

31 July 2014

June 2014 Quarterly Activity Report

## Ore-grade intersections confirm significant potential of flagship gold project

- **First-stage aircore drilling at Lingokoto gold project in Senegal extends the strike length of near-surface gold mineralisation to 1km**
- **Assay results confirm ore-grade intercepts in first-pass drill testing of 1.5km Lingokoto soil anomaly**
- **Infill and deeper RC drilling to take place in next drilling program**
- **Lingokoto prospect remains open at depth and along strike to the south-west**
- **Maleko gold prospect upgraded with new soil anomaly extending length to at least 1.2km**
- **Initial Maleko drilling results include 7m at 10.2 g/t Au, with only 140m of strike drill-tested to date**
- **Priority exploration drilling programs for Lingokoto and Maleko now being planned to commence early December Quarter, 2014**

Erin Resources Ltd (ASX: ERI) is pleased to report on what has been a highly successful June Quarter for the Company, marked by drilling results which confirmed the significant potential of its Lingokoto gold project in Senegal.

These results show Lingokoto is emerging as a substantial gold system, with mineralisation now outlined over a 1km strike length. It remains open to the south-west.

The region to the east of the permit contains several 1moz-plus gold deposits, including Randgold Limited's Loulo goldmine (more than 12Moz gold) which sits 24km east from the Lingokoto discovery.

The results, which come from the first systematic drilling program at Lingokoto, have extended the known mineralisation 980m to the south-west of the initial RAB intersections, which included a near-surface result of 6m at 51.5gpt (see ASX release dated January 29, 2014).

The latest assays show that the mineralisation runs in two parallel zones up to 90m wide, recorded within 35m of the surface and mostly in weathered bedrock (Figure 1).

This first phase aircore drilling program has now been completed, coinciding with the commencement of the wet season in Senegal.

The aircore drilling followed up an initial RAB traverse completed at Lingokoto in December 2013. That single RAB traverse revealed the existence of wide zones of strongly anomalous gold in weathered bedrock.

As well as confirming mineralisation over a significant length and width, the latest results highlight the potential for additional mineralisation to be identified in infill and extensional drilling and in fresh rock below the weathered material drilled to date.

This fresh rock will be tested as part of a follow-up RC drilling program.

Importantly, the mineralisation outlined follows the path of the 1.5km-long soil anomaly. Both the soil anomaly and the mineralisation remain open to the south-west.

### Initial Lingokoto Drilling Results Confirm Significant Discovery

The aircore line 360m to the south-west of the initial RAB traverse intersected zones of up to **18m at 1.66g/t end-of-hole** (including **12m at 2.14g/t**). Results from adjacent holes include **12m at 0.97g/t**, **6m at 1.52g/t** and **6m at 1.01g/t** (Figure 2). The same line also intersected results such as **9m at 1.19g/t** and **9m at 1.05g/t** in other anomalous zones.

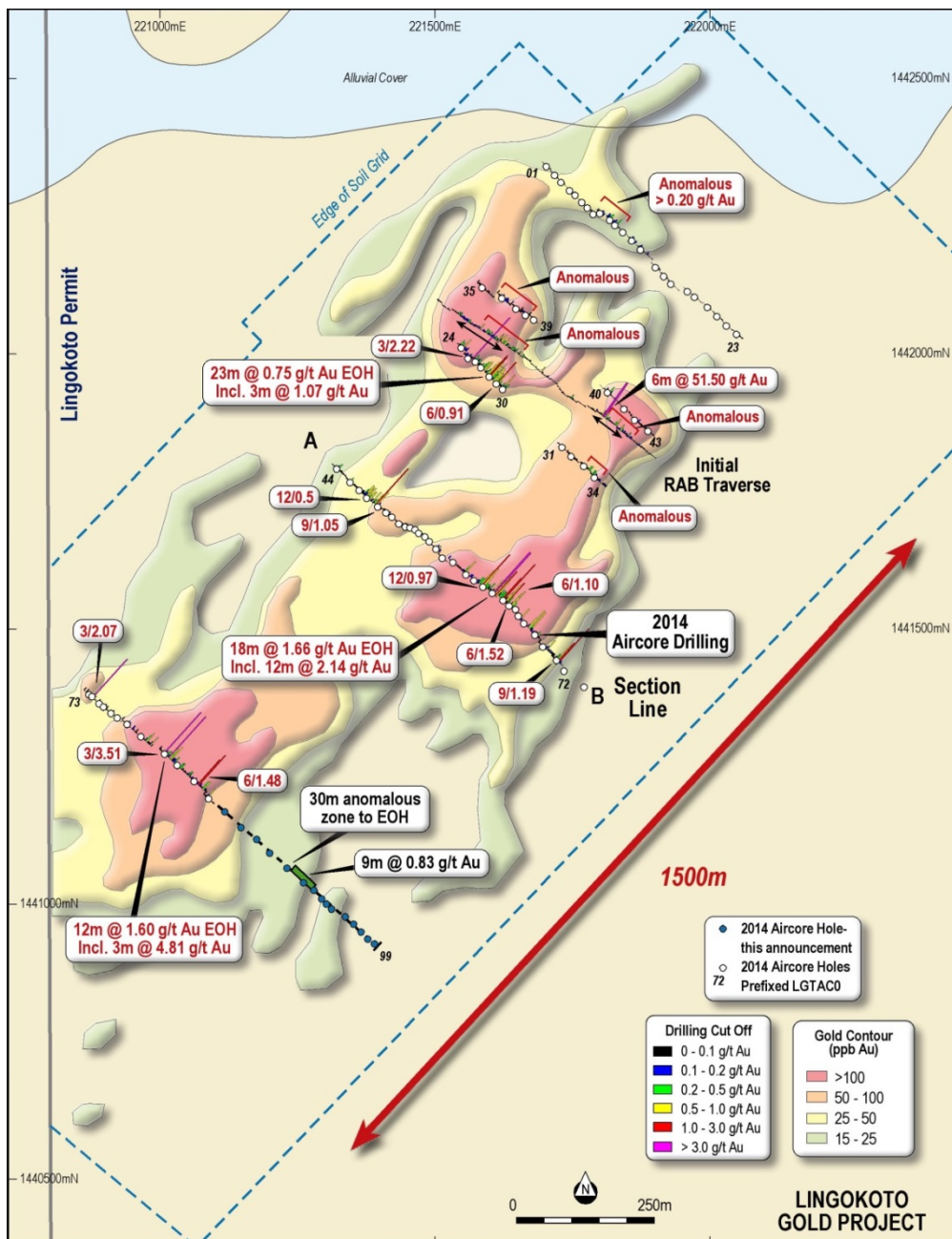


Figure 1. Lingokoto Gold Project – Aircore Collar Locations with Gold Intercepts. Initial RAB line and Soil Anomalism also shown.

The southern-most line drilled to date (980m south-west of the initial RAB traverse) has returned results of **3m at 4.81g/t**, **3m at 3.51g/t**, **3m at 2.07g/t** and **6m at 1.47g/t** in several anomalous areas.

An extensional traverse drilled 320m to the north-east of the original RAB line returned anomalous (>0.20g/t Au) gold results in the expected structural position.

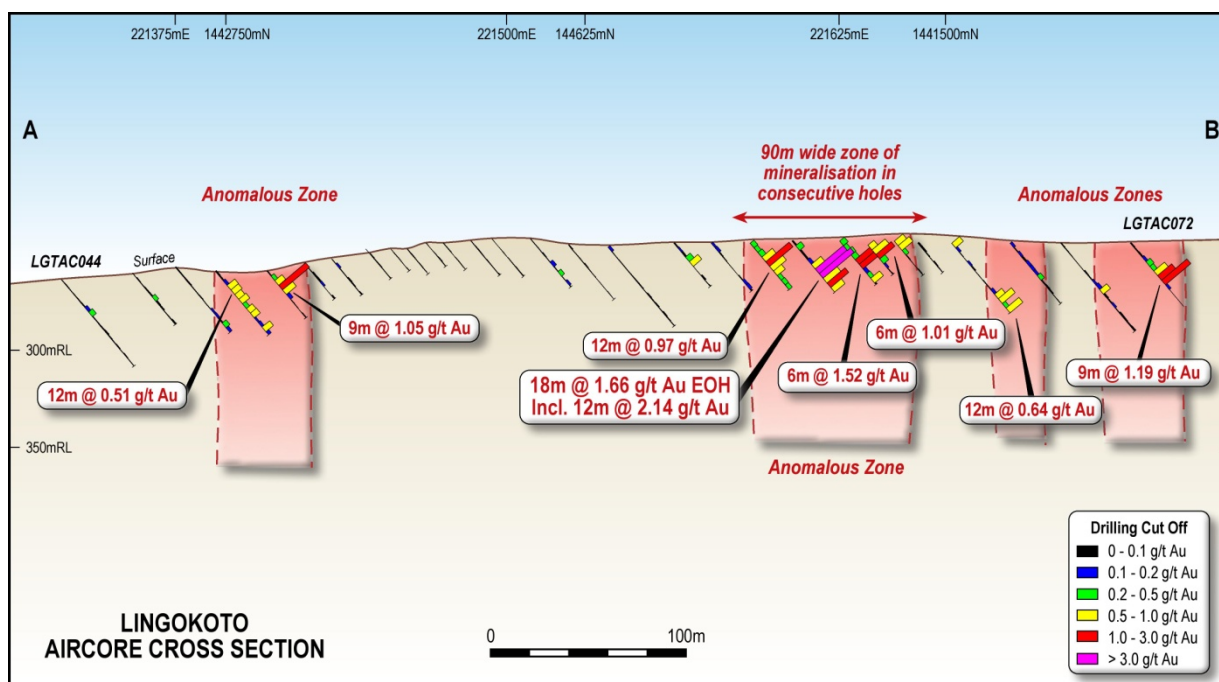


Figure 2. Gold Intercepts on Aircore Traverse 360m SW of Initial RAB Line

Erin also completed four short validation drill lines flanking mineralised parts of the initial RAB traverse, which have confirmed bedrock mineralisation in this area. A 70m-wide zone of anomalism has results to **24m at 0.75g/t EOH** including **6m at 1.07g/t**; and **3m at 2.20g/t** (Figure 1).

All assay results are from three metre composite samples. Significant assay results above a 0.5g/t Au cut-off grade are set out in Table 1 below.

Drilling is at an early stage and initial observations are that gold anomalism is predominately hosted by saprolitic clays below a laterite profile. Observed lithologies include greywacke, volcanoclastic sediments, diorite, quartzite and zones of sericite-silica-tourmaline-pyrite alteration.

Table 1 Lingokoto Aircore Drilling Results (>0.50g/t Au)

Hole Number	E UTM 29*	N UTM 29*	RL	Dip	Azimuth	Total Depth (m)	From (m)	To (m)	Intercepts (>0.50g/t)
LGAC026	221566	1441995	128	50	132	25	6	9	3m @ 2.22g/t Au
LGAC028	221591	1441968	125	50	132	32 incl.	9 15	32 18	23m @ 0.75g/t Au EOH 3m @ 1.07g/t Au
LGAC029	221604	1441955	126	50	132	26 and	6 18	12 24	6m @ 0.64g/t Au 6m @ 0.91g/t Au
LGAC030	221616	1441945	130	50	132	24	15	18	3m @ 0.71g/t Au
LGAC047	221369	1441748	144	50	132	41 and	9 36	21 39	12m @ 0.51g/t Au 3m @ 0.54g/t Au
LGAC048	221389	1441732	144	50	132	30	6	15	9m @ 1.05g/t Au
LGAC061	221549	1441609	158	50	132	28	12	15	3m @ 0.62g/t Au
LGAC063	221580	1441587	158	50	132	30	9	21	12m @ 0.97g/t Au

Hole Number	E UTM 29*	N UTM 29*	RL	Dip	Azimuth	Total Depth (m)	From (m)	To (m)	Intercepts (>0.50g/t)	
LGTAC064	221597	1441575	159	50	132	33 incl.	15 18	33 30	18m @ 1.66g/t Au 12m @ 2.14g/t Au	EOH
LGTAC065	221617	1441562	159	50	132	28 and	12 6	18 9	6m @ 1.52g/t Au 3m @ 0.63g/t Au	
LGTAC066	221627	1441552	157	50	132	19	3	9	6m @ 1.01g/t Au	
LGTAC067	221639	1441546	159	50	132	22	0	6	6m @ 0.7g/t Au	
LGTAC069	221654	1441520	140	50	132	45	33	45	12m @ 0.64g/t Au	EOH
LGTAC071	221689	1441478	140	50	132	57	30	33	3m @ 0.5g/t Au	
LGTAC072	221713	1441453	140	50	132	41	18	27	9m @ 1.19g/t Au	
LGTAC074	220870	1441388	119	50	132	28	21	24	3m @ 2.07g/t Au	
LGTAC081	221002	1441284	122	50	132	49 and incl.	15 33 33	18 45 36	3m @ 3.51g/t Au 12m @ 1.6g/t Au 3m @ 4.81g/t Au	
LGTAC083	221056	1441234	125	50	132	65	30	36	6m @ 1.48g/t Au	
LGTAC084	221082	1441202	125	50	132	63	12	15	3m @ 0.5g/t Au	

\* modified UTM grid Zone 29N



Figure 3. Variably silicified and pyrite altered sediments at Lingokoto Project

### Maleko Anomaly Doubled to 1.2km

In May 2014, the Company reported fresh soil sampling results from the Maleko prospect. These results confirmed Maleko as the Company's second highly promising gold project in Senegal, with the anomaly more than doubling in length to 1.2km.

Drilling at Maleko last year returned strong results from bedrock, including 7m at 10.4gpt. The drilling program was only conducted over a 140m strike length, with the best results coming from the most western traverse against the original permit boundary, where the anomaly now remains open for a further 1km.

Erin intends to conduct a second round of drilling at Maleko 2H 2014. This will follow the priority drilling program at the Lingokoto gold project.

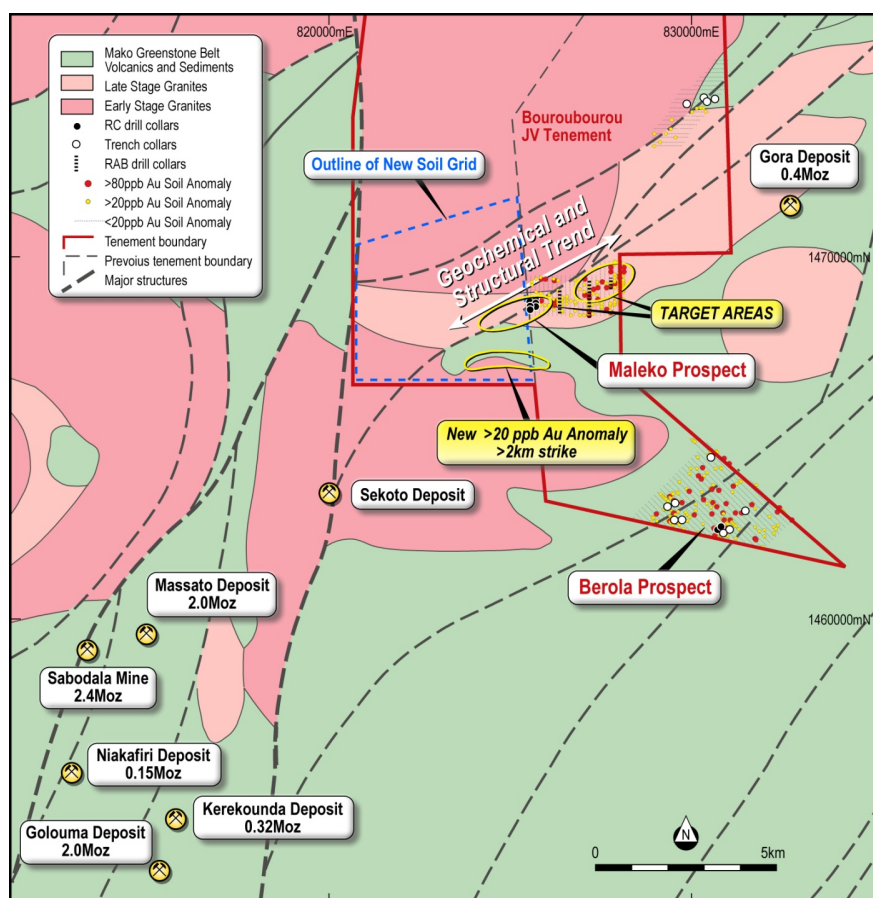


Figure 4. Erin target areas & new soil grid in relation to regional geology and gold deposits

### Background

Erin holds 640km<sup>2</sup> of exploration permits in Senegal and a portfolio of 7 strategically located permits (Figure 3). All the Company's projects lie within the Kedougou inlier that extends over eastern Senegal and along the country's western border with Mali. There are 4 multi-million ounce gold deposits that have recently been discovered within 25 kilometers of Erin's projects and in Senegal: Loulo (12m oz), Masawa (3.6m oz), Petowal (1.6m oz) and Oromin (3.7m oz).

About 30M oz of gold has been discovered in Senegal over the last 10 years and the Kedougou inlier hosts over 45M oz of gold in resources. This inlier forms a part of the Birimian shield, which covers most of West Africa and hosts over 280M oz of gold.

Senegal only recently commenced industrial scale gold mining and production at Sabodala mine in 2009. The country's mining code, introduced in 2003, is based on mining codes found in Australia and Canada.

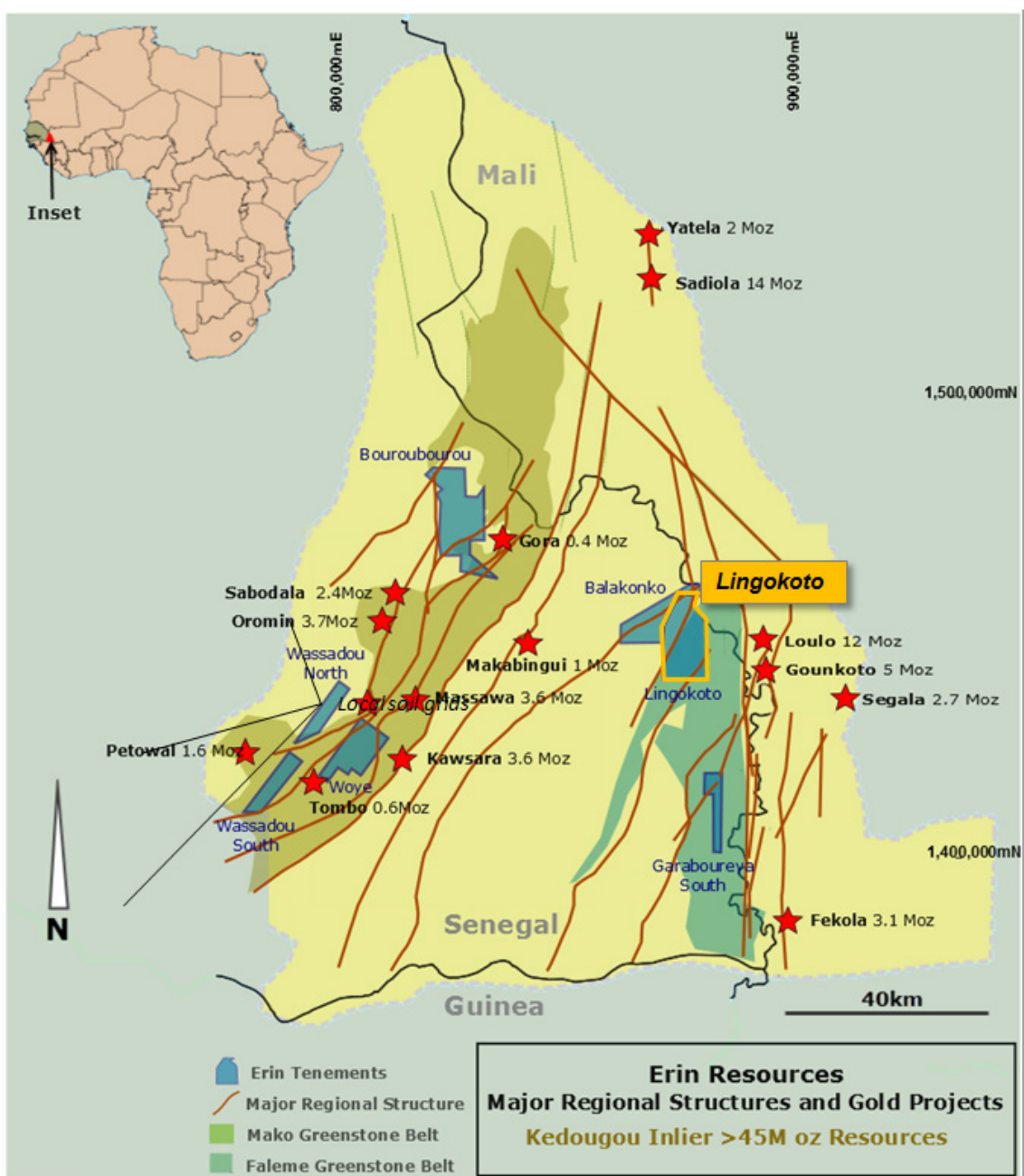


Figure 5. Regional Plan Senegal Permits and Location of Lingokoto Permit

**Tenements Located in the Republic of Senegal as at 30 June 2014**

Permit No.	Permit Title	Area (km <sup>2</sup> )	Issued	Region	Erin Ownership
07786	Garaboureira (south portion)	36.6	13/08/2009	Kedougou	80%
07787	Balakonko	62.8	13/08/2009	Kedougou	80%
01814	Woye	94.4	26/02/2010	Kedougou	80%
10332	Bouroubourou	139.7	01/12/2010	Kedougou	80%
10333	Lingokoto	120.5	01/12/2010	Kedougou	80%
12907	Wassadou South	49.9	18/11/2011	Kedougou	77.5%
00852	Wassadou North	40.3	01/02/2012	Kedougou	77.5%

**Competent Persons Statement**

*The information in this document that relates to Exploration Results is based on information compiled or reviewed by Mr Nick Castleden who is a member of the Australian Institute of Geosciences. Mr Castleden is a full time employee of the Company and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Castleden consents to the inclusion in this document of the matters based on his information in the form and context in which it appears.*

*Exploration results referring to Lingokoto have been previously disclosed by Erin Resources in accordance with JORC 2012 in the announcements dated 29/01/2014 entitled 'High Grades Encountered in First Pass Drilling'. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement. The exploration results relating to the other projects were previously prepared and disclosed under the JORC Code 2004 and have not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. The Company confirms that the form and context in which the Competent Person's findings are presented here have not been materially modified from the original market announcement. Refer to [www.erinresources.com](http://www.erinresources.com) for details on exploration results.*

**Corporate**

During the quarter the Company completed a \$1m entitlement issue. The entitlement issue closed strongly supported by shareholders taking up \$742,161.56 leaving a shortfall of \$288,671.47 which was placed through the underwriting agreement.

The Company also appointed Mr Nick Castleden as Non-Executive Director and Mr Grant Davey resigned from the Board in May 2014.

**Cash Position at 30 June 2014**

The Company had a closing cash balance of \$595k at 30 June 2014.

*For and on behalf of the Board*

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

ERIN RESOURCES LIMITED

ABN

30 116 800 269

Quarter Ended ("Current Quarter")

30 JUNE 2014

### Consolidated statement of cash flows

		Current Quarter \$A'000	Year to Date (12 months) \$A'000
<b>Cash flows related to operating activities</b>			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(207)	(508)
	(b) development	-	-
	(c) production	-	-
	(d) administration & staff	(119)	(376)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	3	7
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (Refund of R&D Rebate to HIP Franchising Pty Ltd)	-	(102)
	<b>Net Operating Cash Flows</b>	<b>(323)</b>	<b>(979)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	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 (refund of mining security bonds)	-	-
	<b>Net investing cash flows</b>	<b>-</b>	<b>-</b>
1.13	Total operating and investing cash flows (carried forward)	<b>(323)</b>	<b>(979)</b>



1.13	Total operating and investing cash flows (brought forward)	(323)	(979)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	932	1,574
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Capital raising costs (underwriting fee)	(78)	(158)
<b>Net financing cash flows</b>		<b>854</b>	<b>1,416</b>
<b>Net increase (decrease) in cash held</b>		<b>531</b>	<b>437</b>
1.20	Cash at beginning of quarter/year	64	161
1.21	Exchange rate adjustments to item 1.20	-	(3)
1.22	<b>Cash at end of quarter</b>	<b>595</b>	<b>595</b>

**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	100
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions.

Includes settlement of accrued Director fees from prior year, ongoing director and consulting fees

**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

Partial repayment of loan through conversion of \$90,000 into equity as an entitlement take up in the rights issue completed in April 2014.

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

Nil

### 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	-	-
3.3 Convertible note	-	-

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and Evaluation	175
4.2 Development	-
4.3 Production	-
4.4 Administration	90
<b>Total</b>	<b>265</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	595	64
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>595</b>	<b>64</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	N/A	N/A	N/A
6.2 Interests in mining tenements acquired or increased	N/A	N/A	N/A	N/A

### 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> (description)				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>*Ordinary securities</b>	257,707,934 (includes 13,000,000 VHL shares)	240,539,584		Fully Paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	74,216,156 28,867,147 117 0	74,216,156 28,867,147 117 625,000 (released from escrow)	\$0.01 \$0.01 \$0.02 \$0.00	Fully Paid Fully Paid Fully Paid Fully Paid
7.5 <b>*Convertible debt securities</b> (description)				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> (description and conversion factor)	4,000,000 1,000,000 500,000 500,000 119,344,890	Nil Nil Nil Nil 119,344,890	<b>Exercise Price</b> \$0.20 \$0.30 \$0.35 \$0.40 \$0.02	<b>Expiry Date</b> 30 June 2017 23 Jan 2018 23 Jan 2018 23 Jan 2018 30 Jun 2015
7.8 Issued during quarter	18,554,102 7,216,724 15,000,000	18,554,102 7,216,724 15,000,000	\$0.02 \$0.02 \$0.02	30 Jun 2015 30 Jun 2015 30 Jun 2015
7.9 Exercised during quarter	117	117	\$0.02	30 Jun 2015
7.1 Expired during quarter 0				
7.1 <b>Debentures</b> 1 (totals only)				
7.1 <b>Unsecured notes</b> (totals only) 2				

## 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.

A handwritten signature in black ink, appearing to read 'Brett Mitchell'.

**Brett Mitchell**  
Executive Chairman

Date: 31 July 2014

## 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* applies 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.