the Company recognized \$0.2 million (2018 - \$1.7 million) related to provisional price adjustments related to such provisionally priced sales.

14. Cost of Product Sold

	Year ended December 31, 2019	Year ended December 31, 2018
Materials	\$ 21,788	\$ 19,356
Salaries and benefits	40,787	36,130
Depreciation and depletion	46,014	45,188
Contracted services	23,691	20,806
Maintenance costs	18,383	15,842
Utilities	11,154	9,341
Other costs	1,000	948
	\$ 162,817	\$ 147,611

15. General and Administrative Expenses

	Year ended December 31, 2019	Year ended December 31, 2018
Accounting and legal	\$ 1,507	\$ 1,672
Amortization and depreciation	157	109
Office and sundry	7,192	6,335
Provisions	(625)	361
Salaries and consulting fees	13,427	11,250
Incentive payments	8,684	7,211
Transfer agent and filing fees	206	176
Travel and conference	2,269	1,886
	\$ 32,817	\$ 29,000

16. Finance Expense

	Year ended December 31, 2019	Year ended December 31, 2018
Interest on loans and borrowings	\$ 11,236	\$ 14,965
Accretion of purchase price adjustments	512	662
Accretion of mine closure and rehabilitation provision	3,508	3,767
Commitment fees	1,681	585
Interest on lease liabilities	366	-
Other finance expenses	3,125	2,583
	\$ 20,428	\$ 22,562

Notes to Consolidated Financial Statements

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

17. 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 Reals (BRL\$), which is their functional currency.

	Year ended December 31, 2019	Year ended December 31, 2018
Foreign exchange on USD denominated debt in Brazil	\$ (4,406)	\$ (9,808)
Realized foreign exchange on derivative contracts (note 21)	185	(10,119)
Unrealized foreign exchange on derivative contracts (note 21)	(250)	1,137
Other	(677)	(1,923)
	\$ (5,148)	\$ (20,713)

18. Recovery of Value Added Taxes

During the year ended December 31, 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 income taxes and taxes on future sales. Of the recovery recognized, \$3.2 million has been applied to taxes during the 2019 year, \$12.2 million has been included in other current assets based on the expected timing of their use, with the remaining \$6.2 million recognized in other non-current assets in the statement of financial position.

19. Income Taxes

(a) Reconciliation of income taxes

A reconciliation of the income tax expense to the amount calculated using the Company's combined Canadian federal and provincial statutory income tax rate of 27% (2018 – 27%) is as follows:

	Year Ended December 31, 2019	Year Ended December 31, 2018
Net income in the year before tax	\$ 74,829	\$ 2,661
Tax rate	27%	27%
Income tax expense at statutory rate	\$ 20,204	\$ 718
Tax effect of:		
Difference in tax rate of foreign jurisdictions	(7,557)	(1,489)
Non-deductible (taxable) items	(6,334)	(596)
Change in temporary differences not previously recognized	(24,570)	4,071
Reduction (utilization) of tax losses against other liabilities	-	952
Other	631	1,996
Income tax expense (recovery)	\$ (17,626)	\$ 5,652

Notes to Consolidated Financial Statements

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

	Year Ended December 31, 2019	Year Ended December 31, 2018
Current income tax:		
Relating to current income tax charge	\$ 10,645	\$ 2,899
Deferred income tax:		
Relating to recognition of previously unrecognized temporary differences	(33,836)	-
Relating to origination and reversal of temporary differences	5,565	2,753
Income tax expense (recovery)	\$ (17,626)	\$ 5,652

(b) Deferred income tax assets (liabilities)

The general movement in the deferred income tax asset (liability) is as follows:

	Year Ended December 31, 2019	Year Ended December 31, 2018
At the beginning of the year	\$ (15,811)	\$ (16,655)
Reduction (utilization) of tax losses against other liabilities	-	952
Deferred income tax recovery (expense)	28,271	(2,753)
Foreign exchange	639	2,645
At the end of the year	\$ 13,099	\$ (15,811)

Recognized deferred tax and assets and liabilities consist of the following:

	December 31, 2019	December 31, 2018
Deferred tax assets:		
Non-capital losses - Brazil	\$ 28,792	\$ 6,311
Other - Brazil	3,192	-
Mine closure and rehabilitation provision - Brazil	4,605	-
Non-capital losses - Canada	317	-
Financing fees and other - Canada	1,349	1,660
	38,256	7,971
Deferred tax liabilities		
Mineral property, plant and equipment - Brazil	(9,612)	(7,227)
Loans and borrowings - Brazil	(12,192)	(14,698)
Other - Brazil	(1,687)	(197)
Loans and borrowings - Canada	(1,666)	(1,660)
	(25,157)	(23,782)
Net deferred income tax assets (liabilities)	\$ 13,099	\$ (15,811)

Notes to Consolidated Financial Statements

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

Deferred tax assets of \$11.7 million (December 31, 2018 - \$22.5 million) have not been recognized for the following deductible temporary differences as it is not probable that the benefits of these temporary differences will be realized:

	Year Ended December 31, 2019		Year Ended December 31, 2018	
	Brazil	Canada	Brazil	Canada
Exploration and evaluation assets	\$ 47,986	\$ -	\$ 49,920	\$ -
Mineral property, plant and equipment	-	72	8,974	42
Share issuance/Financing costs	-	-	-	640
Non-capital losses	-	14,196	72,672	7,194
Other	-	4,251	-	2,588
	\$ 47,986	\$ 18,519	\$ 131,566	\$ 10,464

The Company has loss carry forwards in Brazil totalling \$83.0 million (December 31, 2018 - \$114.1 million) which may be carried forward indefinitely to offset future taxable income in Brazil. Use of these losses is limited to 30% of taxable income annually. The Company also has loss carry forwards in Canada totalling \$15.4 million (December 31, 2018 - \$7.2 million) which may be carried forward for 20 years to offset future taxable income, which expire between 2036 and 2039.

20. 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 year ended December 31, 2019 was \$7.5 million (\$5.4 million for the year ended December 31, 2018). In addition, 444,265 options and 171,754 Share Units were issued to key management personnel during the year ended December 31, 2019 (1,100,155 options and 130,636 Share Units for the year ended December 31, 2018) with \$4.1 million recognized in share-based compensation expense for the year ended December 31, 2019 (\$2.3 million for the year ended December 31, 2018).

During the year ended December 31, 2019, key management personnel exercised 286,666 options and 300,000 warrants for cash proceeds to the Company of \$0.6 million and \$0.4 million, respectively (133,000 options for \$0.2 million for the year ended December 31, 2018). During the year ended December 31, 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.

As at December 31, 2019, \$3.9 million was payable to key management as incentive compensation and is included in accounts payable and accrued liabilities in the consolidated financial statements (December 31, 2018 - \$2.7 million). Such amounts are unsecured, non-interest bearing and will be paid under normal trade terms.

21. 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.

Notes to Consolidated Financial Statements

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

As at December 31, 2019, derivatives were measured at fair value based on Level 2 inputs. The fair value of derivatives is disclosed under market risk below.

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 December 31, 2019, the carrying value of loans and borrowings is \$159.4 million while the fair value is approximately \$161.4 million. The effective interest rates used to amortize these loans are a close approximation of market rates of interest at December 31, 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 December 31, 2019 and December 31, 2018:

	December 31, 2019	December 31, 2018
Cash and cash equivalents	\$ 21,485	\$ 18,941
Restricted cash	1,500	3,000
Accounts receivable	7,680	7,219
Deposits	1,200	1,334
Derivatives	-	254
Other non-current assets - term deposits	1,196	686
	\$ 33,061	\$ 31,434

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 years ended December 31, 2019 and 2018, nor has a provision for credit losses been recognized.

Liquidity risk

Liquidity risk is the risk associated with the difficulties that the Company may have meeting the obligations associated with financial liabilities that are settled with cash payments or with another financial asset. The Company's approach to liquidity management is to ensure as much as possible that sufficient liquidity exists to meet their maturity obligations on the expiration dates, under normal and stressful conditions, without causing unacceptable losses or with risk of undermining the normal operation of the Company.

The table below shows the Company's maturity of financial liabilities on December 31, 2019:

Non-derivative Financial Liabilities	Carrying value	Contractual cash flows	Up to 12 months	1-2 years	3-5 years	More than 5 years
Loans and borrowings	\$ 159,370	\$ 161,377	\$ 18,984	\$ 30,318	\$ 110,208	\$ 1,867
Interest on loans and borrowings	-	22,788	8,749	7,172	6,737	130
Accounts payable and accrued liabilities	43,694	43,694	43,694	-	-	-
Value added, payroll and other taxes	19,688	20,428	13,994	1,968	4,466	-
	\$ 222,752	\$ 248,287	\$ 85,421	\$ 39,458	\$ 121,411	\$ 1,997

Notes to Consolidated Financial Statements

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

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity prices. The purpose of market risk management is to manage and control exposures to market risks, within acceptable parameters, while optimizing return.

The Company may use derivatives, including forward contracts and swap contracts, to manage market risks.

(i) Foreign exchange currency risk

The Company's subsidiaries in Brazil are exposed to exchange risks related to the US dollars and Euros. In order to minimize currency mismatches, the Company monitors its cash flow projections considering future sales expectations indexed to US dollar variation in relation to the cash requirement to settle the existing financings.

The Company's exposure to foreign exchange currency risk at December 31, 2019 relates primarily to \$9.6 million (December 31, 2018 – \$10.2 million) in loans and borrowings of MCSA denominated in US dollars and Euros. Strengthening (weakening) in the Brazilian Real against the US dollar by 10% and 20%, would have increased (decreased) pre-tax net income by \$0.6 million and \$1.1 million, respectively (2018 – \$0.7 million and \$1.3 million). Strengthening (weakening) in the Brazilian Real against the Euro by 10% and 20%, would have increased (decreased) pre-tax net income by \$0.4 million and \$0.8 million, respectively (2018 – \$0.4 million and \$0.7 million). This analysis is based on the foreign currency exchange variation rate that the Company considered to be reasonably possible at the end of the year. The analysis assumes that all other variables, especially interest rates, are held constant.

The Company may use derivatives, including forward contracts, collars and swap contracts, to manage market risks. At December 31, 2019, the Company's subsidiaries have entered into foreign exchange collar contracts at zero cost for notional amounts of \$336.6 million with an average floor rate of 3.86 BRL to US Dollar and an average cap rate of 4.41 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 January 15, 2020 to July 28, 2021 and are financially settled on a net basis. The fair value of these contracts at December 31, 2019 was nil, (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 \$0.3 million for the year ended December 31, 2019 (a gain of \$1.1 million for the year ended December 31, 2018) and has been recognized in foreign exchange loss. In addition, in the year ended December 31, 2019, the Company recognized a realized gain of \$0.2 million, (a loss of \$10.1 million for the year ended December 31, 2018) 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 \$9.8 million. Based on the Company's net exposure at December 31, 2019, a 1% change in the variable rates would have an impact of \$1.5 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 December 31, 2019, the Company has entered into an interest rate swap contract to manage interest rate risk (see note 9(a)) associated with its Canadian Facilities. 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 December 31, 2019 was a liability of \$1.7 million and was included in Derivatives in the statement of financial position while the change in the fair value of this contract of \$1.7 million was included in Finance Expenses in the statement of operations and comprehensive income.

Notes to Consolidated Financial Statements

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

In addition, as at December 31, 2019, MCSA has entered into an interest rate and currency swap contract on the Plural Loan (see note 9(d)). The floating interest on a notional amount of BRL\$12 million was swapped for a fixed interest rate of 9.9% and the BRL currency on the loan was swapped for USD at a rate of 3.9500. The fair value of this contract at December 31, 2019 was a liability of \$0.1 million and was included in Derivatives in the statement of financial position while the change in the fair value of this contract of \$0.1 million was included in Finance Expenses in the statement of operations and comprehensive income.

(iii) Price risk

The Company may use derivatives, including forward contracts, collars and swap contracts, to manage commodity price risks. During the year ended December 31, 2019, the Company had entered into commodity swap collar contracts. As at December 31, 2019, these commodity swap collar contracts have all matured and the balance was \$nil. The Company recognized a realized loss of \$1.4 million for the year ended December 31, 2019 related to the settlement of commodity forward contracts.

22. Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development and production of its mine properties and to maintain a flexible capital structure for its projects for the benefit of its stakeholders.

In the management of capital, the Company includes the components of shareholders' equity and debt facilities.

The Company manages the capital structure and makes adjustments to it considering changes in the economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new loans and borrowings, common shares, or acquire or dispose of assets. Management reviews the capital structure on a regular basis to ensure that the above-noted objectives are met.

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.

Notes to Consolidated Financial Statements

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

23. 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 3.

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

Segmented information is as follows:

Year ended December 31, 2019	MCSA (Brazil)	NX Gold (Brazil)	Corporate (Canada)	Consolidated
Revenue	\$ 246,197	\$ 38,646	\$ -	\$ 284,843
Depreciation and depletion	(40,107)	(5,907)	-	(46,014)
Other cost of product sold expenses	(95,500)	(21,303)	-	(116,803)
Cost of product sold	(135,607)	(27,210)	-	(162,817)
Sales expenses	(4,962)	-	-	(4,962)
Gross profit	105,628	11,436	-	117,064
Expenses				
General and administrative	(20,993)	(2,308)	(9,516)	(32,817)
Share-based compensation	-	-	(5,792)	(5,792)
Finance income	520	143	38	701
Finance expenses	(8,877)	(1,366)	(10,185)	(20,428)
Foreign exchange gain (loss)	(5,039)	(76)	(33)	(5,148)
Loss on debt settlement	(1,783)	-	-	(1,783)
Recovery of value added taxes	21,584	-	-	21,584
Other income	242	1,206	-	1,448
Income (loss) before taxes	91,282	9,035	(25,488)	74,829
Current tax expense	(8,764)	(1,881)	-	(10,645)
Deferred tax recovery	27,267	1,004	-	28,271
Net Income (Loss)	\$ 109,785	\$ 8,158	\$ (25,488)	\$ 92,455
Assets				
Current	\$ 62,413	\$ 9,166	\$ 3,986	\$ 75,565
Non-current	364,117	20,180	2,812	387,109
Total Assets	\$ 426,530	\$ 29,346	\$ 6,798	\$ 462,674
Total Liabilities	\$ 107,045	\$ 15,934	\$ 140,637	\$ 263,616

Notes to Consolidated Financial Statements

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

Year ended December 31, 2018	MCSA (Brazil)	NX Gold (Brazil)	Corporate (Canada)	Consolidated
Revenue	\$ 184,730	\$ 48,375	\$ -	\$ 233,105
Depreciation and depletion	34,104	11,084	-	45,188
Other cost of product sold expenses	81,242	21,181	-	102,423
Cost of product sold	(115,346)	(32,265)	-	(147,611)
Sales expenses	(3,268)	-	-	(3,268)
Gross profit	66,116	16,110	-	82,226
Expenses				
General and administrative	(16,340)	(3,401)	(9,259)	(29,000)
Share-based compensation	-	-	(3,225)	(3,225)
Finance income	844	28	431	1,303
Finance expenses	(16,215)	(959)	(5,388)	(22,562)
Foreign exchange loss	(20,301)	(131)	(281)	(20,713)
Gain (loss) on debt settlement	(3,708)	-	(1,768)	(5,476)
Other income	1,653	(1,545)	-	108
Income (loss) before taxes	12,049	10,102	(19,490)	2,661
Current tax expense	-	(2,899)	-	(2,899)
Deferred tax expense	(1,932)	(1,173)	352	(2,753)
Net Income (Loss)	\$ 10,117	\$ 6,030	\$ (19,138)	\$ (2,991)
Assets				
Current	\$ 43,802	\$ (630)	\$ 7,782	\$ 50,954
Non-current	281,622	25,128	2,735	309,485
Total Assets	\$ 325,424	\$ 24,498	\$ 10,517	\$ 360,439
Total Liabilities	\$ 160,824	\$ 14,021	\$ 81,772	\$ 256,617