



**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

**FOR THE THREE AND SIX MONTHS ENDED
JUNE 30, 2024**

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") has been prepared as at August 1, 2024 and should be read in conjunction with the unaudited condensed consolidated interim financial statements of Ero Copper Corp. ("Ero", the "Company", or "we") as at, and for the three and six months ended June 30, 2024, and related notes thereto, which are prepared in accordance with International Accounting Standards ("IAS") 34, *Interim Financial Reporting* as issued by the International Accounting Standards Board (the "IASB"). All references in this MD&A to "Q2 2024" and "Q2 2023" are to the three months ended June 30, 2024 and June 30, 2023, respectively, and all references to "YTD 2024" and "YTD 2023" are to the six months ended June 30, 2024 and June 30, 2023, respectively. As well, this MD&A should be read in conjunction with the Company's December 31, 2023 audited consolidated financial statements and MD&A. All dollar amounts are expressed in United States ("US") dollars and tabular amounts are expressed in thousands of US dollars, unless otherwise indicated. References to "\$", "US\$", "dollars", or "USD" are to US dollars, references to "C\$" are to Canadian dollars, and references to "R\$" or "BRL" are to Brazilian Reals.

This MD&A refers to various alternative performance (Non-IFRS) measures, including copper C1 cash cost, copper C1 cash cost including foreign exchange hedges, realized copper price, gold C1 cash cost, gold all-in sustaining cost ("AISC"), realized gold price, EBITDA, adjusted EBITDA, adjusted net income attributable to owners of the Company, adjusted net income per share attributable to owners of the Company, net (cash) debt, working capital and available liquidity. Please refer to the section titled "Alternative Performance (Non-IFRS) Measures" for a discussion of non-IFRS measures.

This MD&A contains "forward-looking statements" that are subject to risk factors set out in a cautionary note contained at the end of this MD&A. The Company cannot assure investors that such statements will prove to be accurate, and actual results and future, events may differ materially from those anticipated in such statements. The results for the periods presented are not necessarily indicative of the results that may be expected for any future period. Investors are cautioned not to place undue reliance on such forward-looking statements. All information contained in this MD&A is current and has been approved by the Board of Directors of the Company (the "Board") as of August 1, 2024, unless otherwise stated.

BUSINESS OVERVIEW

Ero is a high-margin, high-growth copper producer with operations in Brazil and corporate headquarters in Vancouver, B.C., Canada. The Company's primary asset is a 99.6% interest in the Brazilian copper mining company, Mineração Caraíba S.A. ("MCSA"), held indirectly through its wholly-owned subsidiary, Ero Brasil Participações Ltda.. MCSA is the 100% owner of the Company's Caraíba Operations, which are located in the Curaçá Valley, Bahia State, Brazil, and the Tucumã Project, an IOCG-type copper project located in Pará, Brazil. The Company also owns 97.6% of NX Gold S.A. ("NX Gold") which owns the Xavantina Operations, comprised of an operating gold and silver mine located in Mato Grosso, Brazil. Additional information on the Company and its operations, including technical reports on the Caraíba Operations, Xavantina Operations and Tucumã Project, can be found on the Company's website (www.ero-copper.com), on SEDAR+ (www.sedarplus.ca), and on EDGAR (www.sec.gov). The Company's shares are publicly traded on the Toronto Stock Exchange and the New York Stock Exchange under the symbol "ERO".

HIGHLIGHTS

	2024 - Q2	2024 - Q1	2023 - Q2	2024 - YTD	2023 - YTD
Operating Information					
Copper (Caraíba Operations)					
Ore Processed (tonnes)	957,692	853,371	840,821	1,811,063	1,613,369
Grade (% Cu)	1.03	1.08	1.55	1.05	1.45
Cu Production (tonnes)	8,867	8,091	12,004	16,958	21,331
Cu Production (lbs)	19,548,441	17,837,530	26,463,779	37,385,971	47,027,331
Cu Sold in Concentrate (tonnes)	8,706	9,461	11,612	18,167	21,076
Cu Sold in Concentrate (lbs)	19,192,315	20,858,592	25,599,840	40,050,907	46,465,326
Cu C1 Cash Cost ⁽¹⁾⁽²⁾	\$ 2.16	\$ 2.30	\$ 1.66	\$ 2.23	\$ 1.76
Gold (Xavantina Operations)					
Ore Processed (tonnes)	40,446	37,834	34,377	78,280	70,140
Grade (g / tonne)	14.00	16.38	13.20	15.15	12.51
Au Production (oz)	16,555	18,234	12,333	34,789	24,776
Au C1 Cash Cost ⁽¹⁾	\$ 428	\$ 395	\$ 492	\$ 411	\$ 464
Au AISC ⁽¹⁾	\$ 842	\$ 797	\$ 1,081	\$ 819	\$ 1,013
Financial information (\$ in millions, except per share amounts)					
Revenues	\$ 117.1	\$ 105.8	\$ 104.9	\$ 222.9	\$ 205.9
Gross profit	43.3	31.2	39.4	74.5	79.5
EBITDA ⁽¹⁾	(36.2)	17.8	58.6	(18.4)	106.6
Adjusted EBITDA ⁽¹⁾	51.5	43.3	45.8	94.8	90.2
Cash flow from operations	14.7	17.2	55.5	31.9	71.8
Net (loss) income	(53.4)	(6.8)	29.9	(60.2)	54.4
Net (loss) income attributable to owners of the Company	(53.2)	(7.1)	29.6	(60.4)	53.7
- Per share (basic)	(0.52)	(0.07)	0.32	(0.59)	0.58
- Per share (diluted)	(0.52)	(0.07)	0.32	(0.59)	0.58
Adjusted net income attributable to owners of the Company ⁽¹⁾	18.6	16.8	22.3	35.4	44.7
- Per share (basic)	0.18	0.16	0.24	0.34	0.48
- Per share (diluted)	0.18	0.16	0.24	0.34	0.48
Cash, cash equivalents, and short-term investments	44.8	51.7	180.4	44.8	180.4
Working (deficit) capital ⁽¹⁾	(57.6)	(28.6)	140.7	(57.6)	140.7
Available liquidity ⁽¹⁾	169.8	156.7	330.4	169.8	330.4
Net debt ⁽¹⁾	482.0	415.1	246.5	482.0	246.5

(1) Please refer to the section titled "Alternative Performance (Non-IFRS) Measures" within this MD&A.

(2) Copper C1 cash cost including foreign exchange hedges was \$2.16 in Q2 2024 (Q2 2023 - \$1.55) and \$2.22 in YTD 2024 (YTD 2023 - \$1.68).

Q2 2024 Highlights

Second quarter financial results showcase solid operating performance amid stronger copper and gold prices

- The Caraíba Operations produced 8,867 tonnes of copper in concentrate during the quarter at C1 cash costs⁽¹⁾ of \$2.16 per pound of copper produced
 - Mill throughput volumes at Caraíba continued to benefit from the successful completion of the mill expansion in late 2023 with tonnes processed up 12.2% quarter-on-quarter and 17.9% compared to Q4 2023
 - Higher processed tonnage contributed to a 9.6% increase in copper production quarter-on-quarter
- The Xavantina Operations produced 16,555 ounces of gold during the quarter, resulting in C1 cash costs⁽¹⁾ and AISC⁽¹⁾ of \$428 and \$842, respectively, per ounce of gold produced
 - Tonnes processed increased 6.9% quarter-on-quarter while mined and processed gold grades remained elevated at 14.00 grams per tonne ("gpt")
- Second quarter financial results were bolstered by stronger metal prices and a favorable exchange rate environment, which also contributed to another quarter of record gross profit at the Xavantina Operations. While a stronger USD relative to the BRL benefited operating costs and capital expenditures during the quarter, it resulted in non-cash, unrealized foreign exchange losses primarily related to the translation of USD-denominated intercompany debt in Brazil for which the functional currency is BRL
 - Net loss attributable to the owners of the Company of \$53.2 million (\$0.52 per share on a diluted basis)
 - Adjusted net income attributable to the owners of the Company⁽¹⁾ of \$18.6 million (\$0.18 per share on a diluted basis)
 - Adjusted EBITDA⁽¹⁾ of \$51.5 million
- During the quarter and subsequent to quarter-end, the Company achieved several important milestones at the Tucumã Project, where ramp-up to commercial production is now underway
 - Completed mine pre-strip and commenced full mine operations in late-April 2024
 - Operational License awarded by the Pará State environmental agency, Secretaria de Estado de Meio Ambiente e Sustentabilidade ("SEMAS") in mid-June 2024
 - First batch of copper concentrate produced on June 24, 2024
 - First 24-hour shift of continuous mill operations completed on July 7, 2024
 - First saleable copper concentrate, which exceeded process design concentrate grade targets, produced on July 18, 2024
- At quarter-end, available liquidity was \$169.8 million, including \$44.8 million in cash and cash equivalents, \$100.0 million of undrawn availability under the Company's senior secured revolving credit facility, and \$25.0 million of undrawn availability under the copper prepayment facility. In May 2024, to support the commencement of production and associated working capital needs at the Tucumã Project, the Company entered into a \$50.0 million non-priced copper prepayment facility. Through the end of 2024, the Company has the option to increase the size of this facility to \$75.0 million

(1) Please refer to the section titled "Alternative Performance (Non-IFRS) Measures" within this MD&A.

Reaffirming full-year production and copper cash cost guidance; updating other 2024 guidance ranges to reflect H1 2024 performance, including exceptional year-to-date unit costs at the Xavantina Operations driven by elevated gold grades

- The Company is reaffirming its consolidated copper production guidance of 59,000 to 72,000 tonnes in concentrate, with production expected to be weighted towards H2 2024 largely due to the projected ramp-up of production at the Tucumã Project
- Contributions from the Tucumã Project, combined with significantly lower concentrate treatment and refining charges, as well as a more favorable USD to BRL exchange rate, are expected to result in lower consolidated copper C1 cash costs in H2 2024 compared to H1 2024. As a result, the Company is reaffirming its full-year consolidated copper C1 cash cost guidance range of \$1.50 to \$1.75 per pound of copper produced
- The Company is also reaffirming its increased 2024 gold production guidance range of 60,000 to 65,000 ounces for the Xavantina Operations, and is lowering its full-year gold cost guidance to reflect exceptional year-to-date cost performance
 - C1 cash cost guidance is being reduced to \$450 to \$550 (from \$550 to \$650) per ounce of gold produced
 - AISC guidance is being lowered to \$900 to \$1,000 (from \$1,050 to \$1,150) per ounce of gold produced
- The Company is narrowing its full-year capital expenditure guidance range to \$303 to \$348 million (from \$299 to \$349 million)

Consolidated copper production on track to more than double over the next year as the Tucumã Project ramps up to commercial production

- The Company projects that production levels of 80% of design mill capacity and 80% of design recovery rates will be achieved at the Tucumã Project by the end of Q3 2024
- At the Caraíba Operations, main shaft sinking at the Pilar Mine's new external shaft is progressing on schedule, with a projected depth of approximately 600 meters expected to be reached by year-end

REVIEW OF OPERATIONS

The Caraíba Operations

Copper	2024 - Q2	2024 - Q1	2023 - Q2	2024 - YTD	2023 - YTD
Ore mined (tonnes)	897,161	788,332	901,149	1,685,493	1,660,748
Ore processed (tonnes)	957,692	853,371	840,821	1,811,063	1,613,369
Grade (% Cu)	1.03	1.08	1.55	1.05	1.45
Recovery (%)	90.2	88.1	92.0	89.2	91.4
Cu Production (tonnes)	8,867	8,091	12,004	16,958	21,331
Cu Production (lbs)	19,548,441	17,837,530	26,463,779	37,385,971	47,027,331
Concentrate grade (% Cu)	33.1	32.7	33.8	32.9	33.9
Concentrate sales (tonnes)	26,222	28,721	35,845	54,943	65,919
Cu Sold in concentrate (tonnes)	8,706	9,461	11,612	18,167	21,076
Cu Sold in concentrate (lbs)	19,192,315	20,858,592	25,599,840	40,050,907	46,465,326
Realized copper price	\$ 4.22	\$ 3.74	\$ 3.51	\$ 3.97	\$ 3.71
Copper C1 cash cost	\$ 2.16	\$ 2.30	\$ 1.66	\$ 2.23	\$ 1.76
Copper C1 cash cost including foreign exchange hedges	\$ 2.16	\$ 2.28	\$ 1.55	\$ 2.22	\$ 1.68

The Caraíba Operations delivered quarterly copper production of 8,867 tonnes in concentrate at a C1 cash cost of \$2.16 per pound of copper produced. During the quarter, mill throughput volumes continued to benefit from the successful completion of the mill expansion in late 2023 with tonnes processed up 12.2% quarter-on-quarter, contributing to a 9.6% increase in copper production compared to Q1 2024.

Tonnes of ore mined in Q2 2024 included:

- Pilar: 466,991 tonnes grading 1.25% copper (vs. 454,610 tonnes at 1.23% copper in Q1 2024)
- Vermelhos: 228,626 tonnes grading 1.00% copper (vs. 227,166 tonnes at 1.21% copper in Q1 2024)
- Surubim: 201,544 tonnes at 0.63% copper (vs. 106,556 tonnes at 0.65% copper in Q1 2024)

Contributions from the three mines resulted in total ore mined during the quarter of 897,161 tonnes grading 1.05% copper (vs. 788,332 tonnes at 1.15% copper in Q1 2024).

The Caraíba Operations are projected to produce 42,000 to 47,000 tonnes of copper in concentrate for the year. While copper grades and production are expected to increase in H2 2024, the Company is guiding to the low-end of its full-year production guidance range.

The Company is maintaining its full-year C1 cash cost guidance range for the Caraíba Operations of \$1.80 to \$2.00. Unit operating costs are expected to be meaningfully lower in H2 2024 compared to

H1 2024 due to higher anticipated copper production, improved concentrate treatment and refining charges, and a more favorable USD to BRL exchange rate.

Exploration activities during Q2 2024 at the Caraíba Operations continued to focus on advancing the Company's full-year exploration objectives of (i) extending high-grade mineralization within the upper levels of the Pilar Mine and near underground infrastructure in the Vermelhos Mine, (ii) delineating extensions of regional targets with known copper mineralization located near the Caraíba mill, and (iii) drill testing regional nickel and copper targets in the Curaçá Valley

The Xavantina Operations

Gold	2024 - Q2	2024 - Q1	2023 - Q2	2024 - YTD	2023 - YTD
Ore mined (tonnes)	40,446	37,834	34,525	78,280	70,288
Ore processed (tonnes)	40,446	37,834	34,377	78,280	70,140
Head grade (grams per tonne Au)	14.00	16.38	13.20	15.15	12.51
Recovery (%)	91.0	91.5	84.6	91.3	87.8
Gold ounces produced (oz)	16,555	18,234	12,333	34,789	24,776
Silver ounces produced (oz)	9,896	10,209	8,579	20,105	16,773
Gold sold (oz)	17,621	16,853	10,916	34,474	24,013
Silver sold (oz)	10,468	9,086	7,319	19,554	15,741
Realized gold price ⁽¹⁾	\$ 2,193	\$ 1,920	\$ 1,945	\$ 2,060	\$ 1,881
Gold C1 cash cost	\$ 428	\$ 395	\$ 492	\$ 411	\$ 464
Gold AISC	\$ 842	\$ 797	\$ 1,081	\$ 819	\$ 1,013

(1) Realized Au price includes the effect of ounces sold under the stream arrangement with Royal Gold. See "Realized Gold Price" section of "Non-IFRS Measures" for detail.

The Xavantina Operations achieved quarterly gold production of 16,555 ounces at a C1 cash cost of \$428 and an AISC of \$842 per ounce of gold produced. Tonnes processed increased 6.9% quarter-on-quarter while mined and processed gold grades remained elevated at 14.00 gpt.

The Company is reaffirming its increased 2024 gold production guidance range of 60,000 to 65,000 ounces. While mined and processed gold grades are projected to remain above long-term block model grades in H2 2024, they are expected to decrease relative to Q2 2024, leading to slightly lower production and higher unit costs in H2 2024 compared to H1 2024. However, due to exceptional year-to-date operating and cost performance, full-year unit operating costs are now projected to be lower than originally budgeted. As a result, the Company is reducing its 2024 gold C1 cash cost guidance to \$450 to \$550 (from \$550 to \$650) per ounce of gold produced and its AISC guidance to \$900 to \$1,000 (from \$1,050 to \$1,150) per ounce of gold produced.

Exploration activities at the Xavantina Operations during the quarter continued to focus on testing the down plunge extension of the Santo Antônio vein as well as drill testing the Santo Antonio/Brás joining extension. Regional surface exploration efforts focused on identifying additional gold systems parallel to Xavantina mine system.

2024 GUIDANCE

The Company is reaffirming its consolidated copper production guidance of 59,000 to 72,000 tonnes in concentrate, with production expected to be weighted towards H2 2024 largely due to the projected ramp-up of production at the Tucumã Project. Contributions from the Tucumã Project, combined with significantly lower concentrate treatment and refining charges, as well as a more favorable USD to BRL exchange rate, are expected to result in lower consolidated copper C1 cash costs in H2 2024 compared to H1 2024. As a result, the Company is reaffirming its full-year consolidated copper C1 cash cost guidance range of \$1.50 to \$1.75 per pound of copper produced.

The Company is reaffirming its increased full-year gold production guidance range of 60,000 to 65,000 ounces. While slightly lower production is projected to result in higher unit costs in H2 2024 compared to H1 2024, the Company is lowering its 2024 gold cost guidance to reflect exceptional year-to-date unit cost performance. Full-year gold C1 cash cost guidance is now \$450 to \$550 (originally \$550 to \$650) per ounce of gold produced, and AISC guidance has been reduced to \$900 to \$1,000 (from \$1,050 to \$1,150) per ounce of gold produced.

2024 Production and Cost Guidance

The Company's cost guidance for 2024 assumes a foreign exchange rate of 5.00 BRL per USD, a gold price of \$1,900 per ounce and a silver price of \$23.00 per ounce.

	Original Guidance	Updated Guidance
Consolidated Copper Production (tonnes)		
Caraíba Operations	42,000 - 47,000	Low End of Range
Tucumã Operations	17,000 - 25,000	Unchanged
Total	59,000 - 72,000	Unchanged
Consolidated Copper C1 Cash Costs⁽¹⁾ Guidance		
Caraíba Operations	\$1.80 - \$2.00	Unchanged
Tucumã Operations	\$0.90 - \$1.10	Unchanged
Total	\$1.50 - \$1.75	Unchanged
The Xavantina Operations		
Au Production (ounces)	55,000 - 60,000	60,000 - 65,000
Gold C1 Cash Cost ⁽¹⁾ Guidance	\$550 - \$650	\$450 - \$550
Gold AISC ⁽¹⁾ Guidance	\$1,050 - \$1,150	\$900 - \$1,000

Note: Guidance is based on certain estimates and assumptions, including but not limited to, mineral reserve estimates, grade and continuity of interpreted geological formations and metallurgical performance. Please refer to the Company's most recent Annual Information Form and Management of Risks and Uncertainties in this MD&A for complete risk factors.

(1) Please refer to the section titled "Alternative Performance (Non-IFRS) Measures" within this MD&A.

2024 Capital Expenditure Guidance

The Company is narrowing its full year capital expenditure guidance range to \$303 to \$348 million (from \$299 to \$349 million).

The 2024 capital expenditure guidance assumes an exchange rate of 5.10 USD:BRL for the Tucumã Project based on allocated foreign exchange hedges with a weighted average ceiling and floor of 5.10 and 5.23 USD:BRL, respectively. All other capital expenditures assume an exchange rate of 5.00 USD:BRL. Figures presented in the table below are in USD millions.

	<u>Original Guidance</u>	<u>Updated Guidance</u>
Caraíba Operations		
Growth	\$80 - \$90	\$70 - \$80
Sustaining	\$100 - \$110	\$90 - \$100
Total, Caraíba Operations	\$180 - \$200	\$160 - \$180
Tucumã Project		
Growth	\$65 - \$75	\$85 - \$90 ⁽¹⁾
Capitalized Ramp-Up Costs	\$4 - \$6	\$8 - \$10 ⁽²⁾
Sustaining	\$2 - \$5	\$2 - \$5
Total, Tucumã Project	\$71 - \$86	\$95 - \$105
Xavantina Operations		
Growth	\$3 - \$5	\$3 - \$5
Sustaining	\$15 - \$18	\$15 - \$18
Total, Xavantina Operations	\$18 - \$23	\$18 - \$23
Consolidated Exploration Programs	\$30 - \$40	\$30 - \$40
Company Total		
Growth	\$148 - \$170	\$158 - \$175
Capitalized Ramp-Up Costs	\$4 - \$6	\$8 - \$10
Sustaining	\$117 - \$133	\$107 - \$123
Exploration	\$30 - \$40	\$30 - \$40
Total, Company	\$299 - \$349	\$303 - \$348

(1) Includes approximately \$11.7 million of taxes that are deemed non-recoverable.

(2) Includes capitalized mining costs that were accelerated by over two months due to the early completion of pre-strip activities. This additional capital is expected to result in lower operating costs in H2 2024.

REVIEW OF FINANCIAL RESULTS

The following table provides a summary of the financial results of the Company for Q2 2024 and Q2 2023. Tabular amounts are in thousands of US dollars, except share and per share amounts.

	Notes	Three months ended June 30,	
		2024	2023
Revenue	1	\$ 117,090	\$ 104,929
Cost of sales	2	(73,798)	(65,521)
Gross profit		43,292	39,408
Expenses			
General and administrative	3	(11,810)	(13,651)
Share-based compensation		(6,075)	(4,909)
Write-down of exploration and evaluation asset	4	(10,745)	—
Income before the undernoted		14,662	20,848
Finance income		1,361	3,362
Finance expense	5	(4,565)	(5,995)
Foreign exchange (loss) gain	6	(70,454)	15,057
Other (expenses) income		(2,670)	2,442
(Loss) income before income taxes		(61,666)	35,714
Income tax recovery (expense)			
Current		(2,876)	(3,742)
Deferred		11,143	(2,031)
	7	8,267	(5,773)
Net (loss) income for the period		\$ (53,399)	\$ 29,941
Other comprehensive (loss) gain			
Foreign currency translation (loss) gain	8	(74,958)	37,987
Comprehensive (loss) income		\$ (128,357)	\$ 67,928
Net (loss) income per share attributable to owners of the Company			
Basic		\$ (0.52)	\$ 0.32
Diluted		\$ (0.52)	\$ 0.32
Weighted average number of common shares outstanding			
Basic		103,082,363	92,685,916
Diluted		103,082,363	93,643,447

Notes:

1. Revenues from copper sales in Q2 2024 was \$78.9 million (Q2 2023 - \$83.9 million) on sale of 19.2 million lbs of copper (Q2 2023 - 25.6 million lbs) at an average realized price of \$4.22 (Q2 2023 - \$3.51) per lb. The decrease in copper revenues was primarily attributed to lower quantity sold as a result of lower grades mined, partially offset by higher average realized price.

Revenues from gold sales in Q2 2024 was \$38.1 million (Q2 2023 - \$21.0 million) on sale of 17,621 ounces of gold (Q2 2023 - 10,916 ounces) at an average realized price of \$2,193 per ounce (Q2 2023 - \$1,945 per ounce). The increase in gold revenues was attributable to both higher realized gold price and an increase in sales volume, as production and head grades both increased significantly compared to the same quarter of the prior year.

2. Cost of sales for Q2 2024 from copper sales was \$59.6 million (Q2 2023 - \$56.2 million) which primarily comprised of \$15.8 million (Q2 2023 - \$16.1 million) in depreciation and depletion, \$13.1 million (Q2 2023 - \$12.7 million) in salaries and benefits, \$10.1 million (Q2 2023 - \$9.8 million) in materials and consumables, \$7.8 million (Q2 2023 - \$7.0 million) in contracted services, \$7.7 million (Q2 2023 - \$6.7 million) in maintenance costs, \$2.6 million (Q2 2023 - \$2.9 million) in utilities, \$1.9 million (Q2 2023 - \$2.3 million) in sales expenses, and \$0.5 million increase (Q2 2023 - \$1.6 million decrease) in changes in inventories. The increase in cost of sales in Q2 2024 as compared to Q2 2023 was primarily attributable to a 14% increase in tonnes processed and higher labour costs from wage and other benefit increases. Lower grades of ore processed also resulted in an increase in the cost per pound sold.

Cost of sales for Q2 2024 from gold sales was \$14.2 million (Q2 2023 - \$9.3 million) which primarily comprised of \$6.0 million (Q2 2023 - \$3.5 million) in depreciation and depletion, \$2.5 million (Q2 2023 - \$2.2 million) in salaries and benefits, \$1.8 million (Q2 2023 - \$1.5 million) in materials and consumables, \$1.7 million (Q2 2023 - \$1.5 million) in contracted services, \$0.6 million (Q2 2023 - \$0.5 million) in maintenance costs, and \$0.6 million (Q2 2023 - \$0.6 million) in utilities. The increase in cost of sales as compared to Q2 2023 was primarily due to a 61% increase in gold ounces sold, attributable to higher gold production as well as the sale of finished goods inventories from the previous quarter, resulting in higher depreciation and depletion and changes in inventories. These increases were more than offset by the increase on grades of ore mined which reduced the cost per ounce sold.

3. General and administrative expenses for Q2 2024 was primarily comprised of \$7.0 million (Q2 2023 - \$8.3 million) in salaries and consulting fees, \$2.2 million (Q2 2023 - \$2.0 million) in office and administration expenses, \$1.0 million (Q2 2023 - \$1.4 million) in incentive payments, \$0.7 million (Q2 2023 - \$0.4 million) in accounting and legal costs, and \$0.5 million (Q2 2023 - \$1.0 million) in other costs. The decrease in general and administrative expenses was mainly attributed to reduction in consulting fees.
4. In Q2 2024, the Company terminated the Fides option agreement, resulting in a write-down in exploration and evaluation assets of \$10.7 million (Q2 2023 - nil).
5. Finance expense for Q2 2024 was \$4.6 million (Q2 2023 - \$6.0 million) and is primarily comprised of other finance expense of \$2.9 million (Q2 2023 - \$0.4 million), accretion of deferred revenue of \$0.6 million (Q2 2023 - \$0.8 million), accretion of asset retirement obligations of \$0.6 million (Q2 2023 - \$0.7 million), lease interest of \$0.5 million (Q2 2023 - \$0.3 million), and interest on loans and borrowings of \$— million (Q2 2023 - \$3.9 million). Interest on loans and borrowings were net of \$9.1 million (Q2 2023 - \$3.2 million) in borrowing costs which were capitalized to projects in progress. The overall decrease in finance expense was attributable to an increase in capitalization of borrowing costs as a result of higher capital expenditures on construction projects as compared to the same quarter in the prior year, partially offset by a credit loss provision of \$2.6 million recognized on a note receivable.
6. Foreign exchange loss for Q2 2024 was \$70.5 million (Q2 2023 - \$15.1 million gain). This amount is primarily comprised of \$54.9 million (Q2 2023 - \$12.1 million gain) in foreign exchange loss on USD denominated debt at MCSA for which the functional currency is the BRL, \$16.1 million (Q2 2023 - \$2.1 million gain) of unrealized foreign exchange loss on derivative contracts, and \$1.0 million (Q2 2023 - \$2.8 million gain) realized foreign exchange loss on derivative contracts, partially offset by other foreign exchange gains of \$1.5 million (Q2 2023 - \$1.9 million losses). The unrealized foreign exchange loss on USD denominated debt and on derivative contracts was a result of the 10.14% weakening of the BRL against the USD during the period.
7. In Q2 2024, the Company recognized \$8.3 million in income tax recovery (Q2 2023 - tax expense of \$5.8 million). The change in income tax was primarily a result of a loss before taxes due to unrealized foreign exchange losses as compared to income before taxes in the same quarter of the prior year.

8. The foreign currency translation loss is a result of a fluctuation of the BRL against the USD during Q2 2024, which weakened from approximately 5.00 BRL per US dollar at the beginning of Q2 2024 to approximately 5.56 BRL per US dollar by the end of the quarter, when translating the net assets of the Company's Brazilian subsidiaries to USD for presentation in the Company's condensed consolidated interim financial statements.

The following table provides a summary of the financial results of the Company for YTD 2024 and 2023. Tabular amounts are in thousands of US dollars, except share and per share amounts.

	Notes	Six months ended June 30,	
		2024	2023
Revenue	1	\$ 222,883	\$ 205,885
Cost of sales	2	(148,414)	(126,369)
Gross profit		74,469	79,516
Expenses			
General and administrative	3	(23,324)	(25,867)
Share-based compensation		(12,620)	(9,926)
Write-down of exploration and evaluation asset	4	(10,745)	—
Income before the undernoted		27,780	43,723
Finance income		2,829	7,500
Finance expense	5	(9,199)	(12,521)
Foreign exchange (loss) gain	6	(89,450)	23,678
Other (expenses) income		(2,309)	2,500
(Loss) income before income taxes		(70,349)	64,880
Income tax recovery (expense)			
Current		(6,206)	(5,842)
Deferred		16,326	(4,597)
	7	10,120	(10,439)
Net (loss) income for the period		\$ (60,229)	\$ 54,441
Other comprehensive (loss) gain			
Foreign currency translation (loss) gain	8	(99,638)	55,628
Comprehensive (loss) income		\$ (159,867)	\$ 110,069
Net (loss) income per share attributable to owners of the Company			
Basic		\$ (0.59)	\$ 0.58
Diluted		\$ (0.59)	\$ 0.58
Weighted average number of common shares outstanding			
Basic		102,918,092	92,491,063
Diluted		102,918,092	93,429,191

Notes:

1. Revenues from copper sales in YTD 2024 amounted to \$152.8 million (YTD 2023 - \$161.2 million), reflecting the sale of 40.1 million lbs of copper compared to 46.5 million lbs of copper for YTD 2023. The decrease in revenues was primarily due to 14% lower copper sales resulting from lower copper grades, partially offset by a 7% higher realized copper price.

Revenues from gold sales in YTD 2024 amounted to \$70.1 million (YTD 2023 - \$44.7 million), reflecting the sale of 34,474 ounces of gold at a realized price of \$2,060 per ounce, compared to 24,013 ounces of gold sold at a realized price of \$1,881 per ounce in YTD 2023. The increase in revenues was driven by higher sales volume and improved gold prices compared to the prior year.

2. Cost of sales for YTD 2024 from copper sales was \$121.2 million (YTD 2023 - \$106.8 million) which primarily consisted of \$33.4 million (YTD 2023 - \$28.6 million) in depreciation and depletion, \$26.3 million (YTD 2023 - \$23.9 million) in salaries and benefits, \$18.8 million (YTD 2023 - \$18.3 million) in materials and consumables, \$14.3 million (YTD 2023 - \$13.0 million) in contracted services, \$14.4 million (YTD 2023 - \$13.2 million) in maintenance costs, \$5.7 million (YTD 2023 - \$5.6 million) in utilities, and \$3.7 million (YTD 2023 - \$4.2 million) in sales expenses. The increase in cost of sales was primarily attributed to a 12% increase in tonnes processed, higher depreciation and depletion from an expanded depletable asset base, and increased labour costs from wage and other benefit increases.

Cost of sales for YTD 2024 from gold sales was \$27.2 million (YTD 2023- \$19.5 million) which primarily comprised of \$11.3 million (YTD 2023 - \$7.4 million) in depreciation and depletion, \$5.1 million (YTD 2023 - \$4.3 million) in salaries and benefits, \$3.5 million (YTD 2023 - \$3.0 million) in materials and consumables, \$3.7 million (YTD 2023 - \$2.8 million) in contracted services, \$1.2 million (YTD 2023 - \$1.1 million) in utilities, and \$1.2 million (YTD 2023 - \$0.9 million) in maintenance costs. The increase in cost of sales was mainly attributed to 44% increase in gold sales, accompanied with higher depreciation and depletion from increased sales and an expanded depreciable asset base.

3. General and administrative expenses for YTD 2024 was primarily comprised of \$13.0 million (YTD 2023 - \$15.4 million) with respect to salaries and consulting fees, \$4.5 million (YTD 2023 - \$4.2 million) in office and administrative expenses, \$2.7 million (YTD 2023 - \$2.8 million) in incentive payments, \$1.1 million (YTD 2023 - \$1.9 million) in other general and administrative expenses, and \$1.1 million (YTD 2023 - \$1.0 million) in accounting and legal fees. The decrease in general and administrative expenses in YTD 2024 was primarily attributable to reduction in consulting fees.
4. In YTD 2024, the Company terminated the Fides option agreement, resulting in a write-down in exploration and evaluation assets of \$10.7 million (YTD 2023 - nil).
5. Finance expense for YTD 2024 was \$9.2 million (YTD 2023 - \$12.5 million) and was primarily comprised of other finance expense of \$5.7 million (YTD 2023 - \$0.6 million), accretion of deferred revenue of \$1.3 million (YTD 2023 - \$1.6 million), accretion of the asset retirement obligations of \$1.2 million (YTD 2023 - \$1.3 million), lease interest of \$0.9 million (YTD 2023 - \$0.6 million), , and \$— million (YTD 2023 - \$8.4 million) from interest on loans and borrowings (net of capitalization of borrowing costs). During YTD 2024, \$16.5 million (YTD 2023 - \$5.6 million) in interest was capitalized to projects in progress. The overall decrease in finance expense was primarily attributable to higher interest capitalized as a result of capital expenditures incurred on various qualifying projects, partially offset by an increased interest on new loans and borrowings.
6. Foreign exchange loss for YTD 2024 was \$89.5 million (YTD 2023 - \$23.7 million gain). This amount was primarily comprised of a foreign exchange loss of \$67.7 million (YTD 2023 - \$17.5 million gain) on USD denominated debt in MCSA, for which the functional currency is the BRL. In addition, the Company recognized a foreign exchange loss on unrealized derivative contracts of \$25.4 million (YTD 2023 - \$5.3 million gain), partially offset by realized foreign exchange gain on derivative contracts of \$1.1 million (YTD 2023 - \$3.8 million gain) and other foreign exchange gains of \$2.5 million (YTD 2023 - \$2.8 million losses). The fluctuation in foreign exchange gains/losses were primarily a result of increased volatility of the USD/BRL foreign exchange rates, which weakened 12.9% during YTD 2024.
7. In YTD 2024, the Company recognized an \$10.1 million income tax recovery (YTD 2023 - \$10.4 million expense), The change was primarily a result of a loss in income before income taxes due to unrealized foreign exchange.
8. The foreign currency translation loss is a result of fluctuations of the BRL against the USD during YTD 2024 when translating the net assets of the Company's Brazilian subsidiaries to USD for presentation in the Company's condensed consolidated interim financial statements.

SUMMARY OF QUARTERLY RESULTS

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

Selected Financial Information	Jun. 30, ⁽¹⁾	Mar. 31, ⁽²⁾	Dec. 31, ⁽³⁾	Sep. 30, ⁽⁴⁾	Jun. 30, ⁽⁵⁾	Mar. 31, ⁽⁶⁾	Dec. 31, ⁽⁷⁾	Sep. 30, ⁽⁸⁾
	2024	2024	2023	2023	2023	2023	2022	2022
Revenue	\$ 117.1	\$ 105.8	\$ 116.4	\$ 105.2	\$ 104.9	\$ 101.0	\$ 116.7	\$ 85.9
Cost of sales	\$ (73.8)	\$ (74.6)	\$ (74.6)	\$ (69.7)	\$ (65.5)	\$ (60.8)	\$ (64.0)	\$ (63.1)
Gross profit	\$ 43.3	\$ 31.2	\$ 41.9	\$ 35.5	\$ 39.4	\$ 40.1	\$ 52.7	\$ 22.8
Net (loss) income for period	\$ (53.4)	\$ (6.8)	\$ 37.1	\$ 2.8	\$ 29.9	\$ 24.5	\$ 22.5	\$ 4.0
(Loss) income per share attributable to owners of the Company								
- Basic	\$ (0.52)	\$ (0.07)	\$ 0.37	\$ 0.03	\$ 0.32	\$ 0.26	\$ 0.24	\$ 0.04
- Diluted	\$ (0.52)	\$ (0.07)	\$ 0.37	\$ 0.03	\$ 0.32	\$ 0.26	\$ 0.24	\$ 0.04
Weighted average number of common shares outstanding								
- Basic	103,082,363	102,769,444	98,099,791	93,311,434	92,685,916	92,294,045	91,522,358	90,845,229
- Diluted	103,082,363	102,769,444	98,482,755	94,009,268	93,643,447	93,218,281	92,551,916	91,797,437

Notes:

- During Q2 2024, the Company recognized net loss of \$53.4 million compared to net loss of \$6.8 million in the preceding quarter. The increase in loss was primarily attributable to foreign exchange losses of \$70.5 million compared to \$19.0 million in the preceding quarter. The change in foreign exchange gain or loss was primarily driven by volatility of the Brazilian Real against the US Dollar during the respective periods. In addition, during the quarter, the Company terminated the Fides option agreement, resulting in a write-down in exploration and evaluation assets of \$10.7 million.
- During Q1 2024, the Company recognized net loss of \$6.8 million compared to net income of \$37.1 million in the preceding quarter. The decrease in income was primarily attributable to foreign exchange losses of \$19.0 million compared to foreign exchange gains of \$24.9 million in the preceding quarter. The change in foreign exchange gain or loss was primarily driven by volatility of the Brazilian Real against the US Dollar during the respective periods.
- During Q4 2023, the Company recognized net income of \$37.1 million compared to \$2.8 million in the preceding quarter. The increase was primarily attributable to foreign exchange gains of \$24.9 million compared to foreign exchange losses of \$13.9 million in the preceding quarter. The change in foreign exchange gain or loss was primarily driven by volatility of the Brazilian Real against the US Dollar during the respective periods.
- During Q3 2023, the Company recognized net income of \$2.8 million compared to \$29.9 million in the preceding quarter. The decrease was primarily attributable to foreign exchange losses of \$13.9 million compared to foreign exchange gain of \$15.1 million in the preceding quarter. The change in foreign exchange gain or loss was primarily driven by volatility of the Brazilian Real against the US Dollar during the respective periods.
- During Q2 2023, the Company recognized net income of \$29.9 million compared to \$24.5 million in the preceding quarter. The increase was primarily attributable to an increase in foreign exchange gain and the recognition of an unrealized gain in copper derivative contracts.
- During Q1 2023, the Company recognized net income of \$24.5 million compared to \$22.5 million in the preceding quarter. The increase was primarily attributable to an increase in foreign exchange gain, a reduction in general and

administrative expenses, and a reduction in finance expense. In the prior quarter, the Company recognized a \$3.3 million expected credit loss provision.

7. During Q4 2022, the Company recognized net income of \$22.5 million compared to \$4.0 million in the preceding quarter. The increase was primarily attributable to a \$29.9 million increase in gross profit as a result of 13% increase in copper production, partially offset by higher share-based payment expenses and a \$3.3 million expected credit loss provision recognized in relation to payment arrangement with PMA.
8. During Q3 2022, the Company recognized net income of \$4.0 million compared to \$24.1 million in the preceding quarter. The decrease was primarily attributable to a \$27.9 million decrease in gross profit as a result of 12% lower production, reduced copper and gold realized prices, and provisional pricing adjustments on copper concentrate sold in the prior quarter.

LIQUIDITY, CAPITAL RESOURCES, AND CONTRACTUAL OBLIGATIONS

Liquidity

As at June 30, 2024, the Company had cash and cash equivalents of \$44.8 million and available liquidity of \$169.8 million. Cash and cash equivalents were primarily comprised of cash held with reputable financial institutions and are invested in highly liquid short-term investments with maturities of three months or less. The funds are not exposed to liquidity risk and there are no restrictions on the ability of the Company to use these funds to meet its obligations.

Cash and cash equivalents decreased by \$67.0 million from December 31, 2023. The Company's cash flows from operating, investing, and financing activities during 2024 are summarized as follows:

- **Cash used in investing activities** of \$181.6 million, including:
 - \$181.5 million of additions to mineral property, plant and equipment; and
 - \$1.5 million of additions to exploration and evaluation assets;net of:
 - \$1.4 million in proceeds from short-term investments and interest received.

Partially offset by:

- **Cash from operating activities** of \$31.9 million, primarily consists of:
 - \$94.8 million of adjusted EBITDA (see Non-IFRS Measures); and
 - \$1.1 million of additional advances from the NX Gold Precious Metal Purchase Agreement;net of:
 - \$44.4 million of net change in non-cash working capital items;
 - \$11.0 million of amortization of deferred revenues; and
 - \$3.4 million of income taxes paid.
- **Cash from financing activities** of \$83.9 million, primarily consists of:
 - \$126.5 million of new loans and borrowings; and
 - \$7.1 million of proceeds from exercise of stock options.net of:
 - \$26.3 million of principal repayments on loans and borrowings;
 - \$14.7 million of interest paid on loans and borrowings; and
 - \$6.7 million of lease payments.

As at June 30, 2024, the Company had working capital deficit of \$57.6 million.

Capital Resources

At June 30, 2024, the Company had available liquidity of \$169.8 million, including \$44.8 million in cash and cash equivalents, \$100.0 million of undrawn availability under its senior secured revolving credit facility and \$25.0 million of undrawn availability under its copper repayment facility.

In May 2024, to support the commencement of production and associated working capital needs at the Tucumã Project, the Company entered into a \$50.0 million non-priced copper prepayment facility, structured by the Bank of Montreal and with participation by CIBC Capital Markets. This facility will be repaid over 27 equal monthly installments, beginning in October 2024, through the delivery of 272 tonnes of copper each month. Each monthly delivery's value will be determined based on prevailing market copper prices at the time of delivery. Should the value of any delivery exceed the amount of the monthly installment payment of \$2.1 million, the excess value will be repaid to the Company. The copper to be delivered by the Company will be in the form of LME Copper Warrants. Through the end of 2024, the Company has the option to increase the size of the non-priced copper prepayment facility from \$50.0 million to \$75.0 million.

The Company's primary sources of capital are comprised of cash from operations, and cash and cash equivalents on hand. The Company continuously monitors its liquidity position and capital structure and, based on changes in operations and economic conditions, may adjust such structure by issuing new common shares or new debt as necessary. Taking into consideration expected cash flow from existing operations and available liquidity, management believes that the Company has sufficient capital to fund its planned operations and activities, including the capital expenditures to complete the Tucumã Project, and other initiatives, for the foreseeable future.

In 2023, the senior credit facility was amended to increase its limit from \$75.0 million to \$150.0 million with maturity extended from March 2025 to December 2026 ("Amended Senior Credit Facility"). The Amended Senior Credit Facility bears interest on a sliding scale of SOFR plus an applicable margin of 2.00% to 4.50% depending on the Company's consolidated leverage ratio. Commitment fees for the undrawn portion of the Amended Senior Credit Facility is also based on a sliding scale ranging from 0.45% to 1.01%.

In relation to its loans and borrowings, the Company is required to comply with certain financial covenants. As of the date of the condensed consolidated interim financial statements, the Company is in compliance with these covenants. The loan agreements also contain covenants that could restrict the ability of the Company and its subsidiaries, MCSA, Ero Gold, and NX Gold, 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.

Contractual Obligations and Commitments

The Company has a precious metals purchase agreement with RGLD Gold AG ("Royal Gold"), a wholly-owned subsidiary of Royal Gold, Inc., whereby the Company is obligated to sell a portion of its gold production from the Xavantina Operations at contract prices.

Refer to the "Liquidity Risk" section for further information on the Company's contractual obligations and commitments.

MANAGEMENT OF RISKS AND UNCERTAINTIES

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

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers. The carrying amount of the financial assets below represents the maximum credit risk exposure as at June 30, 2024 and December 31, 2023:

	June 30, 2024	December 31, 2023
Cash and cash equivalents	44,773	\$ 111,738
Accounts receivable	16,422	5,710
Derivatives	—	11,254
Note receivable	11,590	17,413
Deposits and other assets	10,123	9,484
	<u>\$ 82,908</u>	<u>\$ 155,599</u>

The Company invests cash and cash equivalents and short-term investments 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.

In November 30, 2022, Paranapanema S/A ("PMA"), one of the Company's customers in Brazil, filed for bankruptcy protection. According to PMA, the action was attributed to working capital challenges following an operational halt at one of their facilities. Progress was noted in August 2023 when PMA and its creditors agreed on a judicial recovery plan, which subsequently received approval from the judicial recovery court in November 2023. As a preferred supplier to PMA, the Company has entered into a note receivable arrangement with PMA. The arrangement is excluded from the judicial recovery process and provides the Company with certain judicial guarantees. According to the note receivable arrangement, repayment was structured over 24 monthly installments beginning in March 2024, with an annual interest rate equivalent to Brazil's CDI rate of approximately 11.65%.

At June 30, 2024, the gross amount of accounts and note receivable from PMA was \$23.0 million (December 31, 2023 - \$25.2 million). PMA continued to miss its installment due in 2024, and is currently in default of the agreement. Accordingly, the note receivable is considered credit impaired, and the Company increased the expected credit loss provision by \$2.6 million and \$4.5 million in the three and six months ended June 30, 2024, respectively. After adjusting for credit loss provision and present value discount of \$10.9 million (December 31, 2023 - \$7.7 million), the amortized cost of the note receivable at June 30, 2024 was \$11.6 million (December 31, 2023 - \$17.4 million), of which \$5.5 million (December 31, 2023 - \$8.3 million) was classified as current and \$6.1 million (December 31, 2023 - \$9.1 million) as non-current.

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 non-derivative financial liabilities on June 30, 2024:

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 (including interest)	\$ 526,808	\$ 699,167	\$ 62,888	\$ 158,279	\$ 478,000	\$ —
Accounts payable and accrued liabilities	98,489	98,489	98,489	—	—	—
Other non-current liabilities	11,216	27,529	—	25,643	1,500	386
Leases	17,844	17,820	10,859	6,396	508	57
Total	\$ 654,357	\$ 843,005	\$ 172,236	\$ 190,318	\$ 480,008	\$ 443

As at June 30, 2024, the Company has capital commitments, which is net of advances to suppliers, of \$76.3 million through contracts and purchase orders which are expected to be incurred over a six-year period. In the normal course of operations, the Company may also enter into long-term contracts which can be cancelled with certain agreed customary notice periods without material penalties.

The Company also has a derivative financial liability for foreign exchange collar contracts whose notional amounts and maturity information are disclosed below under foreign exchange currency risk.

Foreign exchange currency risk

The Company's subsidiaries in Brazil are exposed to exchange risks primarily related to the US dollar. 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 June 30, 2024 relates to \$67.9 million (December 31, 2023 – \$17.2 million) in loans and borrowings of MCSA denominated in US dollars and Euros. In addition, the Company is also exposed to foreign exchange currency risk at June 30, 2024 on \$463.7 million of intercompany loan balances (December 31, 2023 - \$342.2 million) which have contractual repayment terms. Strengthening (weakening) in the Brazilian Real against the US dollar at June 30, 2024 by 10% and 20%, would have decreased (increased) pre-tax net loss by \$53.1 million and \$106.2 million, respectively. This analysis is based on the foreign currency exchange variation rate that the Company considered to be reasonably possible at the end of the period and excluding the impact of the derivatives below. The analysis assumes that all other variables, especially interest rates, are held constant.

The Company may use certain foreign exchange derivatives, including collars and forward contracts, to manage its foreign exchange risks. A summary of the Company's foreign exchange derivatives at June 30, 2024 is summarized as follows:

Purpose	Notional Amount	Denomination	Weighted average floor	Weighted average cap / forward price	Maturities
Operational costs	\$247.5 million	USD/BRL	5.08	5.64	Jul 2024 - Dec 2025
Capital expenditures	\$39.0 million	USD/BRL	5.11	5.22	Jul 2024 - Dec 2024
Total	\$286.5 million	USD/BRL	5.03	5.38	Jul 2024 - Dec 2025

The aggregate fair value of the Company's foreign exchange derivatives was a net asset of \$13.8 million (December 31, 2023 - asset of \$11.3 million). The fair values of foreign exchange contracts were determined based on option pricing models, forward foreign exchange rates, and information provided by the counter party.

The change in fair value of foreign exchange derivatives was a loss of \$16.1 million and a loss of \$25.4 million for the three and six months ended June 30, 2024 (a gain of \$2.1 million and a \$5.3 million for the three and six months ended June 30, 2023), respectively, which have been recognized in foreign exchange (loss) gain.

In addition, during the three and six months ended June 30, 2024, the Company recognized a realized gain of \$1.0 million and a \$1.1 million (realized gain of \$2.8 million and \$3.8 million for the three and six months ended June 30, 2023), respectively, related to the settlement of foreign exchange derivatives.

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 Senior Credit Facility and Brazilian Real denominated bank loans. Based on the Company's net exposure at June 30, 2024, a 1% change in the variable rates would not materially impact its pre-tax annual net income.

Price risk

The Company may use derivatives, including forward contracts, collars and swap contracts, to manage commodity price risks.

At June 30, 2024, the Company had provisionally priced sales that are exposed to commodity price changes. Based on the Company's net exposure at June 30, 2024, a 10% change in the price of copper would have changed \$2.0 million.

During the three and six months ended June 30, 2024, the Company recognized an unrealized loss of \$0.4 million and an unrealized loss of \$0.4 million (unrealized gain of \$2.4 million and unrealized gain of \$2.7 million for the three and six months ended June 30, 2023), respectively, on its copper collar contract. At June 30, 2024, the Company does not have any outstanding copper collar contracts.

During the three and six months ended June 30, 2024, the Company also recognized a realized loss of \$1.8 million and a realized loss of \$1.8 million, respectively, in relation to its copper collar contract in other income or loss (nil and \$1.8 million realized loss for three and six months ended June 30, 2023).

For a discussion of additional risks applicable to the Company and its business and operations, including risks related to the Company's foreign operations, the environment and legal proceedings, see "Risk Factors" in the Company's AIF.

OTHER FINANCIAL INFORMATION

Off-Balance Sheet Arrangements

As at June 30, 2024, the Company had no material off-balance sheet arrangements.

Outstanding Share Data

As of August 1, 2024, the Company had 103,232,612 common shares issued and outstanding.

ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

Critical Accounting Judgments and Estimates

The preparation of condensed consolidated interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions about future events that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results may differ from these estimates.

The Company's material accounting policies and accounting estimates are contained in the Company's consolidated financial statements for the year ended December 31, 2023 and condensed consolidated interim financial statements for the three and six months ended June 30, 2024. Judgements have been made in the determination of the functional currency of the Company and its subsidiaries and in the assessment of the probability of cash outflow related to legal claims and contingent liabilities. Certain of accounting policies, such as derivative instruments, deferred revenue, carrying amounts of mineral properties and associated mine closure and reclamation costs, provision for mine closure and reclamation costs, income tax including tax uncertainties, and expected credit losses involve critical accounting estimates. Certain of these estimates are dependent on mineral reserves and resource estimates. Changes in estimates of mineral reserves and resources could impact depreciation and depletion rates, asset carrying amounts and the provisions for mine closure and reclamation costs. The Company estimates its mineral reserves and resources based on information compiled by competent individuals. Estimates of mineral reserves and resources are used in the calculation of depreciation, depletion and determination, when applicable, of the recoverable amount of CGUs, and for forecasting the timing of reclamation and closure cost expenditures. 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.

Management continuously reviews its estimates, judgments and assumptions on an ongoing basis using the most current information available. Revisions to estimates are recognized prospectively.

CAPITAL EXPENDITURES

The following table presents capital expenditures at the Company's operations on an accrual basis and are net of any sales and value-added taxes.

	2024 - Q2	2024 - Q1	2024 - YTD
Caraíba Operations			
Growth	\$ 13,987	\$ 19,731	\$ 33,718
Sustaining	19,462	14,267	33,729
Exploration	4,960	4,599	9,559
Deposit on Projects	(3,579)	3,007	(572)
Total, Caraíba Operations	\$ 34,830	\$ 41,604	\$ 76,434
Tucumã Project			
Growth	48,151	56,781	104,932
Capitalized ramp-up costs	4,237	—	4,237
Exploration	912	10	922
Deposit on Projects	(13,570)	(6,752)	(20,322)
Total, Tucumã Project	\$ 39,730	\$ 50,039	\$ 89,769
Xavantina Operations			
Growth	2,081	57	2,138
Sustaining	2,769	3,064	5,833
Exploration	1,133	1,314	2,447
Deposit on Projects	151	(29)	122
Total, Xavantina Operations	\$ 6,134	\$ 4,406	\$ 10,540
Corporate and Other			
Sustaining	112	—	112
Exploration	545	1,134	1,679
Deposit on Projects	2	(10)	(8)
Total, Corporate and Other	\$ 659	\$ 1,124	\$ 1,783
Consolidated			
Growth	64,219	76,569	140,788
Sustaining	22,343	17,331	39,674
Capitalized ramp-up costs	4,237	—	4,237
Exploration	7,550	7,057	14,607
Deposit on Projects	(16,996)	(3,784)	(20,780)
Total, Consolidated Capital Expenditures	\$ 81,353	\$ 97,173	\$ 178,526

	2024 - Q2	2024 - Q1	2024 - YTD
Total, Consolidated Capital Expenditures	\$ 81,353	\$ 97,173	\$ 178,526
Add (less):			
Additions to exploration and evaluation assets	(293)	(1,201)	(1,494)
Additions to right-of-use assets	3,800	4,034	7,834
Capitalized depreciation	(426)	574	148
Realized foreign exchange (loss) gain on capital expenditure hedges	(858)	1,688	830
Total, additions per Mineral Properties, Plant and Equipment note	\$ 83,576	\$ 102,268	\$ 185,844

ALTERNATIVE PERFORMANCE (NON-IFRS) MEASURES

The Company utilizes certain alternative performance (non-IFRS) measures to monitor its performance, including copper C1 cash cost, copper C1 cash cost including foreign exchange hedges, realized copper price, gold C1 cash cost, gold AISC, realized gold price, EBITDA, adjusted EBITDA, adjusted net income attributable to owners of the Company, adjusted net income per share, net (cash) debt, working capital and available liquidity. These performance measures have no standardized meaning prescribed within generally accepted accounting principles under IFRS and, therefore, amounts presented may not be comparable to similar measures presented by other mining companies. These non-IFRS measures are intended to provide supplemental information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The tables below provide reconciliations of these non-IFRS measures to the most directly comparable IFRS measures as contained in the Company's financial statements.

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

Copper C1 Cash Cost and Copper C1 Cash Cost including Foreign Exchange Hedges

Copper C1 cash cost and copper C1 cash cost including foreign exchange hedges are non-IFRS performance measures used by the Company to manage and evaluate the performance of its copper mining operations.

Copper C1 cash cost is calculated as C1 cash costs divided by total pounds of copper produced during the period. C1 cash costs comprise the total cost of production, including expenses related to transportation, and treatment and refining charges. These costs are net of by-product credits, incentive payments and certain tax credits associated with sales invoiced to the Company's Brazilian customer.

Copper C1 cash cost including foreign exchange hedges is calculated as C1 cash costs, adjusted for realized gains or losses from its operational foreign exchange hedges, divided by total pounds of copper produced during the period. Although the Company does not apply hedge accounting in its consolidated financial statements and recognizes these contracts at fair value through profit or loss,

the Company believes it appropriate to present cash costs including the impact of realized gains and losses as these contracts were entered into to mitigate the impact of changes in exchange rates.

While copper C1 cash cost is widely reported in the mining industry as a performance benchmark, it does not have a standardized meaning and is disclosed as a supplement to IFRS measures.

The following table provides a reconciliation of copper C1 cash cost to cost of production, its most directly comparable IFRS measure.

Reconciliation:	2024 - Q2	2024 - Q1	2023 - Q2	2024 - YTD	2023 - YTD
Cost of production	\$ 41,945	\$ 42,227	\$ 37,767	\$ 84,172	\$ 74,052
Add (less):					
Transportation costs & other	1,283	1,252	1,733	2,535	3,072
Treatment, refining, and other	4,058	5,170	7,954	9,228	14,417
By-product credits	(3,431)	(2,440)	(3,704)	(5,871)	(6,514)
Incentive payments	(1,174)	(1,199)	(1,129)	(2,373)	(2,366)
Net change in inventory	(468)	(3,893)	1,323	(4,361)	138
Foreign exchange translation and other	21	(7)	(13)	14	2
C1 cash costs	42,234	41,110	43,931	83,344	82,801
(Gain) loss on foreign exchange hedges	46	(276)	(2,842)	(230)	(3,774)
C1 cash costs including foreign exchange hedges	\$ 42,280	\$ 40,834	\$ 41,089	\$ 83,114	\$ 79,027
	2024 - Q2	2024 - Q1	2023 - Q2	2024 - YTD	2023 - YTD
Costs					
Mining	\$ 27,881	\$ 25,256	\$ 25,794	\$ 53,137	\$ 49,004
Processing	7,927	7,177	7,643	15,104	14,197
Indirect	5,799	5,947	6,244	11,746	11,697
Production costs	41,607	38,380	39,681	79,987	74,898
By-product credits	(3,431)	(2,440)	(3,704)	(5,871)	(6,514)
Treatment, refining and other	4,058	5,170	7,954	9,228	14,417
C1 cash costs	42,234	41,110	43,931	83,344	82,801
(Gain) loss on foreign exchange hedges	46	(276)	(2,842)	(230)	(3,774)
C1 cash costs including foreign exchange hedges	\$ 42,280	\$ 40,834	\$ 41,089	\$ 83,114	\$ 79,027

	2024 - Q2	2024 - Q1	2023 - Q2	2024 - YTD	2023 - YTD
Costs per pound					
Total copper produced (lbs, 000)	19,548	17,838	26,464	37,386	47,027
Mining	\$ 1.42	\$ 1.42	\$ 0.97	\$ 1.42	\$ 1.04
Processing	\$ 0.41	\$ 0.40	\$ 0.29	\$ 0.41	\$ 0.30
Indirect	\$ 0.30	\$ 0.33	\$ 0.24	\$ 0.31	\$ 0.25
By-product credits	\$ (0.18)	\$ (0.14)	\$ (0.14)	\$ (0.16)	\$ (0.14)
Treatment, refining and other	\$ 0.21	\$ 0.29	\$ 0.30	\$ 0.25	\$ 0.31
Copper C1 cash costs	\$ 2.16	\$ 2.30	\$ 1.66	\$ 2.23	\$ 1.76
(Gain) loss on foreign exchange hedges	\$ —	\$ (0.02)	\$ (0.11)	\$ (0.01)	\$ (0.08)
Copper C1 cash costs including foreign exchange hedges	\$ 2.16	\$ 2.28	\$ 1.55	\$ 2.22	\$ 1.68

Realized Copper Price

Realized copper price is a non-IFRS ratio that is calculated as gross copper revenue divided by pounds of copper sold during the period. Management believes measuring realized copper price enables investors to better understand performance based on the realized copper sales in each reporting period.

The following table provides a calculation of realized copper price and a reconciliation to copper segment .

Reconciliation:	2024 - Q2	2024 - Q1	2023 - Q2	2024 - YTD	2023 - YTD
Copper revenue ⁽¹⁾	\$ 78,943	\$ 73,856	\$ 83,929	\$ 152,799	\$ 161,230
less: by-product credits	(3,431)	(2,440)	(3,704)	(5,871)	(6,514)
Net copper revenue	75,512	71,416	80,225	146,928	154,716
add: treatment, refining and other	4,058	5,170	7,954	9,228	14,417
add: royalty taxes	1,428	1,359	1,719	2,787	3,130
Gross copper revenue	80,998	77,945	89,898	158,943	172,263
Total copper sold in concentrate (lbs, 000)	19,192	20,859	25,600	40,051	46,465
Realized copper price	\$ 4.22	\$ 3.74	\$ 3.51	\$ 3.97	\$ 3.71

(1) Copper revenue includes provisional price and volume adjustments

Gold C1 Cash Cost and Gold AISC

Gold C1 cash cost is a non-IFRS performance measure used by the Company to manage and evaluate the operating performance of its gold mining segment and is calculated as C1 cash costs divided by total ounces of gold produced during the period. C1 cash cost includes total cost of production, net of by-product credits and incentive payments. Gold C1 cash cost is widely reported in the mining industry as benchmarks for performance but does not have a standardized meaning and is disclosed in supplemental to IFRS measures.

Gold AISC is an extension of gold C1 cash cost discussed above and is also a key performance measure used by management to evaluate operating performance of its gold mining segment. Gold AISC is calculated as AISC divided by total ounces of gold produced during the period. AISC includes C1 cash costs, site general and administrative costs, accretion of mine closure and rehabilitation provision, sustaining capital expenditures, sustaining leases, and royalties and production taxes. Gold AISC is widely reported in the mining industry as benchmarks for performance but does not have a standardized meaning and is disclosed in supplement to IFRS measures.

The following table provides a reconciliation of gold C1 cash cost and gold AISC to cost of production, its most directly comparable IFRS measure.

Reconciliation:	2024 - Q2	2024 - Q1	2023 - Q2	2024 - YTD	2023 - YTD
Cost of production	\$ 7,580	\$ 7,255	\$ 5,657	\$ 14,835	\$ 11,764
Add (less):					
Incentive payments	(226)	(443)	(311)	(669)	(718)
Net change in inventory	(322)	264	936	(58)	584
By-product credits	(259)	(189)	(163)	(448)	(339)
Smelting and refining	97	90	63	187	139
Foreign exchange translation and other	215	232	(119)	447	57
C1 cash costs	\$ 7,085	\$ 7,209	\$ 6,063	\$ 14,294	\$ 11,487
Site general and administrative	1,350	1,353	1,338	2,703	2,570
Accretion of mine closure and rehabilitation provision	88	92	111	180	216
Sustaining capital expenditure	2,653	3,254	3,530	5,907	6,543
Sustaining lease payments	1,908	2,122	1,740	4,030	3,400
Royalties and production taxes	862	510	556	1,372	894
AISC	\$ 13,946	\$ 14,540	\$ 13,338	\$ 28,486	\$ 25,110

	2024 - Q2	2024 - Q1	2023 - Q2	2024 -	2023 -
Costs					
Mining	\$ 3,705	\$ 3,820	\$ 3,017	\$ 7,525	\$ 5,584
Processing	2,277	2,259	2,048	4,536	3,953
Indirect	1,265	1,229	1,098	2,494	2,150
Production costs	7,247	7,308	6,163	14,555	11,687
Smelting and refining costs	97	90	63	187	139
By-product credits	(259)	(189)	(163)	(448)	(339)
C1 cash costs	\$ 7,085	\$ 7,209	\$ 6,063	\$ 14,294	\$ 11,487
Site general and administrative	1,350	1,353	1,338	2,703	2,570
Accretion of mine closure and rehabilitation provision	88	92	111	180	216
Sustaining capital expenditure	2,653	3,254	3,530	5,907	6,543
Sustaining leases	1,908	2,122	1,740	4,030	3,400
Royalties and production taxes	862	510	556	1,372	894
AISC	\$ 13,946	\$ 14,540	\$ 13,338	\$ 28,486	\$ 25,110
Costs per ounce					
Total gold produced (ounces)	16,555	18,234	12,333	34,789	24,776
Mining	\$ 224	\$ 209	\$ 245	\$ 216	\$ 225
Processing	\$ 138	\$ 124	\$ 166	\$ 130	\$ 160
Indirect	\$ 76	\$ 67	\$ 89	\$ 72	\$ 87
Smelting and refining	\$ 6	\$ 5	\$ 5	\$ 5	\$ 6
By-product credits	\$ (16)	\$ (10)	\$ (13)	\$ (12)	\$ (14)
Gold C1 cash cost	\$ 428	\$ 395	\$ 492	\$ 411	\$ 464
Gold AISC	\$ 842	\$ 797	\$ 1,081	\$ 819	\$ 1,013

Realized Gold Price

Realized gold price is a non-IFRS ratio that is calculated as gross gold revenue divided by ounces of gold sold during the period. Management believes measuring realized gold price enables investors to better understand performance based on the realized gold sales in each reporting period. The following table provides a calculation of realized gold price and a reconciliation to gold segment revenues, its most directly comparable IFRS measure.

<i>(in '000s except for ounces and price per ounce)</i>	2024 - Q2	2024 - Q1	2023 - Q2	2024 - YTD	2023 - YTD
NX Gold revenue	\$ 38,147	\$ 31,937	\$ 21,000	\$ 70,084	\$ 44,655
less: by-product credits	(259)	(189)	(163)	(448)	(339)
Gold revenue, net	\$ 37,888	\$ 31,748	\$ 20,837	\$ 69,636	\$ 44,316
add: smelting, refining, and other charges	761	605	396	1,366	864
Gold revenue, gross	\$ 38,649	\$ 32,353	\$ 21,233	\$ 71,002	\$ 45,179
- spot (cash)	\$ 31,775	\$ 24,529	\$ 15,840	\$ 56,304	\$ 34,516
- stream (cash)	\$ 1,789	\$ 1,901	\$ 1,182	\$ 3,690	\$ 2,413
- stream (amortization of deferred)	\$ 5,085	\$ 5,923	\$ 4,211	\$ 11,008	\$ 8,250
Total gold ounces sold	17,621	16,853	10,916	34,474	24,013
- spot	13,785	12,298	7,958	26,083	17,745
- stream	3,836	4,555	2,958	8,391	6,268
Realized gold price (per ounce)	\$ 2,193	\$ 1,920	\$ 1,945	\$ 2,060	\$ 1,881
- spot	\$ 2,305	\$ 1,995	\$ 1,990	\$ 2,159	\$ 1,945
- stream (cash + amortization of deferred revenue)	\$ 1,792	\$ 1,718	\$ 1,823	\$ 1,752	\$ 1,701
- cash (spot cash + stream cash)	\$ 1,905	\$ 1,568	\$ 1,559	\$ 1,740	\$ 1,538

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

EBITDA and adjusted EBITDA are non-IFRS performance measures used by management to evaluate its debt service capacity and performance of its operations. EBITDA represents earnings before finance expense, finance income, income taxes, depreciation and amortization. Adjusted EBITDA is EBITDA before the pre-tax effect of adjustments for non-cash and/or non-recurring items required in determination of EBITDA for covenant calculation purposes.

The following table provides a reconciliation of EBITDA and Adjusted EBITDA to net income, its most directly comparable IFRS measure.

Reconciliation:	2024 - Q2	2024 - Q1	2023 - Q2	2024 - YTD	2023 - YTD
Net (Loss) Income	\$ (53,399)	\$ (6,830)	\$ 29,941	\$ (60,229)	\$ 54,441
Adjustments:					
Finance expense	4,565	4,634	5,995	9,199	12,521
Finance income	(1,361)	(1,468)	(3,362)	(2,829)	(7,500)
Income tax (recovery) expense	(8,267)	(1,853)	5,773	(10,120)	10,439
Amortization and depreciation	22,294	23,296	20,239	45,590	36,745
EBITDA	\$ (36,168)	\$ 17,779	\$ 58,586	\$ (18,389)	\$ 106,646
Foreign exchange loss (gain)	70,454	18,996	(15,057)	89,450	(23,678)
Share based compensation	6,075	6,545	4,909	12,620	9,926
Write-down of exploration and evaluation asset	10,745	—	—	10,745	—
Unrealized loss (gain) on copper derivatives	436	(64)	(2,654)	372	(2,654)
Adjusted EBITDA	\$ 51,542	\$ 43,256	\$ 45,784	\$ 94,798	\$ 90,240

Adjusted net income attributable to owners of the Company and Adjusted net income per share attributable to owners of the Company

“Adjusted net income attributable to owners of the Company” is net income attributed to shareholders as reported, adjusted for certain types of transactions that, in management's judgment, are not indicative of our normal operating activities or do not necessarily occur on a recurring basis. “Adjusted net income per share attributable to owners of the Company” (“Adjusted EPS”) is calculated as “adjusted net income attributable to owners of the Company” divided by weighted average number of outstanding common shares in the period. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, the Company and certain investor and analysts use these supplemental non-IFRS performance measures to evaluate the normalized performance of the Company. The presentation of Adjusted EPS is not meant to substitute the net income (loss) per share attributable to owners of the Company (“EPS”) presented in accordance with IFRS, but rather it should be evaluated in conjunction with such IFRS measures.

The following table provides a reconciliation of Adjusted net income attributable to owners of the Company and Adjusted EPS to net income attributable to the owners of the Company, its most directly comparable IFRS measure.

Reconciliation:	2024 - Q2	2024 - Q1	2023 - Q2	2024 - YTD	2023 - YTD
Net (loss) income as reported attributable to the owners of the Company	\$ (53,247)	\$ (7,141)	\$ 29,576	\$ (60,388)	\$ 53,730
Adjustments:					
Share based compensation	6,075	6,545	4,909	12,620	9,926
Unrealized foreign exchange loss (gain) on USD denominated balances in MCSA	48,517	11,257	(9,716)	59,774	(14,469)
Unrealized foreign exchange loss (gain) on foreign exchange derivative contracts	16,006	9,304	(2,078)	25,310	(5,230)
Write-down of exploration and evaluation asset	10,745	—	—	10,745	—
Unrealized loss (gain) on copper derivative contracts	434	(64)	(2,644)	370	(2,644)
Tax effect on the above adjustments	(9,904)	(3,128)	2,205	(13,032)	3,413
Adjusted net income attributable to owners of the Company	\$ 18,626	\$ 16,773	\$ 22,252	\$ 35,399	\$ 44,726
Weighted average number of common shares					
Basic	103,082,363	102,769,444	92,685,916	102,918,092	92,491,063
Diluted	103,961,615	103,242,437	93,643,447	103,704,730	93,429,191
Adjusted EPS					
Basic	\$ 0.18	\$ 0.16	\$ 0.24	\$ 0.34	\$ 0.48
Diluted	\$ 0.18	\$ 0.16	\$ 0.24	\$ 0.34	\$ 0.48

Net Debt

Net debt is a performance measure used by the Company to assess its financial position and ability to pay down its debt. Net debt is determined based on cash and cash equivalents, short-term investments, net of loans and borrowings as reported in the Company's condensed consolidated interim financial statements. The following table provides a calculation of net (cash) debt based on amounts presented in the Company's condensed consolidated interim financial statements as at the periods presented.

	June 30, 2024	March 31, 2024	December 31, 2023	June 30, 2023
Current portion of loans and borrowings	\$ 39,889	\$ 16,059	\$ 20,381	\$ 17,105
Long-term portion of loans and borrowings	486,919	450,743	405,852	409,818
Less:				
Cash and cash equivalents	(44,773)	(51,692)	(111,738)	(124,382)
Short-term investments	—	—	—	(56,011)
Net debt (cash)	\$ 482,035	\$ 415,110	\$ 314,495	\$ 246,530

Working Capital and Available Liquidity

Working capital is calculated as current assets less current liabilities as reported in the Company's condensed consolidated interim financial statements. The Company uses working capital as a measure of the Company's short-term financial health and ability to meet its current obligations using its current assets. Available liquidity is calculated as the sum of cash and cash equivalents, short-term investments and the undrawn amount available on its revolving credit facilities. The Company uses this information to evaluate the liquid assets available. The following table provides a calculation for these based on amounts presented in the Company's condensed consolidated interim financial statements as at the periods presented.

	June 30, 2024	March 31, 2024	December 31, 2023	June 30, 2023
Current assets	\$ 124,554	\$ 129,960	\$ 199,487	\$ 280,783
Less: Current liabilities	(182,143)	(158,565)	(173,800)	(140,090)
Working (deficit) capital	\$ (57,589)	\$ (28,605)	\$ 25,687	\$ 140,693
Cash and cash equivalents	44,773	51,692	111,738	124,382
Short-term investments	—	—	—	56,011
Available undrawn revolving credit facilities	100,000	105,000	150,000	150,000
Available undrawn prepayment facilities ⁽¹⁾	25,000	—	—	—
Available liquidity	\$ 169,773	\$ 156,692	\$ 261,738	\$ 330,393

(1) In May 2024, the Company entered into a \$50.0 million non-priced copper prepayment facility arrangement. Through the end of 2024, the Company has the option to increase the size of the facility from \$50.0 million to \$75.0 million.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company's management, with the participation of the CEO and CFO, is responsible for establishing and maintaining adequate disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR") using Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") as its internal control framework.

The Company's DC&P are designed to provide reasonable assurance that material information related to the Company is identified and communicated on a timely basis.

The Company's ICFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Any system of ICFR, no matter how well designed, has inherent limitations and cannot provide absolute assurance that all misstatements and instances of fraud, if any, within the Company have been prevented or detected. The Company's ICFR is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

There were no changes in the Company's DC&P and ICFR that materially affected, or are reasonably likely to materially affect, ICFR during the three and six months ended June 30, 2024.

NOTE REGARDING SCIENTIFIC AND TECHNICAL INFORMATION

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

The report prepared in accordance with National Instrument 43-101, *Standards of Disclosure for Mineral Projects* ("NI 43-101") and entitled "2022 Mineral Resources and Mineral Reserves of the Caraíba Operations, Curaçá Valley, Bahia, Brazil", dated December 22, 2022 with an effective date of September 30, 2022, prepared by Porfirio Cabaleiro Rodriguez, FAIG, Bernardo Horta de Cerqueira Viana, FAIG, Fábio Valério Câmara Xavier, MAIG and Ednie Rafael Moreira de Carvalho Fernandes, MAIG all of GE21 Consultoria Mineral Ltda. ("GE21"), Dr. Beck Nader, FAIG of BNA Mining Solutions ("BNA") and Alejandro Sepulveda, Registered Member (#0293) (Chilean Mining Commission) of NCL Ingeniería y Construcción SpA ("NCL") (the "Caraíba Operations Technical Report"). Each a "qualified person" and "independent" of the Company within the meanings of NI 43-101.

The report prepared in accordance with NI 43-101 and entitled "Mineral Resource and Mineral Reserve Estimate of the Xavantina Operations, Nova Xavantina", dated May 12, 2023 with an effective date of October 31, 2022, prepared by Porfirio Cabaleiro Rodriguez, FAIG, Leonardo de Moraes Soares, MAIG and Guilherme Gomides Ferreira, MAIG, all of GE21 (the "Xavantina Operations Technical Report"). Each a "qualified person" and "independent" of the Company within the meanings of NI 43-101.

The report prepared in accordance with NI 43-101 and entitled "Boa Esperança Project NI 43-101 Technical Report on Feasibility Study Update", dated November 12, 2021 with an effective date of August 31, 2021, prepared by Kevin Murray, P. Eng., Erin L. Patterson, P.E. and Scott C. Elfen, P.E. all of Ausenco Engineering Canada Inc. (or its affiliate Ausenco Engineering USA South Inc. in the case of Ms. Patterson), Carlos Guzmán, FAusIMM RM CMC of NCL and Emerson Ricardo Re, MSc, MBA, MAusIMM (CP) (No. 305892), Registered Member (No. 0138) (Chilean Mining Commission) and Resource Manager of the Company on the date of the report (now of HCM Consultoria Geologica Eireli ("HCM")) (the "Tucumã Project Technical Report"). Each of Kevin Murray, P. Eng., Erin L. Patterson, P.E. and Scott C. Elfen, P.E., Carlos Guzmán, FAusIMM RM CMC and Emerson Ricardo Re, MAusIMM (CP), is a "qualified person" of the Company within the meanings of NI 43-101. Each of Kevin Murray, P. Eng., Erin L. Patterson, P.E. and Scott C. Elfen, P.E., and Carlos Guzmán, FAusIMM RM CMC are "independent" of the Company within the meaning of NI 43-101. Emerson Ricardo Re, MAusIMM (CP), as Resource Manager of the Company (on the date of the report and now of HCM), was not "independent" of the Company on the date of the report, within the meaning of NI 43-101.

Reference should be made to the full text of the Caraíba Operations Technical Report, the Xavantina Operations Technical Report and the Tucumã Project Technical Report, each of which is available for review on the Company's website at www.erocopper.com and under the Company's profile on SEDAR+ at www.sedarplus.ca, and EDGAR at www.sec.gov.

The disclosure of Technical Information in this MD&A has been reviewed and approved by Cid Gonçalves Monteiro Filho, SME RM (04317974), MAIG (No. 8444), FAusIMM (No. 3219148) and Resource Manager of the Company who is a "qualified person" within the meanings of NI 43-101.

Cautionary Note Regarding Forward-Looking Statements

This MD&A contains “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995 and “forward-looking information” within the meaning of applicable Canadian securities legislation (collectively, “forward-looking statements”). Forward-looking statements include statements that use forward-looking terminology such as “may”, “could”, “would”, “will”, “should”, “intend”, “target”, “plan”, “expect”, “budget”, “estimate”, “forecast”, “schedule”, “anticipate”, “believe”, “continue”, “potential”, “view” or the negative or grammatical variation thereof or other variations thereof or comparable terminology. Forward-looking statements may include, but are not limited to, statements with respect to the Company’s production, operating cost and capital expenditure guidance; targeting additional mineral resources and expansion of deposits; capital and operating cost estimates and economic analyses (including cash flow projections), including those from the Caraíba Operations Technical Report, the Xavantina Operations Technical Report and the Tucumã Project Technical Report; the Company’s expectations, strategies and plans for the Caraíba Operations, the Xavantina Operations and the Tucumã Project, including the Company’s planned exploration, development, construction and production activities; the results of future exploration and drilling; estimated completion dates for certain milestones; successfully adding or upgrading mineral resources and successfully developing new deposits; the costs and timing of future exploration, development and construction including but not limited to the Deepening Extension Project at the Caraíba Operations and the Tucumã Project; the timing and amount of future production at the Caraíba Operations, the Xavantina Operations and the Tucumã Project; the Company’s expectations regarding planned capital expenditures for the Tucumã Project, the Deepening Extension Project and/or the Caraíba Mill expansion project falling within contingency levels; expectations regarding the Company’s ability to manage risks related to future copper price fluctuations and volatility; future financial or operating performance and condition of the Company and its business, operations and properties, including expectations regarding liquidity, capital structure, competitive position and payment of dividends; expectations regarding future currency exchange rates; and any other statement that may predict, forecast, indicate or imply future plans, intentions, levels of activity, results, performance or achievements.

Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual results, actions, events, conditions, performance or achievements to materially differ from those expressed or implied by the forward-looking statements, including, without limitation, risks discussed in this MD&A and in the AIF under the heading “*Risk Factors*”. The risks discussed in this MD&A and in the AIF are not exhaustive of the factors that may affect any of the Company’s forward-looking statements. Although the Company has attempted to identify important factors that could cause actual results, actions, events, conditions, performance or achievements to differ materially from those contained in forward-looking statements, there may be other factors that cause results, actions, events, conditions, performance or achievements to differ from those anticipated, estimated or intended.

Forward-looking statements are not a guarantee of future performance. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Forward-looking statements involve statements about the future and are inherently uncertain, and the Company’s actual results, achievements or other future events or conditions may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors, including, without limitation, those referred to herein and in the AIF under the heading “*Risk Factors*”.

The Company's forward-looking statements are based on the assumptions, beliefs, expectations and opinions of management on the date the statements are made, many of which may be difficult to predict and beyond the Company's control. In connection with the forward-looking statements contained in this MD&A and in the AIF, the Company has made certain assumptions about, among other things: favourable equity and debt capital markets; the ability to raise any necessary additional capital on reasonable terms to advance the production, development and exploration of the Company's properties and assets; future prices of copper, gold and other metal prices; the timing and results of exploration and drilling programs; the accuracy of any mineral reserve and mineral resource estimates; the geology of the Caraíba Operations, the Xavantina Operations and the Tucumã Project being as described in the respective technical report for each property; production costs; the accuracy of budgeted exploration, development and construction costs and expenditures; the price of other commodities such as fuel; future currency exchange rates and interest rates; operating conditions being favourable such that the Company is able to operate in a safe, efficient and effective manner; work force continuing to remain healthy in the face of prevailing epidemics, pandemics or other health risks (including COVID-19), political and regulatory stability; the receipt of governmental, regulatory and third party approvals, licenses and permits on favourable terms; obtaining required renewals for existing approvals, licenses and permits on favourable terms; requirements under applicable laws; sustained labour stability; stability in financial and capital goods markets; availability of equipment; positive relations with local groups and the Company's ability to meet its obligations under its agreements with such groups; and satisfying the terms and conditions of the Company's current loan arrangements. Although the Company believes that the assumptions inherent in forward-looking statements are reasonable as of the date of this MD&A, these assumptions are subject to significant business, social, economic, political, regulatory, competitive and other risks and uncertainties, contingencies and other factors that could cause actual actions, events, conditions, results, performance or achievements to be materially different from those projected in the forward-looking statements. The Company cautions that the foregoing list of assumptions is not exhaustive. Other events or circumstances could cause actual results to differ materially from those estimated or projected and expressed in, or implied by, the forward-looking statements contained in this MD&A.

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

Cautionary Notes Regarding Mineral Resource and Reserve Estimates

Unless otherwise indicated, all reserve and resource estimates included in this MD&A and the documents incorporated by reference herein have been prepared in accordance with Canadian NI 43-101 and the Canadian Institute of Mining, Metallurgy and Petroleum (the "CIM") — CIM Definition Standards on Mineral Resources and Mineral Reserves, adopted by the CIM Council, as amended (the "CIM Standards"). NI 43-101 is a rule developed by the Canadian Securities Administrators that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. Canadian standards, including NI 43-101, differ significantly from the requirements of the United States Securities and Exchange Commission (the "SEC"), and reserve and resource information included herein may not be comparable to similar information disclosed by U.S. companies. In particular, and without limiting the generality of the foregoing, this MD&A and the documents incorporated by reference herein use the terms "measured resources," "indicated resources" and "inferred resources" as defined in accordance with NI 43-101 and the CIM Standards.

Further to recent amendments, mineral property disclosure requirements in the United States (the “U.S. Rules”) are governed by subpart 1300 of Regulation S-K of the U.S. Securities Act of 1933, as amended (the “U.S. Securities Act”) which differ from the CIM Standards. As a foreign private issuer that is eligible to file reports with the SEC pursuant to the multi-jurisdictional disclosure system (the “MJDS”), Ero is not required to provide disclosure on its mineral properties under the U.S. Rules and will continue to provide disclosure under NI 43-101 and the CIM Standards. If Ero ceases to be a foreign private issuer or loses its eligibility to file its annual report on Form 40-F pursuant to the MJDS, then Ero will be subject to the U.S. Rules, which differ from the requirements of NI 43-101 and the CIM Standards.

Pursuant to the new U.S. Rules, the SEC recognizes estimates of “measured mineral resources”, “indicated mineral resources” and “inferred mineral resources.” In addition, the definitions of “proven mineral reserves” and “probable mineral reserves” under the U.S. Rules are now “substantially similar” to the corresponding standards under NI 43-101. Mineralization described using these terms has a greater amount of uncertainty as to its existence and feasibility than mineralization that has been characterized as reserves. Accordingly, U.S. investors are cautioned not to assume that any measured mineral resources, indicated mineral resources, or inferred mineral resources that Ero reports are or will be economically or legally mineable. Further, “inferred mineral resources” have a greater amount of uncertainty as to their existence and as to whether they can be mined legally or economically. Under Canadian securities laws, estimates of “inferred mineral resources” may not form the basis of feasibility or pre-feasibility studies, except in rare cases. While the above terms under the U.S. Rules are “substantially similar” to the standards under NI 43-101 and CIM Standards, there are differences in the definitions under the U.S. Rules and CIM Standards. Accordingly, there is no assurance any mineral reserves or mineral resources that Ero may report as “proven mineral reserves”, “probable mineral reserves”, “measured mineral resources”, “indicated mineral resources” and “inferred mineral resources” under NI 43-101 would be the same had Ero prepared the reserve or resource estimates under the standards adopted under the U.S. Rules.

ADDITIONAL INFORMATION

Additional information about Ero and its business activities, including the AIF, is available under the Company’s profile at www.sedarplus.ca and www.sec.gov.