



ASX RELEASE

29 October 2012

September Quarterly Activity Report

Summary

- Erin Resources completed the acquisition to acquire 100% of Erin Mineral Resources Limited, which holds joint venture interests in seven prospective gold assets located in the Republic of Senegal.
- Initial exploration programmes on Senegalese properties completed during July 2012. Results of the initial exploration programme on Erin's tenements package confirm the potential for significant gold discoveries.
- Restructure of the Board of Directors and Management team.
- Completion of a \$2.6m capital raise to fund early stage exploration activity.

The Acquisition of Erin Mineral Resources Limited

On 14th May 2012, Erin Resources executed a Merger Implementation Agreement to acquire 100% of the issued capital of Erin Mineral Resources, an unlisted Australian public company with gold exploration assets in Senegal, West Africa. This transaction was completed on 14th September 2012.

The Company now holds various interests in seven prospective gold assets located in the Republic of Senegal, being the Bouroubourou, Garaboueya South, Woye, Lingokoto, Wassadou North and South and Balakonko gold projects (Figure 1).

The acquisition was deemed to be a significant change in the nature and scale of the Company's activities and, as a result, the Company was required to re-comply with Chapters 1 & 2 of the ASX Listing Rules and the acquisition was subject to shareholder approval at the shareholders meeting held on 17th August 2012 where all resolutions were passed.

Pursuant to the Agreement, the Company provided a loan facility to Erin Mineral Resources of up to \$900,000 which was applied towards advancing the priority exploration activities on the Projects during the period up to completion. Both parties pre-agreed where the funds were to be applied on the Projects under the loan facility. The loan was interest-free and unsecured with the loan now an intercompany loan to its wholly owned subsidiary following completion of the acquisition.

Initial Exploration Programme

Erin Resources commenced an initial exploration programme between April and July 2012. The initial early stage programme composed of:

1. Infill soil geochemistry programme following up on regional soil geochemistry on the Woye, Bouroubourou, Garaboueya South, Wassadou South and Lingokoto project areas.
2. 5,000m of RAB drilling on Woye following up a significant soil geochemistry trend. 4,000m of RAB drilling on Bouroubourou following up the high soil geochemistry in the area.
3. 1,800m of shallow RC drilling on Woye in and around the many artisanal workings on the property.

The exploration team performed quality control and analysed the results from this initial exploration programme during August and September 2012:

- The results of the exploration programme are in an ASX release dated the 2nd October 2012.
- The infill soil geochemistry was exceptionally exciting in the North of Garaboueya South tenement where up to 8.5 grams per tonne (g/t) gold anomalies were found.
- At Bouroubourou a significant gold anomaly (including a zone of 6m @ 2.54 g/t) was found over 8 contiguous holes covering a width of over 160 meters in shallow RAB drilling.
- At Woye a wide broad shear alteration zone of up to 60m wide was found over a strike length of around 400 meters on a separate trend on the Woye project area, shallow RAB drilling intersected a strong anomalous gold zone of 24m @ 0.41 g/t which has an association with a granitoid intrusive structure similar to that of the nearby 0.5 Moz Bassari resource.

Further to these encouraging early stage exploration results, the exploration team has managed to analyse regional exploration data received from explorers in the Kedougou Inlier to further assess the geological structures and terrain and to continue to expand their knowledge as well as the Company's geological database for the area.

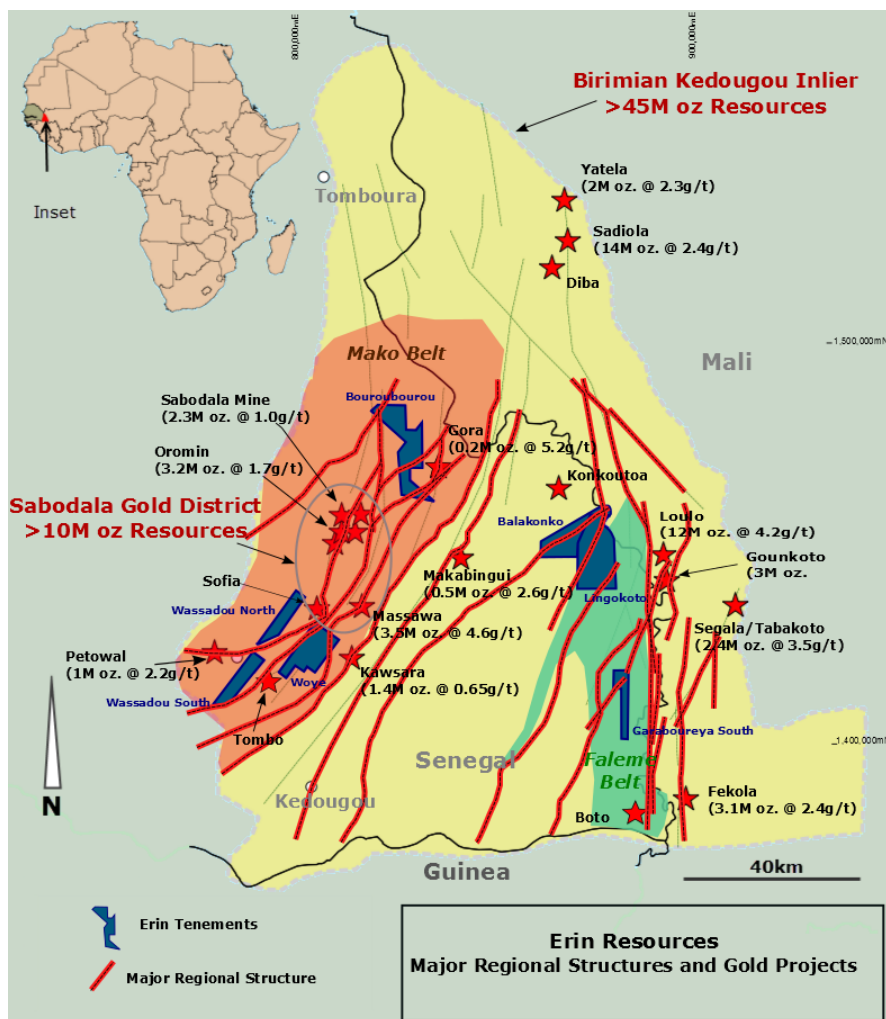
During the quarter the exploration team has also put together a budget and work programme on the three priority exploration targets derived from the regional geological formation, geochemistry and RAB and RC drilling. The first stage of the 2012/2013 exploration programme which commences in early November 2012 will comprise of detailed mapping and regolith work followed by planned trenching and a drill programme focused on the priority area's.

Table 1: Summary of Erin Licenses in Senegal

| License | Area (km ²) | License Issued | JV Partner | Erin Ownership of Final project |
|------------------------------|-------------------------|----------------|------------|---------------------------------|
| Bouroubourou | 121.3 | 1/12/2010 | AfriGem | 80% |
| Lingokoto | 157 | 1/12/2010 | AfriGem | 80% |
| Woye | 94.45 | 26/02/2010 | MRC | 80% |
| Balakonko (renewal pending) | 83.8 | 13/08/2009 | MRC | 80% |
| Garaboueya (renewal pending) | 36.6 | 13/08/2009 | MRC | 80% |
| Wassadou North | 40.3 | 1/02/2012 | SODEMINES | 77.5% |
| Wassadou South | 52.4 | 18/11/2011 | SODEMINES | 77.5% |
| Total | 585.85 | | | |

The Exploration Licences in Senegal are issued for an initial 3 year period and are able to be renewed twice after the initial period, with a minimum 25% reduction on renewal. These renewals are each for 3 year periods.

Figure 1 – Geological Framework



Corporate

Restructure of the Board of Directors

Due to the significant change in the nature and scale of the Company’s activities as well as the acquisition of prospective West African gold exploration assets it was necessary that the Board of Directors was representative of all shareholders and had the skill set required to direct the Company’s activities in the interest of all shareholders to this effect Jim Malone remains as the Chairman, Robert Besley was appointed as a Non-Executive Director on the 14th September 2012 and Grant Davey remains as Managing Director post his appointment on 21st June 2012. The current board and management would like to thank both Jason Davis and David Chapman who resigned from their positions as Non-Executive Directors during the third quarter of 2012.

Capital Raising

On the 26th July 2012, the Company lodged a prospectus for an offer of 12,500,000 Shares at an issue price of \$0.20 per Share to raise a minimum of \$2,500,000 to be used for exploration activity on the Senegalese properties. The Company issued the 12,958,000 fully paid ordinary shares at an issue price of \$0.20 each totalling \$2,591,600 on the 12th September 2012.

Cash Position at 30 September 2012

The Company had a closing cash balance of \$2.04m at 30 September 2012.

Competent Persons Statement

The information in this document that relates to Exploration Results is based on information compiled or reviewed by Mr Neil Inwood who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Inwood 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 2004 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Mr Inwood consents to the inclusion in this document of the matters based on his information in the form and context in which it appears.

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 SEPTEMBER 2012

Consolidated statement of cash flows

| Cash flows related to operating activities | | Current Quarter \$A'000 | Year to Date (3 months) \$A'000 |
|--|--|----------------------------|---------------------------------------|
| 1.1 | Receipts from product sales and related debtors | - | - |
| 1.2 | Payments for (a) exploration & evaluation | (675) | (675) |
| | (b) development | - | - |
| | (c) production | - | - |
| | (d) administration & staff | (317) | (317) |
| 1.3 | Dividends received | - | - |
| 1.4 | Interest and other items of a similar nature received | 6 | 6 |
| 1.5 | Interest and other costs of finance paid | - | - |
| 1.6 | Income taxes paid | - | - |
| 1.7 | Other (provide details if materials) | - | - |
| | Net Operating Cash Flows | (986) | (986) |
| | Cash flows related to investing activities | | |
| 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) | - | - |
| | Net investing cash flows | - | - |
| 1.13 | Total operating and investing cash flows (carried forward) | (986) | (986) |

| | | | |
|------|--|--------------|--------------|
| 1.13 | Total operating and investing cash flows (brought forward) | (986) | (986) |
| | Cash flows related to financing activities | | |
| 1.14 | Proceeds from issues of shares, options, etc. | 2,592 | 2,592 |
| 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 (capital raising cost) | (82) | (82) |
| | Net financing cash flows | 2,510 | 2,510 |
| | Net increase (decrease) in cash held | | |
| | | 1,524 | 1,524 |
| 1.20 | Cash at beginning of quarter/year | 516 | 516 |
| 1.21 | Exchange rate adjustments to item 1.20 | - | - |
| 1.22 | Cash at end of quarter | 2,040 | 2,040 |

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.

Nil

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

Nil

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 | 361 |
| 4.2 Development | - |
| 4.3 Production | - |
| 4.4 Administration | 200 |
| Total | 561 |

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 | 2,040 | 516 |
| 5.2 Deposits at call | - | - |
| 5.3 Bank overdraft | - | - |
| 5.4 Other (provide details) | - | - |
| Total: cash at end of quarter (item 1.22) | 2,040 | 516 |

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 | 07786 Garaboureya (south portion) 07787 Balakonko 01814 Woye 10332 Bouroubourou 10333 Lingokoto 12907 Wassadou South 00852 Wassadou North | Joint Venture Agreement | Nil | 80% 80% 80% 80% 80% 77.5% 77.5% |

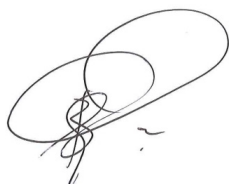
Issued and quoted securities at end of current quarter

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 | 75,958,059 | 33,208,059 | | Fully Paid |
| 7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs | 12,958,000 25,000,000 3,500,000 VHL Shares 13,000,000 | 12,958,000 Nil Nil Nil | \$0.20 Nil Nil Nil | \$0.20 Nil Nil Nil |
| 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> | 4,000,000 | Nil | Exercise Price \$0.20 | Expiry Date 30 June 2017 |
| 7.8 Issued during quarter | 4,000,000 | Nil | \$0.20 | 30 June 2017 |
| 7.9 Exercised during quarter | | | | |
| 7.1 Expired during quarter 0 | | | | |
| 7.1 Debentures 1 <i>(totals only)</i> | | | | |
| 7.1 Unsecured notes <i>(totals only)</i> 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.



Grant Davey
Managing Director

Date: 29th October 2012

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.