



NOTICE OF ANNUAL GENERAL MEETING

ERO Mining Limited ABN 40 119 031 864

ERO Mining Limited (Company) gives notice that its Annual General Meeting will be held at Level 6, 80 King William Street, Adelaide, South Australia on Tuesday, 29 November 2011 at 10 am (Adelaide time).

NOTES

A member entitled to attend and vote at this meeting may appoint a proxy to attend and vote on the member's behalf. If the member is entitled to cast two or more votes at this meeting, the member may appoint up to two proxies to attend and vote on the member's behalf.

If a member appoints two proxies, each proxy must be appointed to represent a specified proportion or number of the member's votes. Absent this specification, each proxy will need to exercise half the votes.

A proxy need not be a member of the Company.

To appoint a proxy, a proxy form must be signed by the member or the member's attorney duly authorised in writing. If the member is a corporation, the proxy form must be signed in accordance with section 127 of the *Corporations Act 2001* (Cth).

To be effective, a proxy form (and, if it is signed by an attorney, the authority under which it is signed or a certified copy of the authority) must be received by the Company not later than 48 hours prior to the commencement of the meeting. Proxy forms and authorities may be sent to: Computershare Investor Services Pty Ltd, GPO Box 242, Melbourne VIC 3001 or to the Company's registered office, Level 3, 100 Pirie Street, Adelaide SA 5000 or by facsimile to Computershare on 1800 783 447 or to the Company on +61 8 8132 5576.

Members who forward their proxy forms by fax must make available the original executed form of the proxy for production at the meeting, if called upon to do so.

For the purpose of this meeting, shares in the Company will be taken to be held by those persons who are registered holders at close of business on 27 November 2011. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at this meeting.

UNDIRECTED PROXIES

If a member appoints the chairperson of the meeting as the member's proxy and does not specify how the chairperson is to vote on a resolution, except as expressly stated, the chairperson advises that he intends to vote each such proxy, as proxy for that member, in favour of the resolution on a poll. Therefore, the Company recommends that shareholders who submit proxies should consider giving 'how to vote' directions to their proxy holder (including the chairperson) on each resolution.

If you complete a proxy form that authorises the chairperson of the meeting to vote on your behalf as proxy holder, and you do not mark any of the boxes so as to give him directions about how your vote should be cast, then your proxy will automatically become a directed proxy in favour of the resolution to adopt the Remuneration Report, and the chairperson will vote accordingly. If you wish to appoint the chairperson as your proxy holder but you do not want to put him in the position to cast your votes in favour of the Remuneration Report, you should complete the appropriate box on the proxy form, directing him to vote against or abstain from voting on that resolution.

AGENDA

ORDINARY BUSINESS

1. Annual Financial Report

To receive and consider the Company's financial statements and reports and the directors' and the independent auditor's reports for the year ended 30 June 2011.

The Company's 2011 Annual Report is now available at: <http://www.eromining.com> under "Investor" and "Company reports".

2. Adoption of Remuneration Report

To consider, and put the following resolution to a non-binding advisory vote:

"That the Remuneration Report required by section 300A of the Corporations Act 2001 (Cth), as contained in the Company's Directors Report for the year ended 30 June 2011 be adopted."

Note: The vote on this resolution is advisory only and does not bind the Directors or the Company.

3. Election of Mr Hector Gordon as director

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

"That Mr Hector Gordon being a director of the Company appointed by the Board since the last Annual General Meeting of the Company who retires in accordance with the Company's constitution, and being eligible, is elected as a director of the Company."

A summary of Mr Gordon's experience is set out in the explanatory memorandum accompanying this notice of meeting.

4. Election of Mr Michael Hatcher as director

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

"That Mr Michael Hatcher being a director of the Company appointed by the Board since the last Annual General Meeting of the Company who retires in accordance with the Company's constitution, and being eligible, is elected as a director of the Company."

A summary of Mr Hatcher's experience is set out in the explanatory memorandum accompanying this notice of meeting.

SPECIAL BUSINESS

5. Amendments to the Constitution

To consider, and if thought fit, pass the following resolution as a special resolution:

"That, pursuant to section 136(2) of the Corporations Act 2001, and with immediate effect, the Constitution of the Company be amended in the manner set out in Annexure A to this notice of meeting with such amendments being described generally in the explanatory memorandum accompanying this notice."

OTHER BUSINESS

6. To transact any further business that may be lawfully brought forward.

Further information regarding the business to be transacted at the Annual General Meeting is set out in the accompanying Explanatory Memorandum. This Notice should be read in conjunction with the accompanying Explanatory Memorandum, which forms part of this Notice.

By Order of the Board

Peter Kupniewski

Company Secretary

Date: 26 October 2011

EXPLANATORY MEMORANDUM

Accompanying Notice of Annual General meeting of ERO Mining Limited ("Company") to be held on 29 November 2011

1. ANNUAL FINANCIAL REPORT

The Annual Financial Report together with the Directors' and Auditor's report will be laid before the meeting in accordance with section 317 of the Corporations Act 2001 (Cth) (Corporations Act). Members will be given the opportunity to ask questions or make comments about the management of the Company and may also ask questions of the Auditor's representative relevant to the conduct of the audit and the preparation and content of the Auditor's report.

The Annual Financial Report has not been sent to members unless the member has specifically requested a printed copy.

2. ADOPTION OF REMUNERATION REPORT

In accordance with section 250R of the Corporations Act, the Company submits to shareholders for consideration and adoption by way of a non-binding resolution its Remuneration Report for the year ended 30 June 2011.

The Remuneration Report is a distinct section of the Director's Report that deals with the remuneration of directors and key management personnel of the Company and can be located on pages from 11 to 13 of the ERO Mining Limited 2011 Annual Report and also on the Company's website at <http://www.eromining.com> under "Investor" and "Company Reports".

The Remuneration Report includes details of total remuneration of directors and key management personnel of the Company, the components of total remuneration and the Company's policy for determining the nature and amounts of remuneration of directors and key management personnel.

Although the vote on this resolution is advisory only, and does not bind the directors or the Company, the discussion on this resolution and the outcome of the vote will be taken into consideration by the directors when considering the remuneration arrangements of the Company.

Shareholders will be given reasonable opportunity at the meeting to discuss the Remuneration Report.

Voting Prohibition Statement

The Company shall disregard any votes cast in respect of Resolution 2 by key management personnel or their closely related parties (or any person voting on their behalf). However, the Company will not disregard a vote on Resolution 2 if:

- it is cast by a person as proxy for a member who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the Chairman of the meeting as proxy for a member who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

The Directors recommend shareholders vote in favour of the non-binding ordinary resolution. If the Chairman is nominated as proxy by shareholders, or is appointed by default, and those shareholders have not directed their proxy how to vote, then the Chairman intends to vote undirected proxies IN FAVOUR of this remuneration related resolution in accordance with the notes to shareholders on the proxy form.

3. ELECTION OF MR HECTOR GORDON

The Company's constitution, at clause 47, requires any director appointed to the Board by the Directors or by the Company in general meeting since the last Annual General Meeting must retire at the next Annual General Meeting. A retiring director is eligible for re election.

Also, pursuant to ASX Listing Rule 14.4, a director of a company appointed to fill a casual vacancy or as an addition to the board of directors must not hold office (without re election) past the next Annual General Meeting of the company.

The director required to retire is Mr Gordon, and being eligible, has indicated he will offer himself for re election by members at the meeting.

A brief summary of Mr Gordon's experience is as follows:

Hector Gordon BSc (Hons), FAICD

Mr Gordon is a geologist with more than 30 years of experience in the resources industry. He is Managing Director of Somerton Energy Limited. Mr Gordon is a fellow of the Australian Institute of Company Directors and a member of the American Association of Petroleum Geologists and the Society of Petroleum Engineers.

The Directors (except Mr Gordon who abstains) recommend shareholders vote in favour of the resolution. The Chairman intends to vote undirected proxies in favour of the resolution.

4. ELECTION OF MICHAEL HATCHER

The Company's constitution, at clause 47, requires any director appointed to the Board by the Directors or by the Company in general meeting since the last Annual General Meeting must retire at the next Annual General Meeting. A retiring director is eligible for re election.

Also, pursuant to ASX Listing Rule 14.4, a director of a company appointed to fill a casual vacancy or as an addition to the board of directors must not hold office (without re election) past the next Annual General Meeting of the company.

The director required to retire is Mr Hatcher, and being eligible, has indicated he will offer himself for re election by members at the meeting.

A brief summary of Mr Hatcher's qualifications and experience is as follows:

Michael Hatcher BSc (Hons), MAusIMM

Mr Hatcher has a geology degree from the University of Adelaide and has over 40 years experience in the resources industry during which time he has held a range of senior technical and managerial positions.

Mr Hatcher's career includes 16 years with the Newmont/Normandy Mining/North Flinders Mines corporate group. During this period he held positions including director geology – Ghana, and was chief operations geologist for Normandy/Newmont's many Australian mines (including Golden Grove, Tanami, Jundee and Pajingo) as well as its New Zealand (Waihi), Turkey (Ovacik) and USA (Midas) operations.

Mr Hatcher's exploration roles include exploration manager for Greenbushes Mines and its subsidiary Lithium Australia; exploration manager and director of Driffield Mining, a consortium of private exploration companies active in the Northern Territory. He has extensive experience in the near mine exploration programs conducted at the many operations he has been involved with.

Mr Hatcher is a member of the Australasian Institute of Mining and Metallurgy, and is currently also a non-executive director of ASX listed Adelaide Resources Ltd.

The Directors (expect Mr Hatcher who abstains) recommend shareholders vote in favour of the resolution. The Chairman intends to vote undirected proxies in favour of the resolution.

5. AMENDMENTS TO CONSTITUTION

The Directors are proposing that the Company constitution be amended in the manner set out in Annexure A to the notice convening this meeting. The Directors recommend the proposed amendments to ensure the Company constitution reflects the current legislative requirements and is relevant to the Company.

The principal proposed amendments to the Constitution are summarised below.

Clause 7.2

Inserting a new clause 7.2, so that any fractions arising out of a share conversion may be dealt with by the Board in one, or a combination, of ways, for example, by:

- making a cash payment or disregarding fractional entitlements; or
- vesting fractional entitlements to be dealt with as determined by the Board.

Various

Amending outdated references to “ASTC” and the “ASTC Settlement Rules” and adopting the recent name changes of some ASX entities following the transfer of market supervision to the Australian Securities and Investments Commission.

Clause 28

The proposed changes would allow the Company to sell the securities of shareholders holding an Unmarketable Parcel (as defined by the ASX Listing Rules) and to remit the proceeds of sale to those shareholders. The Company would be able to sell these shares on market or place them with particular investors. However, the shareholder would have the option to retain their particular shareholding (but to retain their shares, the shareholder must take position action and complete and return a form).

The Company would bear the transaction costs associated with the share sale.

Clause 45.1

Reducing the maximum number of Company directors from 10 to 4.

Clause 69.1

Replacing the existing clause 69.1 with the following:

69.1 “Subject to the Corporations Act 2001, and the terms of issue of shares, the Directors may resolve to pay any dividend they consider appropriate and fix the time for payment. The Company does not incur a debt merely by fixing the amount or time for payment of a dividend. A debt arises only when the time fixed for payment arrives. The decision to pay a dividend may be revoked by the Directors at any time before then.”

On 28 June 2010, the Corporations Amendment (Corporate Reporting Reform) Act 2010 (Cth) (Amending Act) changed the circumstances in which a dividend may be paid. The Amending Act replaced the profits test in section 254T of the Corporations Act 2001 with a three tiered test. A company must not pay a dividend unless:

- the company’s assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend;
- it is fair and reasonable to the company’s shareholders as a whole; and
- it does not materially prejudice the company’s ability to pay its creditors.

Except as discussed above, the Directors consider the proposed changes will not materially alter the effect of the Company’s existing constitution or the rights of shareholders.

If you would like a copy of the Company’s proposed amended constitution (which will be made available at no charge), please contact the Company Secretary. Alternatively, a copy of the Company’s proposed amended constitution will be released to the ASX shortly after the 2011 Annual General Meeting.

The Directors recommend shareholders vote in favour of the proposed amendments to the Company’s constitution. The Chairman intends to vote undirected proxies in favour of the resolution.

ANNEXURE A

Insert the following clause 7.2:

- 7.2 The Board may do anything it thinks appropriate and necessary to give effect to a resolution converting shares including, if a shareholder becomes notionally entitled to a fraction of a share as a result of the conversion:
- 7.2.1 make a cash payment or disregard fractional entitlements so as to adjust the rights of shareholders between themselves; or
- 7.2.2 vest fractional entitlements in a trustee to be dealt with as determined by the Board.

Amend clause 24.2 by removing the struck out text and inserting the underlined text as follows:

- 24.2 If the Company is admitted to the official list of ASX, the Company must not prevent, delay or interfere with the generation of a ~~proper ASTC transfer~~ Proper Transfer or the registration of a paper based transfer in registrable form. However, the Company may ask ~~ASTC ASX Settlement~~ to apply a holding lock to prevent a ~~proper ASTC transfer~~ Proper Transfer, or refuse to register a paper based transfer, where permitted by the Corporations Act 2001 or the Listing Rules. The Company must do so if the Corporations Act 2001 or the Listing Rules so require.

Replace clause 28 with the following:

28. Unmarketable Parcel
- 28.1 In this clause:
- 28.1.1 **Effective Date** means the date immediately following the expiry of the period referred to in the notice given by the Company to Unmarketable Parcel Holders in accordance with this clause 28;
- 28.1.2 **Unmarketable Parcel** means a parcel of shares of a single class registered in the same name or the same joint names which is less than:
- (a) the number that constitutes a marketable parcel of shares of that class under the Listing Rules; or
- (b) subject to the Corporations Act 2001, the Listing Rules and the ASX Settlement Rules, any other number determined by the Directors from time to time.
- 28.1.3 **Unmarketable Parcel Holder** means a Member holding an Unmarketable Parcel.
- 28.2 The Company may give written notice to an Unmarketable Parcel Holder advising of the Company’s intention to sell its Unmarketable Parcel under this clause 28. If the Company does so, the notice must:
- 28.2.1 state that it intends to sell the Unmarketable Parcel; and
- 28.2.2 specify a date at least six weeks (or any lesser period permitted under the Corporations Act 2001 or the Listing Rules) after the notice is given by which the Unmarketable Parcel Holder may give the Company written notice that the Unmarketable Parcel Holder wishes to retain the holding.
- 28.3 The Company must not sell an Unmarketable Parcel if, in response to a notice given by the Company under clause 28.2, the Company receives a written notice within the specified time referred to in clause 28.2.2 that the Unmarketable Parcel Holder wants to keep the Unmarketable Parcel.
- 28.4 If an Unmarketable Parcel Holder has given written notice to the Company that it wishes its shares to be exempted from this clause, it may at any time before the Effective Date revoke or withdraw that notice and the provision of this clause will then apply to the shares held by that Unmarketable Parcel Holder.
- 28.5 Subject to clause 28.3, on and from the Effective Date, the Company may sell or otherwise dispose of the shares held by each Unmarketable Parcel Holder on any terms and in that manner and at those times which the Directors determine. For the purpose of selling or disposing of those shares, each Unmarketable Parcel Holder irrevocably:

- 28.5.1 appoints the Company as its agent to sell all the shares it holds;
- 28.5.2 appoints the Company and each Director and Secretary from time to time jointly and severally as its attorney in its name and on its behalf to effect a transfer document for its shares and to otherwise act to effect a transfer of its shares; and
- 28.5.3 appoints the Company as its agent to deal with the proceeds of sale of those shares in accordance with this clause.
- 28.6 A sale of shares under this clause 28 includes all dividends payable on and other rights attaching to them.
- 28.7 The Company will pay all costs and expenses of the sale and disposal of Unmarketable Parcels under this clause 28.
- 28.8 Once the name of the new holder of the share sold or disposed of in accordance with this clause is entered in the register of shareholders for those shares, the title of the new holder of those shares is not affected by any irregularity or invalidity on connection with the sale or disposal of those shares and the validity of the sale may not be impeached by any person.
- 28.9 The remedy of any Unmarketable Parcel Holder who is aggrieved by the sale or disposal of its shares under this clause is limited to a right of action in damages against the Company to the exclusion of any other right, remedy or relief against any other person.
- 28.10 A written statement declaring that the person making the statement is a Director or Secretary of the Company and that the shares of an Unmarketable Parcel Holder have been dealt with in accordance with this clause, is conclusive evidence of the facts stated in the statement as against all persons claiming to be entitled to those shares.
- 28.11 The Company's receipt of the sale proceeds of the shares of the Unmarketable Parcel Holder is a good discharge to the purchaser of all liability in respect of the purchase of those shares and the purchaser will not be bound to see to the application of the money paid as consideration.
- 28.12 The Company will receive the proceeds of the shares of each Unmarketable Parcel Holder and will deal with those proceeds as follows. It must:
- 28.12.1 pay the proceeds into a separate bank account which it opens and maintains for that purpose;
- 28.12.2 hold the proceeds in trust for the Unmarketable Parcel Holder;
- 28.12.3 as soon as practicable, notify the Unmarketable Parcel Holder in writing of the receipt and that the proceeds are being held by the Company pending receipt of the share certificate (if any) for those shares sold or disposed of or, if those certificates have been lost or destroyed, a statement and undertaking in accordance with the Corporations Act 2001, and seeking instructions from the Unmarketable Parcel Holder as to how the proceeds are to be dealt with;
- 28.12.4 if the shares sold were certificated, not pay the proceeds of sale out of the trust account until it has received the certificate for them or, if that certificate has been lost or destroyed, evidence of its loss or destruction and a statement and undertaking in accordance with the Corporations Act 2001;
- 28.12.5 subject to clause 28.12.4, deal with the sale proceeds as instructed by the Unmarketable Parcel Holder on whose behalf they are held; and
- 28.12.6 if the whereabouts of the Unmarketable Parcel Holder are unknown or no instructions are received from the Unmarketable Parcel Holder within 2 years of the proceeds being received by the Company, deal with those proceeds according to the applicable laws dealing with unclaimed moneys.

28.13 The power of the Company to sell lapses if a takeover (as defined in the Listing Rules) is announced after the Company gives a notice under clause 28.2 and before the Company enters into an agreement to sell the share. The procedures set out in this clause 28 may be started again after the close of offers under the takeover.

28.14 The provisions of this clause may be invoked only once in any 12 month period.

Amend clause 45.1 by removing the struck out text and inserting the underlined text as follows:

45.1 There must be at least 3 directors and at most ~~10~~ 4 directors.

Replace clause 69.1 with the following:

69.1 Subject to the Corporations Act 2001, and the terms of issue of shares, the Board may resolve to pay any dividend they consider appropriate and fix the time for payment. The Company does not incur a debt merely by fixing the amount or time for payment of a dividend. A debt arises only when the time fixed for payment arrives. The decision to pay a dividend may be revoked by the Board at any time before then.

Amend clauses 103.7 and 103.8 by removing the struck out text and inserting the underlined text as follows:

103.7 the Company must not exercise any power in contravention of the Corporations Act 2001 or the Listing Rules or the ~~ASTC~~ ASX Settlement Rules.

103.8 a reference to the Listing Rules and the ~~ASTC~~ ASX Settlement Rules applies only while the Company is admitted to the official list of ASX.

Delete the following definitions in clause 104:

~~**ASTC** means ASX Settlement and Transfer Corporation Pty Ltd- ACN 008 504 532;~~

~~**ASTC Settlement Rules** means the operating rules of ASTC for the purposes of the Corporations Act 2001;~~

Insert the following definitions in clause 104:

ASX Settlement means ASX Settlement Pty Limited;

ASX Settlement Rules means the operating rules of ASX Settlement and, to the extent that they are applicable, the operating rules of each ASX and ASX Clear Pty Limited;

Board means the Directors acting collectively under this document;

Proper Transfer means a transfer which is under the scope of and which complies with (or is taken to comply with) the ASX Settlement Rules.

Amend the following definitions in clause 104 by removing the struck out text and inserting the underlined text as follows:

~~**CHESS Rules** means the ASTC~~ ASX Settlement Rules and the provisions of the Corporations Act 2001, and the Listing Rules about the electronic share registration and transfer system;