An Exploration Company with Emerging Development Opportunity

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Presentation Notes

DISCLAIMER

This presentation 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.

COMPETENT PERSON

The following statements apply in respect of the information in this report that relates to Exploration Results, Exploration Targets and Mineral Resources: The information is based on, and accurately reflects information reviewed by Mr Llyle Sawyer, who is a Member of Australian Institute of Geoscientists.

Mr Sawyer is a geologist employed by Geos Mining, whom are independent consultants to South East Energy Limited. He has the relevant experience in relation to the uranium and lithium mineralisation being reported on to qualify as a Competent Person as defined in the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Identified Mineral Resources and Ore Reserves. Mr Sawyer has consented in writing to the inclusion in this report of the matters based on the information in the form and context in which it appears.

EXPLORATION TARGETS

Exploration Targets are reported according to Clause 18 of the JORC Code. This means that the potential quantity and grade is conceptual in nature and that considerable further exploration is necessary before any identified Mineral Resource can be reported. It is uncertain if further exploration will lead to a larger, smaller or any Mineral Resource.

ERO Mining Limited and South East Energy Limited

- **South East Energy Limited ("South East") is an unlisted South Australian mineral explorer formed in 2007, that has compiled a package of highly prospective exploration acreage at Lake Frome, Lake Torrens and via its Padthaway projects in the South East of South Australia**
- **ERO Mining Limited ("ERO" or the "Company") to acquire 100% of the issued capital of South East**
- **Creation of a significant lithium, uranium and gold company with active exploration and future development opportunities providing potential pathways to production**

Transaction Overview

- ERO to acquire 100% of the issued capital of South East for the issue of 152,325,014 ordinary shares and 191,250,000 options in the Company
- ERO to acquire 2 ELAs (proposal to grant) & 10 ELs covering 7,012 km²
- World class lithium exploration target at Lake Frome
- ERO focus lithium exploration, secondary focus - uranium and gold
- ERO will undertake a review of all projects and dispose of any non core assets

New Capital Structure

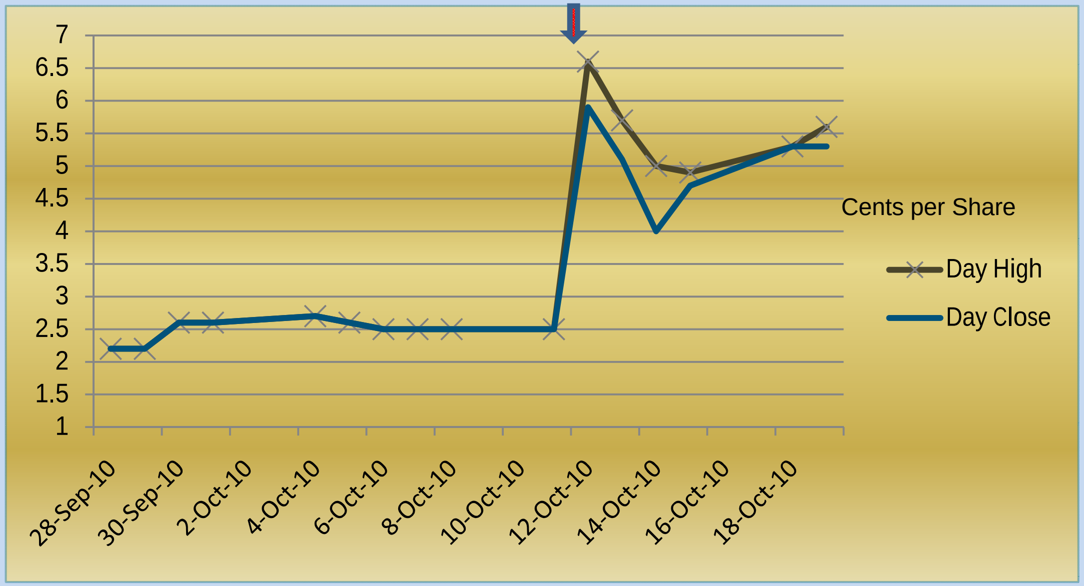
As consideration for the acquisition of South East, ERO will issue:

- 4.5 new ERO shares for every existing South East share; and
- 4.5 new ERO options exercisable at 5 cents each on or before 31 October 2011 for every existing South East option

Capital Structure	Number of Shares	Number of Options
Existing Capital Structure	160,175,576	28,870,880
Shares and Options Issued to South East	152,325,014	191,250,000
Post Transaction Total	**312,500,590**	**220,120,880**

ERO Share Price Graph

Announcement of South East Acquisition



- Post transaction market cap of approx $15.9M[1]

1 Based on ERO share price of 5.1 cents at close of trade on 13 Oct 2010

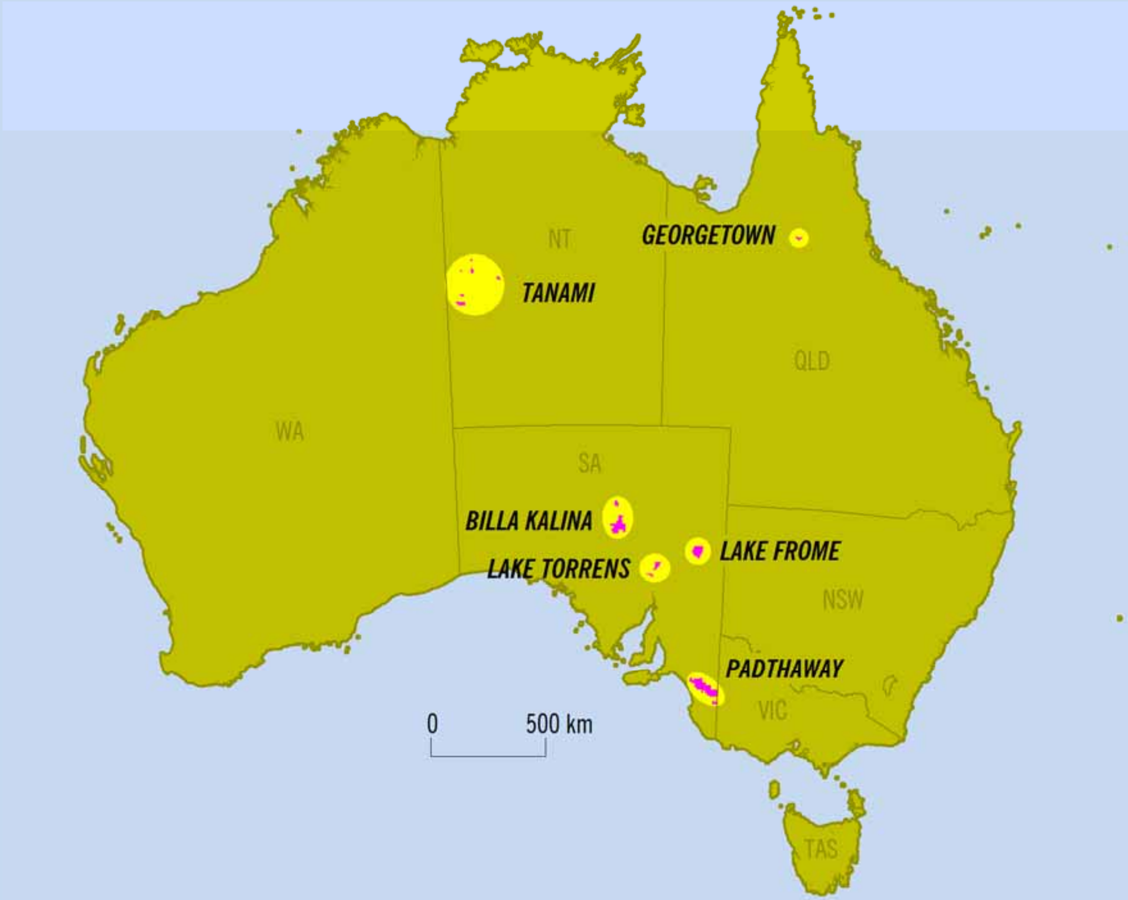
New Highly Experienced Board

The successful completion of the transaction will result in a new highly qualified Board and management team with extensive top management experience in Australian companies and specific expertise in uranium, exploration, operations, business growth and political arenas

- **Mr Robert Kennedy** – *Non-Executive Chairman*
- **Mr Shane Gale** – *CEO*
- **Dr Neville Alley** – *Executive Director*
- **Mr Hector Gordon** – *Non-Executive Director*

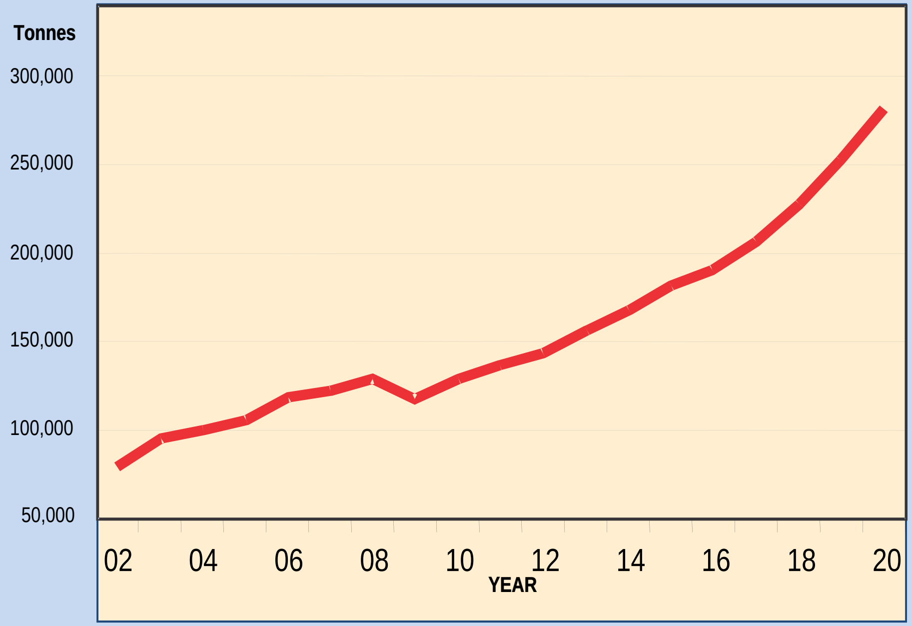
The New ERO

Focused on exploration and resource development throughout Australia



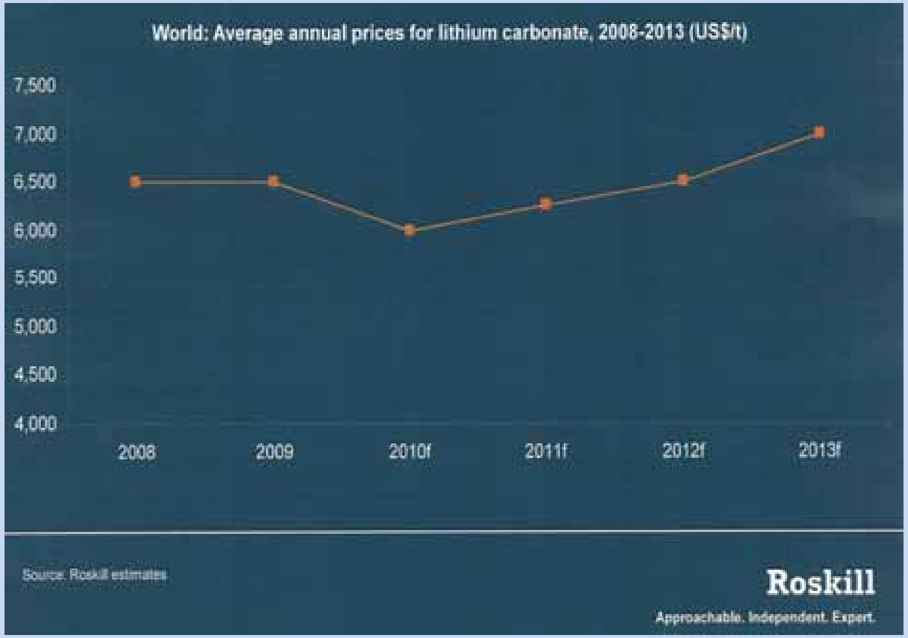
Why Lithium ?

Total Lithium Carbonate Demand



Source: TRU Group – Lithium Supply and Markets Conference, Chile

Average annual prices for lithium carbonate



Source: Roskill - The lithium market: 2009 review and outlook

Why Lithium ?

- The most economical and significant method is by evaporation processes of lithium containing brines
- Sediments have been formed over millions of years in highland bowls or depositional sinks, after rivers and hot springs washed over lithium-laden rocks and leached the mineral from them
- Producers drill wells and pump the brine into evaporation ponds
- With the removal of water, the lithium content in the brine increases to a level where it can be collected and shipped to a chemical plant for processing

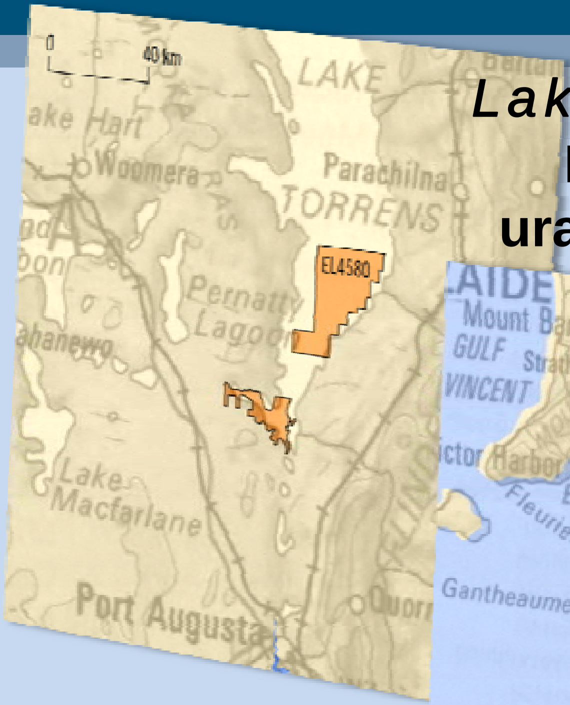
ESTIMATED COSTS EX-LABOR, LITHIUM PRODUCTION FROM VARIOUS SOURCES (BYRON CAPITAL MARKETS)

Type	Brine (Mg:Li of 1:1)	Spodumene	Clay
Variable Cost (tonne LCE)	$1,200	$3,120	$2,262
Fully-amortized Cost (tonne LCE)	$2,267	$6,453	$3,262

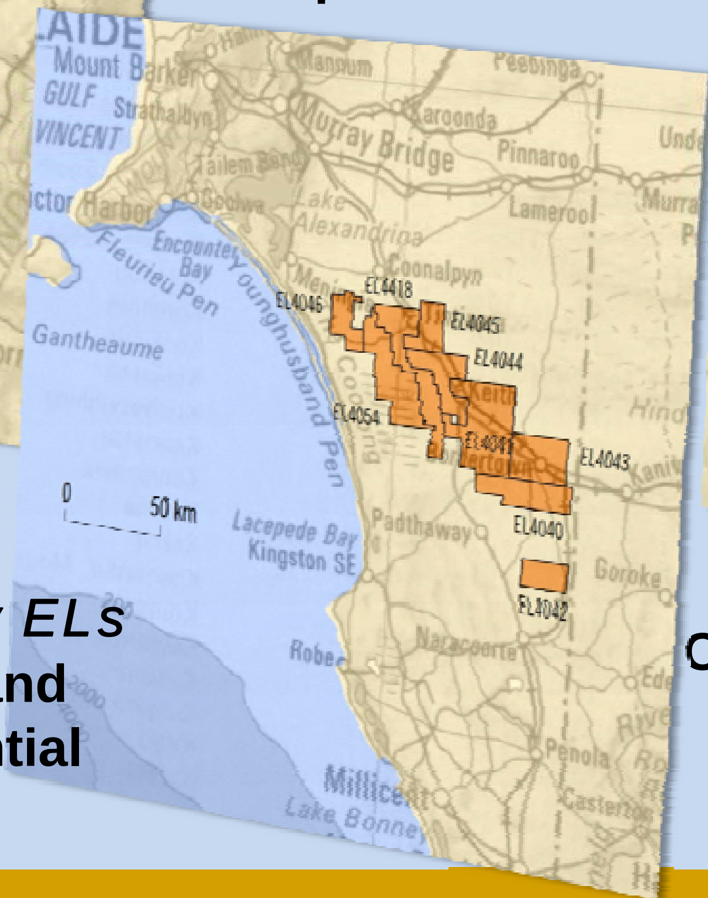
Why SA Salt Lakes for Lithium?

- Major depocentres
- Large salt lakes with brines
- Regular inflow from adjacent uplands
- Source of lithium
- Low rainfall, high evaporation
- Right geology underlying lakes
- Right palaeoclimatic history
- Previous exploration results
- Close to infrastructure

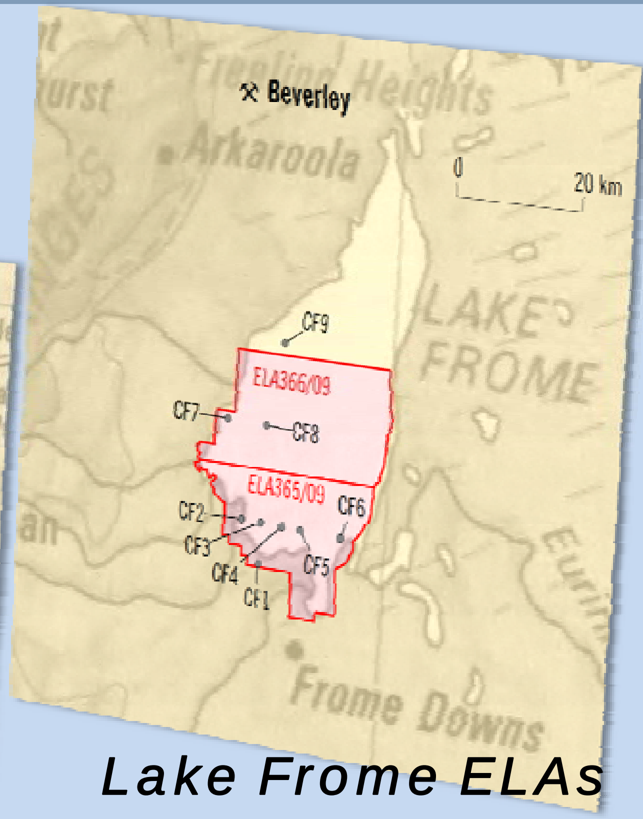
SEZ Tenements



Lake Torrens ELs
Lithium and uranium potential



Padthaway ELs
Uranium and HMS potential



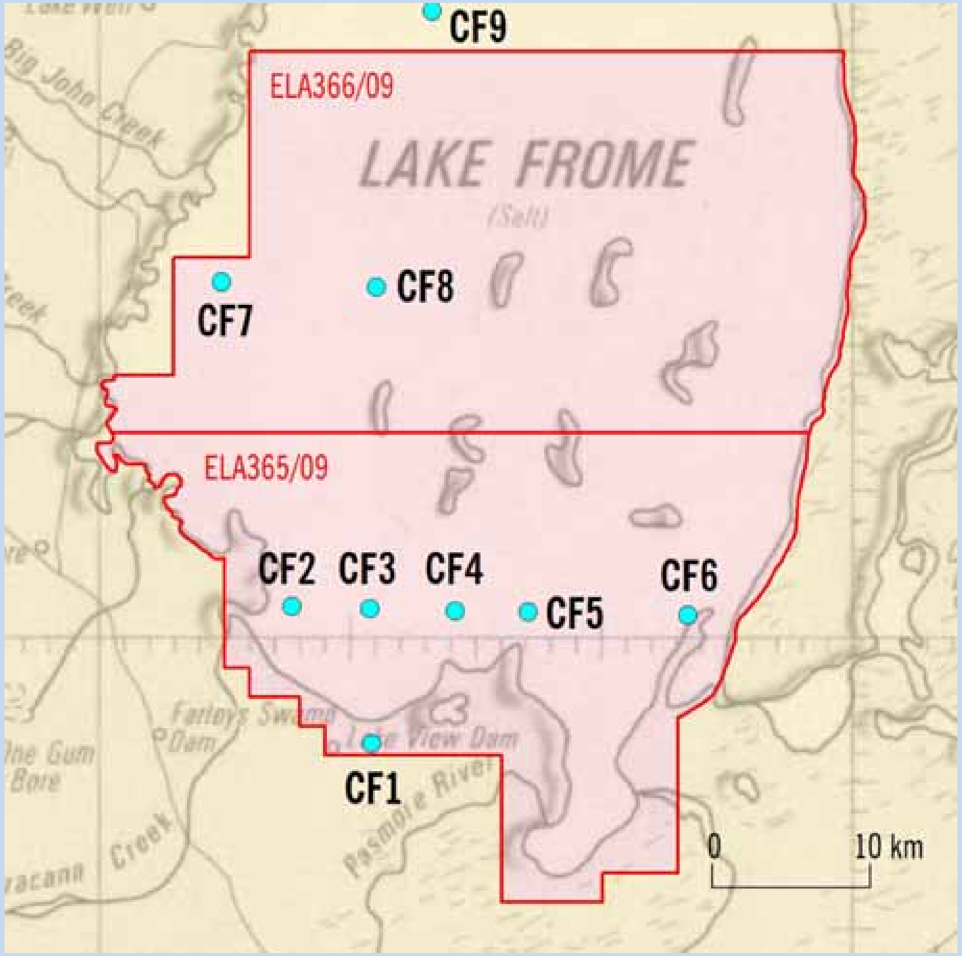
Lake Frome ELAs
Our core lithium project with high uranium potential

Why is Lake Frome our Key Project?

Favourable levels of Li are present

Depth (Metres)	**CF1** (ppm)	**CF2** (ppm)
10	100	250
20	100	30
30	150	100
40	150	200
50	150	100
60	100	250
70		250
80		200

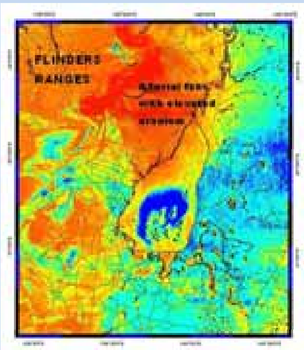
Comalco Drillholes CF3 to CF9 showed 10 to 70 ppm.



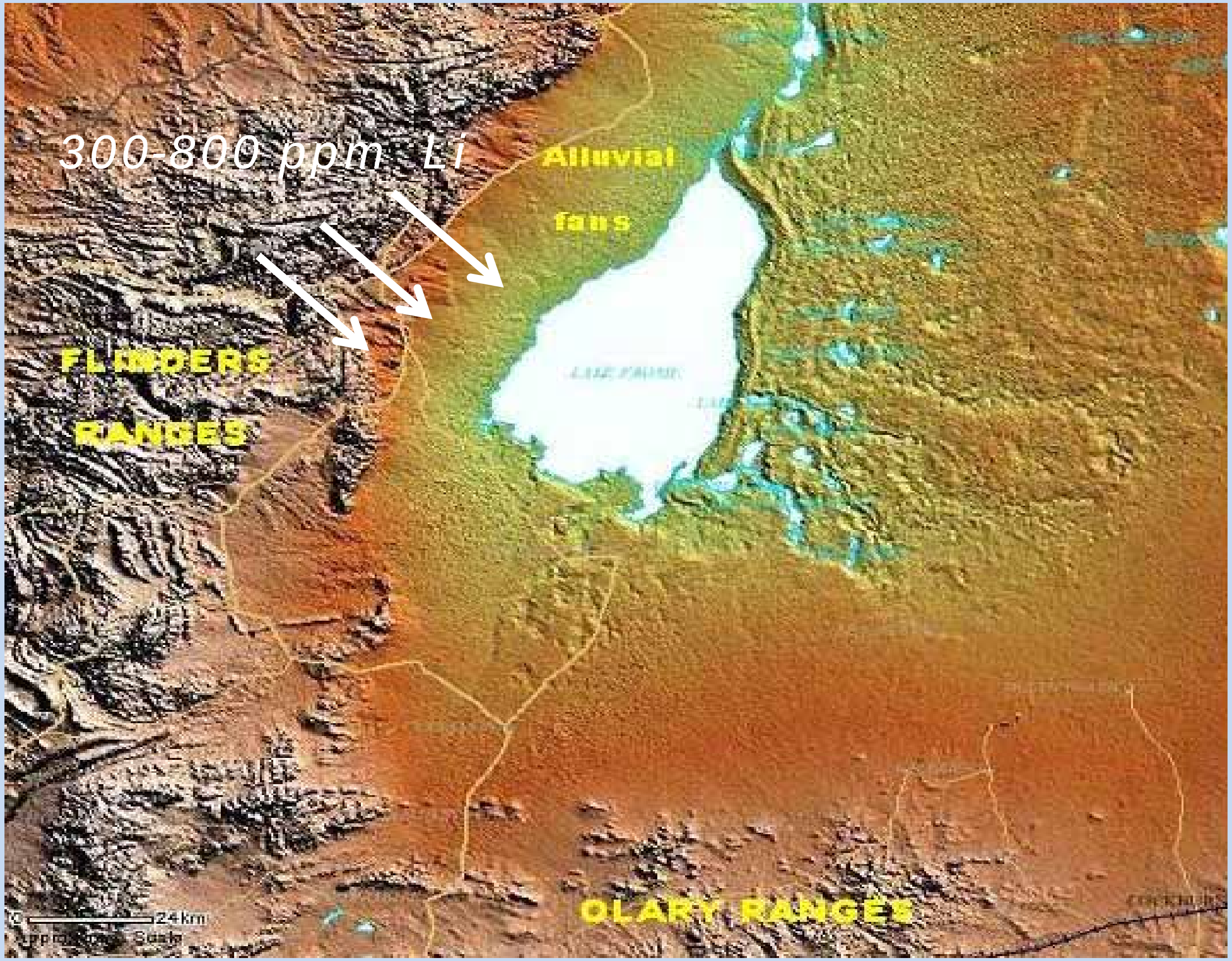
What is the Source of the Lithium?

Rock sources: granites, volcanics and pegmatites in the adjacent ranges.

Erosion during the geological past has transported lithium and uranium into Lake Frome lowland.



Radiometric image shows likely pathway for lithium and uranium



Target Horizons

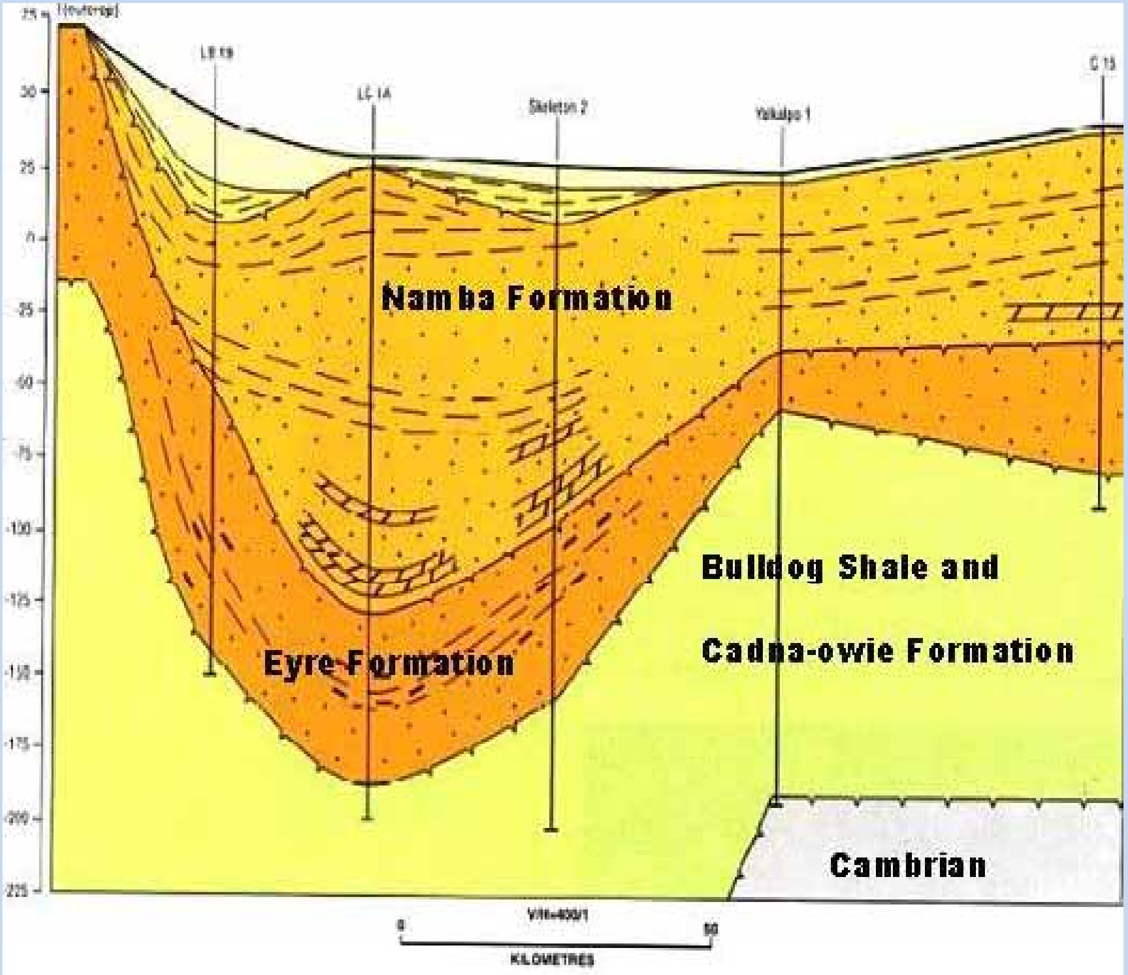
Lake Frome a depositional sink (everything ends up here).

Formations are thickened under Lake Frome

Priority 1: Namba Formation and younger horizons.

Priority 2: Eyre Formation.

Priority 3: Older sediments.



Our Immediate Exploration Plans

Proposed exploration program focusing on our priority Lake Frome project.

First quarter 2011

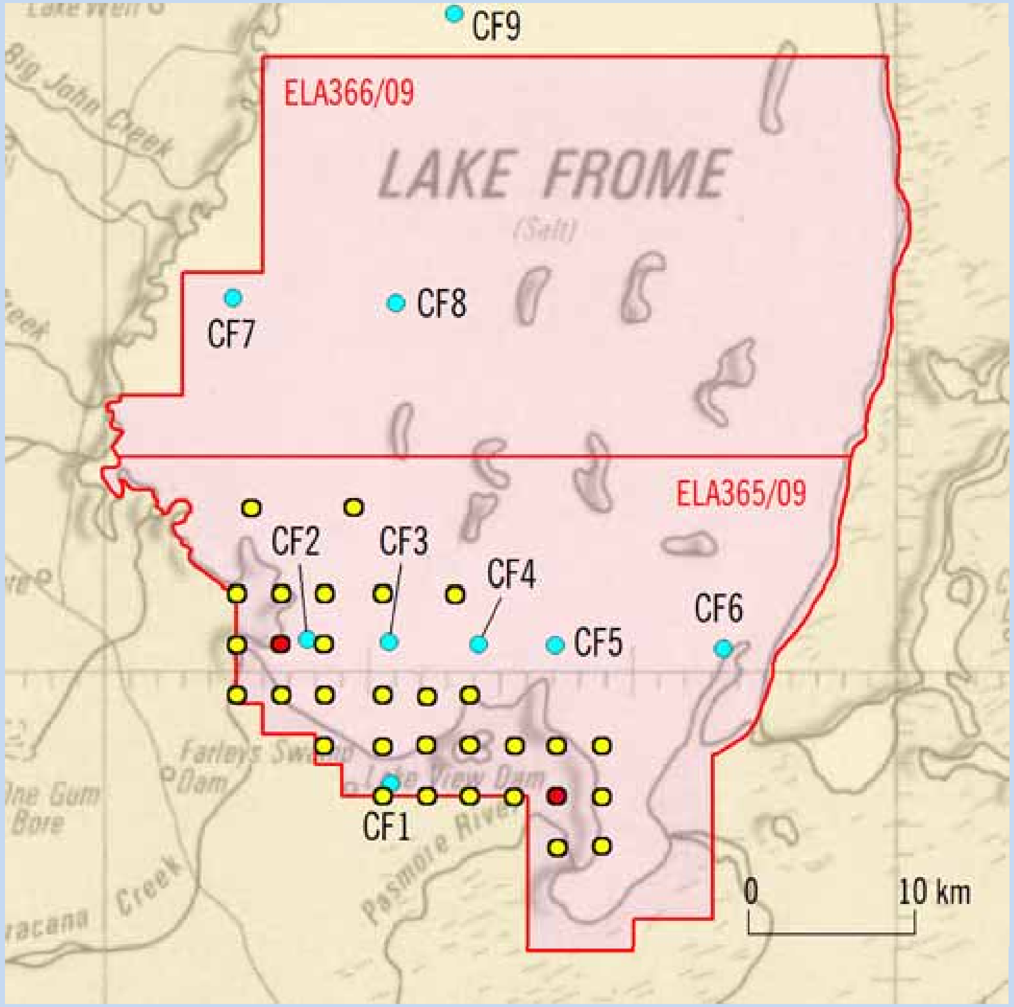
- **Landholder access discussions and presentations to the wider community;**
- **Aboriginal heritage clearance for drillhole program near CF 1 and CF 2.**

Second and third quarters 2011

- **Drill fully cored reference holes to base of the Eyre Formation at CF 1 and CF 2, commencing onshore near drillhole CF1 where access is easier, to test chemistry of all brines and sediments and flow volumes;**
- **Twenty five close spaced drillholes (500 m spacing) and four one kilometre-spaced drillholes to test sediments, local, shallow and deeper brines for lithium and associated chemicals and flow rates;**
- **Test for uranium concurrently.**

Proposed drillholes Lake Frome

- Previous drillholes
- Proposed fully cored holes to 150 m depth.
- Proposed 25X 500 m-spaced drillholes and 4X1 km-spaced drillholes.



Lake Frome Objectives

1. Focus on near surface resources of south-western Lake Frome and explore for potential development of those first
2. Predictions of economic outcomes on processing routes contingent on lithium and brine probable reserves
3. Follow the same assessment approach as for South American Salars (Atacama or Hombre Muerto) modified for different chemistry and geology
4. Brines are pumped to evaporation ponds (10,000 tpa LCE ponds ~$75m), and precipitate lithium concentration to approx 5% to 10% and is then further processed to lithium carbonate
5. 10,000 tonne lithium carbonate equivalent per annum production (10,000 tpa LCE Processing Plant ~$160m > overseas?)

Developing a Lithium from Brine Project

ero MINING

10,000T LCE for 10 Years = 100,000 t LCE Resource

1.Exploration Results

MINERAL RESOURCES

2.Indicated
Pilot Brine
Ponds

3.Measured
Assessments
Modelling

Establish Strategic Alliances

ORE RESERVES

4.Probable
Lithium Evaporation
Ponds
Concentrate
LCE

5. Proved
$ cost to convert
Resources into
Reserves

Increasing level of knowledge and confidence

Modifying Factors > Chemistry, Brine Flow, Extraction, Precipitation, Sustainability

Summary

- Acquisition of South East
- Sale of Georgetown
- Exploration program Lake Frome
- Review all tenements to retain the best

Summary

Looking west from the south eastern shore west across Lake Frome salt pan and mud flat (Image CSIRO)

Summary

Aerial view of brine evaporation ponds (Chile - Salar de Atacama)

Summary

SQM production facilities

ASX Issuer Code: ERO

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