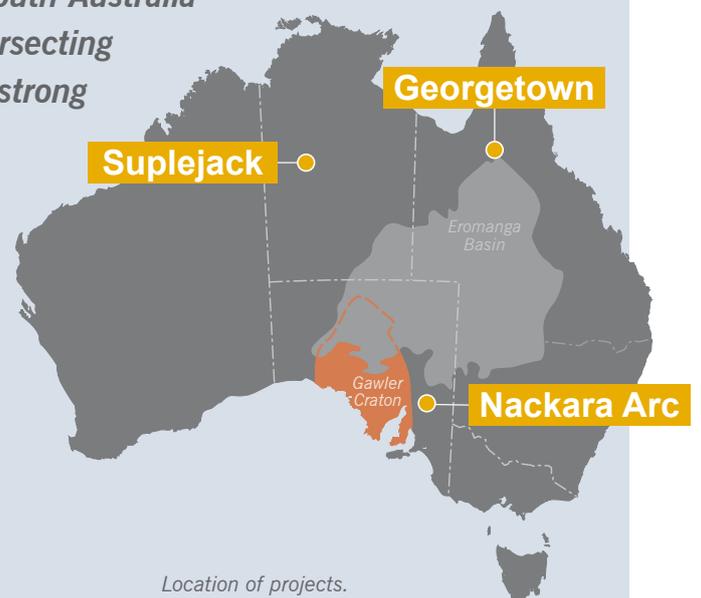




HIGHLIGHTS

- *Successful commissioning of the gold processing plant at the Georgetown Alluvial Gold Operations Queensland.*
- *Georgetown Operations now ready to commence full scale production at the end of the northern Australian wet season, end of March 2010.*
- *Georgetown bulk sampling plant constructed and commissioned with major bulk sampling program scheduled throughout 2010.*
- *First phase drill testing of the Hillside Prospect within the Nackara Arc Gold Project, South Australia completed, intersecting broad zones of strong veining with anomalous gold values.*



ERO Mining Limited
ACN 119 031 864

62 Beulah Road
Norwood
South Australia

PO Box 3126
Norwood SA 5067

Phone +61 8 8132 7970

Fax +61 8 8132 7999

Email info@eromining.com

Web www.eromangauranium.com

REVIEW OF OPERATIONS

CORPORATE ACTIVITIES

During the December quarter the Company has concentrated on completing the commissioning of the gold processing plant at our Georgetown Alluvial Gold Operations and on advancing exploration at the Nackara Arc Gold Project in South Australia. Corporate activities have been limited to ongoing monitoring and review of potential new gold and uranium exploration ventures.

Finance

As at 31 December 2009, ERO Mining had available funds of \$1.085 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 \$1.008 million.

OPERATIONS

GEORGETOWN GOLD OPERATIONS

ERO Mining 100%

The Georgetown Alluvial Gold Mine and surrounding exploration areas are located to the south-southwest of the township of Georgetown in central-northern Queensland. Georgetown is approximately 375 km by sealed road, or five hours west of Cairns (Figure 1). The project comprises the alluvial gold mine and the surrounding granted exploration licence, EPM 15995. The mining operation consists of thirteen (13) granted mining leases, covering a total 389.39 hectares, which are positioned over alluvial wash within Tabletop Creek and the un-mined headwaters of the adjacent Western Creek (Figure 2). The gold recovery plant is currently positioned at the western limits of ML 30091 with all mining activities occurring entirely within this tenement (Figure 2). Mining conducted within ML 30091 during the period July 2008 to May 2009 has returned recovered gold values averaging 0.51 g/lcm (a lcm is a loose cubic metre).

During the December quarter, and prior to the onset of the 2009-10 northern wet-season, the Company completed commissioning of the processing plant at Georgetown. A number of deficiencies were identified in key aspects of the plant's performance and modifications have been made to the trommel screen size, water management systems and final recovery jigs to improve both throughput and gold recovery. During the plant commissioning the Company recovered 15.46 ounces of gold bullion (Figure 3).

This commissioning phase indicates that the gold recovery plant at Georgetown is capable of treating approximately 40 lcm/hr (an lcm is a loose cubic metre) with the potential, following

further optimisation, to reach a steady-state capacity of 50 lcm/hr. At a throughput rate of 40 lcm/hr and a feed grade of 0.50 g Au/lcm the plant has an annualised capacity of 125,000 lcm/annum for the recovery of approximately 1,800 ounces of gold. Indicative operating costs from the commissioning phase indicate that at a gold price of AUD1200/ounce this production rate would generate a mine-gate profit of approximately \$1 million/annum (based on an 11 hour/day single shift operation for 285 days/annum).

The Company believes that, whilst clearly profitable, the relatively small scale of the current operations are not matched with the overall potential of the lease holdings at Georgetown. Significant operating cost improvements, and cashflows, could be achieved by the addition of a new 100 lcm/hr processing plant at a capital cost of between \$300,000 and \$450,000. To justify a further capital investment in the Georgetown operations the Company has committed to an aggressive bulk sampling program designed to delineate sufficient resources to support the expansion.

A sampling plant has been constructed and commissioned (Figure 4) and a bulk sampling program was initiated. However, the lack of suitable process water at the sampling plant site resulted in the program being suspended until water resources are replenished after the northern Australian wet-season in late March 2010.

The Company has also completed rehabilitation of areas of ground disturbance resulting from mining activities undertaken prior to the acquisition of the Georgetown properties by ERO Mining. This rehabilitation program was agreed after consultation with the Queensland Department of Environment and Resource Management and allowed the Company to continue its exploration and mining activities in conjunction with the rehabilitation works. ERO has also undertaken the refurbishment and construction of water storage facilities to ensure that the Company has adequate water available for its mining operations throughout 2010.

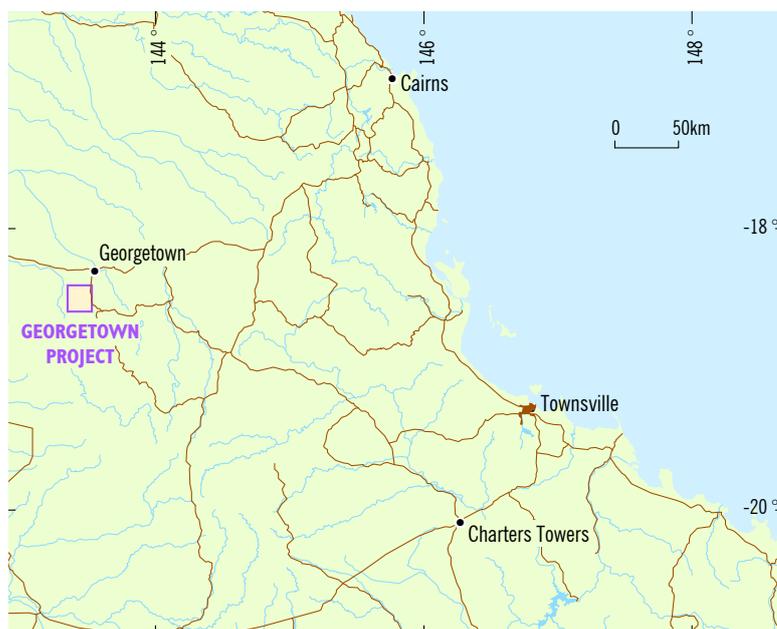


Figure 1 Location of the Georgetown Gold Project.

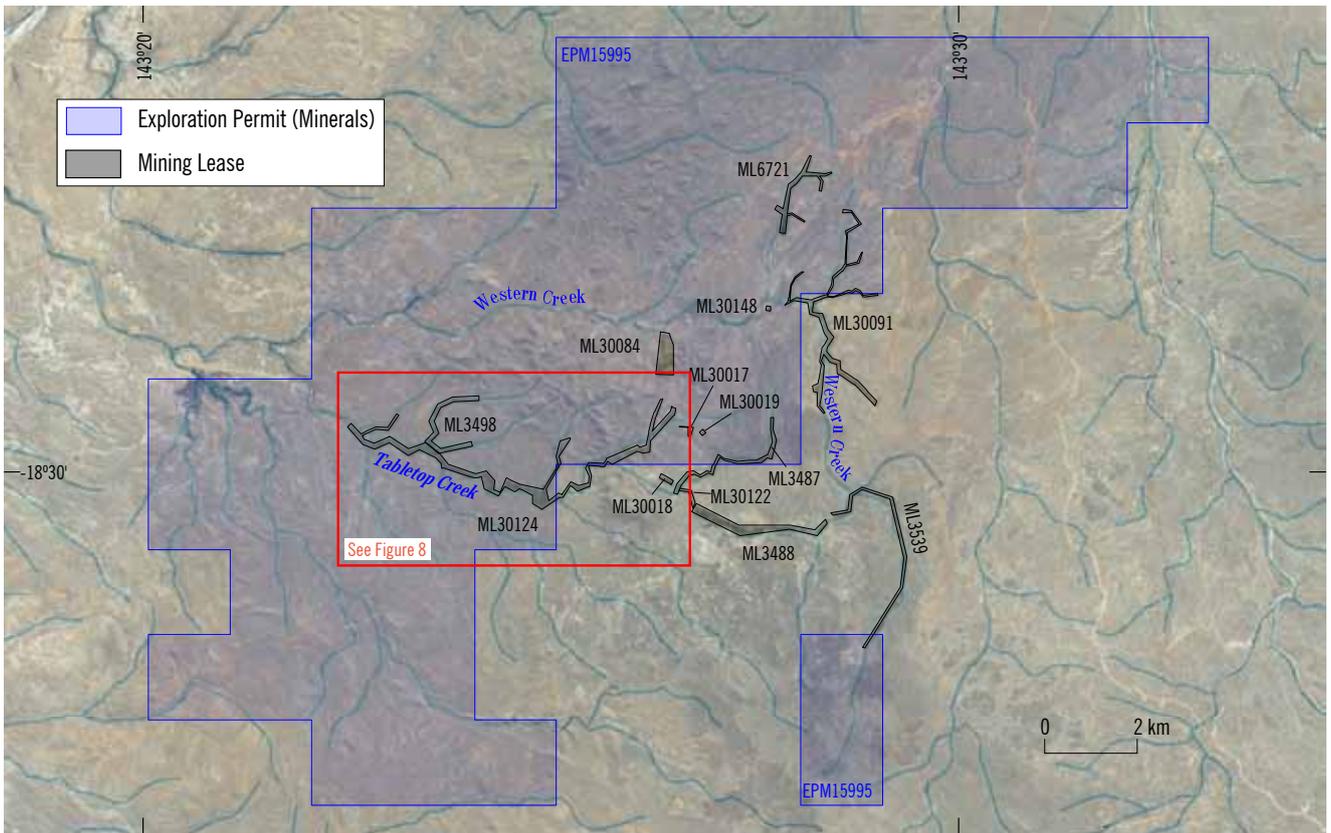


Figure 2 Location of the 13 mining leases and granted Exploration Permit for Minerals EPM15995.

Future Activities

The Processing Plant and mining fleet are currently under care and maintenance until the end of the 2009–10 wet-season. It is anticipated that operations will re-commence in late March 2010 but will be subject to the weather conditions in northern Queensland and the intensity of current monsoon season. In conjunction with full scale production the Company will embark on an expansive bulk sampling program that will allow the earliest possible decision on the viability and timing of an expansion of mining operations.



Figure 3 First 2009 gold pour for ERO Mining Ltd from the Georgetown Gold Operations,



Figure 4 Bulk sampling plant, Georgetown Alluvial Gold Operations.

EXPLORATION ACTIVITIES

NACKARA ARC GOLD PROJECT

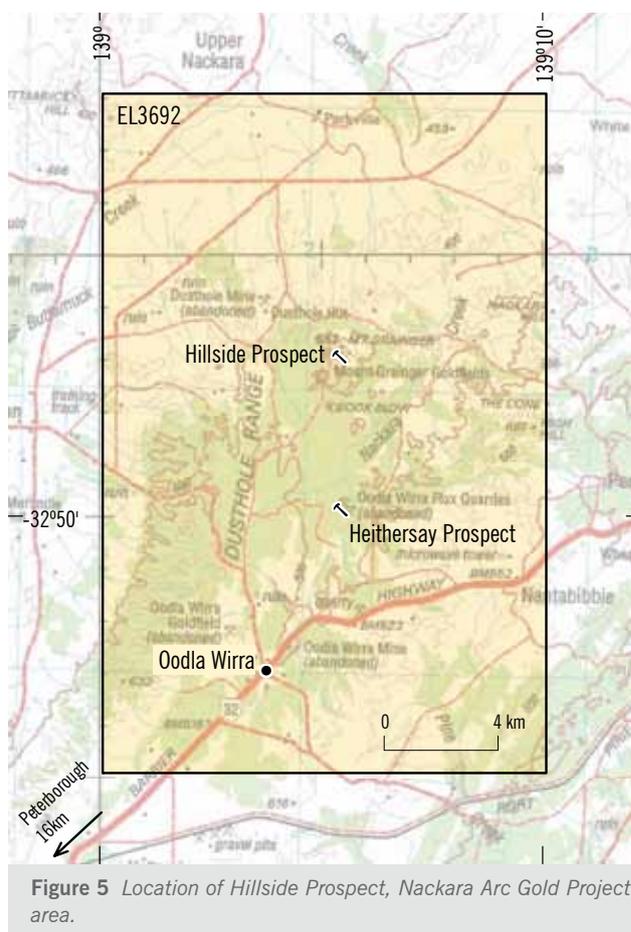
ERO Mining earning an 80% interest in EL3692

The Nackara Arc Project covers all of the granted Exploration Licence EL 3692 (375 sq km) located approximately 35 km east of the township of Peterborough, South Australia and approximately three hours drive north-east of Adelaide (Figure 5). The area is semi-arid pastoral lease currently used for sheep and cattle grazing. Access is excellent via the Barrier Highway, linking Adelaide and Broken Hill, and via numerous gravel tracks.

During the quarter ERO Mining completed the first phase of drill testing of the Hillside Prospect within the greater Nackara Arc project area. The program involved the drilling of three RC/diamond holes ENADDH01–03 (Figure 6 and Table 1) that were designed to test the surface geochemical gold anomaly below the base of weathering and oxidation. All three holes were completed successfully for a total drill metrage of 735.6 m.

The results from the drilling program indicate that the weathering and oxidation of the targeted sedimentary sequence is unusually deep at the Hillside Prospect and ranged from 120 to 175 m below surface. Intersections of the target zone in fresh rock were achieved in holes ENADDH01 and 02 but the target zone remained oxidised throughout ENADDH03.

Hole ENADDH01 intersected 80.1 metres of well developed carbonate-pyrite-quartz veining from 148 m to the end of hole at 228.1 m (Figure 7) within the target Lower Tapley's Hill Formation. ENADDH02 targeted the region of the surface anomaly hosted by the Wilyerpa Formation and returned 41.6 m of strong vein development similar to that intersected in hole ENADDH01 confirming the broad aerial extent of the mineralising system. Hole ENADDH03 was drilled to test anomalous surface gold values in the stratigraphically older Saddleworth Dolomite and intersected 51.8 m of moderate carbonate-specular hematite-quartz vein development from 172.8 m to 224.6 m where the Saddleworth Dolomite is in fault contact with the Appila Tillite.



Whilst the veining is only anomalous in gold and contains no economically significant gold intersections the Company considers the intensity and extent of the vein development delineated by the first drill testing of the prospect area to be encouraging. The presence of both pyrite dominant and hematite dominant vein systems in close proximity suggests at least two separate mineralising events.

The Company is currently compiling all the geological and geochemical data from the drill program in order to better understand the complex structural setting and to aid targeting of further drill programs within the Nackara Arc project area.

Table 1

Hole ID	Easting (m)	Northing (m)	RL (m)	Collar inclination	Collar azimuth	Pre-collar depth (m)	Maximum depth (m)	Veined interval
ENADDH01	321199.64	6371371.58	515	60	25	105.0	221.8	148 m to 228.1 m EOH
ENADDH02	321239	6371288	507	60	346	146.0	237.9	158.4 to 200.0 m
ENADDH03	321165	6370798	503	60	174.5	143.9	275.9	178.2 to 224.6 m

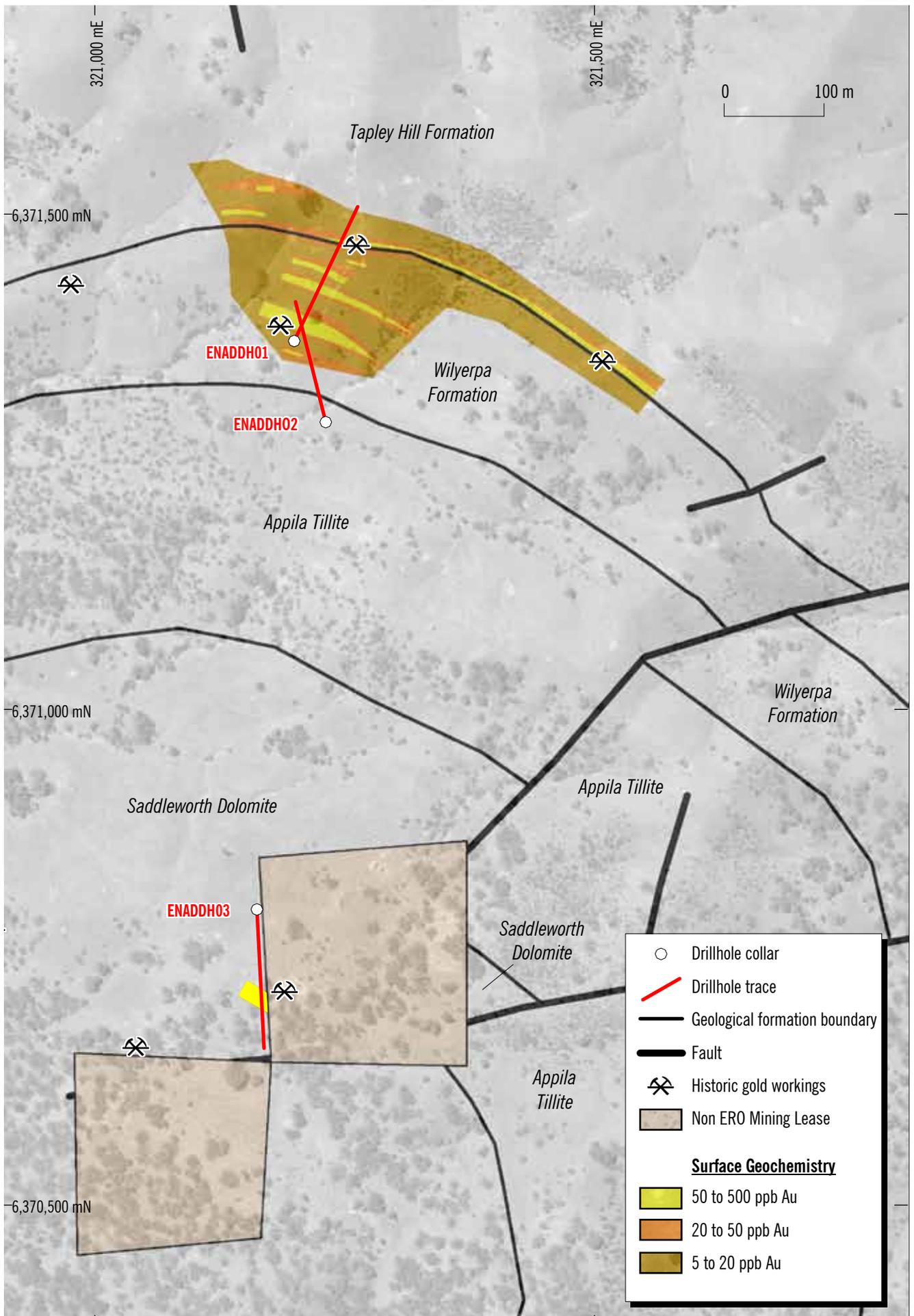


Figure 6 Hillside Prospect, Nacara Arc Gold Project drillhole locations.



Figure 7 Drill core from ENADDH01.

GEORGETOWN REGIONAL GOLD EXPLORATION

ERO Mining Ltd 100% in EPM15995

True Blue Prospect is located within the granted EPM 15995 that was part of the acquisition by the Company of the Georgetown Alluvial Gold Operations in July 2009. The prospect area is located in the headwaters of a tributary of Tabletop Creek and contains a cluster of pits and shallow workings associated with prospecting during the 1930s. Access to the area is excellent with the Company's mine camp and workshop located within two kilometres of the prospect (Figure 8).

Exploration activities during the quarter focussed on progressing the Company's application for an Indigenous Land Use Agreement (ILUA) with the traditional owners of the land covered by the Georgetown Project. This agreement is necessary before the Company can initiate drill testing of the vein gold mineralisation identified at the True Blue Prospect (ASX release 30/10/09).

The Company is hopeful that the ILUA will be in place in time for drill testing to commence in the second quarter of calendar 2010.

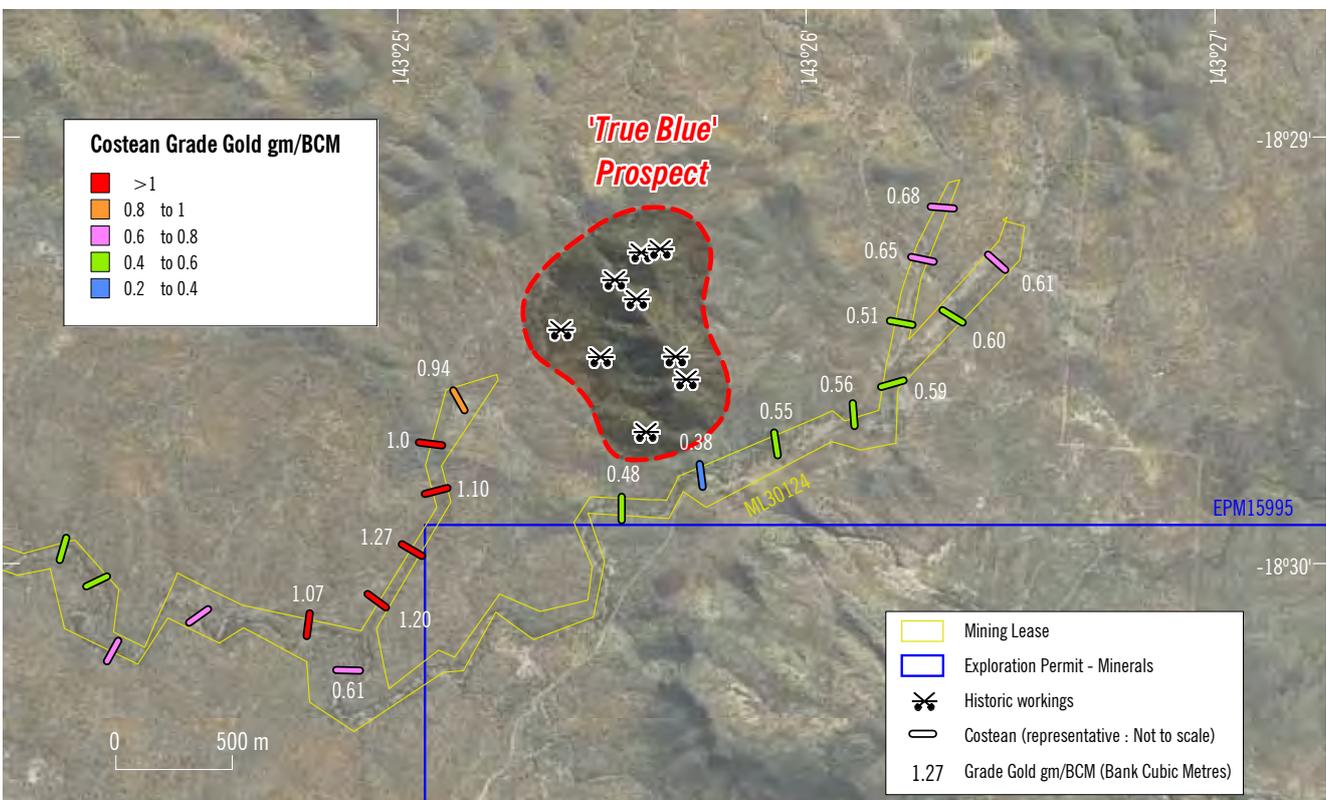


Figure 8 Location of True Blue Prospect.

SUPLEJACK GOLD/URANIUM PROJECT

ERO Mining 100% in EL26625

The Suplejack Project is located in the Tanami Region of the Northern Territory approximately 600 km north-west of Alice Springs and covers an area of 168 sq km. The Company considers this tenement to be prospective for both high-grade, unconformity related uranium mineralisation and for gold deposits of the Coronation Hill, Callie and Groundrush styles.

The project area covers a complexly folded sequence of Davidson Beds, host to the Callie and Granites Mines further south, that have been offset by west-northwest trending faults (Figure 9). This stratigraphic/structural setting has close similarities to known gold systems in the Tanami Region but has not been effectively explored. The favourable host sequence lies beneath a thin veneer of younger sediments and volcanics which have precluded the identification of potential gold systems by use of conventional surface geochemistry. It is the Company's intention to use a combination of geophysics and drilling to fully explore this very promising project.

Following the approval by the Traditional Owners at Suplejack of the Company's application to explore for both gold and uranium work has focussed on the development of detailed exploration plans for the project area. Approval of these plans is a prerequisite to the commencement of on-ground exploration at the end of the 2009-10 wet season.

Mr Kevin Lines
MANAGING DIRECTOR

29 January 2010

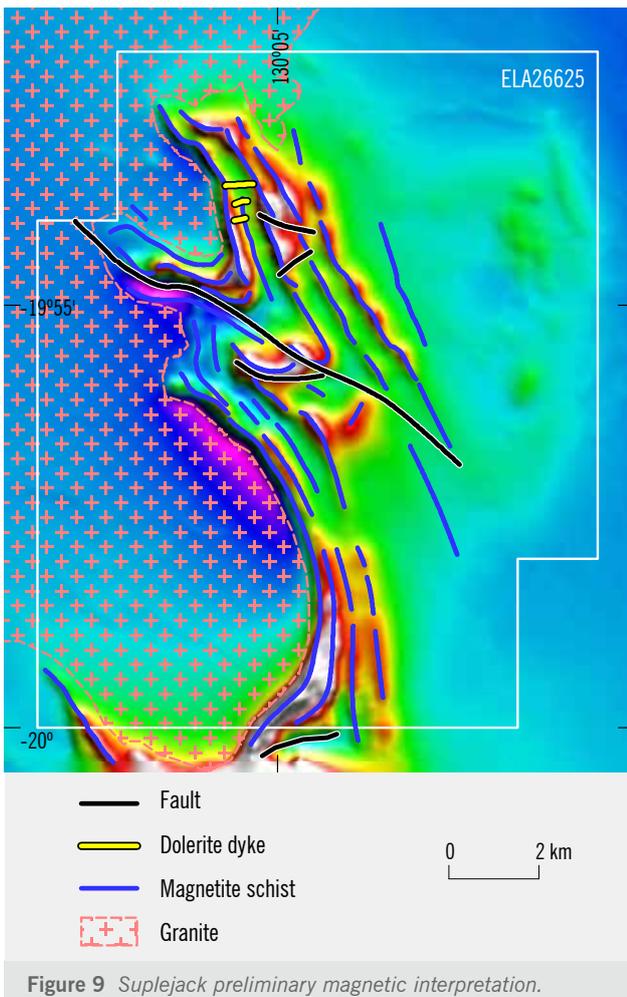


Figure 9 Suplejack preliminary magnetic interpretation.

For further information please contact ERO Mining on 08 8132 7970, or
Investor Relations – Mr Duncan Gordon on 0404 006 444
Further information relating to ERO Mining Limited and its various exploration projects can be found on its website:
www.eromangauranium.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 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

ERO Mining Limited

ABN

40 119 031 864

Quarter ended ("current quarter")

31 December 2009

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for		
(a) exploration and evaluation	(827)	(1,374)
(b) development		
(c) production		
(d) administration	(195)	(448)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	14	19
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		328
Net Operating Cash Flows	(1,008)	(1,475)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets	(17)	(222)
1.9 Proceeds from sale of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
Net investing cash flows	(17)	(222)
1.13 Total operating and investing cash flows (carried forward)	(1,025)	(1,697)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,025)	(1,697)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		2,024
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)		
	Net financing cash flows	-	2,024
	Net increase (decrease) in cash held	(1,025)	327
1.20	Cash at beginning of quarter/year to date	2,110	758
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	1,085	1,085

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	104
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

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	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	150
4.2 Development	150
Total	300

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	985	2,010
5.2 Deposits at call	100	100
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	1,085	2,110

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			
6.2	Interests in mining tenements acquired or increased			

+ 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 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	160,175,576	160,175,576		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	26,785,714 283,000 225,000 635,500 941,666		<i>Exercise price</i> \$0.30 \$0.22 \$0.22 \$0.165 \$0.028	<i>Expiry date</i> 30/06/2011 20/03/2012 19/11/2012 05/03/2013 03/02/2014
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

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 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:

(Company Secretary)

Date: 29 January 2010

Print Name: David W Godfrey

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 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting 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.

== == == == ==