



## HIGHLIGHTS

- *ERO announces one-for-one non-renounceable Rights Issue to raise approximately \$1.8 million (before costs).*
- *Stage 1 exploration results, targeting heavy mineral sands, at the Padthaway Project SA Joint Venture with Iluka Resources support follow-up drilling program during Q3 of 2012.*
- *Exploration access to the Peeweena Dam Prospect (IOCGU), within the Woomera Prohibited Area, anticipated by end of May 2012.*
- *Joint Venture discussions advancing with respect to ERO's Northern Gawler Craton and Tanami project areas.*

## REVIEW OF OPERATIONS

### CORPORATE ACTIVITIES

On 15 March 2012, the Company announced a pro rata one-for-one non-renounceable Rights Issue. The Rights Issue seeks to raise approximately \$1.8 million (before costs) through the issue of approximately 360 million new fully paid ordinary shares in ERO. At 27 April 2012, the Company had received acceptances of \$764,510.53 under the Rights Issue.

The net proceeds from the Rights Issue will be used for working capital purposes and to fund exploration and development including:

- Geophysical surveys and subsequent drill programs at the Peeweena Dam prospect Billa Kalina SA (ERO in joint venture with Maximus Resources Ltd (ASX:MXR)) which is located 70 km north-northwest of the Olympic Dam copper-gold-uranium mine and 45 km east of the mine development at Prominent Hill. Finalisation of the Deed of Access – Exploration with the Defence Department will allow the completion of a detailed gravity survey and drill testing of the Peeweena Dam gravity

anomaly, targeting iron oxide, copper, gold, uranium mineralisation similar to the nearby Olympic Dam and Prominent Hill mines.

- Advancing the Company's portfolio of gold/uranium exploration licences and licence applications in the Tanami region of the Northern Territory (ERO 100%), which has become Australia's premier Proterozoic Gold Province capable of hosting multi-million ounce gold deposits. Encouraging results from geochemical surveys conducted in the 2011 field season, including the discovery of significant arsenic anomalies indicating potential for associated gold mineralisation, require follow-up in conjunction with further ground based exploration of both the Suplejack and Talbot North Project areas.

The Rights Issue will close on 30 April 2012. ASX will be notified of any under-subscriptions under the Rights Issue on 3 May 2012 and the date for allocation of new shares is 8 May 2012.

## Finance

As at 31 March 2012, ERO Mining had available funds of \$0.116 million of which the majority is held in term deposits with Australian banks. During the current quarter total net operating expenditure by the company was \$0.117 million.

## EXPLORATION ACTIVITIES

### PADTHAWAY AREA 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*

Exploration for heavy mineral sands (HMS) within the Padthaway Project area is undertaken by Iluka Resources Limited under the terms of a Joint Venture agreement with ERO's wholly owned subsidiary, South East Energy.

The main points of the agreement are:

- Iluka shall farm-in by conducting exploration for HMS on eight ERO exploration licenses near Padthaway in southeastern South Australia.
- Agreement allows for ERO to retain rights to uranium and other minerals.
- Iluka to spend \$300,000 over two years to earn 80% interest in the mineral sands.
- Additional payments and royalties to ERO in the event of successful mining lease application.

The agreement allows ERO to retain the rights to uranium and other minerals in the tenements in line with ERO's stated policy of focusing its future exploration on key copper/gold, gold, uranium and lithium projects in South Australia and the Northern Territory.

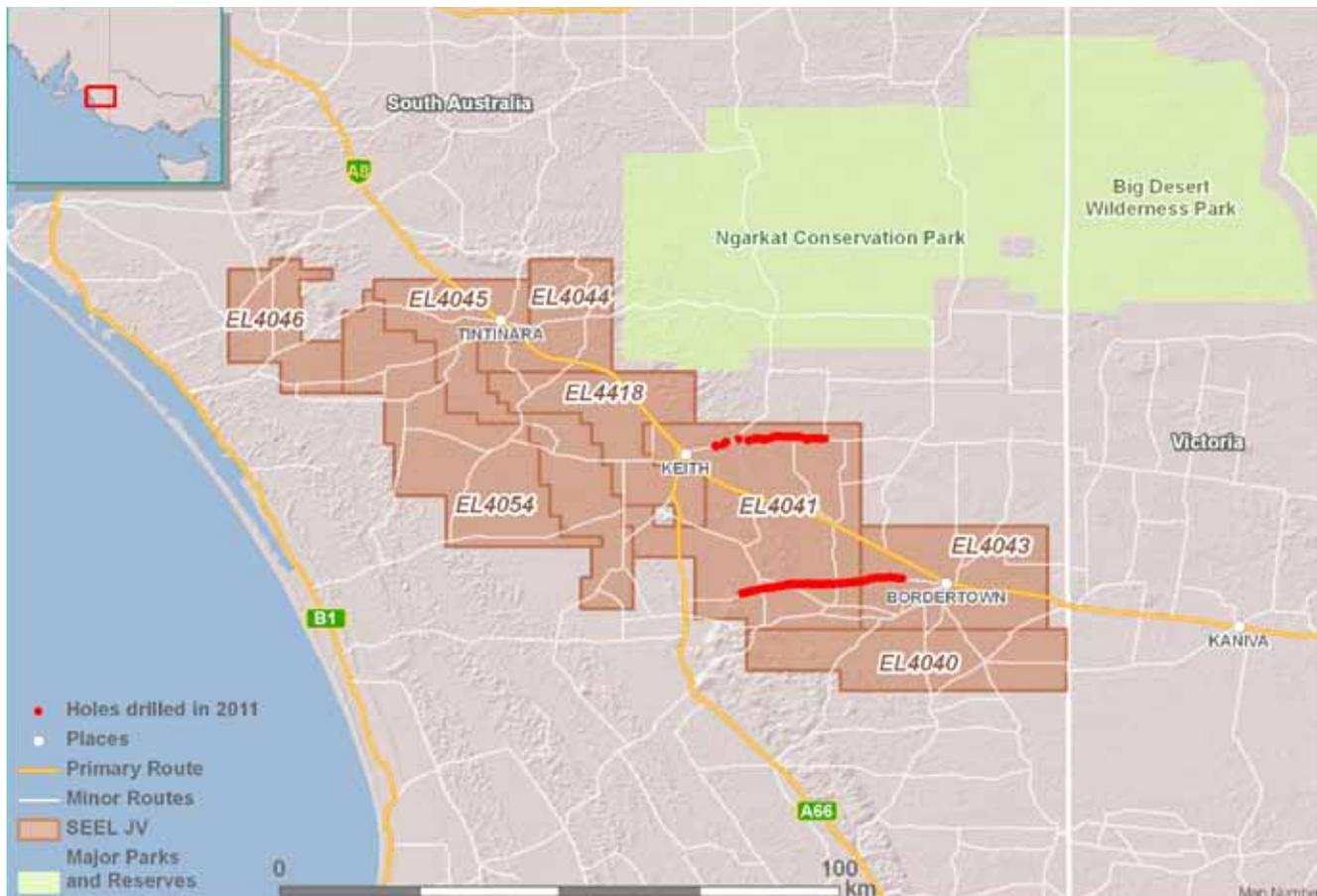


Figure 1 Location of ERO Mining's Padthaway joint venture area.

During the last quarter of calendar 2011 Iluka Resources completed drilling of two traverses along roads within ELs 4041 and 4043 located between the towns of Keith and Bordertown South Australia (Figure 1).

Iluka Resources have provided the results of the initial phase of exploration. They report that encouraging stratigraphy was intercepted by most drillholes on the two traverses completed, with marine sands intercepted belonging to the Bridgewater Formation. A total of 161 holes were drilled for 4,242 m and 274 samples submitted for assay. Low grade HMS (<0.3%) over several metres vertical thickness were noted in many drillholes. Further drilling is planned for Q3 2012 to follow up on better intercepts returned from the 2011 exploration program.

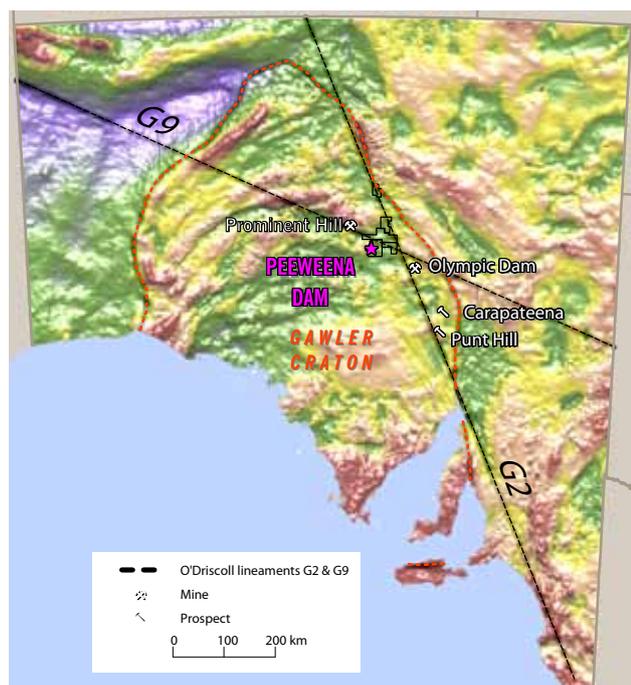
### **BILLA KALINA**

*ERO Mining earning 50% under the terms of the Billa Kalina JV from Maximus Resources Ltd in ELs 3526, 3525, 3170, 3337 and 3338*

### **Peeweena Dam**

The Billa Kalina Project is located 70 km 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 (Figure 2). The project area is situated within the recently defined Restricted Zone of the larger Woomera Prohibited Area (WPA).

ERO is exploring for IOCGU deposits in the deeper basements rocks under the terms of the Billa Kalina Joint Venture with Maximus Resources Ltd (MXR). MXR hold the rights to all minerals excluding diamonds under an underlying agreement with Flinders Mines Ltd, the registered tenement holder.



**Figure 2** Location of Peeweena Dam Gravity Anomaly in relation to IOCGU mines.

Negotiations between Flinders Mines Limited (FMS) and MXR, to transfer ownership of the Billa Kalina tenements to MXR, were finalised during the quarter. FMS will retain the rights to any diamond mineralisation, with MXR retaining the rights to all other minerals. Documentation was submitted to DMITRE on 10th February to register the tenement transfers, with confirmation pending.

The transfer of the tenements into MXR's name will facilitate a Deed of Access – Exploration directly between MXR and the Defence Department, allowing ERO Mining the ability to conduct a ground gravity survey on the Peeweena Dam anomaly located within the tenements.

ERO has been in regular correspondence with the Defence Department and anticipates approval to conduct the ground gravity survey over the Peeweena Dam anomaly within the first half of 2012 (H1).

During the quarter no significant ground based exploration activities were undertaken on the Billa Kalina tenements.

### **NORTH GAWLER CRATON**

*ERO Mining 100% in ELs 4020 and 4019*

The North Gawler project is located along the northern margins of the Gawler Craton in the Marla region of South Australia. The project consists of two primary targets at Welbourn Hill and Nicholson and was explored by the Company in 2008-09 targeting iron-oxide, copper, gold mineralisation of the Olympic Dam type.

The Company has been approached by third parties interested in a possible joint venture over the project areas. A detailed data review has now been completed and the Company is in negotiations with an international copper producer over their potential involvement in future exploration programs.

### **WERTALOONA PROJECT**

*ERO Mining 100% in ELs 4601 and 4602*

During the quarter no significant ground based exploration activities were undertaken at the Wertaloona Project.

### **MORALANA PROJECT**

*ERO Mining 100% in EL4580*

During the quarter no significant ground based exploration activities were undertaken at the Moralana Project.

### **EROMANGA BASIN JOINT VENTURE**

*ERO Mining earning 70% under the Eromanga Basin JV Agreement with Maximus Resources Limited in the Marree Project*

### **Marree Project**

During the quarter no significant ground based exploration activities were undertaken at the Marree Project. The Company continues to review these projects areas and has reduced the overall tenement acreage where the holding costs are considered excessive.

## TANAMI EXPLORATION INITIATIVE

ERO 100% in ELs 26625, 27806 and ELAs 27511, 27921, 27995, 27997 and 28493

### Objectives

The Tanami Region, located approximately 600 km north-west of Alice Springs, in the Northern Territory, has become Australia's premier Proterozoic Gold Province, with virtually all discoveries made since the mid-1980s. The Tanami Region is one of the last remaining provinces in Australia capable of hosting multi-million ounce gold deposits. The Tanami is currently the host to the Callie Gold Mine, containing 7 Mozs of gold, and several other 0.5 Mozs to 1 Mozs deposits. Despite the operation of major processing facilities and considerable gold production the Tanami remains sparsely explored, and ERO Mining considers the probability for further discoveries to be high. Outcrop in the region is poor, and this has led to a lack of geological knowledge. While the discovery history of the Tanami has been essentially continuous since the mid-1980s, proprietary information on discoveries has been closely guarded. The release, by major gold companies, of large areas of highly prospective land in the Tanami has rapidly resulted in a significant increase in exploration activity across the Tanami and further supports the Company's exploration strategy in the region (Figure 3).

No ground based exploration was possible during the quarter under review due to the Northern Australian Wet Season. The Company has received interest from third parties in the possibility of joint venturing some, or all, of the Company's gold/uranium exploration portfolio in the Tanami. A Confidentiality Agreement has been signed and data reviews are ongoing. Any potential involvement of third parties in exploration of the Company's assets in the Tanami will only be considered when the current capital raising has been completed.



### Mr Kevin Lines

CHIEF EXECUTIVE OFFICER

30 April 2012

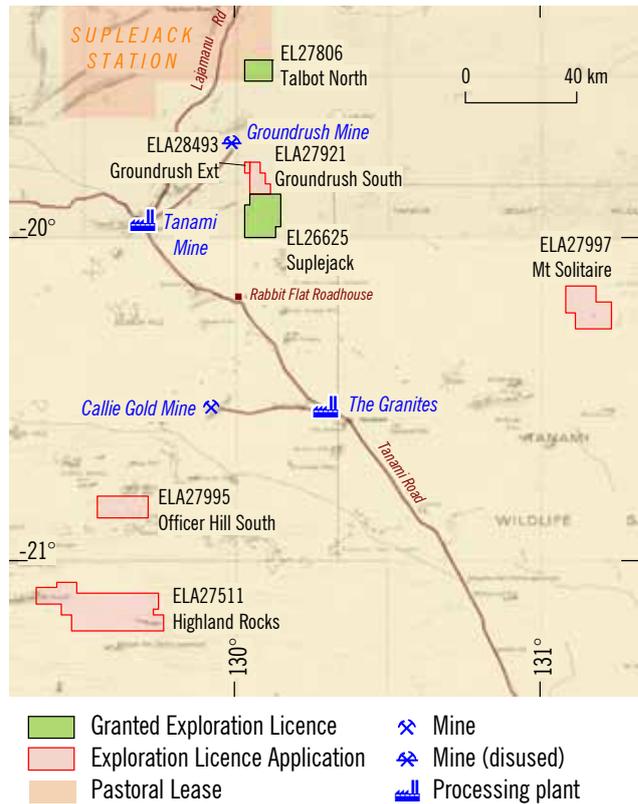


Figure 3 Location of Tanami Exploration Initiative licence areas.

For further information please contact:

**ERO Mining** on 08 7324 3195, or

Investor relations:

**Mr Duncan Gordon,**

Executive Director, Adelaide Equity Partners

on 0404 006 444

Further information relating to ERO Mining Limited and its various exploration projects can be found on its website: [www.eromining.com](http://www.eromining.com)

### Disclaimer

*This report contains forward looking statements that are subject to risk factors associated with the exploration and mining industry.*

*It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a variety of variables which could cause actual results or trends to differ materially.*

*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 Managing Director of the Company.*

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

ERO MINING LIMITED

ABN

40 119 031 864

Quarter ended ("current quarter")

31 MARCH 2012

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'ooo	Year to date 9 months) \$A'ooo
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(25)   (94)	(282)   (342)
1.3 Dividends received	2	6
1.4 Interest and other items of a similar nature received		
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
<b>Net Operating Cash Flows</b>	<b>(117)</b>	<b>(618)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets		(1)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		299
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
<b>Net investing cash flows</b>		<b>298</b>
1.13 Total operating and investing cash flows (carried forward)	(117)	(320)

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(117)	(320)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	1	320
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		(3)
	<b>Net financing cash flows</b>	1	317
	<b>Net increase (decrease) in cash held</b>	(116)	(3)
1.20	Cash at beginning of quarter/year to date	232	119
1.21	Exchange rate adjustments to item 1.20		-
1.22	<b>Cash at end of quarter</b>	116	116

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	-
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

**Estimated cash outflows for next quarter**

	\$A'000
4.1 Exploration and evaluation	300
4.2 Development	-
4.3 Production	-
4.4 Administration	100
<b>Total</b>	<b>400</b>

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank		116
5.2 Deposits at call		-
5.3 Bank overdraft		-
5.4 Other (provide details)		-
<b>Total: cash at end of quarter (item 1.22)</b>		<b>116</b>

**Changes in interests in mining tenements**

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	N/A		
6.2	Interests in mining tenements acquired or increased	N/A		

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	366,127,677	366,127,677		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	6,000,000 10,800	6,000,000 10,800	Nil 6 cents	Fully paid Fully paid
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	86,813,229 50,000 313,000 441,666	86,813,229	<i>Exercise price</i> \$0.060 \$0.220 \$0.165 \$0.280	<i>Expiry date</i> 28/9/2012 19/11/2012 05/03/2013 03/02/2014
7.8 Issued during quarter				
7.9 Exercised during quarter	10,800	10,800	6 cents	6 cents
7.10 Expired during quarter	228,000		\$0.220	20/03/2012
7.11 <b>Debentures</b> <i>(totals only)</i>				

+ See chapter 19 for defined terms.

7.12	Unsecured notes (totals only)		
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## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:

Company secretary

Date: 30 April 2012

Print name: Peter Kupniewski

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.