



KEY EVENTS



- **Announcement of the end of Woomera Prohibited Area (WPA) exploration moratorium – a major advance for Billa Kalina IOCGU project.**
- **ERO Mining now awaiting grant of Access Deed for Billa Kalina allowing on-ground exploration to commence.**
- **Monax Alliance completes gravity survey at Northern Gawler Project but elects not to proceed with further exploration.**
- **Confidentiality Agreement signed, data review ongoing at the Padthaway project.**

REVIEW OF OPERATIONS

Finance

As at 30 September 2012, ERO Mining had available funds of \$0.982 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 \$0.223 million.

EXPLORATION ACTIVITIES

BILLA KALINA

ERO Mining earning 50% under the terms of the Billa Kalina JV from Maximus Resources Ltd in ELs 4463, 4584, and 4899 plus ERO 100% in EL 4898

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 1). 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).

On 5 October 2012 the Minister for Defence, Stephen Smith, with the Minister for Resources and Energy, Martin Ferguson, announced the end of the Moratorium period on new applications for minerals exploration access to the Woomera Prohibited Area (WPA). This long awaited and very positive development will allow the Company and its joint venture partner Maximus Resources Ltd (ASX:MXR) to immediately progress the application for a Deed of Access – Exploration at Billa Kalina. All documents required by the Defence Department for the assessment of our application have been lodged and the Company is hopeful that the offer of an Access Deed will be forthcoming in the near future.

It is the Company's intention, that upon grant of the Deed of Access – Exploration, it will embark on a ground gravity survey over the Peeweena Dam area to confirm the presence of a significant gravity feature indicated in a wide-spaced (7x7 km) survey completed in the 1970s. Confirmation of the gravity anomaly would support drill testing for IOCGU mineralisation similar to Olympic Dam, Prominent Hill and Carapateena.

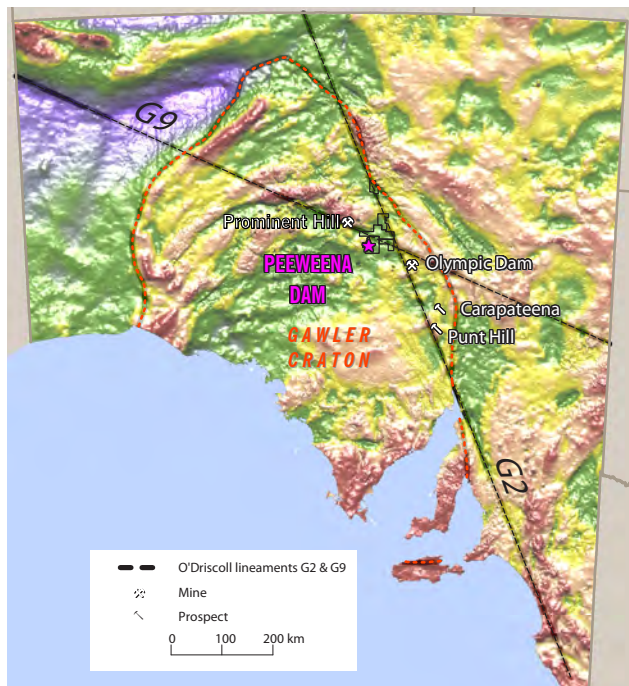


Figure 1 Location of Peeweena Dam Gravity Anomaly in relation to IOCGU mines.

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 (Figure 2).

As recently announced (ASX 6/09/2012) the Company entered into a memorandum of understanding with Monax Alliance Pty Ltd (Monax Alliance) over the Northern Gawler IOCGU Project near Marla in far northern South Australia. Monax Alliance has recently completed a detailed ground gravity survey over the Welbourn Hill portion of the project area collecting data from approximately 900 station locations. After processing and review of the data Monax Alliance have concluded that the results fail to meet their requirements and have now formally notified the Company that they will not be undertaking further exploration.

The Company retains 100% ownership of the Northern Gawler tenements and will now undertake its own review of the new gravity data with the objective of defining the best strategy for progressing exploration over the project area.

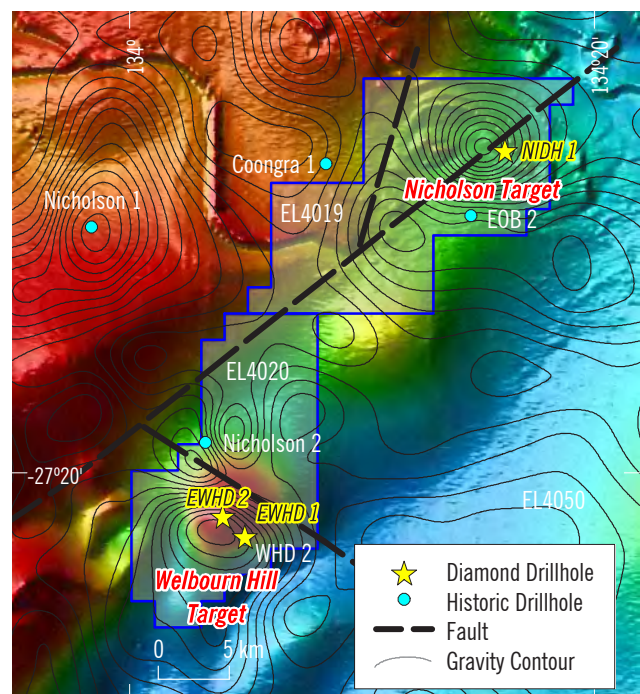


Figure 2 Gravity contours over magnetic image, North Gawler Craton project.

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

100% owned tenement holding covering approximately 5,000 km² in the Padthaway area of southeastern South Australia (Figure 3).

The Company has previously outlined its intentions of seeking a joint venture partner to help advance exploration of its extensive tenement holding at the Padthaway Project. This area is considered to be prospective for heavy mineral sands similar to the recent mine development, by Iluka Resources, at Jacinth/Ambrosia to the west of Ceduna SA.

Discussions are continuing, with a Confidentiality Agreement now in place and a detailed data review of previous exploration now underway. The Company is hopeful that these discussions will result in the establishment of a formal joint venture during the second quarter of FY2012-13.

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.

TANAMI EXPLORATION INITIATIVE

Objectives

The Tanami Region, located approximately 600 km northwest 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

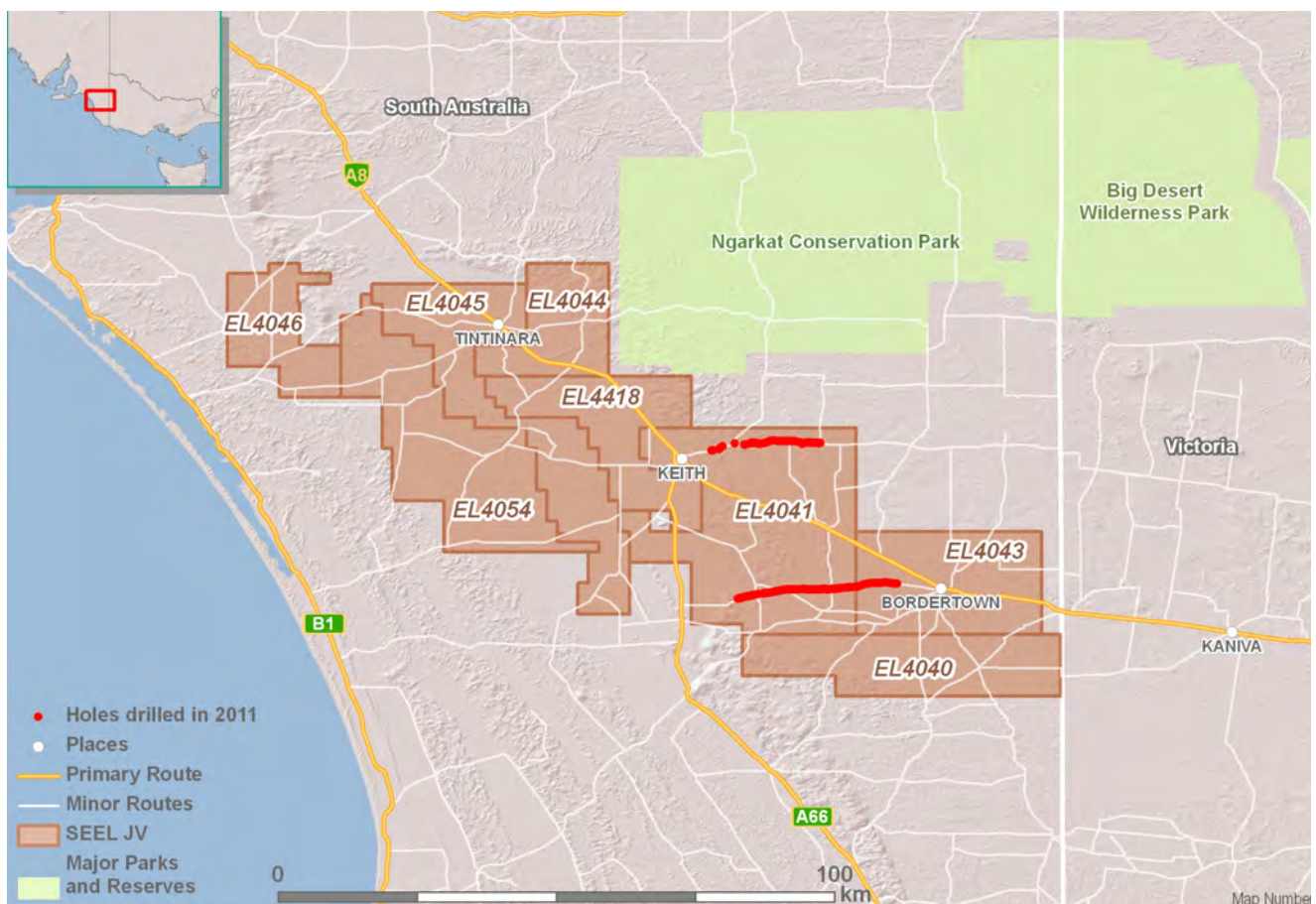


Figure 3 Location of ERO Mining's Padthaway joint venture area.

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 4).

During the quarter, the Company was granted an extension of the Right to Negotiate over the Company's application for an exploration licence at the Highland Rocks project. This extension has been made necessary by extended delays in organising the required meetings with Traditional Owners seeking their approval before formal grant of the exploration licence can be achieved.

The Company has been in discussions with the Central Land Council (CLC) on the cause of the delays and has been assured that the required meetings with Traditional Owners are being organised for early 2013, following the end of the northern wet season. Access to the Highland Rocks project would allow the Company to commence work over one of the few remaining areas of the Tanami province which has seen no effective modern gold exploration.

The Company is continuing to source an appropriate joint venture partner at the Suplejack project. The project area is the first in the Tanami where the Traditional Owners have allowed exploration for both uranium and gold. This area of the Tanami has been identified by AGSO, the predecessor to Geoscience Australia, as having very similar geological characteristics as the uranium rich South Alligator Rivers area of the Northern Territory.



Mr Kevin Lines
CHIEF EXECUTIVE OFFICER
31 October 2012

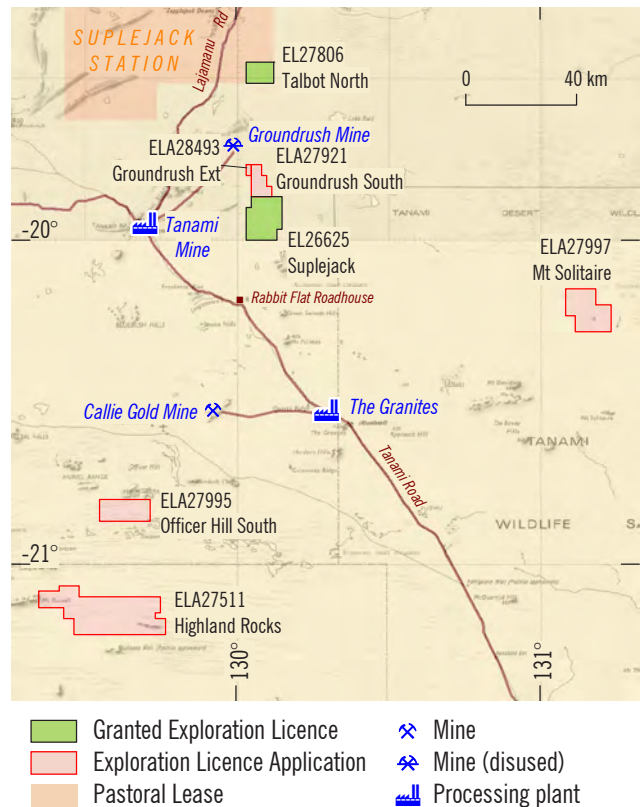


Figure 4 Location of Tanami Exploration Initiative licence areas.

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

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 Chief Executive Officer 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")

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 (b) development (c) production (d) administration	(32) - - (199)	(32) - - (199)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	4	4
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(227)	(227)
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 (provide details if material)	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(227)	(227)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(227)	(227)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	(16)	(16)
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	(16)	(16)
	Net increase (decrease) in cash held	(243)	(243)
1.20	Cash at beginning of quarter/year to date	1,225	1,225
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	982	982

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	119
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.

	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	-
4.3 Production	-
4.4 Administration	80
Total	230

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	982	1,225
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	982	1,225

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.

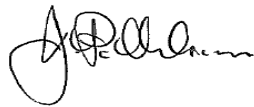
	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 *Ordinary securities	629,227,041	629,227,041		
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>	50,000 313,000 441,666		<i>Exercise price</i> \$0.220 \$0.165 \$0.028	<i>Expiry date</i> 19/11/2013 05/03/2013 03/02/2014
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter	86,813,229	86,813,229	\$0.060	28/09/2012
7.11 Debentures <i>(totals only)</i>				

+ See chapter 19 for defined terms.

7.12	Unsecured notes (<i>totals only</i>)		
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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: _____
(Director/Company secretary)

Date: 30 October 2012

Print name: **JUSTIN NELSON**

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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