



## Value Investor Alert: This Cheap Stock Could Rise Significantly

### Description

**Ero Copper** ([TSX:ERO](#)) is a Vancouver-based mining company focused on the production, exploration, and development of mining projects in Brazil. Ero's principal asset is a 99.6% ownership interest in Mineração Caraíba (MCSA). MCSA's predominant activity is the production and sale of copper concentrate from the [MCSA Mining Complex](#), located within the Curaçá Valley, northeastern Bahia State, Brazil, with gold and silver produced and sold as by-products.

In addition, MCSA holds a 100% interest in the Boa Esperança Property, a development project located within southeastern Pará State, Brazil. Ero also currently owns an approximately 97.6% ownership interest in privately-held NX Gold. NX Gold's predominant activity is the production and sale of gold from the NX Gold property, located in Mato Grosso State, Brazil, with silver produced as a by-product.

### Significant production

The company's principal product is copper produced and sold from the MCSA Mining Complex, with gold and silver produced and sold as by-products. Gold and silver is also produced and sold from the NX Gold Property. During the financial year ended December 31, 2020, the operations of the MCSA Mining Complex processed about 2.5 million tonnes of material, producing over 42,000 tonnes of copper, and the operations of the NX Gold property processed over 160,000 tonnes of material, producing about 36,000 ounces of gold.

There are global copper and gold markets into which the company can sell Ero's copper concentrate and gold and, as a result, the company is not dependent on a particular purchaser with regard to the sale of the copper concentrate and gold that it produces. Prices are determined by world markets, over which the company has no influence or control.

### Diverse foreign exposure

Ero's [competitive position](#) is primarily determined by the company's low costs compared to other

producers throughout the world and the ability to maintain Ero's financial integrity through metal price cycles. Costs are governed to a large extent by the grade, nature and location of the Ero's mineral reserves and mineral resources as well as by input costs and the level of operating and management skill employed in the production process.

Foreign operations accounts for 100% of the company's revenue and represents approximately 97% of the company's assets as at December 31, 2020. Accordingly, Ero is entirely dependent on the company's foreign operations for the exploration and development of the company's properties and for production of copper and gold. As a result, shareholders who purchase Ero's stock have the opportunity to obtain global commodity exposure while benefitting from Canada's stable corporate governance.

## Strong corporate governance

Further, the company has implemented a system of corporate governance, internal controls over financial reporting, and disclosure controls and procedures that apply at all levels of Ero. These systems are overseen by the board of directors and implemented by the company's senior management.

The company also controls Ero's foreign subsidiaries by virtue of corporate oversight and by Ero's ownership interest in such entities. As a result, management of the company effectively align business objectives with those of the foreign subsidiaries and implement such objectives at the subsidiary level. This oversight is likely to significantly benefit long-term shareholders.

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