



The Manager

Companies Announcements
Office

Australian Securities Exchange

20 Bridge Street
SYDNEY NSW 2000

ASX Announcement

22 JULY 2011

ERO FARM-OUT TO ILUKA RESOURCES, PADTHAWAY AREA PROJECT, SOUTH AUSTRALIA

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

ERO Mining Limited (ERO) is pleased to announce that it has entered into an agreement to farm-out an interest in tenements held by ERO's wholly owned subsidiary, South East Energy to Iluka Resources Limited (ASX: "ILU") to explore for heavy mineral sands (HMS).

Main points:

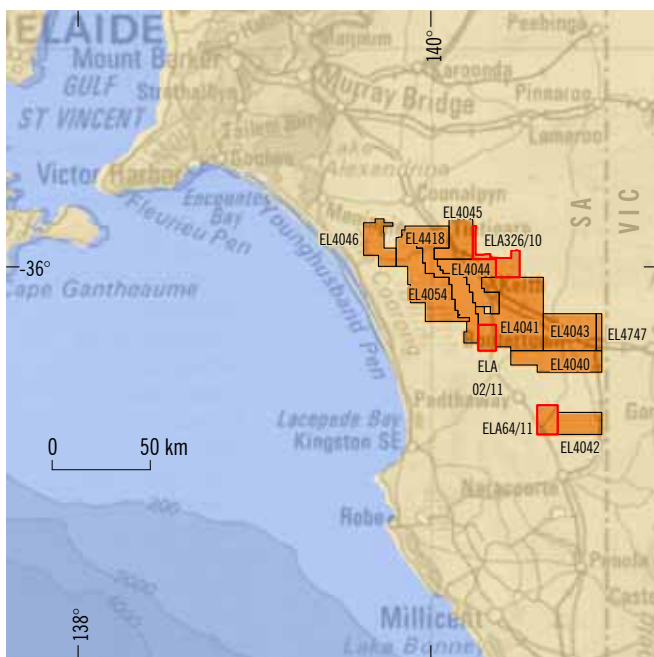
- Iluka shall farm-in by conducting exploration for HMS on eight ERO exploration licenses near Padthaway in southeastern South Australia
- Agreement allows for ERO to retain rights to uranium and other minerals
- Iluka to spend \$300,000 over two years to earn 80% interest in mineral sands
- Additional payment and royalties to ERO in the event of successful mining lease application.

The agreement allows ERO to retain rights to uranium and other minerals in the tenements in line with ERO's stated policy of focusing its future exploration on key lithium, uranium and gold projects in South Australia and the Northern Territory.

The tenements under the farm-in comprise exploration licences EL4040, EL4041, EL4043, EL4044, EL4045, EL4046, EL4054 and EL4418.

Under the terms of the agreement, Iluka has the right during the first year of the agreement to acquire an unencumbered, undivided 51% interest in the mineral sands in the tenements, with the right to increase this interest to 80% during the second year of the agreement.

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Location of tenements in the Padthaway Area Project.

Iluka will earn its initial 51% interest on incurring \$150,000 of exploration expenditure within the first year of the agreement, increasing to an 80% interest on spending a further \$150,000 on exploration in the second year.

Iluka will have the sole right and discretion to make a decision to mine any economically developable mineral sands deposits discovered.

Negotiations continue with parties interested in the mineral sands potential in EL4042, EL4747 and ELA326/10, ELA02/11 and ELA64/11 that comprise a total 747 km².

Shane Gale
Chief Executive Officer

22 July 2011

Media and investor relations contacts

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Further information relating to ERO Mining Limited and its various exploration projects can be found on its website: www.eromining.com

Disclaimer

This document may contain 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 variables which could cause actual results or trends to differ materially.

The information in this document that relates to Exploration Results, Mineral Resources and Ore Reserves is based on information compiled by Mr Stephen Hogan (who is a Member of the Australasian Institute of Mining and Metallurgy). Mr Hogan is Exploration Manager of the Company. He has sufficient experience that is relevant to the style of mineralisation and types of deposits under consideration and for 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). Mr Hogan consents to inclusion of the information in this document in the form and context in which it appears.