

QUARTERLY REPORT

Period ending 31 March 2010



HIGHLIGHTS

- *Georgetown Gold Operations commence production following end of the wet season in northern Queensland.*
- *Company achieves maiden gold sales.*
- *New Mining Lease applied for at Georgetown offering further significant opportunities for expansion of the alluvial gold mining operations.*
- *Major initiative to expand ERO's gold and uranium exploration presence in the highly prospective Tanami Province, Northern Territory.*

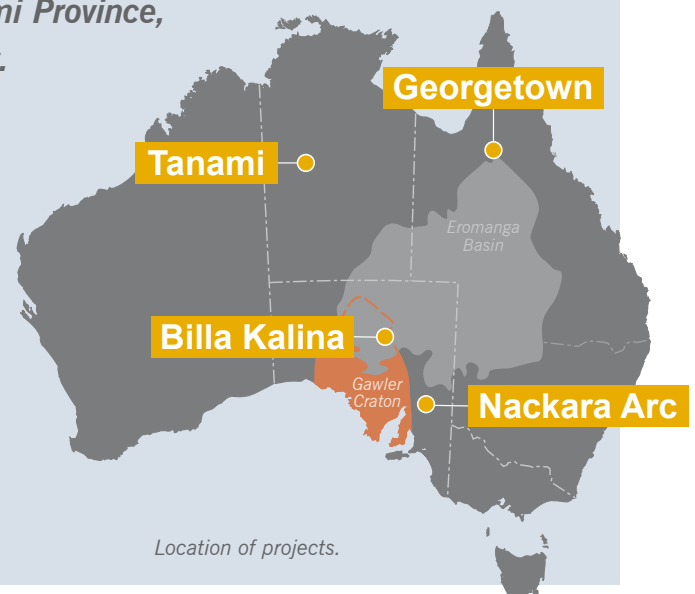


Image: Gold concentrates, Georgetown Operations

Location of projects.

REVIEW OF OPERATIONS

CORPORATE ACTIVITIES

During the March quarter the Company focused on achieving the earliest possible start to gold production at our 100% owned Georgetown gold operations in north Queensland. In parallel with this operational focus, ERO has significantly expanded its exploration presence in the Tanami region of the Northern Territory, one of Australia's pre-eminent gold provinces. Corporate activities have been limited to ongoing monitoring and review of potential new gold and uranium exploration ventures.

Finance

As at 31 March 2010, ERO Mining had available funds of \$0.604 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 \$0.574 million.

OPERATIONS

GEORGETOWN GOLD OPERATIONS

ERO Mining 100%

The Georgetown Alluvial Gold Mine and surrounding exploration areas are located to the south-southwest of the township of Georgetown in central-northern Queensland. Georgetown is approximately 375 km by sealed road, or five hours west of Cairns (Figure 1). The project comprises the alluvial gold mine and the surrounding granted exploration licence, EPM 15995. The mining operation consists of thirteen (13) granted mining leases, covering a total 389.39 hectares, which are positioned over alluvial wash within Tabletop Creek and the un-mined headwaters of the adjacent Western Creek (Figure 2). The gold recovery plant is currently positioned at the western limits of ML 30091 with all mining activities occurring entirely within this tenement (Figure 2). Mining conducted within ML 30091 during the period July 2008 to May 2009 has returned recovered gold values averaging 0.51 g/lcm (a lcm is a loose cubic metre).

During the March quarter, and following the end of the northern Australian wet season, the Company has completed rehabilitation of dams and access roads at our Georgetown Alluvial Gold Operations. Damage to infrastructure from wet season storms was limited to erosion of the main dam wall on ML 30091 with all necessary repairs now completed.

Subsequent to the quarter's end, and in-line with earlier forecasts, the Company commenced full scale mining and gold processing at Georgetown. Initial mining focused on removal of lower grade material before access to new mining faces could be established. Processing of the lower grade alluvial wash returned recovered gold bullion grades of approximately

0.35 g/lcm and was broadly in line with the Company's expectations. Mining has now progressed to the extraction of "run-of-mine" ore and the recovered gold grades have risen to now average between 0.5 to 0.6 g/lcm. These recovered grades are very pleasing and support bulk sampling grades undertaken by the previous owners of the Georgetown leases.

Gold bullion* production from initial mining totalled 42.5 ounces and has been sold to Peter W Beck Pty Ltd in Adelaide for refining. Final analytical results have been received and show a return to the Company of 35.0 ounces of gold and 6.7 ounces of silver. This gold content in bullion of 82.43% supports the estimates used in the due diligence (at the time of acquisition) of 82–84% fineness. At a gold price of AUD1,250 per ounce the Company anticipates revenue from our first gold sale to total AUD43,800. This initial gold sale, whilst modest, is an important step for the Company and supports our belief in the quality of the Georgetown acquisition and its potential to generate meaningful future cash flows.

Some mechanical failures within the processing plant have resulted in plant availability falling below the Company's requirements. Most of the failures have resulted from poor preventative maintenance by the previous owners and ERO has embarked on a program to address these issues.

Following completion of the wet season, the Company has embarked on the first stage of sampling programs to better quantify the volumes and grades of alluvial gold mineralisation within its granted mining leases at Georgetown. Initial results have been encouraging both in terms of the volumes of available wash and with the efficiency and cost of the sampling approach adopted by the Company. The initial target area has been the upper reaches of ML 30124 (Figure 2) where the drainage is sourcing gold from the high grade True Blue deposits. Full results are awaited.

**The term gold bullion refers to the gold bars that are poured at the mine site. It is a mixture of gold and silver that are found together in native gold. Refining separates these two precious metals.*

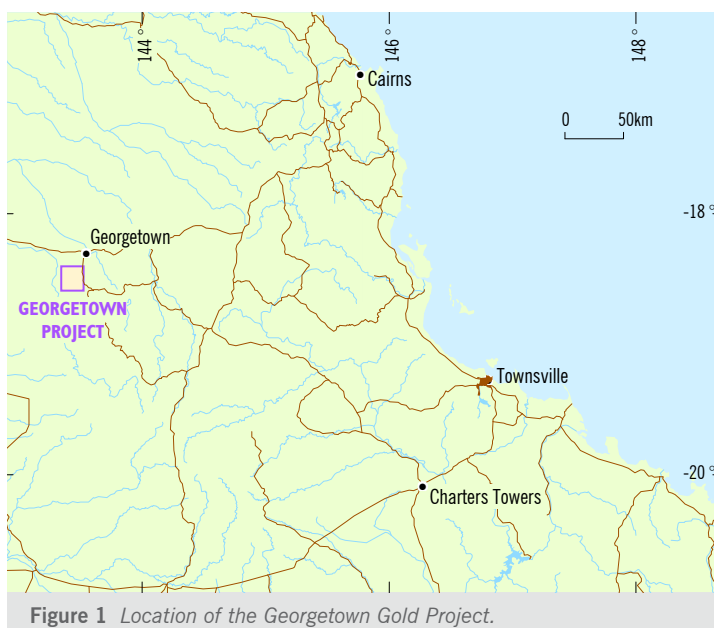


Figure 1 Location of the Georgetown Gold Project.

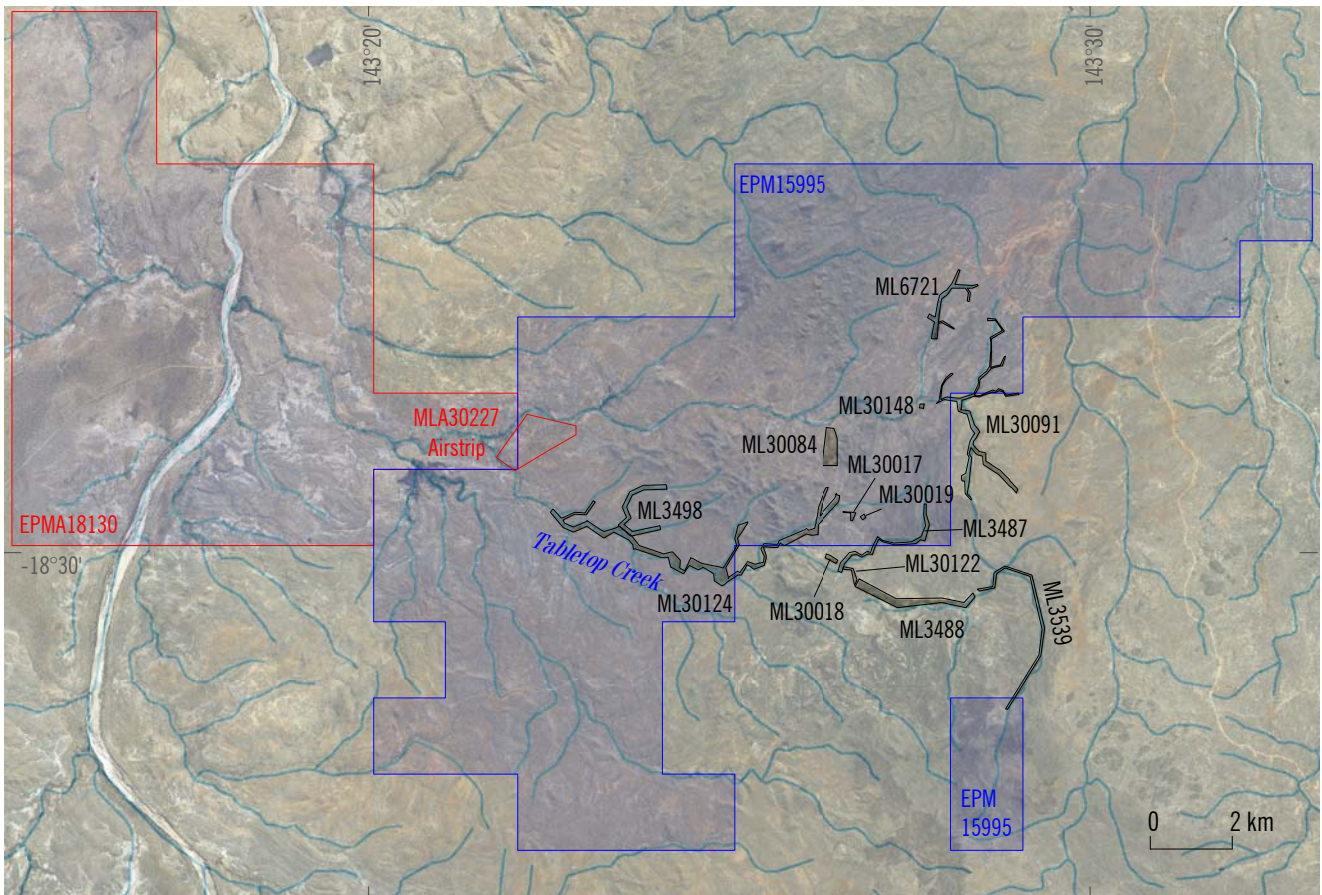


Figure 2 Location of the 13 mining leases and Airstrip Mining Lease application area.

Airstrip Mining Lease - Georgetown

ERO Mining 100%

Following a detailed review of data from previous mining in the area of the Company's Georgetown mining operations, ERO has made an application for an additional mining lease over the Airstrip prospect. The lease application covers an area of 134 hectares and is located approximately 7 km to the WNW of current operations (Figure 2).

The lease area covers deposits in an auriferous palaeo-channel first identified in 1987, that lie beneath a thin layer of silt and barren sheet wash perched above the present drainage systems of Western Creek (Figure 3).

These deposits have been the subject of extensive exploration that has involved the completion of 18 costeans spaced at intervals of 100 to 130 m (Figure 4) and the processing of a total of 7,320 lcm of alluvial wash through a 35 lcm/hr test plant. The testing program appears to have been undertaken in a professional manner and on the basis of their results, the previous owners completed a resource estimate. ERO has been unable to adequately validate this estimate and believes that publication of the original resource estimate would not be in compliance with the JORC Guidelines for the estimation of resources and reserves. However, the comprehensive nature of the previous testing does strongly support the Company's view that an Exploration Target* of between 800,000–1,000,000 lcm at grades in the range 0.4 to 0.5 g/lcm gold is contained within the lease application area.

*Exploration Target - the potential quantity and grade is conceptual in nature, and there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource.



Figure 3 Sheet-wash over alluvial gravels, Airstrip Lease.

It is the Company's intention following the successful completion of an Indigenous Land Use Agreement (ILUA), currently anticipated by the end of June this year, to embark on a bulk testing program to confirm the quality of previous exploration and allow the estimation of a JORC compliant resource within the lease area. The Company believes that confirmation of the Exploration Target* would allow us to proceed with the construction and commissioning of a 100 lcm/hr processing facility capable of treating approximately 250,000 lcm/annum, on a single shift basis. Subject to confirmation of the gold resource, the grant of the mining lease application and associated permitting, the Company is targeting commissioning of a new processing plant in April–May of 2011.

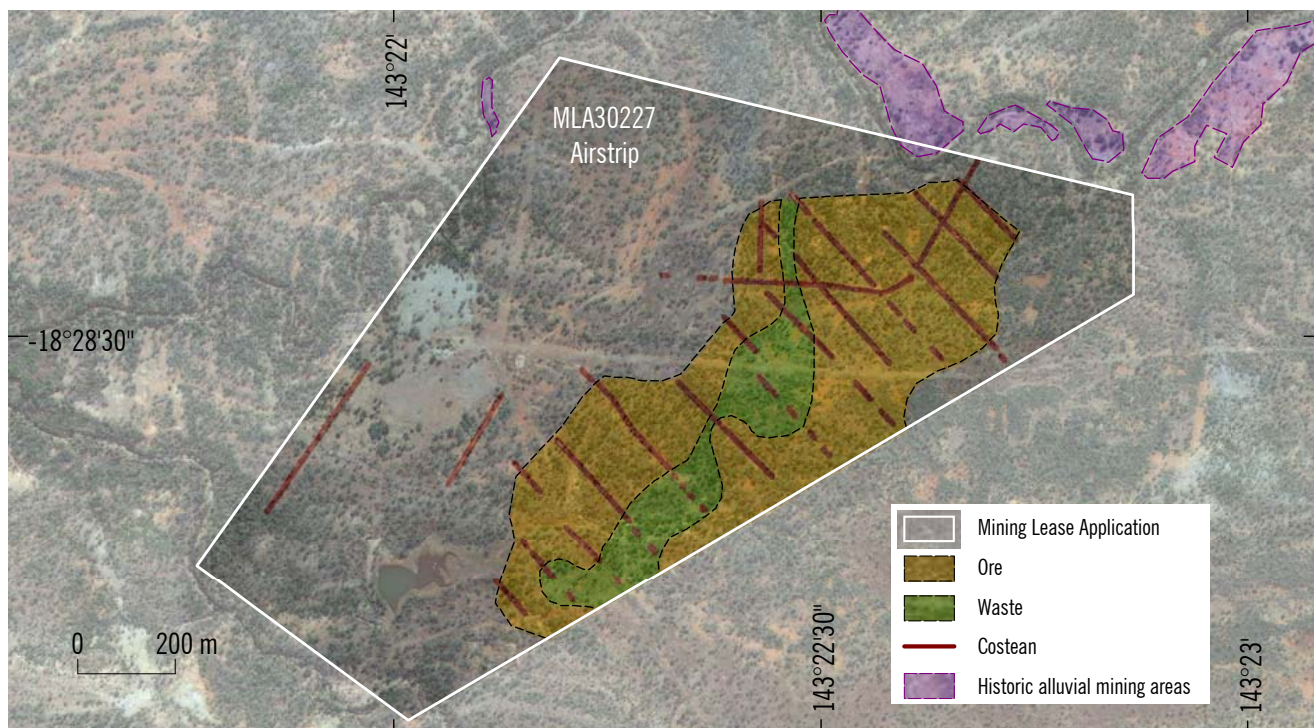


Figure 4 Airstrip Mining Lease showing location of costeans.

EXPLORATION ACTIVITIES

TANAMI EXPLORATION INITIATIVE – NT

Objectives

The Tanami Region, located approximately 600 km north west 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 least explored 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 team at ERO Mining has extensive experience in the discovery, and subsequent development of gold deposits in the Tanami, and is applying this knowledge to identify key areas for detailed assessment.

ERO Mining's approach is to undertake mineral systems analysis of each deposit style in the Tanami. These detailed studies lead to a predictive mineral discovery model. This model is tested against open file geophysical, geochemical and geological data, and if the model is validated, tenements are acquired, either by application, or Joint Venture Agreement with the tenement holders.

On the basis of studies completed to date, ERO Mining has applied for seven tenements that meet key discovery criteria (Figure 5). These tenements are prospective for open pittable gold deposits.

These applications, with the exception of Talbot North, are located on Aboriginal freehold land and are progressing to grant through the Aboriginal Land Rights Act Legislation. In summary the projects which currently make up ERO Mining's Tanami exploration portfolio include the following;

Suplejack

ERO Mining 100% in EL26625

The Suplejack Project covers an area of 168 sq km and is situated approximately 30 km east of the Tanami Gold Mine owned by Tanami Gold. The company considers this tenement prospective for both high grade, unconformity related uranium mineralisation and gold deposits of the Ranger and Callie Styles respectively.

Previous exploration within the tenement has confirmed the presence of Gardiner Sandstone, in unconformable contact with the poly deformed and folded Dead Bullock Formation. The tenement area is also traversed by the Suplejack Shear Zone, a major north-south trending crustal scale structure, known to be a critical element in the formation of gold deposits in the region.

The Company is now in receipt of the Deed for Exploration to allow it to search for both gold and uranium deposits. The Deed for Exploration has been successfully negotiated, and is now awaiting signing by the Traditional Owners. It is anticipated that ground based exploration activities can commence by mid-year.

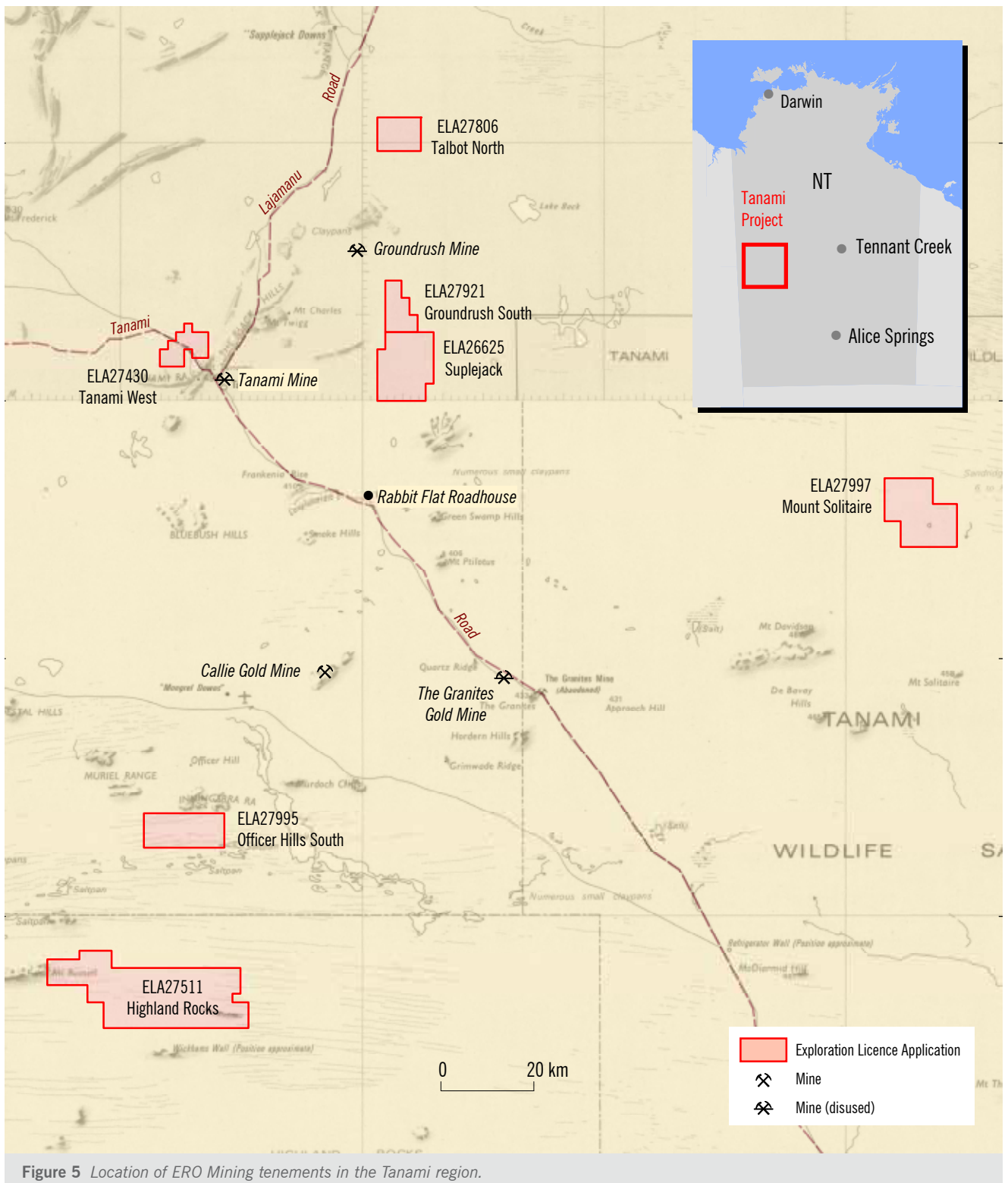


Figure 5 Location of ERO Mining tenements in the Tanami region.

Tanami West

ERO Mining 100% in EL27430

The Tanami West Project covers an area of 58 sq km and is located approximately 10 km to the north-west of the Tanami Mine which has recently been purchased by Tanami Gold Limited with a view to recommencing mining operations in the near future.

The NT Mining Minister has consented to the Company entering into negotiations with the Traditional Owners, and ERO Mining has submitted an Exploration and Mining Proposal which has been accepted. ERO Mining will shortly

outline its proposal to Traditional Owners in an on country meeting, yet to be scheduled.

Highland Rocks

ERO Mining 100% in EL27511

The Highland Rocks Project covers an area of 484 sq km and is located approximately 70 km south-east of Newmont's multi-million ounce Callie Gold Mine. The area of this tenement application is one of the very few areas of the Tanami that has not been subjected to any modern exploration. Recent mapping by the NT Geological

Survey has highlighted the presence of large crustal scale structures hosting very significant quartz vein development within host rocks of green-schist grade metamorphism. All these geological features are fundamental elements in the development of major gold systems in the Tanami.

The NT Mining Minister has consented to the Company entering into negotiations with the Traditional Owners, and ERO Mining has submitted an Exploration and Mining Proposal which has been accepted. ERO Mining will shortly outline its proposal to Traditional Owners in an on country meeting, yet to be scheduled.

Talbot North

ERO Mining 100% in EL27809

The Talbot North Project covers an area of 69 sq km and is located on Suplejack Downs Pastoral Lease. The lease area is along strike from ABN Resource's Hyperion Project where the Company has recently announced encouraging results from its review of previous exploration data. ERO Mining will be targeting de-magnetised zones within favourable portion of this gold bearing sequence.

The Talbot North lease is expected to be granted in late 2010.

Groundrush South

ERO Mining 100% in EL27921

The Groundrush South Project covers an area of approximately 70 sq km. The lease area covers the south-eastern extensions of the host rocks and structures that control the 0.75 million ounce Groundrush gold deposit. Regional magnetic data indicates that this geological setting continues through the tenement under a thin veneer of cover.

The Company is awaiting Ministerial consent to begin negotiations with the Traditional Owners.

Officer Hill South

ERO Mining 100% in EL27995

The Officer Hill South Project covers an area of 128 sq km and is located approximately 40 km south of Newmont's Callie Gold Mine. It is believed that the lease area covers the same stratigraphic sequence to that which hosts the Callie gold deposit and is within an area of known gold anomalism in soils.

The NT Mining Minister has consented to the Company entering into negotiations with the Traditional Owners, and ERO Mining has submitted an Exploration and Mining Proposal.

Mount Solitaire

ERO Mining 100% in EL27997

The Mount Solitaire Project covers an area of 187 sq km and is located 90 km to the north east of the Granites Gold Mine. The lease area targets an area of major favourable large scale structures and hosts several multi-kilometre long quartz vein arrays.

The Company is awaiting Ministerial consent to begin negotiations with the Traditional Owners.

GEORGETOWN REGIONAL GOLD EXPLORATION – QLD

ERO Mining Ltd 100% in EPM15995

Regional exploration activities at Georgetown have been restricted by the northern wet season. The Company's focus has been directed at negotiation of an Indigenous Land Use Agreement with the local Traditional Owners. A first meeting with the Ewamian people was held early in the quarter and a follow-up meeting and site visit is scheduled for the first week of May 2010. Both parties are targeting to have an ILUA in place by June 2010. Upon signing of the ILUA regional exploration in the Georgetown area can progress at an accelerated pace.

BILLA KALINA – SA

(ERO Mining earning 50% under the terms of the Billa Kalina JV from Maximus Resources Ltd in ELs 3526, 3525, 3170, 3337 and 3338)

The Billa Kalina Project is located 70 km north-north-west 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 6). ERO is exploring for IOCGU deposits in the deeper basement rocks and for sandstone-hosted uranium mineralisation in the shallower sedimentary cover sequences.

Recent detailed analysis of all previous gravity survey data at Billa Kalina has highlighted a potentially significant single point gravity anomaly at Peeweena Dam, proximal to the western margin of EL 3338 (Figure 7). The anomalous point has an amplitude of approximately 10 mgal and was originally recorded within a 6–7 km spaced gravity survey completed by the Bureau of Mineral Resources. Based upon nearby drilling, undertaken by ERO, the Company interprets the anomaly to lie adjacent to a major structurally controlled contact between Archaean basement to the west and Proterozoic/Palaeozoic sediments to the east.

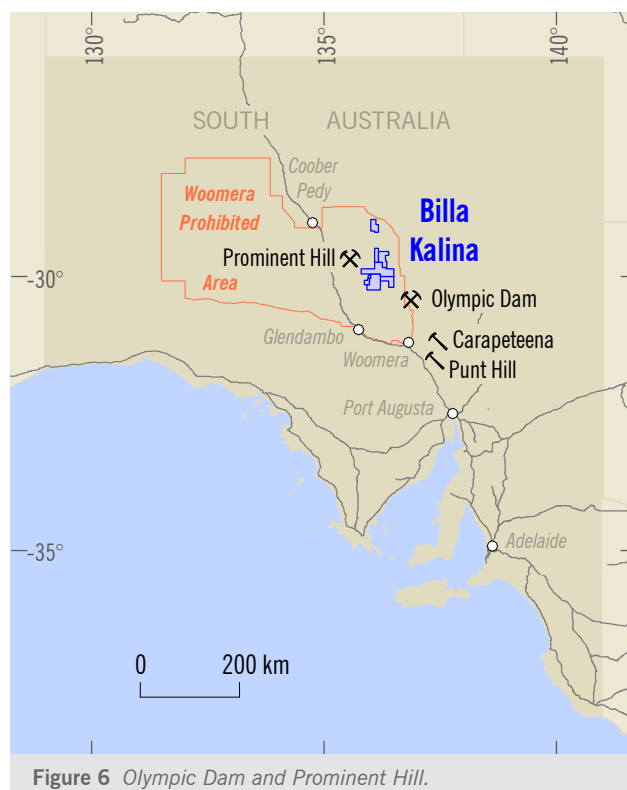


Figure 6 Olympic Dam and Prominent Hill.

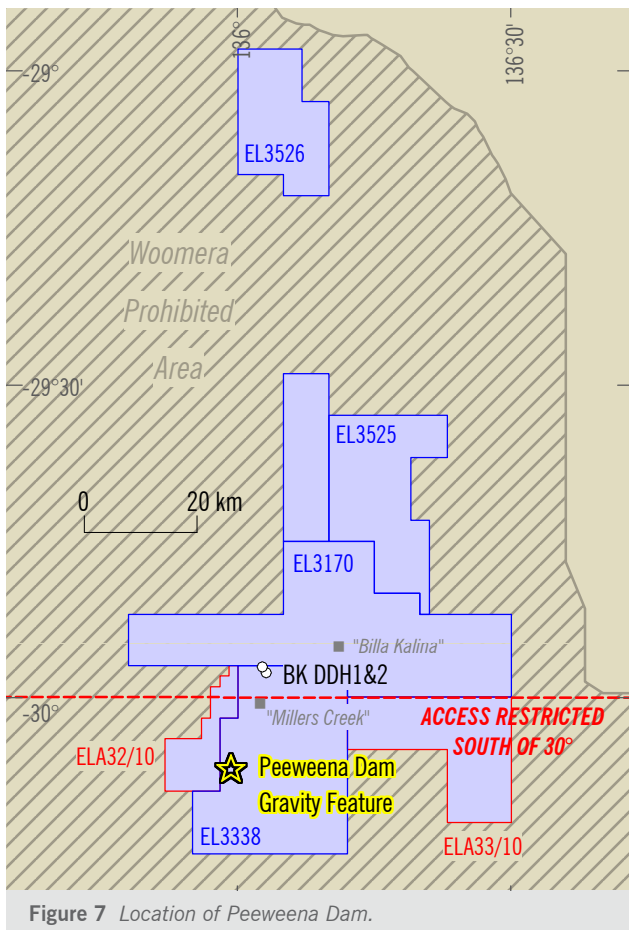


Figure 7 Location of Peeweena Dam.

The area of interest to ERO lies approximately 12.5 km south of the 30 degree south latitude and therefore falls within the recently defined Restricted Zone of the larger Woomera Prohibited Area (Figure 7). Under newly formulated guidelines the Company must submit to the Defence Department, a detailed exploration program for consideration by all relevant authorities before exploration can proceed. ERO, on behalf of the joint venture partners, is submitting a request to undertake a small gravity survey to confirm, and better define, the anomaly and if justified to complete a single drill hole to evaluate the target for IOCGU mineralisation.

Given that the area of interest to ERO lies very close to the margin of the Restricted Zone, the Company is hopeful that permission to proceed will be forthcoming from the Defence Department and in such an event will immediately embark on the ground gravity program.

The Joint Venture partners have made application for an additional exploration licence to the immediate west of

EL 3338. Grant of this application would consolidate our ground holdings to the immediate west and north-west of the Peeweena Dam gravity anomaly.

EROMANGA BASIN JOINT VENTURE – SA

ERO Mining earning 70% under the Eromanga Basin JV Agreement with Maximus Resources Limited in the Abminga, Marree and Kingoonya Projects

Abminga and Marree Projects

During the quarter no significant ground based exploration activities were undertaken at the Abminga and Marree Projects. This is in line with the Company's previously announced intention to focus, in the near term, on consolidation of gold exploration portfolio and advancing our Suplejack Project in the Northern Territory.

Kingoonya Project

Following discussions with the management of the Woomera Prohibited Area a full review of the Kingoonya Project was completed by the Company. The five exploration licences, covering approximately 4,000 sq km, which make up the Kingoonya Project are located directly beneath the main flight path for testing at the Woomera facilities and it is clear that any future ground based exploration at Kingoonya would be subject to significant operational constraints. These limitations, combined with the joint venture partner's assessment of residual exploration potential, do not justify the substantial costs of maintaining our tenure at Kingoonya. On this basis, the joint venture partners have agreed to immediately surrender their title over ELs 3576, 3573, 3590, 3591 and 3613.

NACKARA ARC GOLD PROJECT – SA

ERO Mining earning an 80% interest in EL 3692

Exploration at the Nackara Arc Gold Project has focused on an ongoing review of the results of drilling completed in late 2009 and rehabilitation of drill sites from this program.

Mr Kevin Lines

MANAGING DIRECTOR

30 April 2010

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 Managing Director of the Company.

For further information please contact
ERO Mining on 08 8132 7970, or

Investor Relations – Mr Duncan Gordon
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

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

ERO Mining Limited

ABN

40 119 031 864

Quarter ended ("current quarter")

31 March 2010

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for		
(a) exploration and evaluation	(343)	(1,717)
(b) development		
(c) production		
(d) administration	(240)	(688)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	9	27
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)	-	328
Net Operating Cash Flows	(574)	(2,050)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets	-	(221)
1.9 Proceeds from sale of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets	93	93
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
Net investing cash flows	93	(128)
1.13 Total operating and investing cash flows (carried forward)	(481)	(2,178)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(481)	(2,178)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	2,024
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	-	2,024
	Net increase (decrease) in cash held	(481)	(154)
1.20	Cash at beginning of quarter/year to date	1,085	758
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	604	604

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	109
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

+ See chapter 19 for defined terms.

Financing facilities available

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	200
4.2 Development	130
Total	330

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	504	976
5.2 Deposits at call	100	100
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	604	1,076

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	160,175,576	160,175,576		
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>	26,785,714 228,000 225,000 553,000 941,666		<i>Exercise price</i> \$0.30 \$0.22 \$0.22 \$0.165 \$0.028	<i>Expiry date</i> 30/06/2011 20/03/2012 19/11/2012 05/03/2013 03/02/2014
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter	55,000 82,500		\$0.22 \$0.165	20/03/2012 05/03/2013
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

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 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:

(Company Secretary)

Date: 30 April 2010

Print Name: David W Godfrey

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 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting 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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