



Proposed Acquisition of

**South East Energy
Limited**

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.

Transaction Overview



- ERO Mining Limited (“ERO” or the “Company”) to acquire 100% of the issued capital of South East Energy Limited (“South East”) for the issue of 152,325,014 ordinary shares and 191,250,000 options in the Company
- South East is an unlisted South Australian based lithium and uranium explorer 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 to acquire 3 ELAs & 9 ELs covering 7,012 km²
- World class lithium exploration target at Lake Frome
- ERO to shift focus from gold to 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

- Post transaction market cap of approx \$15.9M¹

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

New Board



The successful completion of the transaction will result in the appointment of a new highly qualified Board and management team with considerable resource industry experience and a track record of developing and bringing projects to the capital markets.

The post transaction Board will comprise:

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

New Strategic Focus



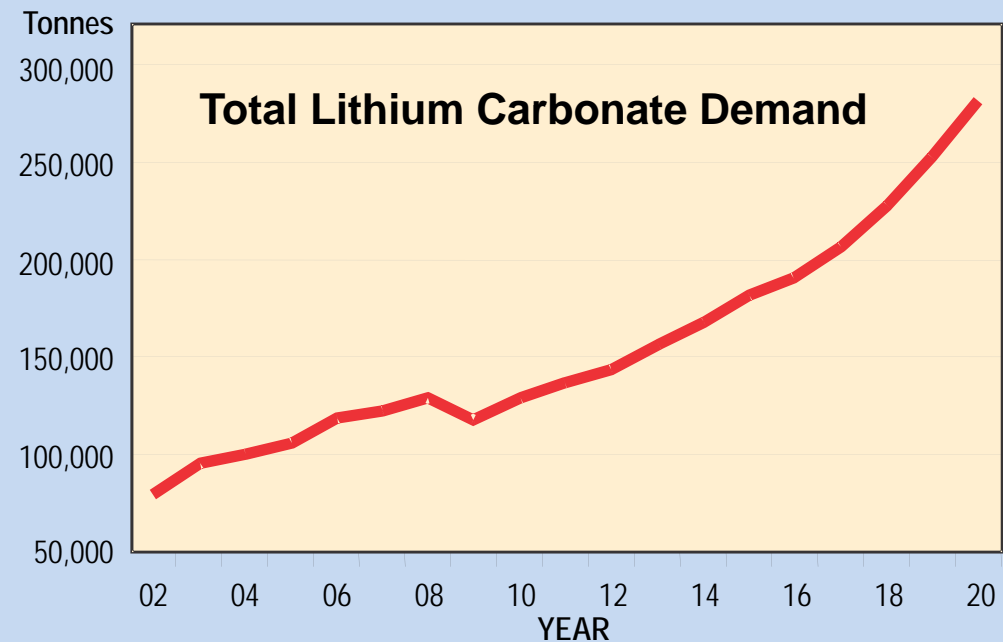
The Company's immediate strategy following the completion of the transaction is to:

- Undertake focused exploration for lithium within continental brines and sediments beneath Lake Frome and Lake Torrens
- Explore for uranium at the Lake Frome, Lake Torrens and Padthaway projects
- Review the merged group's licence portfolio and divest non-core assets
- Complete the sale of Georgetown (if not completed prior to transaction)

Why Lithium



- Lithium has many uses in modern manufacturing including; glass, ceramics, batteries, lubricants and refrigeration products.
- Lithium has the highest electro-chemical potential of all metals, making it a highly sought after component for a range of electrical devices. In particular, lithium is used in the production of standard household batteries and increasingly in automotive batteries which fuel hybrid and fully electric vehicles.
- World demand for lithium has been growing and is forecast to continue to grow as the main industrial markets for lithium benefit from high economic growth rates and lithium usage in batteries continues to increase.



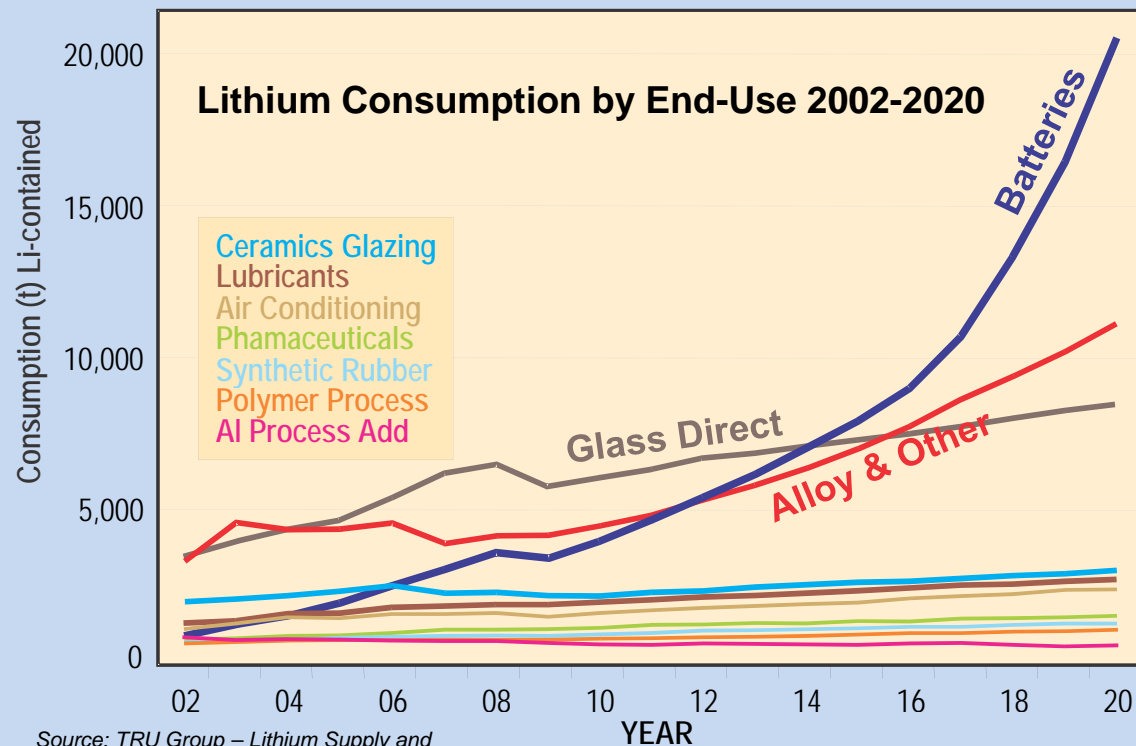
Source: TRU Group – Lithium Supply and Markets Conference, Chile

Why Lithium



- In 2008 Warren Buffett's MidAmerican Energy Holdings acquired a 10% stake in the Chinese lithium battery manufacturer BYD for US\$230 million. BYD is at the forefront of hybrid car development in China
- USA targeting 1 million hybrids on roads by 2015
- Global push for renewable energy targets
- China targeting 20% renewable energy by 2020

Lithium Consumption Forecasts



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

EXP Licence APPs – Lithium



The acquisition of South East will result in ERO attaining ELAs covering 2,580 km²

- Lake Frome South – 782 km²
- Lake Frome North – 975 km²
- Lake Torrens South – 823 km²

In close proximity to existing infrastructure:

- Moomba gas pipeline and its access road
- Beverley Uranium Mine
- Port Augusta/Whyalla – Broken Hill, road and rail



Lake Frome Summary



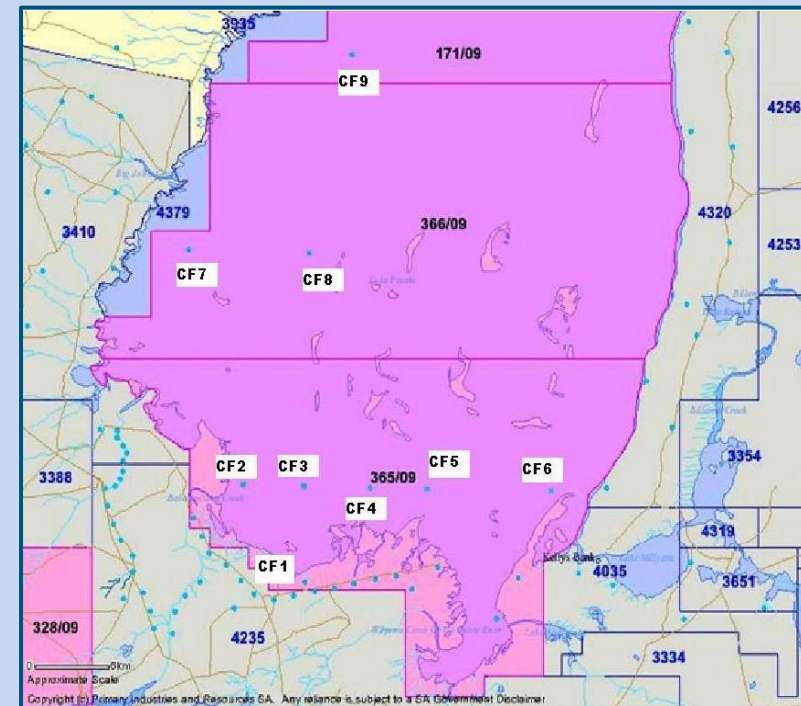
- ELA365/09 & ELA366/09 (PIRSA grant offers accepted)
- Previous exploration at Lake Frome carried out by the Commonwealth Aluminum Corporation Limited (“Comalco”) in the 1970’s encountered significant lithium mineralisation
- South East has estimated a world class conceptual exploration target of 8 to 10 million tonnes lithium carbonate equivalent of grade range from 10 ppm to 250 ppm*
- ERO will explore for lithium within continental brines and sediments
- ERO will also evaluate potential for other commodities such as uranium and halite

* *The potential tonnage and grade is conceptual in nature, as there has been insufficient exploration to define a Mineral Resource and that it is uncertain if further exploration will result in the determination of a Mineral Resource.*

Lithium at Lake Frome

- During 1978-80 Comalco undertook very broad scale testing of the surface and subsurface brines. Their drilling intersected highly encouraging lithium concentrations in Lake Frome's south-western corner.
- The levels of lithium in holes CF1 and CF2 compare favourably with lithium recovered commercially from brines at Silver Peak, Nevada, where levels vary from 100 to 300 ppm.

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.

Lake Frome Brine Impurities

- A significant impurity in lithium brines is magnesium
- The lower the magnesium to lithium ratio, the lower the processing costs
- Commercial operations tend to exhibit Mg/Li ratios below 15
- The Lake Frome Mg/Li ratio is generally favourable:
 - CF2 40-42m 1,700ppm Mg, Mg/Li 8.5
 - CF2 48-50m 1,700ppm Mg, Mg/Li 17.0
 - CF2 75m+ 1,550ppm Mg, Mg/Li 7.7

Lake Frome Solar Evaporation



- High evaporation rates and low rainfall are required for steady production and to minimise costs
- Solar evaporation at Lake Frome is comparable to that of the worlds largest lithium producer, SQM

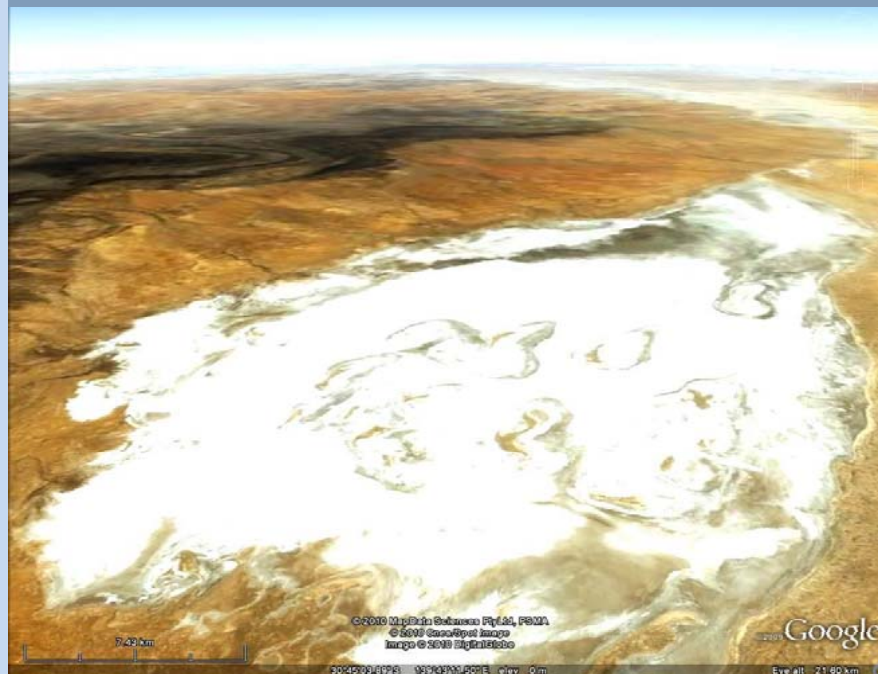
	Solar Evaporation	Precipitation
Salar de Atacama (SQM)	3,200 mm p.a.	15 mm p.a.
Lake Frome (South East)	2,400 to 2,800 mm p.a.	0 to 200 mm p.a.

Lake Frome has Scale



The Lake Frome ELAs' areas are more than 20 times the size of the Clayton Valley Silver Peak Brines Project, the only lithium carbonate producer in the US.

Lake Frome tenements 1,757 km²



Clayton Valley (Silver Peak) Nevada 83 km²



World Class Exploration Target



South East has estimated an exploration target of 8 to 10 million tonnes at a grade range 10 ppm to 250 ppm* lithium carbonate equivalent. This is comparable with the following viable lithium projects.

Chemical Composition of Lithium Brine Lakes

	Salar de Atacama (SQM)	Salar de Hombre Muerto	Salar de Rincon	Salar de Uyuni	Clayton Valley USA	Great Salt Lake	Zhabuye Salt Lake China	DXC Salt Lake China	Taijinaaker Salt Lake China	Sea Water	Lake Frome
Lithium Content	0.150%	0.062%	0.033%	0.035%	0.023%	0.004%	0.120%	0.040%	0.000%	0.000017%	0.001-0.025%
Mg/Li Ratio	6.4	1.37	8.61	18.6	1.43	250	Low	0.22	0	7000	7.7 to 17.0
Height AMSL	2,300m	3,700m	3,700m	3,653m	0	0	4,422m	4,475m	0	0	Below SL to 3m
Recoverable LCE	8MT	4MT	1.2MT	14.3MT	0.25MT	0	4MT	0.4MT	1.4MT	0	*8-10MT

Source: "Evaluation of the Potential of the Salar del Runcon Brine", Report by Consulting Geologist Mr Pedro Pavlovic to ADY, Dec 2004; Sterling Group Ventures Inc; Other Sources.

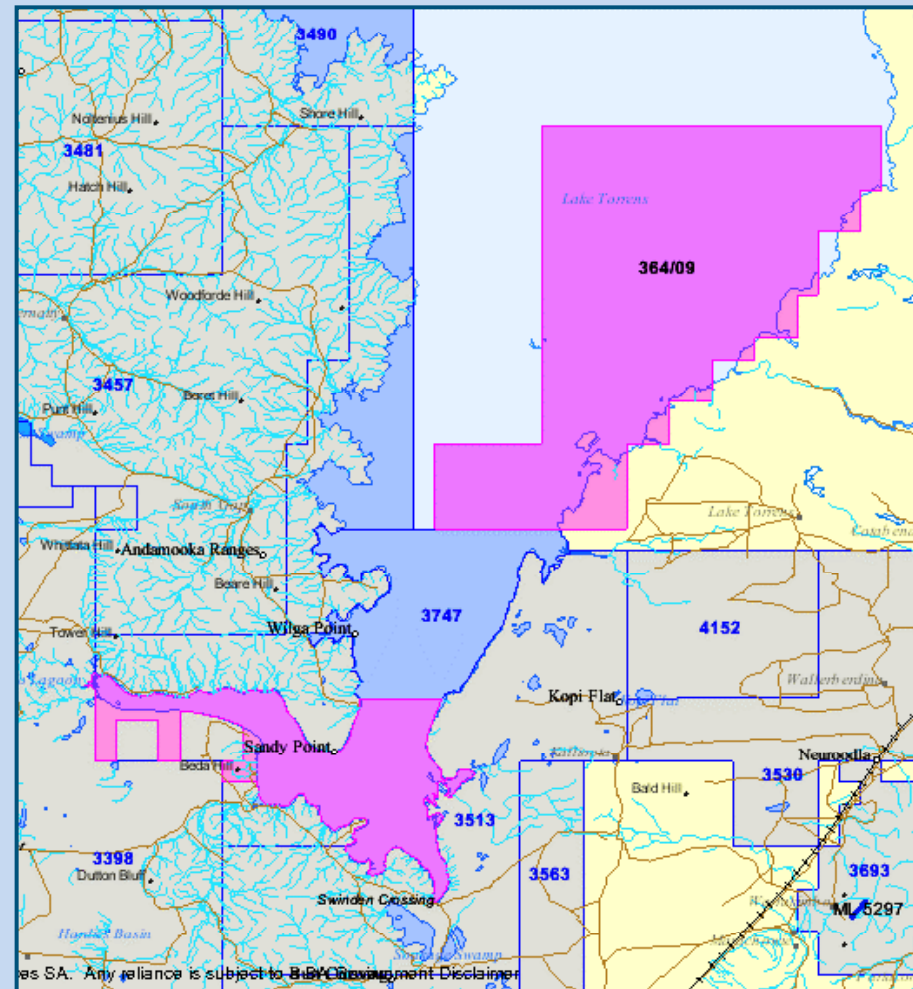
* The potential tonnage and grade is conceptual in nature, as there has been insufficient exploration to define a Mineral Resource and that it is uncertain if further exploration will result in the determination of a Mineral Resource. The Lake Frome exploration target has been included for illustrative purposes only – this target does not represent 'Recoverable LCE'.

Lake Torrens Summary



- ELA 364/09 (PIRSA grant offer accepted)
- Exploration and testing of brines in southern Lake Torrens by Delhi in the mid 1970s showed that high density brine is present throughout the upper 4-5 m of the lake sediments.
- Good potential for lithium concentration
- Close proximity to existing infrastructure including ports, major railways and major highways.

Lake Torrens licence



Hypothetical Lithium Concentrate from Brine Flowsheet



Brine pumped from salt lake

Evaporation ponds drop out solids
Remove Mg & Ca

Concentrate Lithium



Pipeline



Pipeline



Lithium Plant

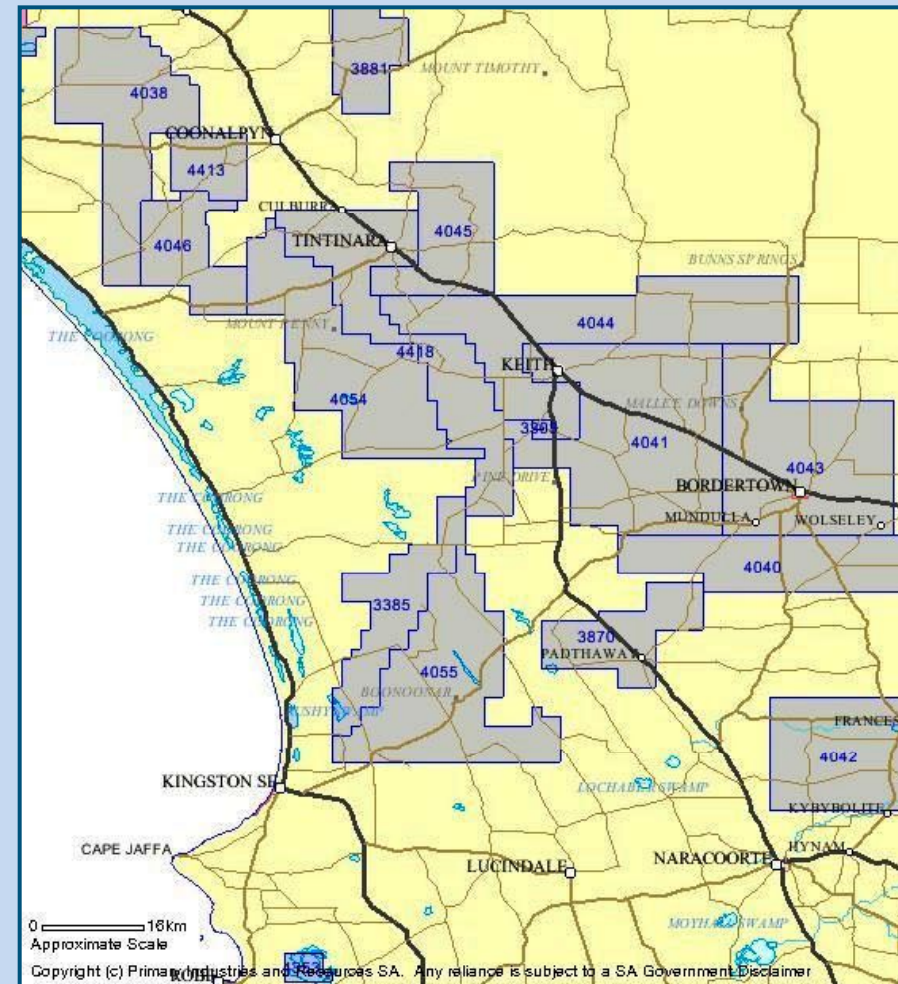


Padthaway Licence Summary



- The tenements straddle the Padthaway Ridge and the on-lapping Murray Basin sediments.
- Nine ELs covering approx 4,400 km² of freehold land.
- South East's review of the mineral exploration data for the region found that some of the granites contain more than five times the average uranium levels expected in granite.

Padthaway exploration licences



Padthaway Exploration



ERO will focus exploration on:

- undertaking rapid, low cost radon survey in the proposed areas of focus that may represent drill targets;
- employing gravity and AEM surveys; and
- undertaking drilling to test the target areas once the radon anomalies, channels and suitable basin sediments are accurately defined.

Risks of Exploration



The following summary, which is not exhaustive, lists some of the major risk factors:

- Exploration and mining in Australia is subject to extensive regulation by Commonwealth and State Governments
- Approval processes for mining (evaporation and extraction) may be more rigorous than for the mining of other minerals
- Negotiated access to land, including processes and requirements under the Native Title Act and conducting successful heritage and environmental surveys
- There is no guarantee exploration activities will succeed in the discovery of a commercially viable deposit
- Commodity prices and exchange rates are constantly changing
- Insufficient funding may be available
- Exploration and mining companies throughout the world are subject to the inherent risks of their industry

Summary



- **ERO will reposition itself with a new focus on exploration for lithium**
- **New board and management**
- **ERO's immediate strategy is to explore for lithium within continental brines and sediments beneath Lake Frome and Lake Torrens**
- **ERO's secondary focus will be uranium and gold exploration**
- **ERO will rationalise non core assets**
- **ERO will seek shareholder approval for the acquisition of South East at a forthcoming general meeting**