

QUARTERLY REPORT

Period ending 31 March 2013



KEY EVENTS



- *ERO to focus on evaluating new mineral exploration and development opportunities.*
- *Negotiations continue with potential exploration partners at the Padthaway mineral sands project.*
- *Third party continuing detailed review of Wertaloona Project data and negotiations ongoing.*

REVIEW OF OPERATIONS

CORPORATE ACTIVITIES

On 14 March 2013, ERO Mining announced that it has commenced a process of evaluating a number of new minerals exploration and development opportunities. This process was initiated because the Board formed the view that a significant proportion of the assets of the Company are not viable for on-ground exploration activities due to delays with permitting and other approvals. In

conjunction with the Company's corporate advisors, the Board will be responsible for the evaluation of all new opportunities with the aim of making value-accretive acquisitions to add shareholder value.

As a result of this new focus, Mr Kevin Lines tendered his resignation from his position as Chief Executive Officer of the Company. The Board would like to take the opportunity again to thank Kevin for his efforts and commitment

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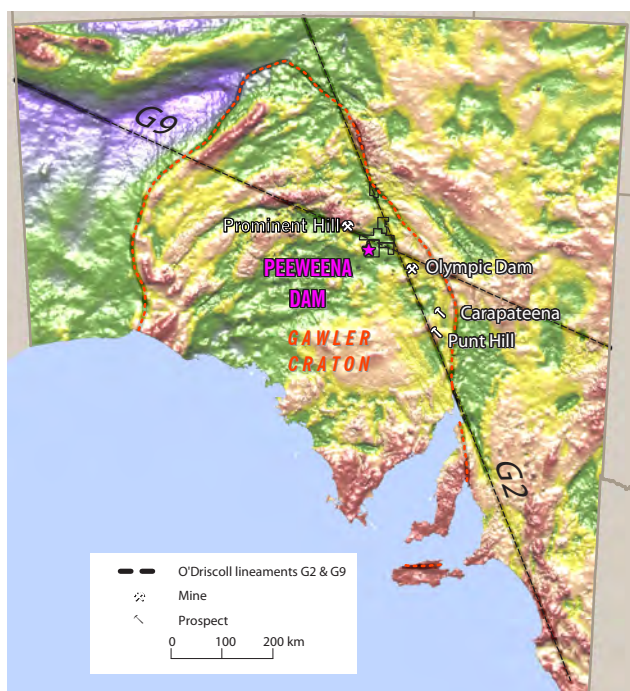


Figure 1 Location of Peeweena Dam Gravity Anomaly in relation to IOCGU mines.

to the Company and wish him all the best in his future endeavours. The Company is currently in the process of finding a replacement to align with its new focus and expects to make an appointment shortly.

Finance

As at 31 March 2013, ERO Mining had available funds of \$0.505 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 \$0.253 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 Mining is exploring for IOCGU deposits in the deeper basement rocks under the terms of the Billa Kalina Joint Venture with Maximus Resources Ltd (ASX: MXR).

During the quarter, the Company completed a short ground gravity survey designed to validate a 10 mgal gravity anomaly at Peeweena Dam. This anomaly was initially defined by a single gravity station within a wide spaced 7km x 7km region survey completed in the 1970's. Processing of the data from the new survey indicated that no significant gravity anomaly was present at Peeweena Dam and that the data point in the earlier survey was erroneous.

The Billa Kalina Project is being explored under the terms of a joint venture between the Company and Maximus Resources where the Company is earning a 50% interest in the tenements (ELs 4854, 4463 and 4899) by expenditure of \$3 million over the life of the Agreement. ERO Mining is the manager and operator of the Joint Venture.

PADTHAWAY AREA PROJECT

ERO 100% in South East Energy's ELs 4040, 4041, 4043, 4044, 4045, 4418, 4747 and South East Energy's ELAs 326/10, 02/11 and 64/11

100% owned tenement holding covering approximately 3,750 km² in the Padthaway area of southeastern South Australia (Figure 2).

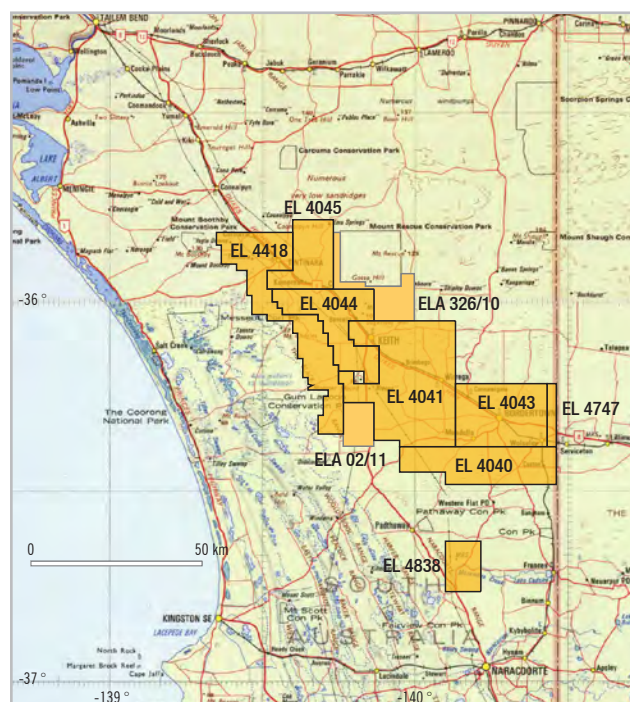


Figure 2 Location of ERO Mining's Padthaway joint venture area.

The Company has continued with its objective 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 third parties with the Company hopeful that these discussions will result in the establishment of a formal joint venture over this significant tenement package.

WERTALOONA PROJECT

ERO Mining 100% in ELs 4601 and 4602

During the quarter, the Company continued its discussions with a third party interested in establishing a joint venture over the Wertaloona lithium project within the Lake Frome basin of central-eastern South Australia. The third party is continuing its detailed review of the data for the project and upon completion of this review the Company intends to enter into joint venture discussions.

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 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 3).

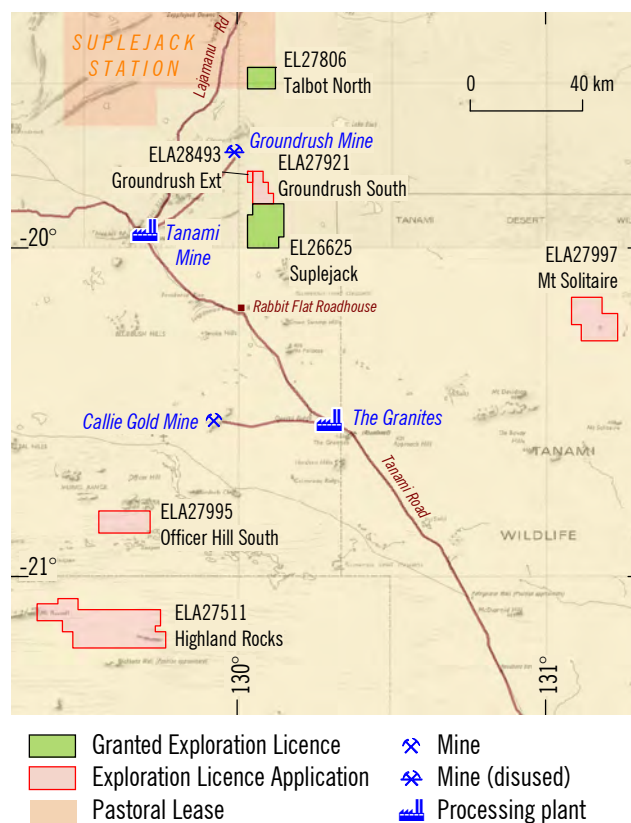


Figure 3 Location of Tanami Exploration Initiative licence areas.

The Company has received notification from the Central Land Council (CLC) for the first meeting with Traditional Owners over the project areas within the Company's Tanami portfolio which is scheduled for 22 May 2013. At the meeting, a representative of the Company will discuss exploration proposals for the project areas and access with the Traditional Owners. Access to the Highland Rocks project will 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. In expectation of gaining access to the Highland Rocks project, the Company has made an application for two additional areas that are contiguous with the current tenement holding. These additional areas consolidate the Company's tenure in this highly prospective region.

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.

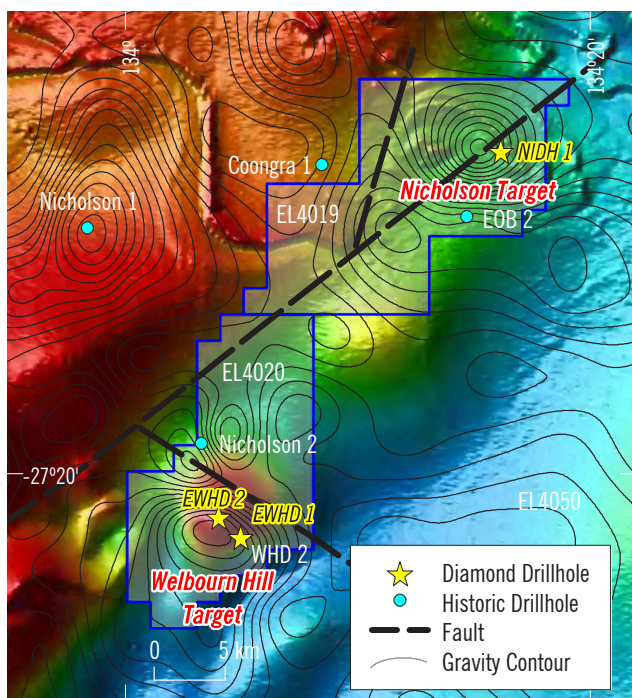


Figure 4 Gravity contours over magnetic image, North Gawler Craton project.

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 4).

No significant exploration was conducted during the quarter over the North Gawler Craton tenement area.

Mr Robert Kennedy

CHAIRMAN

30 April 2013

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.

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")

31 MARCH 2013

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 & evaluation	(130)	(272)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(128)	(459)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	5	27
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	(253)	(704)
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)	(253)	(704)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(253)	(704)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	(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	-	(720)
	Net increase (decrease) in cash held	(253)	(720)
1.20	Cash at beginning of quarter/year to date	758	1,225
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	505	505

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'ooo
1.23	Aggregate amount of payments to the parties included in item 1.2	108
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

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

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	10
4.2 Development	-
4.3 Production	-
4.4 Administration	55
Total	65

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	505	758
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	505	758

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				

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

6.2 Interests in mining
tenements acquired or
increased

N/A			
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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 (description)				
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 (description)				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)	50,000 441,666		Exercise price \$0.220 \$0.028	Expiry date 19/11/2013 03/02/2014
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures (totals only)				

+ See chapter 19 for defined terms.

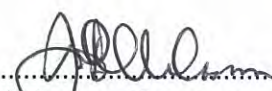
Appendix 5B

Mining exploration entity quarterly report

7.12	Unsecured notes (totals only)		
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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:..... Date: 30/04/13.....
(Director/Company secretary)

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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+ See chapter 19 for defined terms.