



**NOTICE OF  
2018 ANNUAL GENERAL MEETING OF SHAREHOLDERS**

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**MANAGEMENT INFORMATION CIRCULAR  
MAY 7, 2018**

These materials are important and require your immediate attention. They require the shareholders of Ero Copper Corp. to make important decisions. If you are in doubt as to how to make such decisions, please contact your financial, legal or other professional advisors.

## NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the annual general meeting (the “**Meeting**”) of the shareholders of **ERO COPPER CORP.** (the “**Company**” or “**Ero**”) will be held:

**When:**

Thursday, June 14, 2018  
2:00 p.m. (Vancouver time)

**Where:**

Beijing Room at the Metropolitan Hotel Vancouver  
645 Howe Street, Vancouver, British Columbia

The following items of business will be covered at the Meeting:

1. receive the audited consolidated financial statements of the Company for the financial year ended December 31, 2017, and the auditor’s report thereon;
2. set the number of directors at seven;
3. elect seven directors to hold office for the ensuing year;
4. reappoint KPMG LLP, Chartered Professional Accountants, as the auditor of the Company for the ensuing year, and authorize the directors to fix the remuneration to be paid to the auditor; and
5. transact such other business as may be properly brought before the Meeting.

The management information circular (the “**Circular**”) provides additional information relating to the matters to be addressed at the Meeting and is deemed to form part of this Notice.

If you owned common shares of Ero as of the close of business on May 10, 2018 (the record date for the Meeting), you are entitled to vote at the Meeting.

Registered shareholders of Ero are entitled to vote at the Meeting either in person or by proxy. Registered Shareholders who are unable to attend the Meeting in person are encouraged to read, complete, sign, date and return the enclosed proxy form in accordance with the instructions set out in the proxy form and in the Circular. In order to be valid for use at the Meeting, proxies must be received by Computershare Investor Services Inc., Proxy Dept., 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1 in the envelope provided for that purpose, or vote using the telephone or internet based on instructions provided in the enclosed proxy form no later than 2:00 p.m. (Vancouver time) on June 12, 2018, or in the case of any adjournment or postponement of the Meeting, at least 48 hours (excluding Saturdays, Sundays and holidays), before the Meeting is reconvened. Please advise the Company of any change in your mailing address. The time limit for deposit of proxies may be waived or extended by the Chairman of the Meeting at his discretion, without notice.

If you are a non-registered shareholder of Ero, please refer to the section in the Circular entitled “*Solicitation of Proxies and Voting Instructions*” for information on how to vote your common shares.

**DATED** at Vancouver, British Columbia, this 7<sup>th</sup> day of May, 2018.

**BY ORDER OF THE BOARD**

*“Christopher Noel Dunn”*  
Executive Chairman

# MANAGEMENT INFORMATION CIRCULAR

## ABOUT THIS MANAGEMENT INFORMATION CIRCULAR

This management information circular (the “**Circular**”) is furnished in connection with the solicitation of proxies by the management of Ero for use at the annual general meeting of the Company to be held at 2:00 p.m. (Vancouver time) on Thursday, June 14, 2018 and at any adjournments or postponement thereof (the “**Meeting**”) for the purposes set forth in the accompanying Notice of Annual Meeting of Shareholders (the “**Notice of Meeting**”).

Management’s solicitation of proxies will be conducted by mail and may be supplemented by telephone or other personal contact to be made by our directors, officers and employees, without special compensation. All costs of the solicitation for the Meeting will be borne by the Company.

Unless otherwise specified, the information contained in this Circular is current as of May 7, 2018. In this Circular, unless otherwise indicated, all dollar amounts represented by “\$” are references to Canadian dollars and all dollar amounts represented by “US\$” are references to United States dollars.

In this Circular, “*we*”, “*us*”, “*our*”, “*Ero*” and the “*Company*” means Ero Copper Corp.

“*You*”, “*your*” and “*shareholder*” means holders of Shares of Ero as of the May 10, 2018 record date.

**Your vote is important. You can vote by completing the form included with this package or by attending the Meeting in person.**

## SOLICITATION OF PROXIES AND VOTING INSTRUCTIONS

### WHO CAN VOTE

Each holder of common shares of the Company (the “**Shares**”) is entitled to one vote for each Share registered in his, her or its name held at the close of business on May 10, 2017, the date fixed by the board of directors of the Company (the “**Board**”) as the record date for determining who is entitled to receive notice of and to vote at the Meeting.

The voting process is different depending on whether you are a registered or non-registered shareholder.

#### *Registered shareholders*

You are a registered shareholder if your name appears on your share certificate or appears as the registered shareholder in the records of our transfer agent, Computershare.

#### *Non-registered (beneficial) shareholder*

You are a non-registered (beneficial) shareholder if your Shares are not registered in your name, but are instead registered in the name of either:

- an intermediary that you deal with in respect of your Shares, such as, among others, your brokerage firm, bank, trust company, securities dealer or broker, or trustee or administrator of a self-administered RRSP, RRIF, RESP, RDSPs, TFSAs or similar plans (your *nominee*); or
- a clearing agency (such as CDS & Co.) that acts on behalf of your nominee.

Please be sure to follow the appropriate voting procedure set out below.

## **HOW TO VOTE**

### ***Registered Shareholders***

You can vote by proxy or in person at the Meeting.

#### *Voting by proxy*

Voting by proxy is the easiest way to vote because you can appoint any person or company to be your proxyholder to attend the Meeting and vote your Shares according to your instructions. This proxyholder does not need to be a shareholder.

The executive officers of the Company named in the proxy form (the “**Ero proxyholders**”) can act as your proxyholder and vote your Shares according to your instructions. If you appoint the Ero proxyholders and do not indicate your voting instructions, they will vote your Shares:

- *for* setting the number of directors at seven;
- *for* the election of the nominated directors listed in the proxy form and in this Circular; and
- *for* the reappointment of KPMG LLP, Chartered Professional Accountants, of Vancouver, British Columbia (“**KPMG**”) as the independent auditor of the Company, at remuneration to be set by the Board.

This is consistent with the voting recommendations of the Board and management of Ero. If there are other items of business that properly come before the Meeting, or amendments or variations to the items of business set out in the Notice of Meeting, the Ero proxyholders will vote according to management’s recommendations.

**You have the right to appoint as proxyholder a person or company other than the Ero proxyholders to attend and act on your behalf at the Meeting. You can do so by inserting the name of the person or company in the blank space provided in the enclosed proxy form or by completing another form of proxy.**

By completing and returning the proxy, you are authorizing your proxyholder to vote your Shares or withhold your vote in accordance with your instructions on any ballot that may be called for at the Meeting and if you specify a choice on a matter, your Shares will be voted accordingly. If there are other items of business that properly come before the Meeting, or amendments or variations to the items of business, your proxyholder has the discretion to vote your Shares as he or she sees fit.

If you appoint someone other than the Ero proxyholders to be your proxyholder, he or she must attend and vote at the Meeting for your vote to be counted.

You can mail your completed proxy form to Computershare Investor Services Inc. (“**Computershare**”), Proxy Dept., 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1 in the envelope provided for that purpose, or you can vote using the telephone or internet based on instructions provided in the enclosed proxy form.

To be effective, Computershare must receive your completed proxy form by no later than 2:00 p.m. (Vancouver time) on June 12, 2018. If the Meeting is adjourned or postponed, Computershare must receive your completed proxy form at least 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting is reconvened. The time limit for deposit of proxies may be waived or extended by the Chairman of the Meeting at his discretion, without notice.

**Questions?** Call Computershare at 1-800-564-6253 (outside North America 514-982-7555).

#### *Voting in person*

If you want to attend the Meeting and vote in person, do not return the proxy form. Simply register with a representative of Computershare when you arrive at the Meeting.

#### ***Non-Registered (Beneficial) Shareholders***

You can also vote by proxy or in person at the Meeting.

#### *Voting by proxy*

There are two types of non-registered (beneficial) shareholders:

- a non-objecting beneficial owner (“**NOBO**”) who does not object to us knowing their identity; and
- an objecting beneficial owner (“**OBO**”) who does not want us to know their identity.

In accordance with the requirements of National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”), we have elected to deliver the proxy-related materials, including a voting instruction form (“**VIF**”) (collectively, the “**Meeting Materials**”) directly to Canadian NOBOs and indirectly through intermediaries for onward distribution to the NOBOs in the United States and the OBOs (unless such shareholder has waived the right to receive such materials). We do not intend to pay for the distribution of the Meeting Materials by intermediaries and clearing agencies to OBOs, and OBOs will not receive the materials unless the OBOs’ intermediaries and clearing agencies assume the cost of delivery. Intermediaries often use a service company (such as Broadridge Investor Communication Solutions, Inc.) to deliver the Meeting Materials.

Generally, non-registered shareholders who have not waived the right to receive the Meeting Materials will be given a VIF which must be completed and signed by the non-registered shareholder in accordance with the directions on the VIF. Non-registered shareholders should submit VIFs in sufficient time to ensure that their votes are received by the Company.

The purpose of these procedures is to permit non-registered shareholders to direct the voting of the Shares they beneficially own. Non-registered shareholders should carefully follow the instructions on the VIF. Non-registered shareholders should ensure that instructions respecting the voting of their Shares are communicated to the appropriate persons, as required.

#### *Voting in person*

If you want to attend the Meeting and vote in person, follow the instructions provided on the VIF and/or by your intermediary. You cannot use a VIF to vote directly at the Meeting. You must request a legal proxy form granting you the right to attend the Meeting and vote in person and return the proxy form to

Computershare within the time period specified above. When you arrive at the Meeting, you must register with a representative of Computershare.

## **CHANGING YOUR VOTE**

### ***Registered Shareholders***

You can revoke your proxy by sending a new completed proxy form with a later date, or a written notice signed by you or by your personal representative, if he or she has your written authorization. If you represent a registered shareholder that is a corporation, your written notice must have the seal of the corporation, if applicable, and must be executed by an officer or an attorney who has their written authorization. The written authorization must accompany the revocation notice. The new completed proxy form or written revocation notice must be received at our head office at Suite 1050, 625 Howe Street, Vancouver, British Columbia, V6C 2T6 at any time up to and including the last business day before the day of the Meeting, or in the case of any adjournment or postponement of the Meeting, the last business day before the Meeting is reconvened, or with the chairman of the Meeting on the day of, and prior to the start of, the Meeting or any adjournment or postponement thereof. You can also revoke your proxy in any other manner permitted by law.

### ***Non-Registered (Beneficial) Shareholders***

Follow the instructions provided on the VIF and or/ by your intermediary to revoke your proxy.

## **VOTES NECESSARY TO PASS RESOLUTIONS**

A simple majority of affirmative votes cast at the Meeting is required to pass each of the resolutions described in this Circular. If there are more nominees for election as directors or appointment of the Company's auditor than there are vacancies to fill, the nominees receiving the greatest number of votes will be elected or appointed, as the case may be, until all such vacancies have been filled. If the number of nominees for election or appointment is equal to the number of vacancies to be filled, all such nominees will be declared elected or appointed by acclamation.

## **INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON**

Other than as disclosed elsewhere in this Circular, none of the directors or executive officers of the Company, no proposed nominee for election as a director of the Company (each, a "**Nominee**"), none of the persons who have been directors or executive officers of the Company since the commencement of the Company's most recently completed financial year and no associate or affiliate of any of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting other than the election of directors.

## PARTICULARS OF MATTERS TO BE ACTED UPON

We will cover the following items of business at the Meeting:

### 1. *Financial Statements*

The audited consolidated financial statements and management's discussion and analysis ("MD&A") of the Company for the financial year ended December 31, 2017 are available on our website at [www.eroopper.com](http://www.eroopper.com) or under our profile on SEDAR at [www.sedar.com](http://www.sedar.com).

The audited consolidated financial statements of the Company for financial year ended December 31, 2017, and the auditor's report thereon, will be placed before the shareholders at the Meeting. No shareholder vote is required for this item.

### 2. *Number of Directors*

Currently, the number of directors is set at six. At the Meeting, we will ask shareholders to vote for the number of directors to be set at seven.

**In the absence of instructions to the contrary, the person(s) designated by management of the Company in the enclosed form of proxy intend to vote FOR the number of directors to be set at seven.**

### 3. *Election of Directors*

The Board currently consists of six directors, being Christopher Noel Dunn (Executive Chairman), David Strang (President and Chief Executive Officer ("CEO")), Lyle Braaten, Steven Busby, John Wright and Matthew Wubs. Each director's term will expire immediately prior to the Meeting.

At the Meeting, we will ask shareholders to vote to elect the following seven persons, who are each a Nominee, as directors of the Company:

- Christopher Noel Dunn;
- David Strang;
- Lyle Braaten;
- Steven Busby;
- John Wright;
- Matthew Wubs; and
- Robert Getz.

**In the absence of instructions to the contrary, the person(s) designated by management of the Company in the enclosed form of proxy intend to vote FOR the election of the Nominees.**

We do not contemplate that any of the Nominees will be unable to serve as a director. If that should occur for any reason prior to the Meeting, it is intended that discretionary authority shall be exercised by the persons named in the accompanying proxy to vote for the election of any other person or persons, unless you specify that your Shares are to be withheld from voting on the election of directors.

Each director elected at the Meeting will hold office until the next annual meeting of shareholders or until their successor is elected or appointed, unless their office is earlier vacated in accordance with our articles or with the provision of the *Business Corporations Act* (British Columbia).

## Majority Voting Policy

The Company has adopted a majority voting policy (the “**Majority Voting Policy**”). See “*Corporate Governance Practices – The Board – Majority Voting Policy*” below.

## Nominees for Election as Directors

The following table sets out the name of each Nominee, their province or state and country of residence, their current position(s) and office(s) held with the Company (if any), their principal occupation(s) during the preceding five years, the date they became a director of the Company (if applicable), and the number of Shares they beneficially own, or control or direct, directly or indirectly, as at the date of this Circular.

<b>Name and Residence</b>	<b>Position(s) and Office(s) with Ero</b>	<b>Principal Occupation(s) During Past Five Years</b>	<b>Director Since</b>	<b>Number of Shares Held</b>
Christopher Noel Dunn <sup>(1)(2)</sup> Massachusetts, USA	Executive Chairman and Director (non-independent)	Executive Chairman, Ero Copper Corp. since May 16, 2016; Co-Managing Partner of Ero Resource Partners LLC since February 2014 (currently inactive); Managing Director of Liberty Metals & Mining LLC from 2011 until 2013.	May 16, 2016	3,026,767 <sup>(5)</sup>
David Strang <sup>(2)</sup> British Columbia, Canada	President and CEO, and Director (non-independent)	Director, President and Chief Executive Officer, Ero Copper Corp. since May 16, 2016; Co-Managing Partner of Ero Resource Partners LLC since February 2014 (currently inactive); CEO and Director, Lumina Copper Corp. from August 2008 until August 2014.	May 16, 2016	5,255,936 <sup>(6)</sup>
Lyle Braaten <sup>(1)(3)(4)</sup> British Columbia, Canada	Director (independent)	President and Chief Executive Officer, Miedzi Copper Corp. since March 2012; Vice President, Legal, Lumina Gold Corp. since June 2014; Vice President, Legal, Anfield Gold Corp. from May 2016 until December 2017; Special Counsel, Innergex Renewable Energy Inc. (a successor to Alterra Power Corp.) since June 2008.	July 27, 2016	316,666 <sup>(7)</sup>
Steven Busby <sup>(1)(2)</sup> British Columbia, Canada	Director (independent)	Chief Operating Officer of Pan American Silver Corp. since 2008.	July 27, 2016	366,666 <sup>(8)</sup>
John Wright <sup>(3)(4)</sup> British Columbia, Canada	Director (independent)	Assisting Capstone Mining Corp. in a Business Development role since December 2006.	July 27, 2016	866,666 <sup>(9)</sup>



Name and Residence	Position(s) and Office(s) with Ero	Principal Occupation(s) During Past Five Years	Director Since	Number of Shares Held
Matthew Wubs <sup>(3)(4)</sup> British Columbia, Canada	Director (independent)	Co-Chief Executive Officer, Westland Insurance Group Ltd. since January 2016; Chief Financial Officer, Westland Insurance Group Ltd. from January 2002 until December 2015.	July 27, 2016	2,455,935 <sup>(10)</sup>
Robert Getz Connecticut, USA	N/A	Managing Partner, Pecksland Capital Partners since December 2015. Partner and Co-Founder, Cornerstone Equity Investors from September 1996 to June 2017.	N/A	216,666

**Notes:**

- (1) Member of the Nominating and Corporate Governance Committee. Lyle Braaten is the Chairman of the committee.
- (2) Member of the Environmental, Health, Safety and Sustainability Committee. Steven Busby is the Chairman of the committee.
- (3) Member of the Audit Committee. Matthew Wubs is the Chairman of the committee.
- (4) Member of the Compensation Committee. John Wright is the Chairman of the committee.
- (5) Mr. Dunn also holds 1,000,000 Share purchase warrants (“**Founder Warrants**”) and 409,000 stock options (the “**Options**”) to purchase Shares issued pursuant to the stock option plan of the Company (the “**Stock Option Plan**”), entitling him to acquire in the aggregate an additional 1,409,000 Shares. Each one Founder Warrant entitling the holder thereof to acquire one Share at a price of US\$1.20 until December 12, 2021, in accordance with the terms thereof and the Amended and Restated Warrant Indenture between the Company and Computershare Trust Company of Canada, as warrant agent, originally entered into on September 2, 2016 and amended and restated on December 12, 2016 and on September 12, 2017.
- (6) Mr. Strang also holds 1,000,000 Founder Warrants and 409,000 Stock Options, entitling him to acquire in the aggregate an additional 1,409,000 Shares.
- (7) Mr. Braaten also holds 66,666 Founder Warrants and 30,000 Stock Options, entitling him to acquire in the aggregate an additional 96,666 Shares.
- (8) Mr. Busby also holds 66,666 Founder Warrants and 30,000 Stock Options, entitling him to acquire in the aggregate an additional 96,666 Shares.
- (9) Mr. Wubs also holds 66,666 Founder Warrants and 30,000 Stock Options, entitling him to acquire in the aggregate an additional 96,666 Shares.
- (10) Mr. Wright also holds 66,666 Founder Warrants and 30,000 Stock Options, entitling him to acquire in the aggregate an additional 96,666 Shares.

The Nominees, as a group, beneficially owned, or controlled or directed, directly or indirectly, 12,505,302 Shares, representing approximately 14.81% of the total number of Shares outstanding before giving effect to the exercise of any Options and Founder Warrants held by such Nominees.

***Cease Trade Orders, Bankruptcies, Penalties or Sanctions***

Except as set out below, no Nominee is, as at the date of this Circular, or was within 10 years before the date of this Circular, a director, CEO or Chief Financial Officer (“**CFO**”) of any company (including Ero), that: (i) was subject to a cease trade order (including a management cease trade order), an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (an “**Order**”) and that was issued while the Nominee was acting in the capacity as director, CEO or CFO; or (ii) was subject to an Order that was issued after the Nominee ceased to be a director, CEO or CFO and which resulted from an event that occurred while that person was acting in the capacity as director, CEO or CFO.

Except as set out below, no Nominee (i) is, as at the date of this Circular, or was within the 10 years before the date of this Circular, a director or executive officer of any company (including Ero) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (ii) has, within the 10 years before the date of

this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the Nominee.

No Nominee has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a Nominee.

On April 20, 2009, while Mr. Getz was a director of Palladon Ventures, Ltd. (“**Palladon**”), Palladon became subject to a cease trade order in British Columbia as a result of certain deficiencies in its August 31, 2008 and November 30, 2008 interim financial statements, management's discussion and analysis and failure to file a business acquisition report. Palladon rectified all deficiencies identified in the cease trade order and the cease trade order was subsequently revoked on August 26, 2009. In September 2010, while Mr. Getz was a director of EarthRenew Corporation (“**EarthRenew**”), a private company, EarthRenew appointed a receiver-manager pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of its assets and undertakings. Mr. Getz is no longer a director of EarthRenew.

#### **4. Appointment of Auditor**

KPMG has been the independent auditor of the Company since May 15, 2017.

At the Meeting, we will ask shareholders to reappoint KPMG as auditor of the Company until the close of the next annual meeting of the shareholders, and authorize the Board to fix the remuneration to be paid to the auditor. The following table discloses the aggregate fees billed to the Company and its subsidiaries by KPMG in the financial years ended December 31, 2017 and 2016:

<b>Financial Year End</b>	<b>Audit Fees <sup>(1)</sup></b>	<b>Audit Related Fees</b>	<b>Tax Fees</b>	<b>All Other Fees</b>
December 31, 2017	US\$234,000	US\$91,500 <sup>(2)</sup>	US\$22,800 <sup>(3)</sup>	US\$259,200 <sup>(4)</sup>
December 31, 2016	US\$260,400	Nil	Nil	Nil

Note:

- <sup>(1)</sup> The aggregate fees billed for the audit of the annual consolidated financial statements of the Company and statutory audits of the Company's Brazilian subsidiaries.
- <sup>(2)</sup> The aggregate fees billed for professional services rendered by the external auditors in connection with an internal review of the unaudited financial statements of the Company for the period ended September 30, 2017, assistance in diagnosing the impacts of adopting and implementing International Financial Reporting Standards on the Company's subsidiaries and specified audit related procedures in Brazil.
- <sup>(3)</sup> The aggregate fees billed for professional services rendered by the external auditors in connection with the review of income tax and social contribution taxes of the Company's Brazilian subsidiaries for the 2013 to 2017 fiscal years.
- <sup>(4)</sup> The aggregate fees billed for professional services rendered by the external auditor in connection with the Company's prospectus and related services associated with the initial public offering of the Company.

**In the absence of instructions to the contrary, the person(s) designated by management of the Company in the enclosed form of proxy intend to vote FOR the reappointment of KPMG as auditor of the Company until the close of the next annual meeting of the shareholders, at a remuneration to be fixed by the Board.**

We are not aware of any other matter to come before the Meeting other than as set forth in the Notice of Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed proxy to vote the Shares represented thereby in accordance with their best judgment on such matter.

## STATEMENT OF EXECUTIVE AND DIRECTOR COMPENSATION

The following section describes the significant elements of the Company's executive and director compensation programs, with particular emphasis on the compensation payable to the Executive Chairman, the President and CEO and other officers that were determined to be "Named Executive Officers" or "NEOs" within the meaning of National Instrument 51-102 – *Continuous Disclosure Obligations* ("NI 51-102"). During the financial year ended December 31, 2017, the Company had the following five NEOs:

- Christopher Noel Dunn, Executive Chairman and a director of the Company;
- David Strang, President and CEO and a director of the Company;
- Wayne Drier, CFO
- Michel (Mike) Richard, Chief Geological Officer ("CGO"); and
- Makko DeFilippo, Vice President, Corporate Development.

In some instances, the compensation programs and certain other matters outlined herein also apply to other members of senior management, however, the programs are discussed as they relate specifically to our executives.

### COMPENSATION DISCUSSION AND ANALYSIS

#### *Compensation Governance*

##### *Responsibilities of the Compensation Committee*

The Board has established the Compensation Committee and adopted a Compensation Committee mandate. The role of the Compensation Committee is to assist the Board in fulfilling its oversight responsibilities pertaining to compensation matters, including the Company's compensation policies and practices. Among other things, the Compensation Committee is responsible for:

- reviewing and approving corporate goals and objectives relevant to the compensation of the Executive Chairman and President and CEO;
- periodically reviewing the terms of the Company's executive compensation programs to determine if they are properly coordinated and achieving their desired purpose;
- reviewing and approving corporate goals and objectives relevant to the compensation of the Executive Chairman and the President and CEO, evaluating their performance in light of such corporate goals and objectives, and making recommendations to the Board with respect to their compensation levels based on such evaluation;
- reviewing recommendations from the President and CEO regarding the appointment, compensation and other terms of employment of the CFO, and other officers, and making recommendations to the Board regarding the same;
- administering and interpreting the Company's security based compensation arrangements and its policies respecting the grant of Options issued pursuant to the Stock Option Plan and share units (the "**Share Units**") issued pursuant to the share unit plan of the Company (the "**Share Unit Plan**") or sale of Shares thereunder, and reviewing and recommending to the Board grants of Options and Share Units and terms thereof;
- periodically retaining the services of a compensation consultant to facilitate the Compensation Committee's performance of its mandate; and

- reviewing and assessing the adequacy of this mandate at least annually to ensure compliance with any rules or regulations promulgated by any regulatory body and recommending to the Board for its approval any modifications to this mandate as considered.

The Compensation Committee is currently comprised of John Wright (Chairman), Lyle Braaten and Matthew Wubs, all of whom are independent directors within the meaning of National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”). Each of the members of the Compensation Committee has business and other experience which is relevant to their work on the Compensation Committee. By virtue of their differing professional backgrounds, business experience, knowledge of the Company’s industry, knowledge of corporate governance practices and experience interacting with external consultants and advisors, the members of the Compensation Committee are able to make decisions on the suitability of the Company’s compensation policies and practices.

*Compensation Consultant*

Pursuant to its mandate, the Compensation Committee has the authority to retain external legal counsel, consultants or other advisors to assist it in fulfilling its responsibilities, including a compensation consultant, at the expense of the Company.

The Compensation Committee retained Lane Caputo Compensation Inc. (“**Lane Caputo**”) on August 8, 2017 to assist the Compensation Committee with the development of a compensation program for the Company’s executive officers and directors. Pursuant to this mandate, Lane Caputo provided a review of current market practices regarding executive and director compensation, assisted the Compensation Committee in developing an appropriate comparator group of companies and a compensation philosophy that reflects the Company’s current size and stage of development, and provided advice and recommendations with respect to best practices in governance of compensation practices. In the course of conducting its activities, Lane Caputo attended meetings of the Compensation Committee and presented its findings for discussion by the Compensation Committee. The Chairman of the Compensation Committee also met separately with Lane Caputo to provide further direction.

The Compensation Committee considered the advice, guidance and recommendations provided by Lane Caputo as part of its deliberations on its recommendations to the Board with respect to salary, annual performance incentives (the “**APIs**”) and long-term equity incentives.

For the financial years ended December 31, 2017 and 2016, the following fees were billed by and paid to Lane Caputo:

<b>Financial Year Ended</b>	<b>Executive Compensation-Related Fees</b>	<b>All Other Fees</b>
December 31, 2017	\$51,060	Nil
December 31, 2016	Nil	Nil

The Compensation Committee must pre-approve any retainers by Lane Caputo or other compensation consultants and provide notice of said retainer to the Board. There were no other consultants hired or contracted to assist the Board or the Compensation Committee in formulating executive compensation in 2016 or 2017.

## *Compensation Philosophy*

The Company's has adopted a "pay for performance" approach to executive compensation. Accordingly, salary is targeted near market median levels of the Compensation Peer Group (as defined below), while variable compensation opportunities (short and long-term incentives) are structured to provide above-market total compensation for high levels of corporate performance. Compensation elements are designed to balance the following compensation objectives:

- total compensation realization will be aligned with the overall performance of the Company;
- compensation programs will encourage a long-term view to shareholder value creation as a significant portion of each executive's variable pay will be equity-based; and
- compensation programs will facilitate the attraction, retention and motivation of experienced and talented executives who will, in turn, drive shareholder value creation.

## *Benchmarking and Compensation Peer Group*

The Company's primary objective is to maximize profitable and safe copper production to increase value to shareholders. To succeed, it is a strategic imperative to engage, retain and attract executive officers by providing a reasonable and competitive total compensation package. The Compensation Committee believes that it is appropriate to establish total compensation levels for executives with reference to benchmark roles among similar companies, both in terms of compensation levels and practices.

To benchmark the competitiveness of the compensation program for the Company's executive officers, the Compensation Committee, in consultation with Lane Caputo, considered the size (based on market capitalization, operating revenue and number of producing mines) and stage of development of the following 19 companies (the "**Compensation Peer Group**") in determining an appropriate peer group of comparators:

Alacer Gold Corp.	Fortuna Silver Mines Inc.	McEwen Mining Inc.
Alio Gold Inc.	Great Panther Silver Ltd.	Nevsun Resources Ltd.
Argonaut Gold Inc.	Guyana Goldfields Inc.	Premier Gold Mines Ltd.
Brio Gold Inc.	Imperial Metals Corp.	Sierra Metals Inc.
Capstone Mining Corp	Klondex Mines Ltd.	Taseko Mines Ltd.
Copper Mountain Mining Corp.	Mandalay Resources Corp.	Trevali Mining Corp.
Endeavour Silver Corp.		

These mining companies were selected as peer companies on the basis that they are the direct competitors for the individuals required to execute the Company's strategic plan. Peer group constituents are reviewed on a regular basis to ensure their continued relevance. The Compensation Peer Group is also used to benchmark the Company's director compensation practices.

## *Elements of Executive Compensation*

The Company's strategy is to provide a competitive compensation package for its executive officers that is in alignment with the Company's business strategy and compensation philosophy.

### *Base Salary*

Base salaries are reviewed annually to ensure they reflect the individual's expertise and performance in fulfilling their role and responsibilities, internal equity and market competitiveness. An executive

officer's base salary may be below or above the median for the Compensation Peer Group depending on a number of factors, including the incumbent's experience in the role, market competitiveness and/or retention considerations and individual performance.

#### *Annual Performance Incentive*

The API recognizes short-term (typically annual) efforts and milestone achievements that are aligned to the long-term success of the Company. The API is a variable component of compensation designed to provide motivation to executive officers to achieve near-term corporate and individual objectives, and to reward them in cash when such objectives are met or exceeded.

#### *Option-based and Share-based Awards*

The Company's compensation policy targets annual grants of long-term equity incentives at the median of the Compensation Peer Group. The Company has two forms of long-term equity incentive plans for executive officers, the Stock Option Plan and the Share Unit Plan.

#### Stock Option Plan

The Stock Option Plan was adopted by the Board on May 15, 2017 to provide an incentive to the directors, officers, employees, consultants and other personnel of the Company or any of its subsidiaries to achieve the longer-term objectives of the Company; to give suitable recognition to the ability and industry of such persons who contribute materially to the success of the Company; and, to attract to and retain in the employ of the Company or any of its subsidiaries, persons of experience and ability, by providing them with the opportunity to acquire an increased proprietary interest in the Company. As at the date of this Circular, there were 3,678,000 Options issued and outstanding under the Stock Option Plan. The Stock Option Plan is summarized in the table below.

<b>Key Terms</b>	<b>Summary</b>
<b>Administration</b>	The Board has the authority in its sole and absolute discretion to administer the Stock Option Plan and to exercise (or delegate to the Compensation Committee or such other persons as designated by the Board) all the powers and authorities either specifically granted to it under the Stock Option Plan or necessary or advisable in the administration of the Stock Option Plan, acting reasonably and in accordance with the Stock Option Plan.
<b>Securities</b>	Each Option entitles the holder thereof (an " <b>Optionee</b> ") to purchase one Share at an exercise price set at the time of the grant.
<b>Eligibility</b>	Any director, officer, employee, consultant or other personnel of the Company (including any subsidiary of the Company), as the Board may determine.
<b>Exercise Price</b>	The exercise price of an Option will be determined by the Board at the time of the grant, but will be no lower than the volume weighted average trading price of the Shares on the Toronto Stock Exchange (the " <b>TSX</b> ") for the five trading days immediately preceding the relevant date (or on

any such other stock exchange, inter-dealer quotation network or other organized trading facility on which the Shares trade or are quoted from time to time) (the “**Fair Market Value**”). If the Shares are suspended from trading or have not traded on the TSX or another stock exchange, inter-dealer quotation network or other organized trading facility for an extended period, the exercise price will be no lower than the Fair Market Value of the Shares at the time of the grant as determined by the Board in its sole discretion acting in good faith.

**Vesting and Exercise Period**

The vesting and exercise period of an Option will be determined by the Board at the time of grant; however, the expiry date of an Option shall be no later than five years from the date of grant, or in the case where the expiry date of an Option occurs during a period of time during which the Optionee cannot exercise or sell securities of Ero due to applicable policies of the Company in respect of insider trading (a “**Blackout Period**”) or within 10 business days after the expiry of the Blackout Period, then the expiry date for the Option will be the date that is the tenth business day after the expiry of the Blackout Period.

**Cessation of Employment**

Subject to certain limitations, in the event that an Optionee’s employment is terminated for any reason other than death, retirement, long-term disability or for cause, the Options held by such Optionee may be exercised within 60 days of termination, provided such Options have vested and not expired.

Subject to certain limitations, in the event that an Optionee’s employment is terminated due to retirement or as a result of long-term disability, unless the Board determines otherwise, the Options held by such Optionee may be exercised within one year of retirement or termination as a result of long-term disability, provided such Options have vested and not expired. In addition, such Optionee’s unvested Options shall continue to vest in accordance with their terms until the earlier of the date which is one year following the date of retirement or termination as a result of long-term disability and the expiry date.

Subject to certain limitations, in the event that an Optionee’s employment is terminated by reason of death, unless the Board determines otherwise, the Options held by such Optionee shall become fully vested and may be exercised by the legal personal representative(s) of such Optionee’s estate within one year following the death of the Optionee or prior to the expiry date, whichever is earlier.

In the event an Optionee’s employment is terminated for cause, the Options held by such Optionee shall expire and terminate immediately upon such Optionee ceasing to actively provided services to the Company in his or her capacity as a director, officer, employee or consultant, as the case may be.

**Change of Control**

Subject to the Board’s ability to accelerate the vesting of Options at any time in its sole discretion, if the Company completes a transaction which

results in a “Change of Control” (as defined in the Stock Option Plan), all unvested Options will vest, and if within 90 days (or such other period as the Board determines) following the completion of such transaction an event(s) that would constitute “constructive dismissal” (as defined pursuant to common law) occurs, and if within 90 days (or such other period as the Board determines) following the date of such “constructive dismissal” an Optionee’s employment is terminated (whether at the Optionee’s discretion or otherwise) then all Options held by such Optionee will remain exercisable until the earlier of 90 days (or such other period as the Board determines) from the date of termination and the expiry date thereof.

Notwithstanding the foregoing, with respect to any performance-based Options granted under the Stock Option Plan, vesting of an Option will be dependent on achievement of the applicable performance criteria as of the date of the completion of the above-mentioned transaction and/or be prorated to the date of the completion of such transaction, as applicable.

## **Limitations**

The total number of Shares issuable pursuant to the Stock Option Plan (subject to adjustments under the Stock Option Plan) together with all other security based compensation arrangements of the Company (including the Share Unit Plan discussed below) shall not exceed 10% of the Company’s issued and outstanding Shares, on a non-diluted basis, at the relevant time (currently 8,445,565 Shares, based on 84,455,650 Shares issued and outstanding as at the date of this Circular). Provided that such maximum number of Shares is not exceeded, following the exercise, expiration, cancellation or other termination of any Options under the Stock Option Plan, a number of Shares equal to the number of Options or rights so exercised, expired, cancelled or terminated shall automatically become available for issuance in respect of Options that may subsequently be granted under the Stock Option Plan.

Subject to certain limitations, the total number of Shares that may be issued to any individual Optionee under the Stock Option Plan together with all other security based compensation arrangements of the Company (including the Share Unit Plan) in any one-year period, shall not exceed 5% of the number of issued and outstanding Shares at the date of grant (the “**Individual Limit**”).

Subject to certain exceptions, the total number of Shares issuable to insiders of the Company as a group at any time and the total number of Shares issued to insiders of the Company within any one-year period, under the Stock Option Plan together with all other security based compensation arrangements of the Company (including the Share Unit Plan) shall not exceed 10% of the issued and outstanding Shares, on a non-diluted basis, at the date of grant. The total number of Shares that may be issued to any one insider of the Company under the Stock Option Plan together with all other security based compensation arrangements of the Company (including the Share Unit Plan) shall not exceed the Individual Limit.



The Fair Market Value of Options that may be granted to each non-employee director of the Company within any one-year period under the Stock Option Plan shall not exceed \$100,000, and under the Stock Option Plan together with all other security based compensation arrangements of the Company (including the Share Unit Plan) shall not exceed \$150,000.

### **Net Settlement of Options**

The Stock Option Plan provides for the cashless exercise of Options, subject to certain limitations. The number of Shares issuable pursuant to any such cashless exercise is equal to the number determined by dividing (a) the product of the number of unexercised vested Options tendered for settlement by the difference between the Fair Market Value of one Share (calculated as at the date of settlement) and the exercise price of such Options, by (b) the Fair Market Value (calculated as at the date of settlement) of one Share, represented by the following formula:

$$\frac{A \times (X - Y)}{X}$$

Where:

- A = the number of unexercised vested Options tendered for settlement
- X = the Fair Market Value of the Shares on the date of settlement
- Y = the exercise price of the Options tendered for settlement

### **Amendments**

The Board has the right to suspend, discontinue or amend the Stock Option Plan or any Option granted thereunder, provided that it obtain shareholder and necessary regulatory approval prior to certain amendments.

Subject to certain exceptions approval from a majority of holders of Shares (and other voting securities of the Company) is required to effect the following amendments to the Stock Option Plan: (i) increasing the maximum number of Shares issuable, as a fixed percentage of the issued and outstanding Shares pursuant to the Stock Option Plan; (ii) amendments that would reduce the exercise price of an outstanding Option; (iii) extending the expiry date of any Option beyond its expiry date determined at the date of grant, except with respect to an expiry date that occurs during a Blackout Period; (iv) expanding the categories of individuals who are eligible to participate in the Stock Option Plan; (v) amendments to permit the transfer or assignment of Options, except to permit a transfer to a family member, to an entity controlled by the Optionee or a family member, to a charity or for estate planning or estate settlement purposes; and (vi) amendments to the amendment provisions of the Stock Option Plan.

## Share Unit Plan

The Share Unit Plan was established by the Board on September 7, 2017 as a vehicle by which equity-based incentives may be awarded to the directors, officers, employees and consultants of the Company or any of its subsidiaries, to recognize and reward their significant contributions to the long-term success of the Company and to align the interests of the directors, officers, employees and consultants more closely with the shareholders of the Company. To date, no Share Units have been issued under the Share Unit Plan. The Share Unit Plan is summarized in the table below.

<b>Key Terms</b>	<b>Summary</b>
<b>Administration</b>	The Board, in its sole and absolute discretion, but subject to applicable securities and tax law requirements: (i) interprets and administers the Share Unit Plan; (ii) may establish, amend and rescind any rules and regulations relating to the Share Unit Plan; and (iii) makes other determinations that the Board deems necessary or desirable for the administration and operation of the Share Unit Plan. In carrying out its duties and powers under the Share Unit Plan, the Board may rely on recommendations of the Compensation Committee with respect to such matters, and may delegate to the Compensation Committee the power to exercise all the powers and authorities either specifically granted to it under the Share Unit Plan or necessary or advisable in the administration of the Share Unit Plan.
<b>Eligibility</b>	Any director, officer, employee, or consultant of the Company or of any of its subsidiaries, as the Board may determine.
<b>Securities</b>	Each vested Share Unit entitles the holder thereof (a “ <b>Share Unit Participant</b> ”) to receive on or about the applicable date of vesting of such Share Unit: (i) one Share; (ii) a cash amount equal to the Fair Market Value of one Share (the “ <b>Cash Consideration</b> ”) as at the applicable date of vesting; or (iii) a combination of (i) and (ii), as determined by the Board in its sole discretion.
<b>Performance Conditions</b>	<p>At the time of grant of a Share Unit, the Board may, in its sole discretion, establish performance conditions for the vesting of such Share Unit, which may include terms or conditions relating to: (i) the market price of the Shares; (ii) the return to holders of Shares, with or without reference to other comparable companies; (iii) the financial performance or results of the Company or its subsidiaries; (iv) the achievement of performance conditions or other performance criteria relating to the Company or its subsidiaries; (v) any other terms and conditions the Board may in its sole discretion determine with respect to vesting or the acceleration of vesting; and (vi) the vesting date of the Share Units.</p> <p>The performance conditions may be graduated such that different percentages (which may be greater or lesser than 100%) of the Share Units in a grant become vested depending on the extent of satisfaction</p>

of one or more performance conditions. The Board may, in its discretion, subsequent to the grant of a Share Unit, waive any such performance condition or determine that it has been satisfied subject to applicable law. Each Share Unit for which vesting is subject to performance conditions is herein referred to as a “**PSU**”. Each Share Unit for which vesting is not subject to performance conditions is herein referred to as an “**RSU**”.

### **Vesting**

Each RSU shall vest at such time as determined by the Board at the time of grant. Each PSU shall vest at such time as determined by the Board at the time of grant, subject to satisfaction of applicable Performance Conditions.

The vesting date of a Share Unit is subject to compliance with the requirements pertaining to the exception to the application of the salary deferral arrangement rules in paragraph (k) of the definition of “salary deferral arrangement” in subsection 248(1) of *Income Tax Act* (Canada), as amended from time to time (the “**Tax Act**”), as such subsection may be amended or enacted from time to time.

### **Redemption**

Each Share Unit will be redeemed on the date (the “**Redemption Date**”) selected by the Board following the date of vesting of such Share Unit, which will be within 30 days of the date of vesting, or at a later deferred date, subject to certain exceptions and restrictions.

The Redemption Date for a Share Unit is subject to compliance with the requirements pertaining to the exception to the application of the salary deferral arrangement rules in paragraph (k) of the definition of “salary deferral arrangement” in subsection 248(1) of the Tax Act, as such subsection may be amended or enacted from time to time.

### **Deferral Date**

Non-Canadian Share Unit Participants may elect to defer the receipt of all or any part of their entitlement to Shares and/or Cash Consideration, as applicable, until a date following the Redemption Date but no later than such individual’s date of retirement (the “**Deferred Payment Date**”). Non-Canadian Share Unit Participants who elect to set a Deferred Payment Date must provide prior notice to the Company and, subject to certain restrictions, may change a Deferred Payment Date by providing prior notice to the Company.

### **Dividends**

When dividends are paid on Shares, each Share Unit Participant shall be credited with dividend equivalents in respect of the Share Units credited to his or her account as of the record date for payment of dividends. Such dividend equivalents shall be converted into additional Share Units (including fractional Share Units) based on the Fair Market Value of the Share on the date credited and redeemed on the Redemption Date or a later deferred date, as applicable, of the Share Unit with respect to which the dividend equivalent was granted.

**Cessation of Employment**

Subject to certain restrictions, if a Share Unit Participant is terminated by the Company for cause or if a Share Unit Participant voluntarily terminates his or her employment for any reasons or resigns as a director, as applicable, all of his or her Share Units that have not reached their respective Redemption Dates as at the date of termination will be cancelled, and all of his or her Share Units that have reached their respective Redemption Dates as at the date of termination but redemption thereof has been deferred by the Share Unit Participant will be redeemed as soon as possible for Shares, Cash Consideration in lieu thereof or a combination of both, as determined by the Board in its sole discretion.

Subject to certain restrictions, in the event that a non-director Share Unit Participant's employment is involuntarily terminated for reasons other than cause, his or her Share Units will be redeemed on the date of termination for Shares, Cash Consideration in lieu thereof or a combination of both, as determined by the Board in its sole discretion, provided such Share Units have vested at such time.

Subject to certain restrictions, in the event that a director Share Unit Participant is not re-elected at an annual or special meeting of shareholders of the Company, his or her Share Units will be redeemed on the date of the annual or special meeting of shareholders for Shares, Cash Consideration in lieu thereof or a combination of both, as determined by the Board in its sole discretion, provided such Share Units have vested at such time.

Subject to certain restrictions, in the event that a Share Unit Participant dies, his or her Share Units will be redeemed upon the date of death for Shares, Cash Consideration in lieu thereof or a combination of both, as determined by the Board in its sole discretion.

**Change of Control**

In the event that a Share Unit Participant is terminated for reasons other than cause within 12 months following a "Change of Control" (as defined in the Share Unit Plan), all Share Units held by such Share Unit Participant will be redeemed as soon as reasonably practical following such termination for Shares, Cash Consideration in lieu thereof or a combination of both, as determined by the Board in its sole discretion; provided that in the event that any Share Units are subject to satisfaction of any performance conditions, the Board shall consider the extent of satisfaction of such performance conditions in determining the number of Share Units to be redeemed.

**Limitations**

The number of Shares reserved for issuance under the Share Unit Plan: (i) together with the Shares issuable under all other security based compensation arrangements of the Company (including the Stock Option Plan), shall not exceed 10% of the total number of issued and outstanding Shares, on a non-diluted basis, subject to certain limited exceptions (currently 8,445,565 Shares, based on 84,455,650 Shares issued and outstanding as at the date of this Circular); and (ii) to any

one Share Unit Participant within a 12-month period shall not exceed 2% of the total number of issued and outstanding Shares.

The number of Shares issuable to insiders of the Company as a group at any time and the number of Shares issued to insiders of the Company as a group within any one-year period, under the Share Unit Plan together with all other security based compensation arrangements of the Company shall not exceed 10% of the total number of issued and outstanding Shares, on a non-diluted basis.

The number of Shares issuable to non-employee directors of the Company as a group, under the Share Unit Plan, shall not exceed 1% of the total number of issued and outstanding Shares, on a non-diluted basis. The Fair Market Value of the Shares issuable to each non-employee director of the Company within any one-year period under the Share Unit Plan shall not exceed \$150,000. Notwithstanding the foregoing, the Fair Market Value of the Shares issuable to each non-employee director of the Company within any one-year period under the Share Unit Plan together with all security based compensation arrangements of the Company shall not exceed \$150,000.

## **Amendments**

The Board has the right to suspend, terminate or amend the Share Unit Plan or any portion thereof, subject to certain restrictions and provided that it obtain any necessary prior shareholder and/or regulatory approvals.

The following amendments to the Share Unit Plan may be effected without obtaining prior shareholder approval: (i) amendments to the terms and conditions necessary to ensure that the Share Unit Plan complies with applicable regulatory requirements; (ii) amendments respecting administration of the Share Unit Plan; (iii) amendments respecting the terms and conditions on which Share Units may be granted; and (iv) amendments of a “housekeeping” nature.

Prior shareholder approval is required to effect any amendment to the Share Unit Plan related to: (i) the number or percentage of Shares available for grant; (ii) removing or exceeding the number of Shares issuable or that may be issued to insiders as a group under the Share Unit Plan; (iii) permitting the transfer or assignment of Share Units other than for normal estate settlement purposes; (iv) expanding the categories of individuals eligible to participate in the Share Unit Plan; (v) changing the method of calculation of redemption of Share Units; (vi) extending the term for redemption of Share Units; and (vii) any amendments to the amendment provisions of the Share Unit Plan.

The Board has delegated to the Compensation Committee the responsibility for administering and interpreting the Company's equity based compensation arrangements and the policies respecting the grant of Options or Share Units, whether PSUs or RSUs, or the sale or issuance, as applicable, of Shares thereunder, and reviewing and recommending to the Board grants of Options and Share Units, whether PSUs or RSUs, and the terms thereof. Awards of Options and Share Units, whether PSUs or RSUs, under the Stock Option Plan and Share Unit Plan are subject to certain limitations set out in each plan as well as the approval of the Board and the Compensation Committee, as applicable. Such awards are generally based on the executive officer's total target compensation relative to their peers and their level within the organization. Options and Share Units are not granted to reward past performance, but rather as forward-looking incentive. As such, previous grants of Options or Share Units, as applicable, are not taken into account when considering additional grants of Options or Share Units, as applicable.

### ***Managing Compensation Risk***

As part of its annual review of the Company's compensation policies and practices, including the setting of annual corporate and individual performance objectives, as discussed below, the Compensation Committee considers any risks associated with such policies and practices. The Compensation Committee is satisfied that the current compensation policies and practices, combined with the enterprise risk management of the Company, offer a balanced combination that promotes adequate risk-taking with appropriate and reasonable compensation incentives.

The Compensation Committee believes that the executive compensation program of the Company should not raise its risk profile. Accordingly, the Company's compensation programs include safeguards designed to mitigate compensation risks. The following measures seek to impose appropriate limits to avoid excessive or inappropriate risk-taking or payments:

- the Compensation Committee retains an independent advisor to provide an external perspective of marketplace changes and best practices related to executive compensation design, governance and compensation risk management;
- the Compensation Committee undertakes annual review of the Company's compensation program to ensure competitiveness with the Compensation Peer Group and trends in compensation practices and governance;
- the Compensation Committee undertakes an annual review of the Company's APIs, long-term equity incentives, and corresponding performance objectives to ensure continued relevance and applicability to the Company's current stage of development and business strategy;
- compensation paid to the Company's executive officers is spread between short-term incentives and long-term incentives to mitigate the risk of too much emphasis on short-term goals at the expense of long-term sustainable performance;
- API payments are capped at a maximum level of 150% of target to ensure preservation of capital and to provide upper payout boundaries;
- the Compensation Committee and the Board retain discretion to adjust individual performance objectives during the year to ensure they remain aligned with the evolving priorities of the Company in light of developments during the year. Discretion may also be exercised to increase or decrease payout levels based on a holistic assessment of the Company's performance, ensuring appropriate pay-for-performance alignment and providing the flexibility to make reasonable exceptions when necessary; and

- no NEO or director, among others, are permitted to purchase financial instruments, including prepaid variable forward contracts, instruments for the short sale or purchase or sale of call or put options, equity swaps, collars, or units of exchangeable funds, that are designed to or that may reasonably be expected to have the effect of hedging or offsetting a decrease in the market value of any securities of the Company.

### ***Compensation Committee Decisions Relating to 2017 Compensation***

#### *Base Salary*

Each NEO's base salary was determined in reference to the competitive market in which the Company competes for executive talent through the benchmarking exercise conducted by Lane Caputo. Base salaries are provided to compensate executives for fulfilling their day-to-day responsibilities, as set out in the table below:

<b>Name</b>	<b>Position(s) and Office(s) with Ero</b>	<b>Annual Base Salary (US\$)</b>
Christopher Noel Dunn	Executive Chairman Director	400,000
David Strang	President and CEO Director	400,000
Wayne Drier	CFO	300,000
Michel (Mike) Richard	CGO	300,000
Makko DeFilippo	Vice President, Corporate Development	220,000

#### *Annual Performance Incentive*

As the Company's initial public offering did not occur until the fourth quarter of 2017, corporate and individual performance goals and objectives were not developed for 2017 and API payments for 2017 performance were, therefore, determined by the Board's subjective determination of the Company's performance in the year and each executive's contribution to that performance. API payments were awarded in recognition of individual performance and corporate achievements during 2017, including:

- completing the initial public offering and secondary offering of an aggregate of 23,282,116 Shares (13,492,317 Shares from treasury) at a price of \$4.75 per Share, for total gross proceeds of approximately US\$50.9 million, including the fully exercised over-allotment option;
- the Shares trading on the Toronto Stock Exchange under the symbol "ERO" on October 19, 2017; and
- reducing the consolidated total debt of the Company by approximately US\$25.6 million through the purchase, at a discount, of US\$75.6 million in senior secured notes held by the

Company's subsidiary, Mineração Caraíba S.A. ("MCSA"), which was financed by a new US\$50 million senior secured non-revolving credit facility.

#### *Option-based and Share-based Awards*

In 2017, the Company granted stock option awards to its executives and directors, as well as certain other managers and employees of the Company. Stock options granted to the Company's executives in 2017 vest rateably over three years, on the first, second and third anniversaries of the date of grant and expire on the fifth anniversary of the date of grant.

#### *Compensation Committee Decisions Relating to 2018 Compensation*

For 2018, the Compensation Committee, with the assistance of Lane Caputo and input from management, has implemented more specific and measurable targets for the API, to replace the more discretionary approach to annual performance assessment taken in 2017. API cash awards will range from 0% to 150% of the executive's target award as follows:

	<b>API Target</b> <b>(as a percentage of salary)</b>
Executive Chairman	80%
President & CEO	80%
CFO	60%
CGO	75%
Vice President, Corporate Development	50%

The Compensation Committee has discretion to either increase or decrease an award within such range where circumstances warrant.

The Compensation Committee has established 2018 corporate and individual performance measures for each executive officer, including safety, environment, development, operating performance, and mineral resource and reserve expansion measures. The weighting assigned to each measure varied with each executive officer, depending on his or her position and level in the organization.

Additionally, the Compensation Committee will be investigating suitable performance conditions for the introduction of performance-contingent vesting for some, or all, of the Share-based awards anticipated to be granted to executive officers under the Share Unit Plan in 2018.

#### *Compensation Table*

The following table contains information about the compensation awarded to, earned by, paid to, or payable to, individuals who were Named Executive Officers as at the end of the financial year ended December 31, 2017. The Company was incorporated under the *Business Corporations Act* (British Columbia) on May 16, 2016 and no compensation was awarded to, earned by, paid to, or payable to the Company's executives during the financial year ended December 31, 2016.



Name and Principal Position	Year	Salary (US\$)	Share-based Awards (US\$)	Option-based Awards (US\$)	Non-equity Incentive Plan Compensation (US\$)		Pension Value (US\$)	All Other Compensation (US\$)	Total Compensation (US\$)
					Annual Incentive Plans (US\$)	Long-term Incentive Plans			
Christopher Noel Dunn <sup>(1)</sup> <i>Executive Chairman</i>	2017	400,000	Nil	350,164 <sup>(2)</sup>	320,000 <sup>(4)</sup>	N/A	N/A	Nil	1,591,939
				521,775 <sup>(3)</sup>					
	2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2015	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
David Strang <sup>(1)</sup> <i>President and CEO</i>	2017	400,000	Nil	350,164 <sup>(2)</sup>	320,000 <sup>(4)</sup>	N/A	N/A	915 <sup>(5)</sup>	1,592,854
				521,775 <sup>(3)</sup>					
	2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2015	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Wayne Drier <i>CFO</i>	2017	250,000 <sup>(6)</sup>	Nil	432,138 <sup>(7)</sup>	180,000 <sup>(4)</sup>	N/A	N/A	1,130 <sup>(6)</sup>	1,124,156
				260,888 <sup>(3)</sup>					
	2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2015	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Michel (Mike) Richard <i>CGO</i>	2017	300,000	Nil	260,888 <sup>(3)</sup>	180,000 <sup>(4)</sup>	N/A	N/A	Nil	740,888
	2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2015	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Makko DeFilippo <i>Vice President, Corporate Development</i>	2017	201,667 <sup>(8)</sup>	Nil	146,487 <sup>(7)</sup>	110,000 <sup>(4)</sup>	N/A	N/A	Nil	614,687
				156,533 <sup>(3)</sup>					
	2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2015	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**Notes:**

- (1) Messrs. Dunn and Strang do not receive compensation for their services as directors of the Company.
- (2) Represents the total grant date fair value of the Options granted and may not represent the amounts the recipient will actually realize from the award. The fair value of the Options has been estimated at the date of grant in accordance with IFRS accounting requirements using a Black-Scholes option pricing model. The fair value of the Options granted were based on the following assumptions: risk-free interest rate of 1.57%; dividend yield of 0%; a forfeiture rate of 0%; volatility factor of 60.2%; and, expected life of 3 years.
- (3) Represents the total grant date fair value of the Options granted and may not represent the amounts the recipient will actually realize from the award. The fair value of the Options has been estimated at the date of grant in accordance with IFRS accounting requirements using a Black-Scholes option pricing model. The fair value of the Options granted were based on the following assumptions: risk-free interest rate of 1.60%; dividend yield of 0%; a forfeiture rate of 0%; volatility factor of 60.2%; and, expected life of 3 years.
- (4) Annual cash bonus was granted in recognition of individual performance and corporate achievements during 2017, including (i) completing the initial public offering and secondary offering of an aggregate of 23,282,116 Shares (13,492,317 Shares from treasury) at a price of \$4.75 per Share, for total gross proceeds of approximately US\$50.9 million, including the fully exercised over-allotment option; (ii) the Shares trading on the Toronto Stock Exchange under the symbol “ERO” on October 19, 2017; and (iii) reducing the consolidated total debt of the Company by approximately US\$25.6 million through the purchase, at a discount, of US\$75.6 million in senior secured notes held by the Company’s subsidiary, MCSA, which was financed by a new US\$50 million senior secured non-revolving credit facility.
- (5) Represents life insurance premiums paid by the Company.
- (6) Mr. Drier’s employment with the Company commenced on March 1, 2017 at a base salary of \$300,000 per annum.
- (7) Represents the total grant date fair value of the Options granted and may not represent the amounts the recipient will actually realize from the award. The fair value of the Options has been estimated at the date of grant in accordance with IFRS accounting requirements using a Black-Scholes option pricing model. The fair value of the Options granted were based on the following assumptions: risk-free interest rate of 0.90%; dividend yield of 0%; a forfeiture rate of 0%; volatility factor of 74.5%; and, expected life of 3 years.
- (8) Mr. DeFilippo’s employment with the Company commenced on February 1, 2017 at a base salary of \$220,000 per annum.

Significant terms of each NEOs employment agreement are set out below under the heading, “*Termination and Change of Control Benefits*”.

***Incentive Plan Awards******Outstanding Share-Based Awards and Option-Based Awards***

The following table sets forth all Share-based awards and Option-based awards outstanding for each NEO as at December 31, 2017.

Name	Option-Based Awards				Share-Based Awards		
	Number of Securities Underlying Unexercised Options (#) <sup>(1)</sup>	Option Exercise Price (US\$) <sup>(2)</sup>	Option Expiration Date	Value of Unexercised In-the-Money Options (US\$) <sup>(3)</sup>	Number of Shares or Units of Shares that Have Not Vested (#)	Market or Payout Value of Share-Based Awards that Have Not Vested (US\$)	Market or Payout Value of Vested Share-Based Awards Not Paid Out or Distributed (US\$)
Christopher Noel Dunn	159,000 <sup>(4)</sup>	5.17 <sup>(5)</sup>	November 24, 2022	138,330	N/A	N/A	N/A
	250,000 <sup>(6)</sup>	5.37 <sup>(7)</sup>	December 7, 2022	167,500			
David Strang	159,000 <sup>(4)</sup>	5.17 <sup>(5)</sup>	November 24, 2022	138,330	N/A	N/A	N/A
	250,000 <sup>(6)</sup>	5.37 <sup>(7)</sup>	December 7, 2022	167,500			

Name	Option-Based Awards				Share-Based Awards		
	Number of Securities Underlying Unexercised Options (#) <sup>(1)</sup>	Option Exercise Price (US\$) <sup>(2)</sup>	Option Expiration Date	Value of Unexercised In-the-Money Options (US\$) <sup>(3)</sup>	Number of Shares or Units of Shares that Have Not Vested (#)	Market or Payout Value of Share-Based Awards that Have Not Vested (US\$)	Market or Payout Value of Vested Share-Based Awards Not Paid Out or Distributed (US\$)
Wayne Drier	590,000 <sup>(8)</sup>	1.50	May 15, 2022	2,678,600	N/A	N/A	N/A
	125,000 <sup>(6)</sup>	5.37 <sup>(7)</sup>	December 7, 2022	83,750			
Michel (Mike) Richard	125,000 <sup>(6)</sup>	5.37 <sup>(7)</sup>	December 7, 2022	83,750	N/A	N/A	N/A
Makko DeFilippo	200,000 <sup>(8)</sup>	1.50	May 15, 2022	908,000	N/A	N/A	N/A
	75,000 <sup>(6)</sup>	5.37 <sup>(7)</sup>	December 7, 2022	50,250			

Note:

- (1) Class of securities underlying all Options is Shares. All Options granted to the NEOs are governed by the Stock Option Plan.
- (2) Exercise price for the Options is equivalent to the “Fair Market Value”, as defined in the Stock Option Plan or the “Market Price” as defined in the TSX Company Manual, which currently means the volume weighted average trading price of the Shares on the TSX for the five trading days immediately preceding the grant date.
- (3) The figures shown in this column are calculated based on the difference between the Option exercise price and the closing price of the Shares on the TSX on December 29, 2017 (\$7.58 or US\$6.04 based on the daily exchange rate reported by the Bank of Canada on December 29, 2017 of US\$1.2545 = \$1.00), being the last trading day of 2017. The figures shown in this column do not represent the actual value the individual NEO would receive. The actual gain, if any, on exercise will depend on the value of the Shares on the date of exercise.
- (4) One-third of the Options vest on an annual basis, with the first tranche vesting on November 24, 2018.
- (5) These Options were granted in Canadian dollars (exercise price of \$6.48), but are shown in US dollars and have been converted from Canadian dollars based on the daily exchange rate reported by the Bank of Canada on December 29, 2017 of US\$1.2545 = \$1.00, being the last business day of 2017.
- (6) One-third of the Options vest on an annual basis, with the first tranche vesting on December 7, 2018.
- (7) These Options were granted in Canadian dollars (exercise price of \$6.74), but are shown in US dollars and have been converted from Canadian dollars based on the daily exchange rate reported by the Bank of Canada on December 29, 2017 of US\$1.2545 = \$1.00, being the last business day of 2017.
- (8) One-third of the Options vest on an annual basis, with the first tranche vesting on May 15, 2018.

### *Incentive Plan Awards – Value Vested or Earned During the Year*

The following table sets forth the value of incentive plan awards vested or earned by each NEO during the financial year ended December 31, 2017.

Name	Option-based awards – Value vested during the year (US\$) <sup>(1)</sup>	Share-based awards – Value vested during the year (US\$)	Non-equity incentive plan compensation – Value earned during the year (US\$) <sup>(2)</sup>
Christopher Noel Dunn	Nil	N/A	320,000
David Strang	Nil	N/A	320,000
Wayne Drier	Nil	N/A	180,000
Michel (Mike) Richard	Nil	N/A	180,000

Name	Option-based awards – Value vested during the year (US\$) <sup>(1)</sup>	Share-based awards – Value vested during the year (US\$)	Non-equity incentive plan compensation – Value earned during the year (US\$) <sup>(2)</sup>
Makko DeFilippo	Nil	N/A	110,000

Note:

<sup>(1)</sup> No Options vested during the financial year ended December 31, 2017.

<sup>(2)</sup> Annual cash bonus was granted in recognition of individual performance and corporate achievements during 2017, including (i) completing the initial public offering and secondary offering of an aggregate of 23,282,116 Shares (13,492,317 Shares from treasury) at a price of \$4.75 per Share, for total gross proceeds of approximately US\$50.9 million, including the fully exercised over-allotment option; (ii) the Shares trading on the Toronto Stock Exchange under the symbol “ERO” on October 19, 2017; and (iii) reducing the consolidated total debt of the Company by approximately US\$25.6 million through the purchase, at a discount, of US\$75.6 million in senior secured notes held by the Company’s subsidiary, MCSA, which was financed by a new US\$50 million senior secured non-revolving credit facility.

### ***Pension Plan Benefits***

The Company does not have a defined benefit or a defined contribution pension plan.

### ***Deferred Compensation Plans***

The Company does not have a deferred compensation plan.

### ***Termination and Change of Control Benefits***

Each NEO is currently engaged under an employment agreement that provides for, among other things, a base salary (may be adjusted annually by the Board on the recommendation of the Compensation Committee), API and Share and/or Option based awards (as determined by the Board on the recommendation of the Compensation Committee), vacation time and extended benefits. Under the terms of each NEO’s employment agreement, his employment may be terminated as a result of (i) a “Change of Control”; (ii) termination without cause; (iii) termination for cause; (iv) retirement; (v) disability; and (iv) death.

A Change of Control, in general, occurs when the Company sells, transfers or otherwise disposes of all or substantially all (90% or more) of its assets, or any person or group of persons acting jointly or in concert by virtue of an agreement, arrangement, commitment or understanding either acquire 50% or more of the outstanding Shares or sufficient Shares to replace the majority of the Board.

The Company’s obligation to compensate an NEO for a Change of Control will be triggered if *both* of the following events occur:

- there is a Change of Control of Ero; and
- the NEO is terminated without cause or resigns for “Good Reason” within 12 months of the Change of Control.

An NEO may resign for “Good Reason” within 12 months of a Change of Control, if the Company (i) reduces the NEO’s salary (except in certain limited circumstances); (ii) materially reduces the NEO’s duties, responsibilities, authority or status without the consent of the NEO; (iii) breaches or fails to observe any material provision of the NEO’s employment agreement; or (iv) takes any action that would be considered to amount to constructive dismissal by a court of competent jurisdiction.

Each NEO's employment agreement also contains non-solicitation, non-competition, confidentiality and notice of resignation provisions which will apply on a termination of employment. Non-competition and non-solicitation restrictions apply for a period of one year from the date the executive's employment ceases, and the confidentiality provisions apply, subject to certain exceptions, for an indefinite period of time following the termination of employment of an executive. An NEO may terminate his employment by giving not less than 120 days (in the case of the Executive Chairman and the President and CEO) or 60 days (in the case of all other NEOs) written notice of resignation.

The following table summarizes the compensation that would be payable to each NEO should their employment be terminated.

<b>Termination Type</b>	<b>Severance</b>	<b>Bonus</b>	<b>Share Awards</b>	<b>Benefits</b>
<b>Termination Subsequent to Change of Control or Resignation for Good Reason within 12 Months of a Change in Control</b>	Payment equal to 24 months' salary, except for Makko DeFilippo's employment agreement, which contemplates 12 months' salary	Lump sum payment equal to the most recent 3-year's average bonus paid	All unvested Options and Share Units vest immediately  All vested Option are exercisable at any time up to, but not after, the earlier of the expiry date, and the date which is 90 days after the termination date  Vested Share Units have 30 days to be redeemed	Extension of executive benefits for 12 months following termination (to the extent permitted by the applicable benefit plan)
<b>Termination without Cause</b>	Payment equal to 12 months' salary + 1 month of salary per year of service to an aggregate maximum of 24 months' salary (pro-rated for partial years), except for Makko DeFilippo's employment agreement, which contemplates 6 months' salary + 1 month of salary per year of service to an aggregate maximum of 12 months' salary (pro-rated for partial years)	None	All unvested Options or Share Units expire on the termination date  All vested Option are exercisable at any time up to, but not after, the earlier of the expiry date, and the date which is 60 days after the termination date  All vested Share Units will be redeemed on the termination date	Extension of executive benefits for 12 months (6 months in the case of Makko DeFilippo) following termination (to the extent permitted by the applicable benefit plan)
<b>Termination for Cause</b>	None	None	All Options and Share Units expire on the termination date	None
<b>Voluntary Resignation</b>	None	None	All unvested Options or Share Units expire on the termination date  All vested Option are exercisable at any time up to, but not after, the earlier of the expiry date, and the date which is 60 days after the termination date  All vested Share Units will be redeemed on the termination date	None
<b>Retirement</b>	None	None	Options will continue to vest in normal course and vested Option are exercisable at any time up to, but not after, the earlier of the expiry date, and the date which is one (1) year after the termination date  Vested Share Units have 30 days to be redeemed	None

<b>Termination Type</b>	<b>Severance</b>	<b>Bonus</b>	<b>Share Awards</b>	<b>Benefits</b>
<b>Disability</b>	None	None	Options will continue to vest in normal course and vested Options are exercisable at any time up to, but not after, the earlier of the expiry date, and the date which is one (1) year after the termination date  Vested Share Units have 30 days to be redeemed	None
<b>Death</b>	None	None	All outstanding Options will vest immediately and are exercisable at any time up to, but not after, the earlier of the expiry date, and the date which is one (1) year after the termination date  All vested Share Units will be redeemed on the termination date	None

#### *Estimated Incremental Payments on Termination*

The following table sets forth the estimated amounts payable under various termination scenarios, assuming a termination date of December 31, 2017.

	<b>Christopher Noel Dunn</b>	<b>David Strang</b>	<b>Wayne Drier</b>	<b>Michel (Mike) Richard</b>	<b>Makko DeFilippo</b>
<b>Change of Control with Termination</b>					
Severance Base Payment (US\$)	800,000	800,000	600,000	600,000	220,000
Severance Bonus Payment (US\$)	320,000	320,000	180,000	180,000	110,000
Vested Stock Options (US\$) <sup>(1)</sup>	305,830	305,830	2,762,350	83,750	958,250
Vested Share Units (US\$)	N/A	N/A	N/A	N/A	N/A
Benefits (US\$)	Nil	5,617	6,607	Nil	Nil
<b>Total</b>	<b>1,425,830</b>	<b>1,431,447</b>	<b>3,548,957</b>	<b>863,750</b>	<b>1,288,250</b>
<b>Termination without Cause</b>					
Severance Base Payment (US\$) <sup>(2)</sup>	433,333	433,333	320,833	325,000	125,278
Severance Bonus Payment (US\$)	N/A	N/A	N/A	N/A	N/A
Vested Stock Options (US\$)	Nil	Nil	Nil	Nil	Nil
Vested Share Units (US\$)	N/A	N/A	N/A	N/A	N/A
Benefits (US\$)	Nil	5,617	6,607	Nil	Nil
<b>Total</b>	<b>433,333</b>	<b>438,950</b>	<b>327,440</b>	<b>325,000</b>	<b>125,278</b>

	Christopher Noel Dunn	David Strang	Wayne Drier	Michel (Mike) Richard	Makko DeFilippo
<b>Other Termination</b>					
Termination for Cause (US\$)	Nil	Nil	Nil	Nil	Nil
Resignation (US\$)	Nil	Nil	Nil	Nil	Nil
Retirement (US\$)	Nil	Nil	Nil	Nil	Nil
Disability (US\$)	Nil	Nil	Nil	Nil	Nil
Death (US\$) <sup>(1)</sup>	305,830	305,830	2,762,350	83,750	958,250

Note:

- (1) Represents the value of unexercised in-the-money Options as at December 31, 2017. All unvested Options will vest immediately upon a Change of Control with termination or death. The figures are calculated based on the difference between the Option exercise price and the closing price of the Shares on the TSX on December 29, 2017 \$7.58 or US\$6.04 based on the daily exchange rate reported by the Bank of Canada on December 29, 2017 of US\$1.2545 = \$1.00, being the last trading day of 2017.
- (2) The severance base payment is equal to 12 months' salary, plus 1 month of salary per year of service to an aggregate maximum of 24 months' salary (pro-rated for partial years), except for Mr. DeFilippo's employment agreement, which contemplates 6 months' salary, plus 1 month of salary per year of service to an aggregate maximum of 12 months' salary (pro-rated for partial years). As the employment of Messrs. Drier and DeFilippo commenced on March 1, 2017 and February 1, 2017, respectively, their severance base payments have been pro-rated accordingly.

## DIRECTOR COMPENSATION

Compensation of directors has been determined by taking into consideration the size and stage of development of the Company and to achieve the objectives of retaining skilled, experienced and dedicated directors. In 2017, Lane Caputo provided a review of current market practices regarding director compensation, including a benchmarking exercise against the same peer group used to benchmark executive compensation, to assist the Compensation Committee in recommending a compensation structure for directors.

As senior officers, Messrs. Dunn and Strang did not and will not receive compensation for their service as directors and their compensation information is presented in the section relating to executive compensation above.

### *Director Compensation Table*

The following table sets forth all amounts of compensation provided to the independent directors of the Company during the financial year ended December 31, 2017.

Name	Fees earned (US\$)	Share-based awards (US\$)	Option-based awards (US\$) <sup>(1)</sup>	Non-equity incentive plan compensation (US\$)	Pension value (US\$)	All other compensation (US\$)	Total (US\$)
Lyle Braaten	Nil	N/A	62,613	N/A	N/A	Nil	62,613
Steven Busby	Nil	N/A	62,613	N/A	N/A	Nil	62,613
John Wright	Nil	N/A	62,613	N/A	N/A	Nil	62,613
Matthew Wubs	Nil	N/A	62,613	N/A	N/A	Nil	62,613

Note:

- (1) The figures in this column represent the total grant date fair value of the Options granted and may not represent the amounts the recipient will actually realize from the award. The fair value of the stock options has been estimated at the date of grant in accordance with IFRS accounting requirements using a Black-Scholes option pricing model. The fair value of the Options granted were based on the following assumptions: risk-free interest rate of 1.61%; dividend yield of 0%; a forfeiture rate of 0%; volatility factor of 60.2%; and, expected life of 3 years.

Our directors were also reimbursed for reasonable travel and other out-of-pocket expenses incurred in connection with attending meeting and otherwise carrying out their duties as directors of the Company.

Effective January 1, 2018, the independent directors of the Company will receive the following annual retainer fee.

Director	Annual Retainer Fee (US\$) <sup>(1)</sup>
Lead Director <sup>(2)</sup>	55,923
Other Independent Directors	47,934

Note:

- (1) Annual retainer fees have been converted from Canadian dollars based on the daily exchange rate reported by the Bank of Canada on January 2, 2018 of US\$1.2517 = \$1.00, being the first business day of 2018.
- (2) John Wright is currently the Lead Director.

### ***Outstanding Share-Based Awards and Option-Based Awards***

The following table sets forth all Share-based awards and Option-based awards outstanding for each independent director as at December 31, 2017.

Name	Option-Based Awards				Share-Based Awards		
	Number of Securities Underlying Unexercised Options (#) <sup>(1)</sup>	Option Exercise Price (US\$) <sup>(2)</sup>	Option Expiration Date	Value of Unexercised In-the-Money Options (US\$)	Number of Shares or Units of Shares that Have Not Vested (#)	Market or Payout Value of Share-Based Awards that Have Not Vested (US\$)	Market or Payout Value of Vested Share-Based Awards Not Paid Out or Distributed (US\$)
Lyle Braaten	30,000	5.37 <sup>(3)</sup>	December 7, 2022	20,100 <sup>(4)</sup>	N/A	N/A	N/A
Steven Busby	30,000	5.37 <sup>(3)</sup>	December 7, 2022	20,100 <sup>(4)</sup>	N/A	N/A	N/A
John Wright	30,000	5.37 <sup>(3)</sup>	December 7, 2022	20,100 <sup>(4)</sup>	N/A	N/A	N/A
Matthew Wubs	30,000	5.37 <sup>(3)</sup>	December 7, 2022	20,100 <sup>(4)</sup>	N/A	N/A	N/A

Note:

- (1) Class of securities underlying all Options is Shares. All Options granted to the independent directors are governed by the Stock Option Plan and are fully vested on the grant date.
- (2) Exercise price for the Options is equivalent to the "Fair Market Value", as defined in the Stock Option Plan or the "Market Price" as defined in the TSX Company Manual, which currently means the volume weighted average trading price of the Shares on the TSX for the five trading days immediately preceding the grant date.
- (3) These Options were granted in Canadian dollars (exercise price of \$6.74), but are shown in US dollars and have been converted from Canadian dollars based on the daily exchange rate reported by the Bank of Canada on December 29, 2017 of US\$1.2545 = \$1.00, being the last business day of 2017.



- (4) The figures shown in this column are calculated based on the difference between the Option exercise price and the closing price of the Shares on the TSX on December 29, 2017 (\$7.58 or US\$6.04 based on the daily exchange rate reported by the Bank of Canada on December 29, 2017 of US\$1.2545 = \$1.00), being the last trading day of 2017. The figures shown in this column do not represent the actual value the individual director would receive. The actual gain, if any, on exercise will depend on the value of the Shares on the date of exercise.

### ***Incentive Plan Awards – Value Vested or Earned During the Year***

The following table sets forth the value of incentive plan awards vested or earned by each independent director during the financial year ended December 31, 2017.

<b>Name</b>	<b>Option-based awards – Value vested during the year (US\$)<sup>(1)</sup></b>	<b>Share-based awards – Value vested during the year (US\$)</b>	<b>Non-equity incentive plan compensation – Value earned during the year (US\$)</b>
Lyle Braaten	Nil	N/A	N/A
Steven Busby	Nil	N/A	N/A
John Wright	Nil	N/A	N/A
Matthew Wubs	Nil	N/A	N/A

Note:

- (1) Aggregate dollar value that would have been realized if the Options had been exercised on the vesting date (options were fully vested on the December 7, 2017 grant date), calculated based on the difference between the Option exercise price (\$6.74 or US\$5.25 based on the daily exchange rate reported by the Bank of Canada on December 7, 2017 of US\$1.2843 = \$1.00) and the closing price of the Shares on the TSX on the vesting date (\$6.60 or US\$5.25 based on the daily exchange rate reported by the Bank of Canada on December 7, 2017 of US\$1.2843 = \$1.00). Those amounts reflected as Nil are based on Options being out of the money on the vesting date. The figures shown in this column do not represent the actual value the individual director would receive. The actual gain, if any, on exercise will depend on the value of the Shares on the date of exercise.

### **SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The following table sets forth details of the Company's compensation plans under which equity securities of the Company are authorized for issuance at the end of the Company's most recently completed financial year.

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding Options, warrants and rights</b>	<b>Weighted-average exercise price of outstanding Options, warrants and rights (US\$)</b>	<b>Number of securities remaining available for future issuance under equity compensation plans</b>
Equity compensation plans approved by securityholders	3,493,000 <sup>(1)</sup>	3.45	4,445,133 <sup>(2)</sup>
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
<b>Total</b>	<b>3,493,000</b>	<b>3.45</b>	<b>4,445,133</b>

Note:

- (1) Represents the number of Shares reserved for issuance upon the exercise of 3,493,000 outstanding Options under the Stock Option Plan. No Share Units have been issued under the Share Unit Plan.
- (2) Based on the maximum number of Shares reserved for issuance under the Stock Option Plan and the Share Unit Plan of 7,938,133, representing 10% of the 79,381,339 Shares issued and outstanding as at December 31, 2017.

## CORPORATE GOVERNANCE PRACTICES

The Company and the Board recognize the importance of corporate governance to the effective management of the Company and to the protection of its employees and shareholders. The Company's approach to significant issues of corporate governance is designed with a view to ensuring that the business and affairs of the Company are effectively managed so as to enhance shareholder value. The Board fulfills its mandate directly and through its committees at regularly scheduled meetings or at meetings held as required. Frequency of meetings may be increased and the nature of the agenda items may be changed depending upon the state of the Company's affairs and in light of opportunities or risks which the Company faces. The directors are kept informed of the Company's business and affairs at these meetings as well as through reports and discussions with management on matters within their particular areas of expertise.

### THE BOARD

The Board currently consists of six directors, four of whom are independent based upon the test for director independence set out in NI 52-110. As such, the majority of Ero's directors are independent. Lyle Braaten, Steven Busby, Matthew Wubs and John Wright are the independent directors of the Company. Christopher Noel Dunn is the Executive Chairman of the Company and engages in the management of day-to-day operations of the Company. As such, Mr. Dunn is not an independent director. David Strang is the President and CEO of the Company, and is not independent as a result.

As the Executive Chairman of the Board, Mr. Dunn is primarily responsible for the following functions in connection with the affairs of the Board: (i) providing leadership to foster the effectiveness of the Board; (ii) ensuring an effective relationship exists between the Board and senior management of the Company, that the appropriate committee structure is in place with regards to making recommendations for appointment to such committees, and that the directors receive the information required for the proper performance of their duties; (iii) chairing Board meetings, including stimulating debate, providing adequate time for discussion of issues, encouraging full participation and discussion by individual directors and confirming that clarity regarding decision-making is reached and accurately recorded; (iv) chairing general meetings of shareholders; (v) together with the Nominating and Corporate Governance Committee, ensuring that an appropriate system is in place to evaluate the performance of the Board as a whole, the Board's committees and individual directors; (vi) consulting with the Nominating and Corporate Governance Committee on candidates for nomination or appointment to the Board; (vii) working with the President and CEO of the Company to ensure that the Board is provided with the resources to permit it to carry out its responsibilities and raising any issues that are preventing the Board from being able to carry out its responsibilities; and (viii) assisting the President and CEO in fulfilling his responsibilities, as necessary.

As the Executive Chairman is not an independent director, the Board has appointed John Wright as the Lead Director. The Lead Director facilitates the functioning of the Board independently of the Company's management and provides independent leadership to the Board by: (i) ensuring that the Board functions independently of management and other non-independent directors; (ii) fostering the effectiveness of the Board; (iii) working with the Executive Chairman to ensure that the appropriate committee structure is in place with regards to making recommendations for appointment to such committees; (iv) suggesting items of importance for consideration on the agenda for each Board meeting; (v) in the absence of the Executive Chairman, chairing Board meetings, including stimulating debate, providing adequate time for discussion of issues, encouraging full participation and discussions and confirming that clarity regarding decision-making is reached and accurately recorded; (vi) chairing each Board meeting at which only non-management directors are present; (vii) as may be required, consulting and meeting with any or all independent directors and representing such directors in discussions with management of the Company;

(viii) providing recommendations and advice to the Nominating and Corporate Governance Committee on candidates for nomination or appointment to the Board; (ix) recommending, where necessary, the holding of special meetings of the Board; and (x) working with the Executive Chairman and the President and CEO to ensure that the Board is provided with the resources to permit it to carry out its responsibilities and raising any issues that are preventing the Board from being able to do so.

### ***Inter-locking Directorships***

None of our directors currently serve together on the board of directors of other reporting issuers (or the equivalent) in Canada or foreign jurisdictions. The following table lists the directors of the Company who serve on boards of directors of other reporting issuers (or the equivalent) and the identities of such reporting issuers (or the equivalent).

<b><u>Name of Director</u></b>	<b><u>Reporting Issuers (or the Equivalent)</u></b>
Christopher Noel Dunn <sup>(1)</sup>	Pan American Silver Corp. Pretium Resources Inc.
David Strang	Almaden Minerals Ltd.
Lyle Braaten	Lumina Gold Corp.
John Wright	Bitterroot Resources Ltd. SilverCrest Metals Inc.

***Note:***

<sup>(1)</sup> Mr. Dunn will not be standing for re-election as a director of Pan American Silver Corp. (annual general and special meeting to be held on May 9, 2018) and Pretium Resources Inc. (annual general meeting to be held on May 10, 2018).

### ***Board Meetings***

The Executive Chairman is primarily responsible for the agenda and for supervising the conduct of each meeting of the Board. Any director may propose the inclusion of items on the agenda, request the presence of or a report by any member of senior management, or at any Board meeting raise subjects that are not on the agenda for the meeting. Materials for each meeting are distributed to the Board in advance of the meeting.

The following table sets out the attendance record of each director for all Board meetings and meetings of the committees of the Board of which they were members during the financial year ended December 31, 2017.

Director	Board	Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee <sup>(1)</sup>	Environmental, Health, Safety and Sustainability Committee
	5 meetings	4 meetings	5 meetings	0 meetings	2 meetings
Christopher Noel Dunn	5	-	-	-	2
David Strang	5	-	-	-	2
Lyle Braaten	5	3	-	-	-
Steven Busby	5	-	5	-	2
John Wright	5	4	5	-	-
Matthew Wubs	5	4	4	-	-

Note:

<sup>(1)</sup> The Committee held its first meeting on March 28, 2018.

### ***Meetings of Independent Directors***

Our Board encourages open and candid discussion amongst its independent director and as such, the independent directors meet in-camera (privately) during each Board meeting without non-independent directors and members of management in attendance. During the financial year ended December 31, 2017, the independent directors met in-camera during all five Board meetings. In addition, the Audit Committee regularly holds in-camera sessions with our auditors or amongst themselves. Independent directors sitting on other committees of the Board also hold in-camera sessions on an ad-hoc basis.

### ***Majority Voting Policy***

The Company has adopted a Majority Voting Policy. Pursuant to the provisions of the Majority Voting Policy, a nominee for election as a director of the Company who does not receive a greater number of votes “for” than votes “withheld” with respect to the election of directors by shareholders shall offer to tender his or her resignation to the Executive Chairman of the Board promptly following the meeting of shareholders at which the director was elected. The Nominating and Corporate Governance Committee will promptly consider such offer and make a recommendation to the Board whether to accept it or not. The Board will promptly accept the resignation unless it determines that there are exceptional circumstances. The Board shall act on the Nominating and Corporate Governance Committee’s recommendation in respect of a resignation tendered pursuant to the Majority Voting Policy within 90 days following the date of the applicable election and shall promptly disclose, via press release, its decision whether to accept the director’s resignation offer including the reasons for rejecting the resignation offer, if applicable. A director who tenders a resignation pursuant to the Majority Voting Policy will not participate in any meeting of the Board or the Nominating and Corporate Governance Committee at which the resignation is considered. The Majority Voting Policy will not apply to contested meetings at which the number of directors nominated for election is greater than the number of seats available on the Board.

## **BOARD MANDATE**

Our Board is responsible for the supervision of the management of the business and affairs of the Company. In discharging its mandate, the Board is primarily responsible, either directly or through committees of the Board and the Executive Chairman of the Board, for the oversight of, among other things, the following matters:

- the strategic planning process of the Company;
- the identification of the principal risks of the Company's business and ensuring the implementation of appropriate systems to manage these risks;
- succession planning, including appointing, training and monitoring the Company's executive officers;
- a culture of integrity of the Company and its executive officers;
- a disclosure policy for the Company to facilitate communications with investors and other interested parties;
- the Company's approach to corporate governance and director independence standards and, where appropriate, the appointment of a Lead Director;
- ethical behavior of the directors, officers and employees of the Company; and
- the composition and organization of the Board, including the number, qualifications and remuneration of directors.

The Board may at any time retain and terminate external legal counsel, consultants or other advisors at the expense of the Company to assist it in fulfilling its responsibilities and to set and pay the respective reasonable compensation of these advisors.

The Board discharges its responsibilities directly and through its committees, currently consisting of the Audit Committee, the Compensation Committee, the Nominating and Corporate Governance Committee, and the Environmental, Health, Safety and Sustainability Committee.

The full text of the Board of Directors Mandate setting out the Board's mandate and responsibilities and the duties of its members is attached to this Circular as Appendix "A".

## **POSITION DESCRIPTIONS**

The Board has developed written position descriptions for the Executive Chairman, the Chair of each committee of the Board, the Lead Director of the Board and the President and CEO.

## **ORIENTATION AND CONTINUING EDUCATION**

New members of the Board are provided with: (i) information respecting the functioning of the Board and its committees and a copy of the Company's corporate governance documents; (ii) access to all documents of the Company, including those that are confidential; and (iii) access to management to discuss and better understand our business.

Each new director participates in the Company's initial orientation program and each director participates in the Company's continuing director development programs, both of which are reviewed annually by the Nominating and Corporate Governance Committee.

Board members are encouraged to: (i) communicate with management and auditors; (ii) introduce topics of discussion that they feel are of particular importance to the Board and request presentations or additional training by management or external advisors; (iii) keep themselves current with industry trends and developments and changes in legislation with management's assistance; (iii) attend related industry seminars and conferences that are of interest and of relevance to their position as directors, and the Nominating and Corporate Governance Committee is responsible for arranging funding for such attendance; and (iv) visit the Company's operations.

In addition, all directors are provided with monthly management reports regarding our business and operations.

Directors have been and will continue to be given tours of our operations. In the last year, all six of our directors have visited at least one of our operations.

### **DIRECTOR ASSESSMENT**

The Nominating and Corporate Governance Committee is responsible for ensuring that an appropriate system is in place to evaluate the effectiveness of the Board as a whole, the individual committees of the Board, and the individual members of the Board and such committees with a view of ensuring that they are fulfilling their respective responsibilities and duties. In connection with such evaluations, each director is required to provide his or her assessment of the effectiveness of the Board and each committee as well as the performance of the individual directors, annually. Such evaluations take into account the competencies and skills each director is expected to bring to his or her particular role on the Board or on a committee, as well as any other relevant facts.

### **DIRECTOR TERM LIMITS AND OTHER MECHANISMS FOR BOARD RENEWAL**

The Company has not adopted term limits for the directors on its Board or other formal mechanisms for Board renewal. The Company believes that the Board has the appropriate level of continuity and renewal without imposing formal mechanisms, particularly term limits or director retirement requirements. In addition, the Company believes that the imposition of director term limits or director retirement requirements may discount the value of experience and continuity amongst Board members and runs the risk of excluding experienced and valuable candidates for Board membership.

The Nominating and Corporate Governance Committee is responsible for developing and updating the long-term plan for the composition of the Board that takes into consider the current strengths, competencies, skills and experience of the Board members, retirement dates and the strategic direction of the Company. In addition, the Nominating and Corporate Governance Committee, annually or as required, recruits and identifies individuals qualified to become new Board members and makes recommendations to the Board regarding new director nominees. In making such recommendations, the Nominating and Corporate Governance Committee will consider the competencies and skills that the Board considers to be necessary for the Board as a whole to possess, for each existing director to possess, and for a new nominee to bring to the boardroom. In this respect, through the Nominating and Corporate Governance Committee and the annual Board assessment process, the Board is able to consider the contribution of current Board members and the skills and experience necessary for an effective and efficient Board, and recommends changes to best meet those needs.

### **DIVERSITY**

The Board and the Nominating and Corporate Governance Committee consider diversity as one of the important criteria relative to the composition of the Board. The Nominating and Corporate Governance

Committee periodically reviews the composition of the Board and recommends, if necessary, measures to be taken so that the Board reflects the appropriate balance of diversity, competencies, skills and expertise required by the Board as a whole. Accordingly, while the Board has not adopted a written policy or targets relating to the identification and nomination of female directors or executive officer candidates with other specific diversity characteristics, the Board does take into consideration various criteria including a nominee's potential to contribute to diversity within the Board. The Company does not believe that it is in the best interests of the Company or its shareholders to set any specific targets or quotas for recruiting Board members based on diversity criteria as such targets or quotas may have the effect of unduly restricting the Company's commitment to the selection of the most capable nominee. Diversity criteria should be considered as one important aspect of the identification and selection process but should not be considered paramount to other important criteria.

Currently, the Board is comprised of male directors; however, the Board will seek out female nominees for future Board vacancies, provided that any such nominee meets the needs of the Company in relation to her attributes and skills.

Consistent with the Company's approach to diversity at the Board level, the Company's hiring practices include consideration of diversity across a number of areas, including gender. Currently, none of the executive officer positions of the Company and its subsidiaries are held by women. The Company does not have a target number of female executive officers. Given the small size of its executive team, the Company believes that implementing targets would not be appropriate. However, in its hiring practices, the Company considers the number of women in executive officer positions and the desirability of achieving an appropriate level of representation.

## **ETHICAL BUSINESS CONDUCT**

The Board adopted the Code of Business Conduct and Ethics of the Company (the "**Code**") on May 15, 2017 for the directors, officers, employees and consultants of the Company and its subsidiaries. All new employees must read the Code when hired and acknowledge that they will abide by the Code.

The Nominating and Corporate Governance Committee, together with the Board, is responsible for monitoring compliance with the Code. In accordance with the Code, directors, officers, employees and consultants of the Company and its subsidiaries should raise questions regarding the application of any requirement under the Code, and report a possible violation of a law or the Code, promptly to their superior or manager. If reporting a concern or complaint to a superior or manager is not possible or advisable, or if reporting it to such person does not resolve the matter, the matter should be addressed with the CFO of the Company.

The Nominating and Corporate Governance Committee monitors compliance with the Code by, among other things, obtaining reports from the President and CEO regarding breaches of the Code and reporting such breaches to the Board. The Nominating and Corporate Governance Committee also reviews investigations and any resolutions of complaints received under the Code, and reports annually to the Board thereon. In turn, the Board reviews such reports from the Nominating and Corporate Governance Committee as well as reports relating to compliance with, or material deficiencies from, the Code and approves changes it considers appropriate, at least annually. The Code is available on our website at [www.eroopper.com](http://www.eroopper.com) or under our profile on SEDAR at [www.sedar.com](http://www.sedar.com).

The Board takes steps to ensure that directors, officers and other employees exercise independent judgment in considering transactions and agreements in respect of which a director, officer or other employee of the Company has a material interest, which include ensuring that directors, officers and other employees are thoroughly familiar with the Code and, in particular, the rules concerning reporting

conflicts of interest and obtaining direction from their superior or manager or the CFO regarding any potential conflicts of interest.

The Board encourages and promotes an overall culture of ethical business conduct by promoting compliance with applicable laws, rules and regulations; providing guidance to directors, officers and other employees to help them recognize and deal with ethical issues; promoting a culture of open communication, honesty and accountability; and ensuring awareness of disciplinary action for violations of ethical business conduct.

The Board also adopted a Whistleblowing Policy on May 15, 2017 for individuals to report complaints and concerns regarding, among other things, violations of the Code. As well, the Board adopted an Anti-Corruption Policy on May 15, 2017 which requires that directors, officers, other employees and contractors of the Company conduct business in a manner that does not contravene anti-bribery and anti-corruption laws that apply to the Company, including the *Criminal Code* (Canada) and *Corruption of Foreign Public Officials Act* (Canada). The Lead Director and the Audit Committee or a designated member thereof are responsible for monitoring compliance with this policy, although employees may approach the Company's external legal counsel if preferred for concerns under the Anti-Corruption Policy.

## **AUDIT COMMITTEE**

The Board has established the Audit Committee, which is currently comprised of Matthew Wubs (Chair), Lyle Braaten and John Wright, all of whom are independent directors and financially literate, in each case within the meaning of National Instrument 52-110, *Audit Committees*.

The Audit Committee provides assistance to the Board in fulfilling its obligations relating to the integrity of the internal financial controls and financial reporting of the Company. The external auditor of the Company report directly to the Audit Committee. The Audit Committee's primary duties and responsibilities include: (i) reviewing and reporting to the Board on the annual audited financial statements (including the auditor's report thereon) and unaudited interim financial statements and any related management's discussion and analysis, and other financial disclosure related thereto that may be required to be reviewed by the Audit Committee pursuant to applicable legal and regulatory requirements; (ii) reviewing material changes in accounting policies and significant changes in accounting practices and their impact on the financial statements; (iii) overseeing the audit function, including engaging in required discussions with the Company's external auditor and reviewing a summary of the annual audit plan at least annually, overseeing the independence of the Company's external auditor, overseeing the Company's internal auditor, and pre-approving any non-audit services to the Company; (iv) reviewing and discussing with management the appointment of key financial executives and recommending qualified candidates to the Board; (v) reviewing with management and the Company's external auditor, at least annually, the integrity of the internal controls over financial reporting and disclosure; (vi) reviewing management reports related to legal or compliance matters that may have a material impact on the Company and the effectiveness of the Company's compliance policies; and (vii) establishing whistleblowing procedures and investigating any complaints or concerns it deems necessary.

The Audit Committee's mandate requires that the Audit Committee pre-approve any retainer of the external auditor of the Company to provide any non-audit services to the Company that it deems advisable in accordance with applicable legal and regulatory requirements and policies and procedures of the Board. The Audit Committee is permitted to delegate pre-approval authority to one of its members; however, the decision of any member of the Audit Committee to whom such authority has been delegated must be presented to the full Audit Committee at its next scheduled meeting. The full text of the Audit Committee's mandate is available on our website at [www.eroopper.com](http://www.eroopper.com).



Additional information regarding the Audit Committee is contained in our Annual Information Form for the year ended December 31, 2017 and dated March 28, 2018 (the “AIF”) under the heading “*Audit Committee*”. The AIF is available on our website at [www.eroopper.com](http://www.eroopper.com) or under our profile on SEDAR at [www.sedar.com](http://www.sedar.com).

## **NOMINATING AND CORPORATE GOVERNANCE COMMITTEE**

The Board has established the Nominating and Corporate Governance Committee, comprised of Lyle Braaten (Chair), Steven Busby, each of who are independent directors within the meaning of NI 52-110, and Christopher Noel Dunn. While Mr. Dunn is not independent within the meaning of NI 52-110, the Board views his experience with public companies and his extensive network of finance and mining industry contacts to be a positive contribution to the Nominating and Corporate Governance Committee. The Board considers the presence of two senior and experienced independent directors to be sufficient to encourage an objective nominating process.

The Nominating and Corporate Governance Committee, in consultation with the President and CEO, is responsible for recruiting and identifying individuals qualified to become new Board members and making recommendations to the Board regarding new director nominees, annually or as required. Further, the Nominating and Corporate Governance Committee is responsible for recommending to the Board the individual director appointments to each Board committee, annually or as required. In making such recommendations, the Nominating and Corporate Governance Committee will consider the competencies and skills that the Board considers to be necessary for the Board as a whole to possess, for each existing director to possess, and for a new nominee to bring to the boardroom. The Nominating and Corporate Governance Committee may also recommend for approval by the Board the removal of a director from the Board or a committee thereof if he or she is no longer qualified to serve as a director under applicable requirement or any other appropriate reason.

In addition, the Nominating and Corporate Governance Committee has been delegated the responsibility of, among other things: (i) making recommendations to the Board regarding director remuneration; (ii) establishing an appropriate system to evaluate the effectiveness of the Board as a whole as well as its committees; (iii) monitoring conflicts of interest of both the Board and management; (iv) conducting periodic reviews of the Company’s corporate governance policies and making policy recommendations aimed at enhancing Board and committee effectiveness; (v) annually reviewing the Board and committee mandates and position descriptions of the Executive Chairman, the President and CEO, the Lead Director and each committee Chair, and recommending to the Board that necessary changes be made; (vi) reviewing and recommending to the Board the appropriate structure, size, composition, mandate and members for Board committees, and the procedures to ensure that the Board and its committees function independently of management; (vii) providing the Board with updates on developments in corporate governance; (viii) conducting periodic reviews of the relationship between management and the Board; (ix) reviewing monitoring and making recommendations regarding new director orientation and ongoing development of existing directors; and (x) reviewing reports from the President and CEO regarding breaches of the Code, and investigations and resolutions of complaints received under the Code, and reporting to the Board thereon. See “– *Director Assessment*” above. The full text of the Nominating and Corporate Governance Committee’s mandate is available on our website at [www.eroopper.com](http://www.eroopper.com).

## **COMPENSATION COMMITTEE**

The Board has established the Compensation Committee, comprised of John Wright (Chair), Lyle Braaten and Matthew Wubs, all of whom are independent directors within the meaning of NI 52-110.

The Compensation Committee is responsible for determining and making recommendations with respect to all forms of compensation to be granted to the Executive Chairman and the President and CEO and reviewing the President and CEO's recommendations respecting compensation of the other senior executive offices of the Company. In particular, the Compensation Committee is responsible for, among other things: (i) reviewing and approving corporate goals and objectives relevant to compensation of the Executive Chairman and the President and CEO, evaluating their performance in light of such corporate goals and objectives, and making recommendations to the Board with respect to their compensation levels based on such evaluation; (ii) reviewing recommendations from the President and CEO regarding the appointment, compensation and other terms of employment of the CFO, and other officers, and making recommendations to the Board regarding the same; (iii) preparing and submitting to the Board at least annually a report on human resource matters of the Company; (iv) administering and interpreting the Company's security based compensation arrangements and its policies respecting the grant of Options, Share Units or sale of Shares thereunder, and reviewing and recommending to the Board grants of Options and Share Units and terms thereof; (v) periodically reviewing the terms of the Company's executive compensation programs to determine if they are properly coordinated and achieving their desired purpose; (vi) overseeing the Company's compliance with any rules promulgated by a regulatory body prohibiting loans to officers and directors of the Company; and (vii) reviewing and assessing the adequacy of its mandate at least annual. The full text of the Compensation Committee's mandate is available on our website at [www.ero-copper.com](http://www.ero-copper.com).

Please see "*Statement of Executive and Director Compensation*" above, which summarizes, among other things, the process by which the Board determines the compensation for the Company's directors and executives.

The Compensation Committee has the authority to retain external legal counsel, consultants or other advisors to assist it in fulfilling its responsibilities, including a compensation consultant, at the expense of the Company. Any other work or services performed by such compensation consultant at the request of management must, however, be pre-approved by the Compensation Committee.

## **ENVIRONMENTAL, HEALTH, SAFETY AND SUSTAINABILITY COMMITTEE**

The Board has established the Environmental, Health, Safety and Sustainability Committee, comprised of Steven Busby (Chair), Christopher Noel Dunn and David Strang.

The Environmental, Health, Safety and Sustainability Committee assists the Board in fulfilling its oversight responsibilities in respect of development, implementation and monitoring of the Company's health, safety, environment and sustainability policies. In particular, the Environmental, Health, Safety and Sustainability Committee is responsible for, among other things: (i) developing policies and maintaining standards of performance that meet or exceed legal and regulatory requirements and industry standards in the areas of health, safety, and environmental stewardship; (ii) identifying risks related to the environment, health and safety and recommending the adoption of appropriate programs and procedures to reduce such risks; (iii) periodically reviewing the Company's loss prevention policies, emergency response plans and recovery programs; (iv) periodically reviewing and monitoring the Company's policies, procedures and practices related to the reporting of health, safety and environmental incidents; (v) reviewing with management and legal counsel, any legal actions by or against the Company related to environmental, health and safety issues; (vi) reviewing reports regarding significant health, safety and environmental incidents, emerging issues, inspection and audit summaries and corrective actions taken in response to deficiencies; (vii) requiring management to take steps to ensure that employees receive necessary training to meet health, safety and environmental standards; (viii) facilitating information sharing with other Board committees to address matters of mutual interest or concern regarding health, safety, environmental and sustainability issues; and (ix) reporting regularly to the Board on its activities.

The full text of the Environmental, Health, Safety and Sustainability Committee’s mandate is available on our website at [www.ero copper.com](http://www.ero copper.com).

The Environmental, Health, Safety and Sustainability Committee has the authority to retain external legal counsel, consultants or other advisors to assist it in fulfilling its responsibilities, at the expense of the Company.

## DISCLOSURE COMMITTEE

The Company has established a Disclosure Committee comprised of the Executive Chairman, the President and CEO and the CFO, to ensure the provision of accurate and timely communication of important information to our shareholders. The Board has adopted a Disclosure Policy to provide guidance to the Disclosure Committee. The full text of the Disclosure Policy is available on our website at [www.ero copper.com](http://www.ero copper.com).

## ADDITION COMPANY INFORMATION

### VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The authorized voting share capital of Ero consists of an unlimited number of Shares without par value. As of the date of this Circular, there were 84,455,650 Shares issued and outstanding.

To the knowledge of the directors and executive officers of the Company, no one person or entity beneficially owns or exercises direction or control over, directly or indirectly, more than 10% of the Shares, except the following:

Name of Shareholder	Shares Owned, Controlled or Directed, Directly or Indirectly	Percentage of Outstanding Shares <sup>(1)</sup>
Ndovu Capital IX B.V. (“Ndovu”) and Tembo Capital Mining Fund II LP, acting by its general partner, Tembo Capital Mining GP LP, acting by its general partner, Tembo Capital Mining GP Ltd. (“Tembo”) <sup>(2)</sup>	10,373,684	12.28% <sup>(2)</sup>
BlackRock, Inc.	9,665,145	11.44%

**Notes:**

- (1) The figures in this column have been calculated on a non-diluted basis.
- (2) Ndovu and Tembo are affiliated entities.

### INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No current or former directors, executive officers or employees of the Company or any of its subsidiaries, no Nominee, and no associate of any such director, executive officer or Nominee is, as at the date hereof, or has been, during the financial year ended December 31, 2017, indebted to the Company or any of its subsidiaries in connection with a purchase of securities or otherwise or indebted to another entity that is, or has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries.

### INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed below, no director or executive officer of the Company or any of its subsidiaries, Nominee, shareholder that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the issued Shares, or any associate or affiliate of any of the foregoing persons, has had any material

interest, direct or indirect, in any transaction since January 1, 2017, or in any proposed transaction which has materially affected or will materially affect the Company or any of its subsidiaries.

On January 18, 2017, the Company completed a private placement offering of an aggregate principal amount of US\$2,750,000 unsecured convertible debentures bearing simple interest at an annual rate of 10%, payable on the maturity date of January 18, 2019 (the “**General Debentures**”). Pursuant to the subscription agreements between the Company and each subscriber of the General Debentures, the outstanding principal and accrued and unpaid interest on the General Debentures could be converted, subject to certain limitations and conditions, at the option of the holders thereof and until the maturity date of the General Debentures into units of the Company (the “**General Debenture Units**”) at a price of US\$0.75 per General Debenture Unit (subject to adjustment pursuant to the terms of the certificates representing the General Debentures). Each General Debenture Unit is comprised of one Share and one-quarter of a share purchase warrant (a “**General Warrant**”), with each one General Warrant entitling the holder thereof to acquire one Share at a price of US\$1.20 until December 12, 2021.

David Strang, the President and Chief Executive Officer and a director of the Company and Matthew Wubs, a director of the Company, each participated in the offering by subscribing to US\$500,000 of General Debentures. In January 2018, Messrs. Strang and Wubs both exercised their option to convert the outstanding principal and accrued and unpaid interest (US\$53,562) on their General Debentures into General Debenture Units and concurrently exercised the underlying General Warrants. As a result, they were each issued an aggregate of 922,602 Shares by the Company, of which, 184,520 Shares were issued upon exercise of the underlying General Warrants.

## **MANAGEMENT CONTRACTS**

Management functions of the Company and its subsidiaries are not, to any substantial degree, performed other than by the directors or executive officers of the Company and its subsidiaries.

## **FOR MORE INFORMATION ON ERO**

Additional information regarding Ero, including financial information that is provided in our audited consolidated financial statements and MD&A for the financial year ended December 31, 2017, is available on our website at [www.ero-copper.com](http://www.ero-copper.com) or under our profile on SEDAR at [www.sedar.com](http://www.sedar.com). Securityholders may also contact the Corporate Secretary of the Company by phone at (604) 449-9236 or by e-mail at [info@ero-copper.com](mailto:info@ero-copper.com) to request copies of these documents free of charge.

## **DIRECTORS’ APPROVAL**

The contents of the Circular and the sending thereof to the shareholders of the Company have been approved by the Board.

### **BY ORDER OF THE BOARD OF DIRECTORS**

*“Christopher Noel Dunn”*

Christopher Noel Dunn  
Executive Chairman

Vancouver, British Columbia  
May 7, 2018

**APPENDIX “A”  
ERO COPPER CORP.  
BOARD OF DIRECTORS MANDATE**

**1. Purpose**

The members of the Board of Directors (the “**Board**”) have the duty to supervise the management of the business and affairs of Ero Copper Corp. (“**Ero**” or the “**Company**”). The Board, directly and through its committees and the chair of the Board (the “**Chair**”), shall provide direction to senior management, generally through the Chief Executive Officer, to pursue the best interests of the Company.

**2. Duties and Responsibilities**

The Board shall have the specific duties and responsibilities outlined below.

*Strategic Planning*

**(a) Strategic Plans**

The Board will adopt a strategic plan for the Company. At least annually, the Board shall review and, if advisable, approve the Company’s strategic planning process and the Company’s annual strategic plan. In discharging this responsibility, the Board shall review the plan in light of management’s assessment of emerging trends, the competitive environment, the opportunities for the business of the Company, risk issues, and significant business practices and products.

**(b) Business and Capital Plans**

At least annually, the Board shall review and, if advisable, approve the Company’s annual business and capital plans as well as policies and processes generated by management relating to the authorization of major investments and significant allocation of capital.

**(c) Monitoring**

At least annually, the Board shall review management’s implementation of the Company’s strategic, business and capital plans. The Board shall review and, if advisable, approve any material amendments to, or variances from, these plans.

*Risk Management*

**(a) General**

At least annually, the Board shall review reports provided by management of principal risks associated with the Company’s business and operations, review the implementation by management of appropriate systems to manage these risks, and review reports by management relating to the operation of, and any material deficiencies in, these systems.

**(b) Verification of Controls**

The Board shall verify that internal, financial, non-financial and business control and management information systems have been established by management.

### ***Human Resource Management***

#### **(a) General**

At least annually, the Board shall review a report of the Compensation Committee concerning the Company's approach to human resource management and executive compensation.

#### **(b) Succession Review**

At least annually, the Board shall review the succession plans of the Company for the Chair, the Lead Director, the Chief Executive Officer and other executive officers, including the appointment, training and monitoring of such persons.

#### **(c) Integrity of Senior Management**

The Board shall, to the extent feasible, satisfy itself as to the integrity of the Chief Executive Officer and other executive officers of the Company and that the Chief Executive Officer and other senior officers strive to create a culture of integrity throughout the Company.

### ***Corporate Governance***

#### **(a) General**

At least annually, the Board shall review a report of the Nominating and Corporate Governance Committee concerning the Company's approach to corporate governance.

#### **(b) Director Independence**

At least annually, the Board shall review a report of the Nominating and Corporate Governance Committee that evaluates the director independence standards established by the Board and the Board's ability to act independently from management in fulfilling its duties.

#### **(c) Ethics Reporting**

The Board has adopted a written Code of Business Conduct and Ethics (the "**Code**") applicable to directors, officers and employees of the Company. At least annually, the Board shall review the report of the Nominating and Corporate Governance Committee relating to compliance with, or material deficiencies from, the Code and approve changes it considers appropriate. The Board shall review reports from the Nominating and Corporate Governance Committee concerning investigations and any resolutions of complaints received under the Code.

#### **(d) Board of Directors Mandate Review**

At least annually, the Board shall review and assess the adequacy of its Mandate to ensure compliance with any rules of regulations promulgated by any regulatory body and approve any modifications to this Mandate as considered advisable.

## *Communications*

### **(a) General**

The Board has adopted a Disclosure Policy for the Company. At least annually, the Board, in conjunction with the Chief Executive Officer, shall review the Company's overall Disclosure Policy, including measures for receiving feedback from the Company's stakeholders, and management's compliance with such policy. The Board shall, if advisable, approve material changes to the Company's Disclosure Policy.

### **(b) Shareholders**

The Company endeavors to keep its shareholders informed of its progress through an annual report, annual information form, quarterly interim reports and periodic press releases. Directors and management meet with the Company's shareholders at the annual meeting and are available to respond to questions at that time.

## **3. Composition**

### *General*

The composition and organization of the Board, including: the number, qualifications and remuneration of directors; the number of Board meetings; any Canadian residency requirements; quorum requirements; meeting procedures and notices of meetings are required by the Business Corporations Act (British Columbia), the Securities Act (British Columbia) and the notice of articles and articles of the Company, subject to any exemptions or relief that may be granted from such requirements.

Each director must have an understanding of the Company's principal operational and financial objectives, plans and strategies, and financial position and performance. Directors must have sufficient time to carry out their duties and not assume responsibilities that would materially interfere with, or be incompatible with, Board membership. Directors who experience a significant change in their personal circumstances, including a change in their principal occupation, are expected to advise the chair of the Nominating and Corporate Governance Committee.

### *Independence*

A majority of the Board must be independent, subject to any exemptions or relief that may be granted from such requirement. "Independent" shall have the meaning, as the context requires, given to it in National Policy 58-201 Corporate Governance Guidelines, as may be amended from time to time.

### *Chair of the Board*

The Chair of the Board shall be an independent director, unless the Board determines that it is inappropriate to require the Chair to be independent. If the Board determines that it would be inappropriate to require the Chair of the Board to be independent, then the independent directors shall, from the time that the Company obtains a listing of its securities on a public market or stock exchange, select from among their number a director who will act as "Lead Director" and who will assume responsibility for providing leadership to enhance the effectiveness and independence of the Board. The Chair, if independent, or the Lead Director if the Chair is not independent, shall act as the effective leader of the Board and ensure that the Board's agenda will enable it to successfully carry out its duties.

#### **4. Committees of the Board**

The Board has established the following committees: the Compensation Committee, the Audit Committee, and the Nominating and Corporate Governance Committee. Subject to applicable law, the Board may establish other Board committees or merge or dispose of any Board committee.

##### ***Committee Mandates***

The Board has approved mandates for each Board committee and shall approve mandates for each new Board committee. At least annually, each mandate shall be reviewed by the Nominating and Corporate Governance Committee and any suggested amendments brought to the Board for consideration and approval.

##### ***Delegation to Committees***

The Board has delegated to the applicable committee those duties and responsibilities set out in each Board committee's mandate.

##### ***Consideration of Committee Recommendations***

As required by applicable law, by applicable committee Mandate or as the Board may consider advisable, the Board shall consider for approval the specific matters delegated for review to Board committees.

##### ***Board/Committee Communication***

To facilitate communication between the Board and each Board committee, each committee chair shall provide a report to the Board on material matters considered by the committee at the first Board meeting after the committee's meeting.

#### **5. Meetings**

The Board will meet at least once in each quarter, with additional meeting held as deemed advisable. The Chair is primarily responsible for the agenda and for supervising the conduct of the meeting. Any director may propose the inclusion of items on the agenda, request the presence of, or a report by any member of senior management, or at any Board meeting raise subjects that are not on the agenda for that meeting.

Meetings of the Board shall be conducted in accordance with the Company's articles.

##### ***Secretary and Minutes***

The Corporate Secretary, his or her designate or any other person the Board requests shall act as secretary of Board meetings. Minutes of Board meetings shall be recorded and maintained by the Corporate Secretary and subsequently presented to the Board for approval.

##### ***Meetings Without Management***

The independent members of the Board shall hold regularly scheduled meetings, or portions of regularly scheduled meetings, at which non-independent directors and members of management are not present.



### ***Directors' Responsibilities***

Each director is expected to attend all meetings of the Board and any committee of which he or she is a member. Directors will be expected to have read and considered the materials sent to them in advance of each meeting and to actively participate in the meetings.

### ***Access to Management and Outside Advisors***

The Board shall have unrestricted access to management and employees of the Company. The Board shall have the authority to retain and terminate external legal counsel, consultants or other advisors to assist it in fulfilling its responsibilities and to set and pay the respective reasonable compensation of these advisors without consulting or obtaining the approval of any officer of the Company. The Company shall provide appropriate funding, as determined by the Board, for the services of these advisors.

### ***Service on Other Boards and Audit Committee***

Directors may serve on the boards of other public companies so long as these commitments do not materially interfere and are compatible with their ability to fulfill their duties as a member of the Board. Directors must advise the Chair in advance of accepting an invitation to serve on the board of another public company.

## **6. Management**

### ***Position Descriptions for Directors***

The Board has approved position descriptions for the Chair, the Lead Director and the chair of each Board committee. At least annually, the Board shall review such position descriptions.

### ***Position Description for CEO***

The Board has approved a position description for the Chief Executive Officer, which includes delineating management's responsibilities. The Board has also approved the corporate goals and objectives that the Chief Executive Officer has responsibility for meeting. At least annually, the Board shall review a report of the Compensation Committee reviewing this position description and such corporate goals and objectives.

## **7. Director development and evaluation**

Each new director shall participate in the Company's initial orientation program and each director shall participate in the Company's continuing director development programs. At least annually, the Board shall review the Company's initial orientation program and continuing director development programs.

## **8. No Rights Created**

This Mandate is a statement of broad policies and is intended as a component of the flexible governance framework within which the Board, assisted by its committees, directs the affairs of the Company. While it should be interpreted in the context of all applicable laws, regulations and listing requirements, as well as in the context of the Company's Notice of Articles and Articles, it is not intended to establish any legally binding obligations.

Adopted: May 15, 2017