



Australian Securities Exchange Announcement

17 OCTOBER 2012

EXPLORATION UPDATE

The Manager

ASX Market Announcements

Australian Securities Exchange

20 Bridge Street

SYDNEY NSW 2000

- **Major advance for Billa Kalina IOCGU exploration with announcement of the end of Woomera Prohibited Area (WPA) Moratorium.**
- **ERO Mining now awaiting grant of Access Deed for Billa Kalina allowing on-ground exploration to commence.**
- **Monax Alliance completes gravity survey at Northern Gawler Project but elects not to proceed with further exploration.**
- **Joint venture discussions over Padthaway project continuing with multiple parties.**

The Board of ERO Mining Limited (“the Company”) is pleased to provide the following update of recent activity at three of the Company’s exploration properties.

Billa Kalina

(ERO Mining earning 50% under the terms of the Billa Kalina JV from Maximus Resources Ltd)

On 5 October 2012, the Minister for Defence, Stephen Smith, with the Minister for Resources and Energy, Martin Ferguson, announced the end of the Moratorium period on new applications for minerals exploration access to the Woomera Prohibited Area (WPA). This long awaited and very positive development will allow the Company and its joint venture partner Maximus Resources Ltd (ASX:MXR) to immediately progress the application for a Deed of Access – Exploration at Billa Kalina (Figure 1). All documents required by the Defence Department for the assessment of our application

have been lodged and the Company is hopeful that the offer of an Access Deed will be forthcoming in the near future.

The Billa Kalina Project is strategically located 70km north–northwest of the Olympic Dam copper-gold-uranium (IOCGU) mine, and 45 km east of the more recent discovery and mine development at Prominent Hill, South Australia. The project area is situated within the recently defined Amber Zone of the larger Woomera Prohibited Area (WPA). ERO is exploring for IOCGU deposits in the deeper basements rocks.

As soon as possible after grant of the Access Deed the Company will conduct a detailed ground gravity survey to confirm and better define the highly prospective Peeweena Dam gravity anomaly. There are currently no exclusions on access to the Peeweena Dam area (Amber zone of WPA) until mid-February 2013.

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Northern Gawler Project

(ERO Mining 100% in ELs 4020 and 4019)

As recently announced (ASX 6 September 2012) the Company entered into a memorandum of understanding with Monax Alliance Pty Ltd (Monax Alliance) over the Northern Gawler IOCGU Project near Marla in far northern South Australia (Figure 2). Monax Alliance has recently completed a detailed ground gravity survey over the Welbourn Hill portion of the project area collecting data from approximately 900 station locations. After processing and review of the data Monax Alliance have concluded that the results fail to meet their requirements and have now formally notified the Company that they will not be undertaking further exploration.

The Company retains 100% ownership of the Northern Gawler tenements and will now undertake its own review of the new gravity data with the objective of defining the best strategy for progressing exploration over the project area.

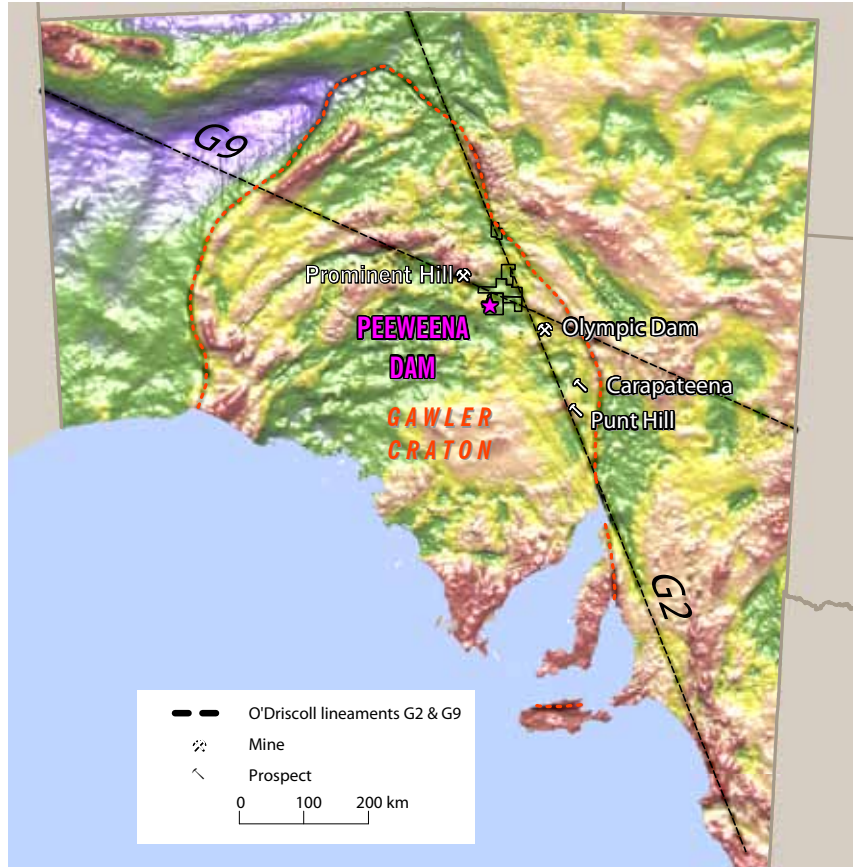


Figure 1 Location of Peeweena Dam Gravity Anomaly in relation to IOCGU mines.

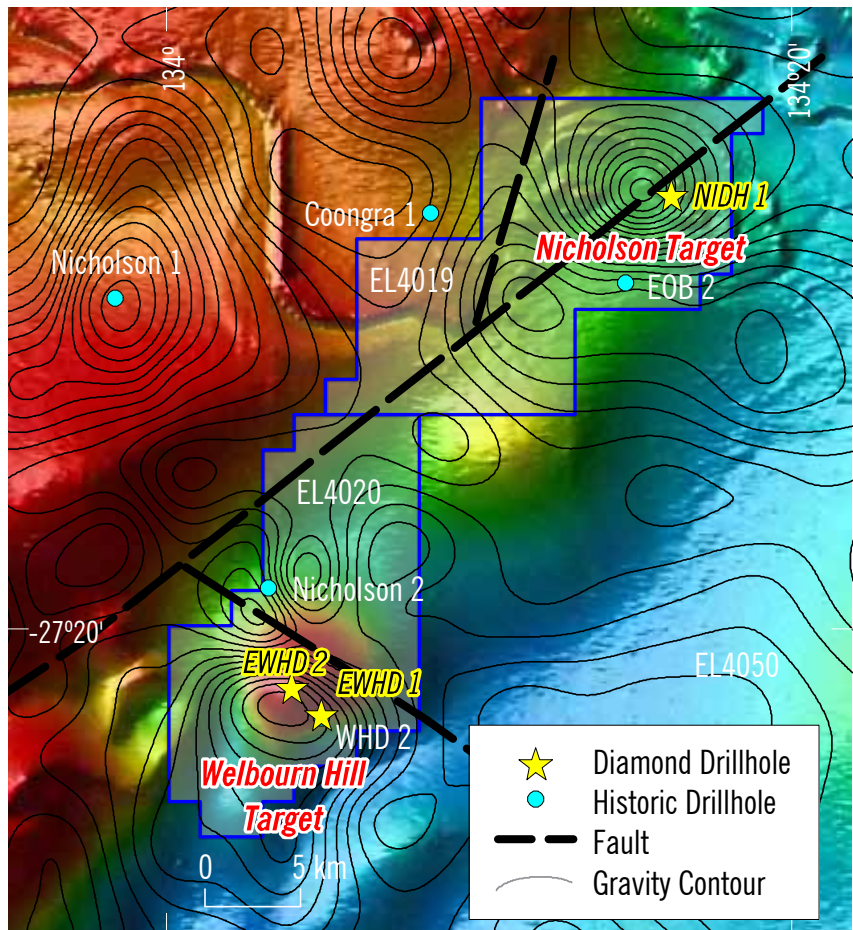


Figure 2 Gravity contours over magnetic image, North Gawler Craton project.

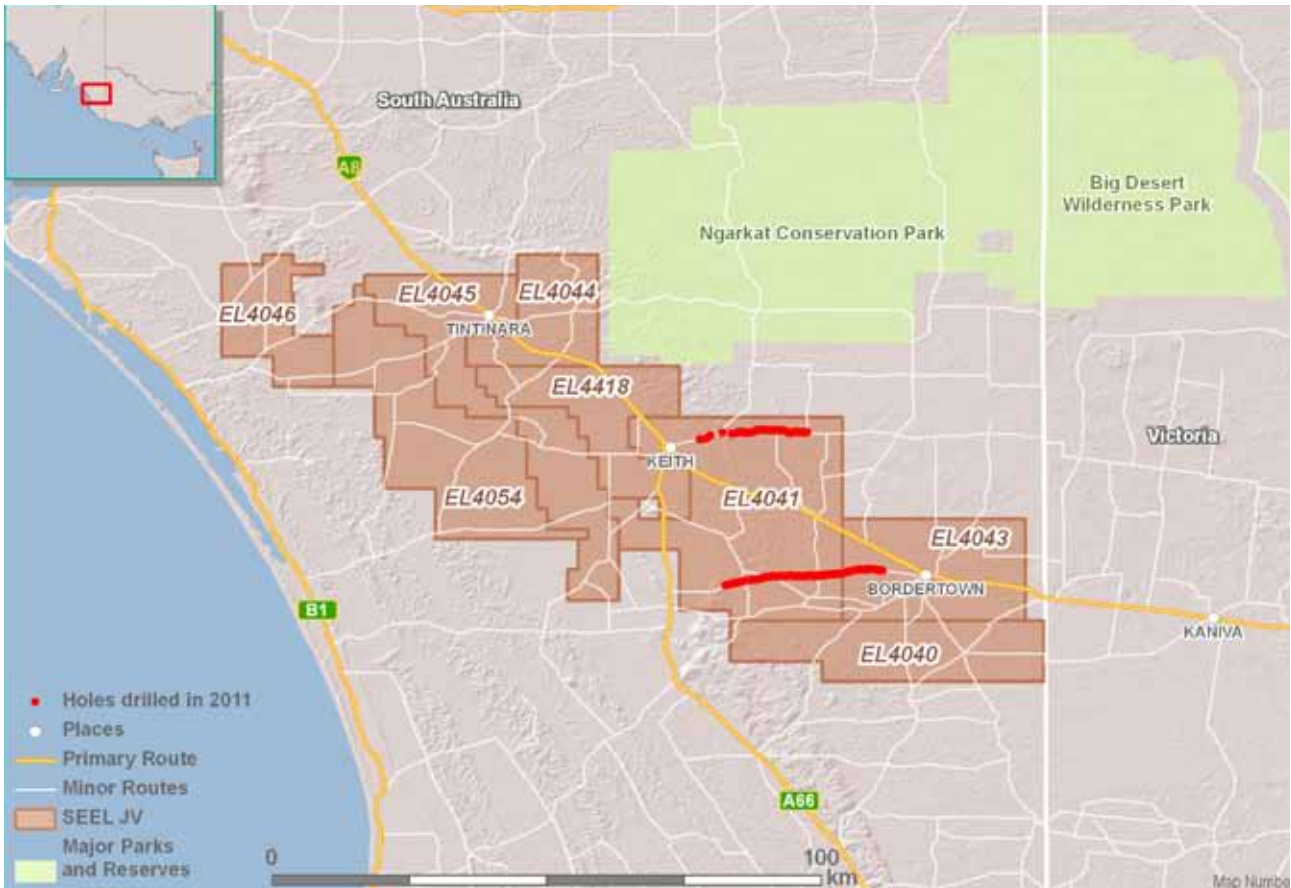


Figure 3 Location of ERO Mining's Padthaway joint venture area.

Padthaway Project

(ERO 100% in South East Energy's ELs 4040, 4041, 4042, 4043, 4044, 4045, 4046, 4054, 4418, 4747 and South East Energy's ELAs 326/10, 02/11 and 64/11)

The Company has previously outlined its intentions of seeking a joint venture partner to help advance exploration of its extensive tenement holding at the Padthaway Project in south-eastern South Australia (Figure 3). This area is considered to be prospective for heavy mineral sands similar to the recent mine development, by Iluka Resources, at Jacinth/Ambrosia to the west of Ceduna SA.

Discussions are continuing with multiple parties who have expressed an interest in progressing exploration in the area. The Company is hopeful that these discussions will result in the establishment of a formal joint venture during the second quarter of FY2012-13.

Mr Kevin Lines
Chief Executive Officer

17 October 2012

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Further information relating to ERO Mining Limited and its various exploration projects can be found on its website: www.eromining.com

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Kevin Lines who is a Member of the Australasian Institute of Mining and Metallurgy, and who has sufficient experience relevant to the style of mineralisation, the type of deposit under consideration, and the activity he is undertaking, to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration results, Mineral Resources and Ore Reserves (the JORC Code). This report is issued in the form and context in which it appears with the written consent of the Competent Person, who is Chief Executive Officer of the Company.