MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2018

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") has been prepared as at May 7, 2018 and should be read in conjunction with the unaudited condensed consolidated interim financial statements of Ero Copper Corp. ("Ero" or "the Company") as at, and for the three month period ended March 31, 2018, which are prepared in accordance with International Accounting Standards ("IAS") 34, *Interim Financial Reporting* as permitted by the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (the "IASB"). As well, this MD&A should be read in conjunction with the Company's December 31, 2017 audited consolidated financial statements and MD&A. All dollar amounts are expressed in US dollars ("US") and tabular amounts are expressed in thousands of US dollars, unless otherwise indicated. References to "$" or "dollars" are to US dollars, references to "C$" are to Canadian dollars and references to "R$" are to Brazilian Reais.

This MD&A contains "forward-looking information" that is subject to risk factors set out in a cautionary note contained at the end of this MD&A. The Company cannot assure investors that such information will prove to be accurate, and actual results and future events may differ materially from those anticipated in such information. The results for the periods presented are not necessarily indicative of the results that may be expected for any future period. Investor are cautioned not to place undue reliance on this forward-looking information. All information contained in this MD&A is current and has been approved by the Board of Directors of the Company as of May 7, 2018, unless otherwise stated.

BUSINESS OVERVIEW

Ero, headquartered in Vancouver, B.C., is a mining company focused on the production and sale of copper from its Vale do Curaçá Property, located in Bahia, Brazil. On October 19, 2017, the Company completed an initial public offering ("IPO") and its common shares became publicly traded on the Toronto Stock Exchange under the symbol "ERO".

The Company's primary asset is a 99.6% interest in the Brazilian copper mining company, Mineração Caraíba S.A. ("MCSA"), 100% owner of the Vale do Curaçá Property with over 37 years of operating history in the region. The Company currently mines copper ore from the Pilar underground and the Surubim open pit mines and is completing the construction of the new high-grade Vermelhos copper mine. In addition to the Vale do Curaçá Property, MCSA owns 100% of the Boa Esperança development project, an IOCG-type copper project located in Pará, Brazil. The Company also owns, directly and indirectly thru MCSA, 97.6% of NX Gold S.A., a small producing gold mine in Mato Grosso State, Brazil.

Additional information on the Company and its operations, including Technical Reports on both the Vale do Curaçá and Boa Esperança properties, can be found on the Company's website (www.erocopper.com) and on SEDAR (www.sedar.com).

HIGHLIGHTS

	2018 - Q1	2017 - Q4	2017 - Q1[1]
Operating Information			
Copper (MCSA Operations)			
Ore Processed (tonnes)	316,126	452,371	275,740
Grade (% Cu)	1.76	1.36	1.40
Cu Production (tonnes)	4,845	5,334	3,355
Cu Production (lbs)	10,681,781	11,759,857	7,395,876
Cu Sold in Concentrate (tonnes)	4,096	5,448	2,145
Cu Sold in Concentrate (lbs)	9,030,124	12,010,770	4,728,910
C1 Cash cost of copper produced (per lb)[2]	1.63	1.54	1.79
Financial information ($millions, except per share amounts)			
Revenues	$28.2	$37.8	$ 12.1
Gross profit	$5.0	$5.8	$ (2.8)
EBITDA[2][3]	$7.1	$31.4	$4.3
Adjusted EBITDA[2]	$6.2	$12.0	($1.6)
Cash flow from (used in) operations	$0.7	$11.2	($1.5)
Net income (loss) attributable to owners of the Company	($4.1)	$19.5	($4.9)
Net income (loss) per share attributable to owners of the Company			
- Basic	$ (0.05)	$ 0.28	$ (0.12)
- Diluted	$ (0.05)	$ 0.24	$ (0.12)
Cash and Cash Equivalents	$27.1	$51.1	$32.4
Working Capital (Deficit)[2]	$22.2	$42.6	($117.0)
Net Debt[2]	($110.7)	($85.9)	($134.9)

Footnotes

[1] - Ero was incorporated on May 16, 2016. MCSA was acquired December 12, 2016. Operations did not commence until 1st quarter of 2017.
[2] - EBITDA, Adjusted EBITDA, Net Debt, Working capital, and C1 Cash cost of copper produced (per lb) are non-IFRS measures - see page 17 of this MD&A for a discussion of non-IFRS measures.
[3] - EBITDA for Q4 2017 included $28.7 million that related to the gain on settlement of debt.

First Quarter 2018 Highlights

Operational performance in line with expectations

- Quarter-on-quarter increases in underground tonnes and grade mined during first quarter of 229.8 thousand tonnes ("kt") grading 2.14% copper compared to 225.0kt grading 2.03% copper during the fourth quarter of 2017.
- Processed 316.1kt of ore grading 1.76% copper at average metallurgical recoveries of 87.3% during the period resulting in the production of 4,845 tonnes of copper in concentrate at C1 Cash Costs of $1.63 per pound of copper.
- Waste material movement in conjunction with Surubim Phase II operations occurred during the first quarter (deferred, in part, due to extended operations at the Suçuarana mine), resulting in quarter-on-quarter decline in open pit ore tonnages which totaled 89.0kt grading 0.71% copper during the period, compared to 219.3kt grading 0.68% copper during the fourth quarter of 2017.

Vermelhos ramp and gallery development rates continue to exceed forecast

- Completed 961 meters of total development, comprised of 240 meters of primary ramp development, 549 meters of secondary development and 172 meters of Auxiliary Ramp accessing the UG1 production area.
- Additionally, 266 meters of raise bore drilling for ventilation comprised of 194 meters of pilot drilling and 72 meters of widening was completed during the first quarter.

Significant increase in exploration activities

- As at the end of first quarter, 16 drill rigs were staffed and mobilized throughout the Vale do Curaçá Property undertaking programs designed to upgrade known mineral resources, expand known mineral resources via step-out drilling and infill drilling for mine planning purposes.
- Subsequent to the end of the quarter, the Company commenced its airborne geophysical survey. The survey is expected to be fully completed within four months, with processing of flight data having commenced contemporaneously with the start of the program.

Sales and Liquidity

- Sales for the quarter were impacted by a planned maintenance shutdown at the Paranapanema smelter. As a result there was a significant increase in inventories, a substantial portion of which was subsequently sold in April.
- The Company ended the quarter with $29.3 million in cash and cash equivalents (including $2.2 million of restricted cash).
- Working capital decreased by $20.4 million from December 31, 2017, in line with expectations, as capital expenditures at Vermelhos accelerated in line with the better than planned development rates.

Corporate initiatives

- Subsequent to the end of the quarter, the Company entered into a long-term concentrate sales agreement (evergreen agreement renewed annually with minimum term of five calendar years) with Paranapanema S.A. ("Paranapanema").

REVIEW OF OPERATIONS

Mineração Caraíba S.A.

– Vale do Curaça Property, Brazil:

	2018 - Q1	2017 - Q4	2017 - Q1[1]
Operating Information			
Copper (MCSA Operations)			
Ore Processed (tonnes)	**316,126**	452,371	275,740
Grade (% Cu)	**1.76**	1.36	1.40
Cu Production (tonnes)	**4,845**	5,334	3,355
Cu Production (lbs)	**10,681,781**	11,759,857	7,395,876
Concentrate Grade (% Cu)	**34.7**	35.2	35.3
Recovery (%)	**87.3**	86.9	86.9
Concentrate Sales (tonnes)	**11,672**	15,577	6,847
Cu Sold in Concentrate (tonnes)	**4,096**	5,448	2,145
Cu Sold in Concentrate (lbs)	**9,030,124**	12,010,770	4,728,910
C1 Cash cost of copper produced (per lb)[2]	**1.63**	1.54	1.79

Footnotes

[1] - Ero was incorporated on May 16, 2016. MCSA was acquired December 12, 2016. Operations did not commence until 1st quarter of 2017.

[2] - C1 Cash cost of copper produced (per lb) is a non-IFRS measure - see page 17 of this MD&A for a discussion of non-IFRS measures.

Operational Update

At the Vale do Curaçá Property, within the Pilar District, the Pilar underground mine continued to meet production expectations during the three month period ended March 31, 2018. During the period, a total of 229.8kt was mined at a grade of 2.14% copper, a slight quarter-on-quarter increase in both tonnes and grades mined relative to fourth quarter of 2017. At the Surubim open pit mine, within the Surubim district, ore production experienced a significant quarter-on-quarter decline, predominately due to waste stripping that occurred in conjunction with the Phase II of the Surubim operation. This was, in part, a result of deferral of waste stripping as a result of continuing production from the Suçuarana Mine longer than previously envisioned. Consequently, open pit mine production totaled 89.0kt tonnes grading 0.71% copper during the period. Open pit production is anticipated to ramp up during the remaining portion of the year. A total of 316.1kt of ore from both properties was processed grading 1.76% copper during the period at average metallurgical recoveries of 87.3% resulting in the production of 4,845 tonnes of copper in concentrate at C1 cash costs of $1.63 per lb. of copper produced.

In the Vermelhos District, also within the Vale do Curaçá Property, the development rate of the Vermelhos Mine continues to exceed forecast rates. Total development during the three-month period ended March 31, 2018 was 961 meters consisting of 240 meters of primary ramp development, 549 meters of secondary development and 172 meters of auxiliary ramp development accessing the UG1 production area. Additionally, 266 meters of raise bore drilling was performed for ventilation consisting of 194 meters of pilot drilling and 72 meters of widening. There are now 2 completed raise-bore ventilation raises and the third is under development. Underground infrastructure has now been completed to the first four production levels of the main Vermelhos ore body and those levels are now being prepared for gallery development. At the same time, in-ore gallery development commenced at the UG1 production area where material stockpiling on surface has commenced. Key milestones remaining prior to first production, consist primarily of: release of the mining licence, completion of road construction, completion of surface infrastructure and equipment delivery for purchased equipment. All key milestones are anticipated prior to the fourth quarter of 2018 in line with production guidance.

Exploration drilling throughout the first quarter has primarily been focused on known extensions of mineralization within the three primary mineral districts of the Curaçá Valley: Pilar, Surubim and Vermelhos. At the Pilar District, drilling is focused on delineating additional mineral resources within the Deepening Extension and evaluating exploration targets to the north and northwest of current underground mine (the "North Extension") where several significant intercepts, including a new discovery highlighted by the recently announced intercept of 43.1 meters grading 1.70% copper including 19.0 meters at 2.49% copper

Drilling within the Surubim district, located approximately 40 kilometers to the north of the Caraíba mill complex which includes the Surubim open pit mine, has shifted focus to exploration drilling on properties neighboring the Surubim mine.

Exploration activities at the Vermelhos district, located approximately 80 kilometers to the north of the Caraíba mill complex, which comprises the high-grade Vermelhos mine currently under construction, are focused on upgrading mineral resources and definition drilling for mine planning as well as evaluating copper oxide resource potential within the district. As the majority of the infill drill program of the Vermelhos mine is nearing completion, drilling has shifted focus towards down dip extensions of the main Vermelhos ore bodies to the north and up dip extensions of the same main ore bodies to the south.

The Companys' airborne geophysical survey, comprising both electromagnetic and gravity systems, commenced subsequent to the end of the quarter and is expected to be completed within approximately four months. Data processing commenced contemporaneously with the start of the program.

Please refer to the Company's press releases dated November 9, 2017 and February 22, 2018 for additional information related to the exploration activities of the Company.

Financial Update

Sales of $28.2 million for the quarter were impacted by a planned maintenance shutdown at the Paranapanema smelter. As a result there was a significant increase in inventories, a substantial portion of which was subsequently sold in April.

The Company generated a loss for the quarter of $4.1 million predominantly due to the lower sales volumes as well as higher general and administrative expenses associated with a number of one-off payments.

The Company ended the quarter with $29.3 million in cash and cash equivalents (including $2.2 million of restricted cash). Working capital decreased by $20.4 million from December 31, 2017, in line with expectations, as capital expenditures at Vermelhos accelerated in line with the better than planned development rates.

During February 2018 the Company issued a redemption notice for the $2.75 million convertible notes that were outstanding at year-end. All of the convertible debenture holders elected to convert the debentures into units, resulting in the issuance of 4,059,450 common shares and 1,014,861 common share purchase warrants. These warrants were subsequently exercised for an equivalent number of common shares at $1.20 per common share for gross proceeds received by the Company of $1.2 million.

Outlook

The Company's production, cash cost and capital expenditure guidance for 2018 is outlined below and detailed in the Company's press release dated January 9, 2018.

	2018[1]
Tonnes Processed Sulphides	2,000,000
Copper Grade (% Cu)	1.50%
Copper Recovery (%)	86.0%
Cu Production Guidance (tonnes)	**25,500 – 27,500**
C1 Cash Cost Guidance (US$/lb)[2]	**$1.30 – $1.40**

Footnotes:

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

[2] - C1 Cash Costs of copper produced (per lb.) is a non-IFRS measures – see page 17 of this MD&A for a discussion of non-IFRS measures.

Production for the year is heavily weighted towards the second half of the year in part due to the commissioning of the Vermelhos Mine, currently anticipated during the fourth quarter, as well as Pilar and Surubim mine sequencing. Cash cost guidance for 2018 assumes a USD:BRL foreign exchange rate of 3.20, gold price of US$1,250 per ounce and silver price of US$17.50 per ounce. C1 Cash Cost guidance has been updated to include treatment and refining charges ("TC/RCs"), offsite transportation costs and certain tax benefits that are passed through to customers on invoicing. These adjustments were not included in prior C1 Cash Cost disclosure.

The Company's capital expenditure guidance for 2018 reflect the acceleration of the Vermelhos mine and a significant expansion of the Company's 2017 exploration programs. Additional investments in the Pilar underground mine and supporting infrastructure are being made during 2018 in preparation for a longer mine life than previously envisioned.

($US millions)	**2018**
Pilar Mine	$39.0
Vermelhos	36.0
Exploration & Drilling [1]	20.0
Boa Esperança	1.0
Capital Expenditure Guidance	**$96.0**

Footnotes:

[1] - Exploration & drilling capital expenditure guidance is dependent, in part, on future exploration success and subject to further review and revision

Boa Esperança, Brazil

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

NX Gold S/A, Brazil

The NX Gold Property, located in Mato Grosso State, Brazil, is comprised of a single mining concession and various exploration concessions from which the Company currently produces gold. The Company intends to dispose of its interest in NX Gold in the next year as it is not within its core copper business. Accordingly, the assets and liabilities of NX Gold are classified as assets and liabilities held for sale.

REVIEW OF FINANCIAL RESULTS

The following table provides a summary of the financial results of the Company for the three-month periods ended March 31, 2018 and 2017. Tabular amounts are in thousands of US dollars, except share and per share amounts.

			Three month period ended March 31, 2018		Three month period ended March 31, 2017
Revenue	1	$	28,155	$	12,119
Cost of product sold	2		(22,755)		(14,660)
Sales expenses			(412)		(250)
Gross profit			4,988		(2,791)
Expenses					
General and administrative	3		(6,276)		(4,381)
Share-based compensation	3		(781)		-
Loss before the understated			(2,069)		(7,172)
Other income (expenses)					
Finance income			188		184
Finance expense	4		(4,245)		(6,748)
Foreign exchange gain	5		843		5,881
Other	6		879		2,400
Loss before income taxes			(4,404)		(5,455)
Income tax recovery					
Deferred income tax recovery			604		1
Net loss from continuing operations			(3,800)		(5,454)
Net loss from discontinued operations	7		(296)		(1,607)
Net loss for the period			(4,096)		(7,061)
Other comprehensive income (loss)					
Foreign currency translation gain			317		583
Comprehensive loss		$	(3,779)	$	(6,478)
Net loss attributable to:					
Owners of the Company		$	(4,086)	$	(4,905)
Non-controlling interests			(10)		(2,156)
		$	(4,096)	$	(7,061)
Comprehensive loss attributable to:					
Owners of the Company		$	(3,770)	$	(4,409)
Non-controlling interests			(9)		(2,069)
		$	(3,779)	$	(6,478)
Loss per share attributable to owners of the Company					
Loss per share from continuing operations					
Basic and diluted		$	(0.05)	$	(0.11)
Loss per share from discontinued operations					
Basic and diluted		$	(0.00)	$	(0.01)
Loss per share					
Basic and diluted		$	(0.05)	$	(0.12)
Weighted average number of common shares outstanding					
Basic and diluted			81,974,876		40,191,450
Cash and cash equivalents		$	27,072	$	51,098
Total assets		$	373,034	$	381,343
Non-current liabilities		$	191,627	$	196,265

Notes:
1. Revenues for the quarter ended March 31, 2018 include the sale of 4,096 copper tonnes in concentrate as compared to 2,145 copper tonnes for the quarter ended March 31, 2017. As noted in previous disclosure MCSA resumed operations in January 2017 with sales of copper concentrate only commencing in late February 2017.
2. Costs of product sold for the quarter ended March 31, 2018 includes $7.5 million (2017- $4.6 million) in depreciation and depletion, $6.3 million (2017 - $4.7 million) in salaries and benefits, $3.0 million (2017 - $1.5 million) in contractor services, $2.5 million (2017 - $1.7 million) in materials and consumables, $2.2 million (2017 - $1.1 million) in maintenance costs, $1.1 million (2017 - $0.9 million) in utilities, and $0.1 million (2017 - $0.1 million) in other costs. As noted above, prior year operations did not commence until January 2017 and sales of copper concentrate until the latter portion of February 2017.
3. General and administrative expenses and share-based compensation for the quarter ended March 31, 2018 include $4.8 million (2017 - $3.7 million) with respect to MCSA for salaries, professional fees, office and sundry and provisions for tax, legal and labour claims, and $2.3 million (2017 - $0.7 million) with respect to the corporate head office in Vancouver. Corporate head office costs are primarily comprised of $0.7 million (2017 - $0.4 million) in salaries and consulting fees, $0.8 million (2017 – nil) in share based compensation, $0.2 million (2017 - $0.1 million) in professional fees, $0.3 million (2017 - nil) in office and sundry costs and $0.2 million (2017 - $0.2 million) in travel-related costs. Variances over the prior comparative quarter for MCSA includes bonuses paid of $1.0 million (2017 – nil) during the first quarter of 2018. Corporate head office costs were higher than the previous year's quarter due the addition of staff and related costs as well as the issuance of stock options in the later part of 2017 & beginning of 2018 and related share-based compensation expense.
4. Finance expense for the quarter ended March 31, 2018 was $4.2 million (2017 - $6.7 million) and is primarily comprised of interest on loans and borrowings. Prior year expense included $1.3 million in accretion of purchase price adjustments, $1.0 million in interest on taxes and amounts owed to suppliers while in judicial recovery, and $0.3 million facility fee paid on the convertible debenture.
5. Foreign exchange gain for the quarter ended March 31, 2018 was $0.8 million (2017 - $5.9 million). Current quarter gain included a gain on foreign exchange on hedges of $0.9 million (2017 - $nil) offset by by foreign exchange loss of $0.2 million (2017 – gain of $5.9 million) primarily associated with US dollar-denominated loans and borrowings in MCSA, where the functional currency is the Brazilian Real. The foreign exchange gain in the prior March 31, 2017 quarter was a result of the weakening of the US dollar relative to the Brazilian Real on the US denominated debt.
6. Other income in the quarter ended March 31, 2018 of $0.9 million (2017 - $2.4 million) included $0.6 million (2017 - $2.1 million) from insurance reimbursements in relation to some equipment damage in previous years.
7. Net loss from discontinued operations in the quarter ended March 31, 2018 of $0.3 million (2017 - $1.6 million) is from NX Gold.

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.

	2018	2017				2016		
Selected Financial Information	March 31[(1)]	Dec 31 [(2)]	Sept 30 [(3)]	June 30[(4)]	March 31[(5)]	Dec 31[(6)]	Sep 30[(7)]	Jun 30[(7)]
Revenue	$ 28.2	$ 37.8	$ 33.0	$ 32.5	$ 12.1	n/a	n/a	n/a
Cost of product sold	$ (22.8)	$ (31.5)	$ (26.6)	$ (27.2)	$ (14.7)	n/a	n/a	n/a
Gross profit (loss)	$ 5.0	$ 5.8	$ 5.5	$ 4.4	$ (2.8)	n/a	n/a	n/a
Net income (loss) from continuing operations	$ (3.8)	$ 16.1	$ 18.7	$ (11.1)	$ (5.5)	$ (3.0)	$ (0.2)	$ (0.1)
Net income (loss) from discontinued operations	$ (0.3)	$ 3.3	$ (0.9)	$ (1.6)	$ (1.6)	$ (0.1)	$ -	$ -
Net income (loss) for period	$ (4.1)	$ 19.5	$ 17.8	$ (12.7)	$ (7.1)	$ (3.1)	$ (0.2)	$ (0.1)
Income (loss) per share from continuing operations attributable to owners of the Company								
- Basic	$ (0.05)	$ 0.23	$ 0.33	$ (0.18)	$ (0.11)	$ (0.19)	$ (0.08)	$ (53,500)
- Diluted	$ (0.05)	$ 0.20	$ 0.29	$ (0.18)	$ (0.11)	$ (0.19)	$ (0.08)	$ (53,500)
Income (loss) per share attributable to owners of the Company								
- Basic	$ (0.05)	$ 0.28	$ 0.32	$ (0.19)	$ (0.12)	$ (0.19)	$ (0.08)	$ (53,500)
- Diluted	$ (0.05)	$ 0.24	$ 0.29	$ (0.19)	$ (0.12)	$ (0.19)	$ (0.08)	$ (53,500)
Weighted average number of common shares outstanding - Basic	81,974,876	70,929,120	56,772,684	56,772,684	40,191,450	14,211,385	3,043,480	2
- Diluted	81,974,876	81,448,095	63,112,617	56,772,684	40,191,450	14,211,385	3,043,480	2

1. During the three month period ended March 31, 2018, the Company earned gross profit of approximately $5.0 million from mining operations. Overall, net loss from continuing operations for the period was $3.8 million, which included the gross profit of $5.0 million, $0.9 million of other income from sales of water and insurance proceeds, $0.6 million of net deferred income tax recoveries and $0.8 million in foreign exchange gains. These income items were offset by $6.3 in general and administrative expenses, $0.8 million is share-based compensation expense, and $4.2 million in finance expense.
2. During the three month period ended December 31, 2017, the Company earned gross profit of approximately $5.8 million from mining operations. MCSA earned its third straight full quarter of concentrate sales from operations. Net income from continuing operations for the period was $16.1 million, which included the gross profit of $5.8 million, a $28.7 million gain on the successful settlement of certain MCSA debt balances, and $0.6 million on net income tax recovery. These income items where partially offset by $9.3 million in foreign exchange loss on US dollar denominated debt as the US dollar strengthened compared to the Brazilian Real, $1.7 million of finance expense, and $9.0 million in general and administrative expenses.
3. During the three month period ended September 30, 2017, the Company earned gross profit of approximately $5.5 million from mining operations. MCSA earned a second full quarter of concentrate sales as operations continued to ramp up. Net income from continuing operations for the period was $18.7 million, which included the gross profit of $5.5 million, $6.9 million in foreign exchange gains on US dollar denominated debt as the US dollar weakened compared to the Brazilian Real, and a $15.0 million deferred income tax recovery primarily resulting from receipt of approval of MCSA's inclusion in a tax amnesty program previously discussed in this MD&A. These income items were partially offset by $5.8 million of finance expense and $4.0 million in general and administrative expenses.
4. During the three month period ended June 30, 2017, the Company earned gross profit of approximately $4.4 million from mining operations. MCSA earned a full quarter of concentrate sales as operations continued to ramp up. Net loss from continuing operations for the period was $11.1 million, which included $6.7 million of finance expense, $3.1 million in general and administrative expenses, and $8.0 million in foreign exchange loss on US dollar denominated debt as the US dollar strengthened compared to the Brazilian Real, partially offset by $4.4 million from mining operations, $0.8 million deferred income tax recovery and $0.9 million in finance and other income. During the three month period ended March 31, 2018, the Company identified a misstatement in the amounts reported for the three months period ended March 31, 2017 and June 30, 2017 with respect to foreign exchange gains (losses) and as a result net loss. The foreign exchange gain (loss) and net income (loss) amounts reported for the six month period ended June 30, 2017 and for the year ended December 31, 2017 were correct. The net loss and loss per share amounts for the three month period ended June 30, 2017 have been corrected in the table above page and the explanation above updated from previous MD&A's.
5. During the three month period ended March 31, 2017, the Company experienced a loss of approximately $2.8 million from mining operations. MCSA's operations at its Vale do Curaçá Property resumed in January of 2017 but

sales of copper concentrate sales did not commence until the latter portion of February 2017. Net loss from continuing operations for the period was $5.5 million, which included the $2.8 million loss from mining operations, $6.7 million of finance expense, and $4.4 million in general and administrative expenses, partially offset by $5.9 million of foreign exchange gains, primarily on US dollar denominated debt as the US dollar weakened compared to the Brazilian Real and $2.6 million in finance and other income. As noted above, during the three month period ended March 31, 2018, the Company identified a misstatement in the amounts previously reported for the three month period ended March 31, 2017 for the foreign exchange gain (loss) and as result net loss. The net loss and loss per share amounts for the three month period ended March 31, 2017 have been corrected in the table on the prior page and the explanation above has been updated from the previous MD&A's.

6. On December 12, 2016, the Company acquired an approximate 85% interest in MCSA and an approximate 28% interest in NX Gold. In connection with such acquisitions, MCSA and NX Gold withdrew from judicial reorganization proceedings. The loss for the quarter ended December 31, 2016 includes $2.4 million associated with MCSA from the date of acquisition.
7. The Company was incorporated on May 16, 2016, and consequently, did not have any operations prior to such time.

LIQUIDITY, CAPITAL RESOURCES AND CONTRACTUAL OBLIGATIONS

Liquidity

As at March 31, 2018, the Company held cash and cash equivalents of $27.1 million. Cash and cash equivalents are primarily comprised of cash held with reputable financial institutions and are invested in highly liquid short-term investments with maturities of three months or less. The funds are not exposed to liquidity risk and there are no restrictions on the ability of the Company to use these funds to meet its obligations.

Cash and cash equivalents decreased by $24.0 million during the three month period ended March 31, 2018. The Company's cash flows from operating, investing and financing activities during the year are summarized as follows:

- Cash flows used in financing activities of approximately $2.5 million, including:
  - $1.2 million proceeds from issuance of share capital;

  net of:
  - $1.3 million on repayment on loans and borrowings;
  - $1.8 million on payment of interest on loans and borrowings

- Cash used in investing activities of $22.3 million, principally related to additions to mineral property, plant and equipment, and exploration and and evaluation activities

Partially offset by:

- Cash from operating activities of $0.7 million;

As at March 31, 2018, the Company had a working capital surplus of $22.2 million.

The Company does not expect to have any issues with respect to its ability to service its debt obligations. The Company has restructured its core debt such that there are no significant principal repayments in the next 9 months, at which time the Company anticipates that the Vermelhos Mine will have reached commercial production. The restructured debt repayment obligations are repayable over an eight-year period commencing at the earliest of the date of commercial production at the Vermelhos Mine or, at the latest, 29 months following the signing of its restructured loan agreements (May 2019). The Company expects, based on estimated cash flows, that the risk to the Company of being unable to service its debt obligations is largely limited to a significant drop in the underlying commodity price and certain other factors that may cause a delay with respect to the commencement of commercial production at the Vermelhos Mine.

Capital Resources

The Company's primary sources of capital are comprised of cash from operations, cash and cash equivalents on hand and debt facilities. The Company will continuously monitor its capital structure and, based on changes in operations and economic conditions, may adjust such structure by issuing new common shares or new debt as necessary. While the Company has been successful in securing financing to date, there are no guarantees that it will be able to secure such financing in the future on terms acceptable to the Company, if at all. Management believes that the Company has sufficient working capital to maintain its planned operations and activities for the current fiscal year.

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

Contractual Obligations and Commitments

As at March 31, 2018, the Company's contractual obligations and commitments are summarized as follows:

The Company has entered into agreements for the rental of office space that require minimum payments as follows:

2018	$	50
2019		68
2020		69
2021		69
2022		29
Total Commitments	**$**	**285**

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 the Company incurring losses from a financial instrument arising from a counterparty's failure to comply with its contractual obligations.

With regards to the financial investments, the Company aims to invest cash and cash equivalents with financial institutions that are financially sound based on their credit ratings.

The carrying value of the financial assets below represents the maximum credit risk exposure as at March 31, 2018 and December 31, 2017:

	March 31, 2018	December 31, 2017
Cash and cash equivalents	**$ 27,072**	$ 51,098
Restricted cash	**2,200**	2,193
Accounts receivable	**1,629**	2,217
Deposits	**2,163**	1,955
Other non-current assets - term deposits	**766**	753
	$ 33,830	$ 58,216

The Company invests cash and cash equivalents and restricted cash with financial institutions that are financially sound based on their credit rating. The Company's exposure to credit risk associated with accounts receivable is influenced mainly by the individual characteristics of each customer. The Company currently has only one customer. To limit its exposure to credit risk, the Company established a credit term of payment due one day after delivery of goods. The Company has not incurred a significant credit loss during the three month period ended March 31, 2018 nor does it have an allowance for doubtful accounts.

Expected credit losses

We have reviewed our expected credit losses on our trade receivables on transition to IFRS 9. We have also implemented a process for managing and estimating provisions relating to trade receivables going forward under IFRS 9. For our trade receivables, we apply the simplified approach for determining expected credit losses which requires us to determine the lifetime expected losses for all our trade receivables. The expected lifetime credit loss provision for our trade receivables is based on historical counterparty default rates and adjusted for relevant forward looking information, when required. As our only customer is considered to have low default, historical default rates are low and the lifetime expected credit loss allowance for trade receivables is nominal as at January 1, 2018 and March 31, 2018. Accordingly, we did not record an adjustment relating to the implementation of the expected credit loss model for our trade receivables.

Derivatives

The Company may use derivatives, including forward contracts and swap contracts, to manage market risks. At March 31, 2018, the Company has entered into foreign exchange swap contracts for a notional amount of $27.0 million to sell U.S. dollars into Brazilian Real at rates ranging from 3.2705 to 3.3307. The maturity dates of these contracts range from April 10, 2018 to June 25, 2018 and are financially settled on a net basis. The fair value of these contracts at March 31, 2018 was a $0.4 million liability, (December 31, 2017 - $0.9 million) which has been included in Derivatives in the statement of financial position.

For a discussion of additional risks applicable to the Company and its business and operations, including risks related to the Company's foreign operations, the environment and legal proceedings, see "*Risk Factors*" in the Company's Annual Information Form for the year ended December 31, 2017 and dated March 28, 2018 (the "AIF").

OTHER FINANCIAL INFORMATION

Off-Balance Sheet Arrangements

As at March 31, 2018, the Company had no material off-balance sheet arrangements.

Contingencies

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

Outstanding Share Data

At May 7, 2018, the Company had 84,455,650 common shares; 3,678,000 stock options, and 3,333,328 warrants issued and outstanding.

Related Party Disclosures

For the three month period ended March 31, 2018, amounts paid to related parties were incurred in the normal course of business and measured at the exchange amount, which is the amount agreed upon by the transacting parties and on terms and conditions similar to non-related parties.

Key management personnel consist of the Company's directors and officers and their compensation includes management and consulting fees paid to these individuals, or companies controlled by these individuals, and share based compensation. The aggregate value of compensation paid to key management personnel for the three month period ended March 31, 2018 was $0.6 million ($0.4 million for the three month period ended March 31, 2017). In addition, $0.5 million was recognized in share-based compensation for the three month period ended March 31, 2018 for options previously issued to key management personnel ($nil for the three month period ended March 31, 2017).

Key management personnel held certain convertible debentures which were converted in the three months ended March 31, 2018 into 1,476,164 common shares and 369,040 common share purchase warrants. The warrants were subsequently exercised into 369,040 common shares. During the three month period ended March 31, 2017, key management personnel participated in certain financing activities by purchasing 233,333 common shares of the Company for total proceeds of $0.4 million and by subscribing to $1.0 million of the convertible debentures.

ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

Critical Accounting Judgments and Estimates

The Company's December 31, 2017 consolidated financial statements are prepared in accordance with IFRS as issued by the International Accounting Standards Board (IASB). The significant polices applied and recent accounting pronouncements are described in Note 2 of the Company's 2017 annual consolidated financial statements, respectively, except as discussed below.

In preparing the condensed consolidated interim financial statements in accordance with IAS 34, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. These estimates involve considerable judgement and are, or could be, affected by significant factors that are out of the Company's control. Actual results could differ from those estimates. Management reviews its estimates and assumptions on an ongoing basis using the most current information available. Revisions to estimates and the resulting effects on the carrying values of the Company's assets and liabilities are accounted for prospectively. For a description of the critical judgements in application fo the accounting policies and information about assumptions and estimations uncertainties, refer to the Company's MD&A for the year ended December 31, 2017, which is available on SEDAR at www.sedar.com.

New Accounting Standards Adopted in the Current Period

The following new and amended IFRS pronouncements were adopted effective January 1, 2018:

i) IFRS 15 Revenue from Contracts with Customers

IFRS 15 replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programs*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfer of Assets from Customers*, and SIC 31 *Revenue – Barter Transactions Involving Advertising Services*.

The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The new standard applies to contracts with customers. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs.

Adoption of IFRS 15 did not have a material impact on our condensed consolidated interim financial statements.

The following is the Company's new accounting policy for revenue recognition under IFRS 15:

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

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

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

ii) IFRS 9 Financial Instruments

IFRS 9 replaces IAS 39, Financial Instruments: Recognition & Measurement and introduces new requirements for the classification and measurement of financial assets. Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The standard also introduces additional changes relating to financial liabilities, amends the impairment model by introducing a new 'expected credit loss' model for calculating impairment and introduces a new general hedge accounting standard which aligns hedge accounting more closely with risk management.

The adoption of IFRS 9 did not have a material impact on the measurement of the Company's financial instruments in the condensed consolidated interim financial statements. However, additional disclosures have been provided.

The following are new accounting policies for financial instruments under IFRS 9.

Non-derivative financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Measurement and classification of financial assets is dependent on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change relating to the Company's own credit risk is recorded in other comprehensive income rather than in profit or loss, unless this creates an accounting mismatch. Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. See Note 15 to these condensed consolidated interim financial statements for the classifications of our financial instruments under IFRS 9.

Financial assets at FVTPL

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

Financial assets at FVTOCI

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

Financial assets at amortized cost

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

Financial liabilities

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

Derivative instruments

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

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

Expected credit losses

IFRS 9 introduces a new three-stage expected credit loss model for calculating impairment for financial assets. IFRS 9 no longer requires a triggering event to have occurred before credit losses are recognized. The Company is required to recognize expected credit losses when financial instruments are initially recognized and to update the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial instruments. In addition, IFRS 9 requires additional disclosure requirements about expected credit losses and credit risk.

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses. For trade receivables the Company applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

Future Changes in Accounting Policies Not Yet Effective as at March 31, 2018

A number of new standards and amendments to standards are effective for annual periods beginning after January 1, 2018. The standards that may have a significant impact on the consolidated financial statements are as follows:

i) IFRS 16 Leases

On January 13, 2016, the IASB issued IFRS 16 *Leases* ("IFRS 16"). The new standard is effective for the Company on January 1, 2019. Earlier application is permitted for entities that apply IFRS 15 *Revenue from Contracts with Customers* at or before the date of initial adoption of IFRS 16. IFRS 16 will replace IAS 17 *Leases*.

This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors.

Other areas of the lease accounting model have been impacted, including the definition of a lease. Transitional provisions have been provided.

While the Company is currently completing its evaluation of the new standard, the Company does not expect any significant impact on the consolidated financial statements from the adoption of IFRS 16.

Local Currency Operating Metrics – Presented in Brazilian reais

		2018 - Q1[2]	2017 - Q4	2017 - Q1[1]
Costs				
Mining - UG	R$	40,196	$ 39,109	$ 21,822
- OP		12,985	10,504	9,368
Processing		13,324	15,483	9,579
Indirect		4,899	5,001	4,122
Production costs		71,405	70,098	44,891
Capex development		(10,681)	(7,598)	(2,025)
By-product credits		(3,017)	(3,802)	(1,769)
Treatment, refining and other		(1,393)	n/a	n/a
C1 Cash Costs	**R$**	**56,314**	**$ 58,698**	**$ 41,097**
Breakdown Mined and Processed (tonnes)				
UG Mined		275,003	292,558	179,784
OP Mined		1,347,536	1,130,505	808,694
Total Mined (t):		**1,622,539**	**1,423,063**	**988,478**
Total Processed (t)		**316,126**	**452,371**	**275,740**
Cu Production (t)		**4,845**	**5,334**	**3,354**
UG Mining - R$/tonne mined		146.17	133.68	121.38
OP Mining - R$/tonne mined		9.64	9.29	11.58
Processing -R$/S tonne processed		42.15	34.23	34.74
Indirect -R$/S tonne processed		15.50	11.06	14.95
Cash Cost of Copper produced (t)	**R$**	**11,623**	**11,004**	**12,251**

Footnotes

[1] - Ero was incorporated on May 16, 2016. MCSA was acquired December 12, 2016. Operations did not commence until 1st quarter of 2017.

[2] - Starting 2018 in its computation of C1 Cash costs, Ero is including the costs of treatment, refinement and other costs and credits associated with selling concentrate to customers.

NON-IFRS MEASURES

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

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

C1 Cash Cost of Copper Produced (per lb)

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

	2018 - Q1[2]	2017 - Q4	2017 - Q1[1]
Costs			
Mining	$ 16,396	$ 15,165	$ 10,061
Processing	4,108	5,540	3,054
Indirect	1,511	927	1,314
Production costs	22,014	21,632	14,429
Capex development	(3,293)	(2,374)	(646)
By-product credits	(930)	(1,173)	(567)
Treatment, refining and other	(429)	n/a	n/a
C1 Cash Costs	**$ 17,362**	18,085	13,216
Costs per pound			
Payable copper produced (lb)	**10,682**	**11,760**	**7,396**
Mining	1.53	1.29	1.36
Processing	0.38	0.47	0.41
Indirect	0.14	0.08	0.18
Capex development	(0.30)	(0.20)	(0.09)
By-product credits	(0.08)	(0.10)	(0.08)
Treatment, refining and other	(0.04)	n/a	n/a
C1 Cash Cost of Copper produced (per lb)	**1.63**	**1.54**	**1.79**

Footnotes

[1] - Ero was incorporated on May 16, 2016. MCSA was acquired December 12, 2016. Operations did not commence until 1st quarter of 2017.

[2] - Starting 2018 in its computation of C1 Cash costs, Ero is including the costs of treatment, refinement and other costs and credits associated with selling concentrate to customers.

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

	2018 - Q1[2]	2017 - Q4	2017 - Q1[1]
Reconciliation:			
Cost of Product Sold	$ 22,755	$ 31,453	$ 14,660
Add (less):			
Depreciation/amortization/depletion	(7,511)	(10,763)	(4,642)
Net Change in Inventory	3,135	(424)	3,679
Transportation costs & other	329	356	173
By-product credits	(930)	(1,173)	(563)
Treatment, refining, and other	(429)	n/a	n/a
Foreign exchange translation adjustments	13	(1,364)	(91)
C1 Cash costs	**$ 17,362**	**$ 18,085**	$ 13,216

Footnotes

[1] - Ero was incorporated on May 16, 2016. MCSA was acquired December 12, 2016. Operations did not commence until 1st quarter of 2017.

[2] - Starting 2018 in its computation of C1 Cash costs, Ero is including the costs of treatment, refinement and other costs and credits associated with selling concentrate to customers.

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

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

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

- Gain on debt settlement
- Foreign exchange gain (loss)

	2018 - Q1	2017 - Q4	2017 - Q1[1]
Reconciliation:			
Net Income (loss)	$ (4,096)	$ 19,481	$ (7,061)
Adjustments:			
Finance expenses	4,245	1,743	6,748
Taxes	(604)	(593)	(1)
Depreciation/amortization/depletion	7,539	10,793	4,642
EBITDA	**7,084**	**31,424**	**4,328**
Gain on debt settlement	-	(28,727)	-
Foreign exchange (gain) loss	(843)	9,292	(5,881)
Adjusted EBITDA	**$ 6,241**	**$ 11,989**	**$ (1,553)**

Footnotes

[1] - Ero was incorporated on May 16, 2016. MCSA was acquired December 12, 2016. Operations did not commence until 1st quarter of 2017.

Net Debt

Net debt is determined based on cash and cash equivalents, restricted cash and loans and borrowings as reported in the Company's consolidated financial statements. The Company uses net debt as a measure of the Company's ability to pay down it's debt. The following table provides a calculation of net debt based on amounts presented in the Company's consolidated financial statements as at March 31, 2018 and December 31, 2017.

		March 31, 2018		December 31, 2017
Cash and cash equivalents	$	27,072	$	51,098
Restricted cash		2,200		2,193
Less: Current portion of loans and borrowings		(9,773)		(5,601)
Long-term portion of loans and borrowings		(130,172)		(133,565)
Net Debt	**$**	**(110,673)**	**$**	**(85,875)**

Working Capital

Working capital is determined based on current assets and current liabilities as reported in the Company's consolidated financial statements. The Company uses working capital as a measure of the Company's short-term financial health and operating efficiency. The following table provides a calculation of working capital based on amounts presented in the Company's consolidated financial statements as at March 31, 2018 and December 31, 2017.

		March 31, 2018		December 31, 2017
Current Assets	$	75,596	$	97,892
Less: Current Liabilities		(53,441)		(55,332)
Working Capital (Deficit)	**$**	**22,155**	**$**	**42,560**

Internal Control over Financial Reporting

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

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

There were no changes in the Company's ICFR that materially affected, or are reasonably likely to materially affect, ICFR during the three month period ended March31, 2018.

NOTE REGARDING SCIENTIFIC AND TECHNICAL INFORMATION

Unless otherwise indicated, Ero has prepared the technical information in this MD&A ("Interim Technical Information") based on information contained in the report entitled "2017 Updated Mineral Resources and Mineral Reserves Statements of Mineração Caraíba's Vale do Curaçá Mineral Assets, Curaçá Valley", dated September 7, 2017 with an effective date of June 1, 2017, prepared by Rubens Mendonça, MAusIMM, formerly of SRK Consultores do Brasil Ltda. (now with Planminas – Projecctos e Consultoria em Mineração Ltda.), and Porfirio Cabaleiro Rodrigues, MAIG, Mário Conrado Reinhardt, MAIG, Fábio Valério Xavier, MAIG, and Bernardo H.C. Viana, MAIG, all of GE21 Consultoria Mineral (the "Vale do Curaçá Technical Report"). The Vale do Curaçá Technical

Report was prepared by or under the supervision of a qualified person (a "Qualified Person") as defined in National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101").

The disclosure of Interim Technical Information in this MD&A, including sampling procedures and monthly mass balance data underlying the information contained therein, was reviewed and approved by Rubens Mendonça, a Qualified Person under NI 43-101.

Cautionary Note Regarding Forward-Looking Statements

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities laws. Forward-looking information includes statements that use forward-looking terminology such as "may", "could", "would", "will", "should", "intend", "target", "plan", "expect", "budget", "estimate", "forecast", "schedule", "anticipate", "believe", "continue", "potential", "view" or the negative or grammatical variation thereof or other variations thereof or comparable terminology. Such forward-looking information includes, without limitation, statements with respect to the Company's intention to dispose of NX Gold in the next year, expected operations at the Pilar Mine, timing of production at the Vermelhos Mine, drilling plans, plans for the Company's electromagnetic survey, the Company's ability to service its ongoing obligations, the Company's future capital resources and the impact of new accounting standards and amendments on the Company's financial statements.

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

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

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

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

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

ADDITIONAL INFORMATION

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