

QUARTERLY REPORT

Period ending 30 June 2010



HIGHLIGHTS

- *Establishment of fully operational mining activities at the Georgetown Gold Operations in northern Queensland.*
- *Company achieves gold sales of \$192,456 for the June quarter.*
- *Drill testing of high grade gold targets at Georgetown scheduled for late August 2010.*
- *Exploration to commence over the Suplejack (NT) gold/uranium project in September 2010.*
- *Exploration Licence granted over Talbot North (NT) gold project with airborne geophysical survey to be completed in September 2010.*

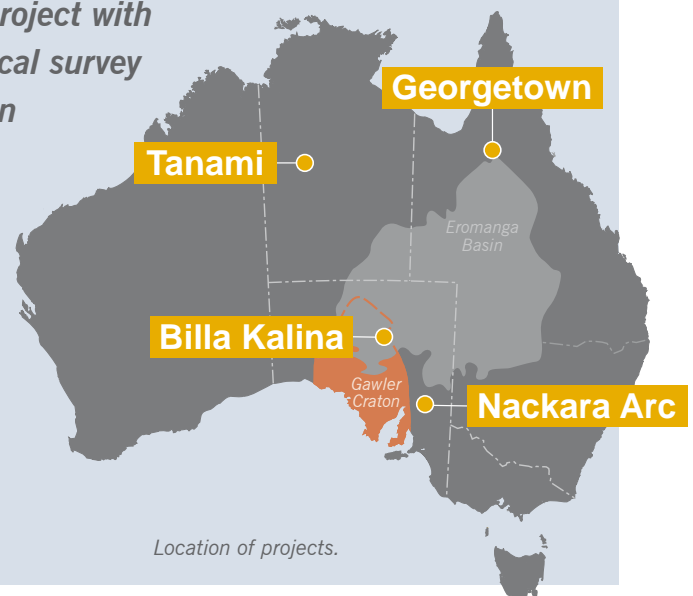


Image: Gold concentrates, Georgetown Operations

Location of projects.

REVIEW OF OPERATIONS

CORPORATE ACTIVITIES

During the June quarter the Company has focused on achieving stable and continuous gold production from our 100% owned Georgetown Gold Operations. In parallel with this operational focus ERO has significantly advanced its exploration presence in the Tanami province of the Northern Territory, with good progress in securing access to our exploration portfolio in the region.

Finance

As at 30 June 2010, ERO Mining had available funds of \$0.361 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 \$0.312 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).

The Company commenced continuous mining operations in early April 2010 and operations have continued on a single shift basis throughout the quarter. Operations during April and early May were negatively impacted by recurrent failures of the main drive assembly of the Processing Plant. These issues have now been resolved with the installation of a new and more powerful drive assembly resulting in a significant improvement in plant availability. In parallel with the changes to the Processing Plant the Company has continued its program to improve maintenance of the mobile mining fleet with positive results.

During the June quarter, gold sales totaled \$192,456 from the production of 140 ounces of fine gold.

Recovered gold grades and bullion fineness continue to be in line with expectations with measures to increase gold production now being focused on continuous improvements in reducing mining dilution and increasing throughput at the Processing Plant.

During the quarter the Company successfully completed the required Landowner and Aboriginal Heritage

clearances for access to be established to new mining areas on ML30091. These access tracks have now been completed and secure adequate areas of gold bearing alluvial wash to support the mining operations for the remainder of 2010.

Actions to secure an adequate supply of quality process water have now been implemented and will lift water levels in the main water storage to required levels.

GEORGETOWN GOLD OPERATION – FUTURE OPTIONS

The Board and Management of ERO Mining are currently considering two options with respect to the future directions of our mining activities at Georgetown.

Option 1 Staged Expansion – Now that mining operations have been underway on a continuous basis for a period of three months the Company has a clear understanding of the cost and revenue capabilities of the current processing plant. The current scale of operations is not matched with the gold potential of the operations and expansion of the operations is required to increase revenue streams and reduce cash costs per ounce. A two staged expansion, initially involving the introduction of night shift operations followed in 2011 by the commissioning of a new 100 lcm/hr processing plant is currently under review. The impact of this expansion option is forecast to result in a fourfold increase in gold production with a very substantial reduction in operating costs.

Option 2 Sale of the Operations – The Company is in receipt of a number of expressions of interest in the purchase of the Georgetown Gold Operations. The Board of ERO Mining is in continuing discussions with the potential purchasers in order to better quantify the value to the Company of the outright sale of the Georgetown assets.

The Company will continue to evaluate both strategic options with the intention, in the near future, of making a clear commitment on the option which it considers to be in the best interests of the Company and its shareholders.



Figure 1 Location of the Georgetown Gold Project.

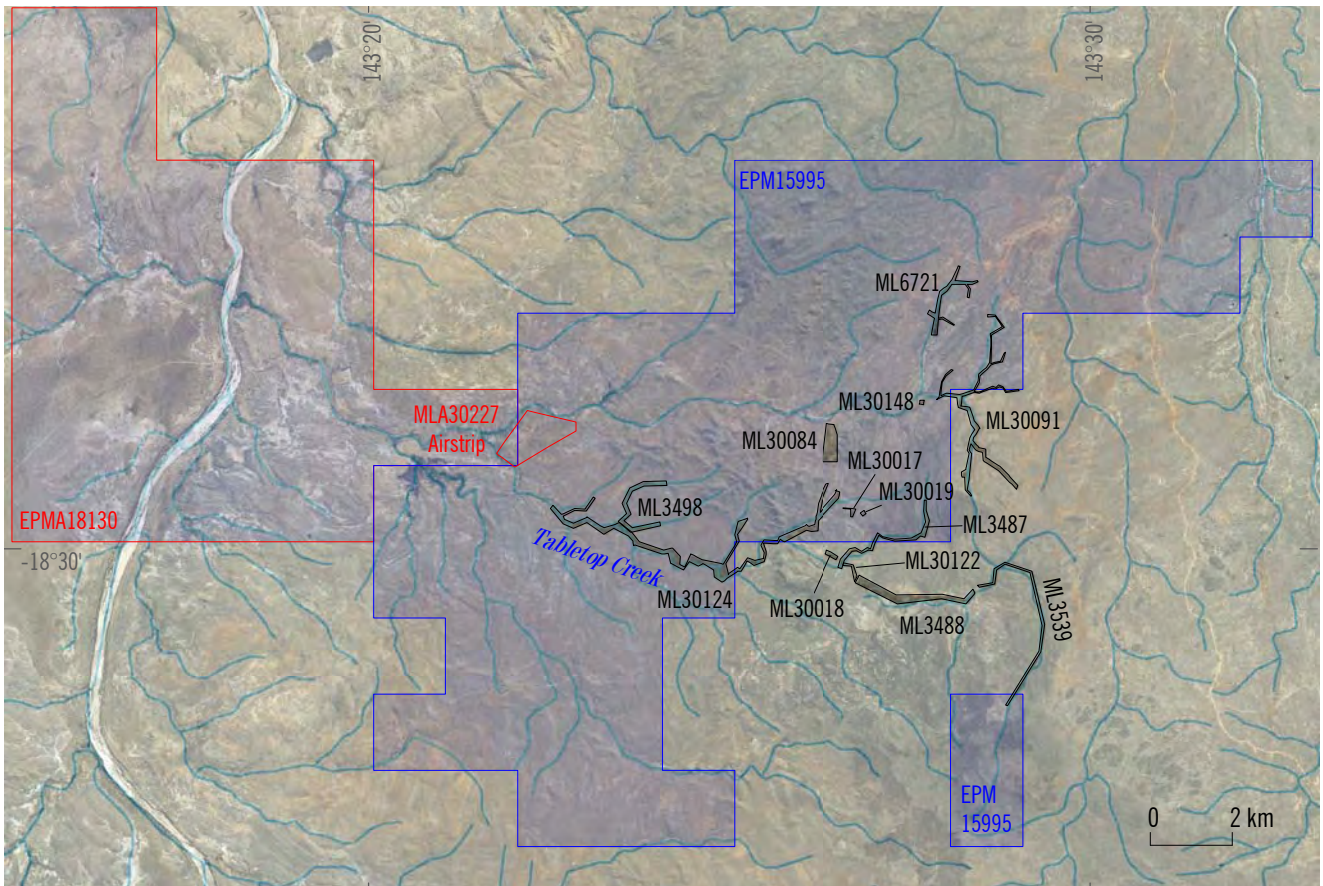


Figure 2 Location of the 13 mining leases and Airstrip Mining Lease application area.

EXPLORATION ACTIVITIES

GEORGETOWN REGIONAL GOLD EXPLORATION

ERO Mining Ltd 100% in EPM15995

True Blue and The Tunnels Prospects

True Blue Prospect is located within the granted EPM15995 that was part of the acquisition by the Company of the Georgetown Alluvial Gold Operations in July 2009. The prospect area is located in the headwaters of a tributary of Tabletop Creek and contains a cluster of pits and shallow workings associated with prospecting during the 1930s (Figure 3). Access to the area is excellent with the Company's mine camp and workshop located within two kilometres of the prospect.

During 2009 the Company completed a surface rock chip sampling program designed to validate results from previous exploration completed in the 1980s. A total of 17 samples were collected from spoil heaps associated with shafts and adits at the True Blue Main and The Tunnels historic workings. The results ranged from a low of 0.03 g/t up to 33.72 g/t gold with 6 samples returning values in excess of 4 g/t Au.

During the current quarter the Company successfully completed Aboriginal Heritage surveys over the True Blue and Tunnels prospects. Approval to undertake drill testing of both



Figure 3 True Blue and Tunnels gold targets, Georgetown.

prospects has been received by the Company and the first phase of RC drill testing is currently scheduled for the August/September 2010 period. ERO Mining is targeting shallow high grade gold mineralisation beneath historic mine workings at both prospects which we believe would be suitable for toll treatment through the Georgetown CIP Plant currently under refurbishment by Deutsche-Rohstoff Australia Pty Ltd.

The Company has continued to advance the negotiation of an Indigenous Land Use Agreement with the local Traditional Owners. We are now in receipt of a draft ILUA with the Ewamian people for consideration by the Company.

TANAMI EXPLORATION INITIATIVE

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 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.

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.

Over the last two years the Company has assembled a portfolio of seven carefully selected project areas (Figure 4) and has been progressing each of these projects through the approvals process. The individual projects are discussed in more detail below however the Company is pleased with the progress made to date, as evidenced by the recent grant of the Talbot North Exploration Licence and the anticipated near term approval of the Deed of Exploration over the Suplejack gold/uranium project.

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 to be prospective for both high grade, unconformity related uranium mineralisation and gold deposits of the Ranger and Callie Styles respectively (Figure 5).

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 and uranium deposits in the region.

The final meeting for Aboriginal approval of the Deed for Exploration was conducted on the 29th June 2010. The Company is awaiting formal notification, from the Central Land Council, of the outcomes of this meeting but remains very confident that the notification of acceptance of the Deed of Exploration will be forthcoming in the very near future.

In the interim the Company has been given approval to conduct an airborne EM survey over the project area. This survey has been scheduled for completion in September 2010 and is designed to identify zones of graphic shale juxtaposed against major structural breaks that represent sites for the development of unconformity related uranium mineralisation. The EM survey will also assist in the definition of drill targets for gold mineralisation within the fold hinges of the underlying Dead Bullock Formation sediments.

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 to the north of ABN Resources Hyperion Project (Figure 6) where the company has recently announced encouraging results from their review of previous exploration data. This earlier work has been successful in identifying multiple areas of significant gold mineralisation, including an intersection of 28 m @ 5.07 g/t gold at the Hyperion Prospect. ERO Mining will be targeting de-magnetised zones within favourable portions of this gold bearing sequence.

The Company's Exploration Licence application over the Talbot North Project has now been granted. As the licence area is entirely within Pastoral Lease, rather than Aboriginal Freehold, land the processes required for Heritage Clearance and approval for on ground exploration are greatly accelerated. As the first stage of exploration a focused airborne EM survey will be conducted in September to better define the non-magnetic stratigraphy and assist in identification of follow-up drill targets.

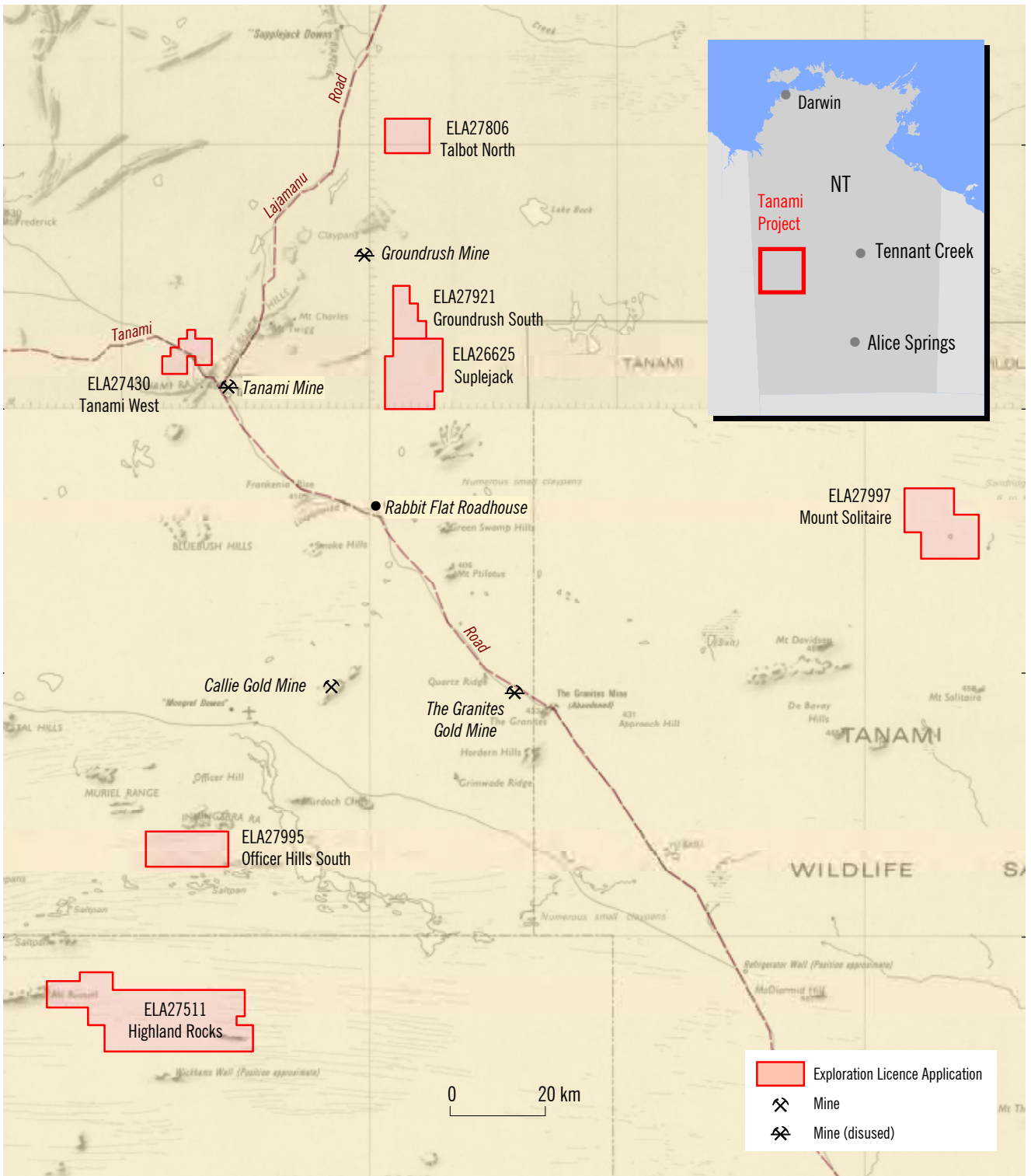


Figure 4 Location of ERO Mining tenements in the Tanami region.

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. The first meeting with the Traditional Owners is scheduled for September.

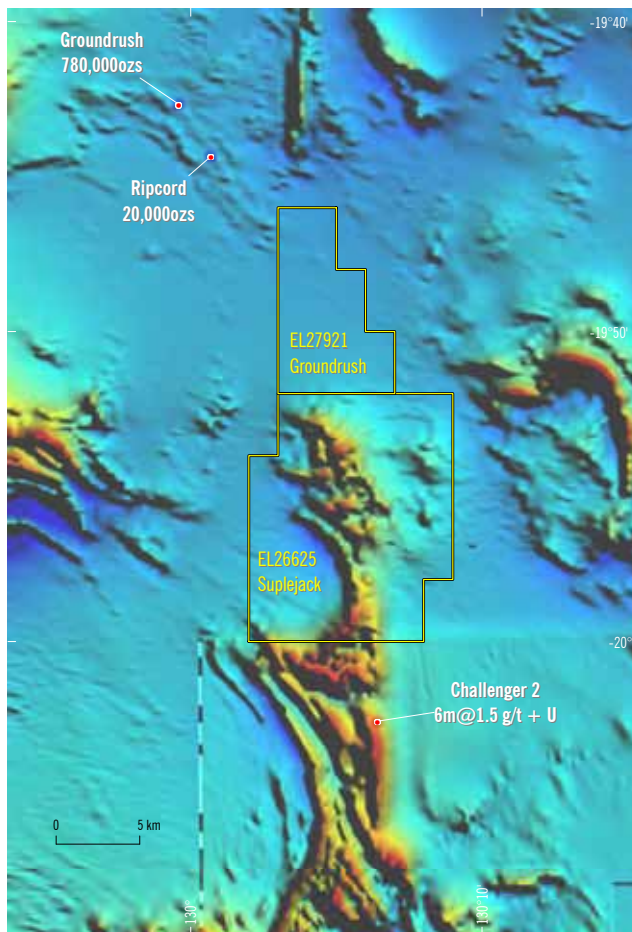


Figure 5 Suplejack.

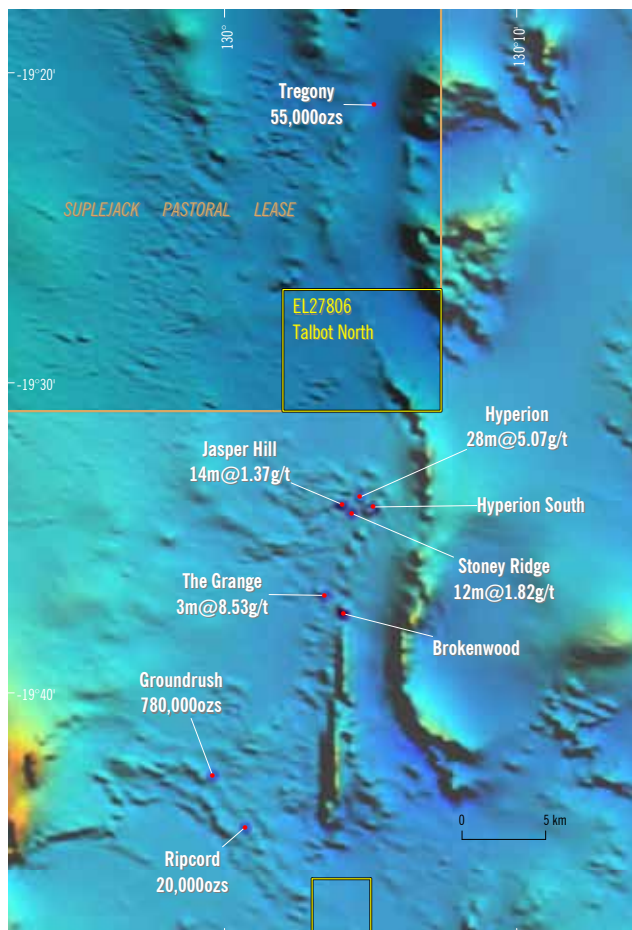


Figure 6 Talbot North.

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.

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 NT Mining Minister has consented to the company entering into negotiations with the Traditional Owners. An Exploration and Mining Proposal will be lodged shortly.

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. 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. A meeting with the Traditional Owners is yet to be scheduled.

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.

BILLA KALINA

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

Peeweena Dam

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 7).

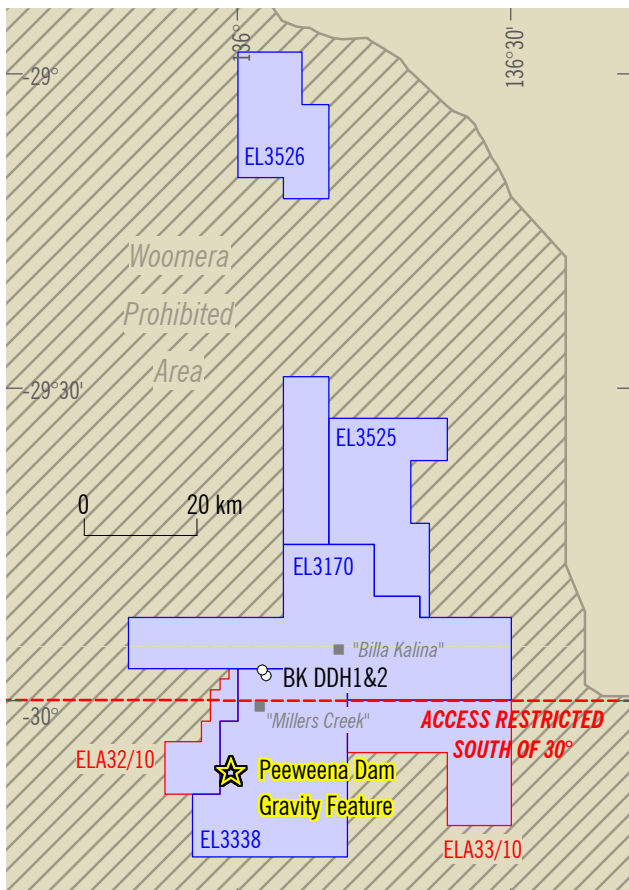


Figure 7 Location of Peeweena Dam.

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 Archaen basement to the west and Proterozoic/Palaeozoic sediments to the east.

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, has submitted a request to undertake a small gravity survey to confirm, and better define, the anomaly and if justified to complete a single drillhole to evaluate the target for IOCGU mineralisation.

The submission was lodged with the Defence Department on the 5th May 2010 for their consideration however the Company is yet to receive a response. Under the new guidelines controlling exploration within the Woomera Prohibited Area the Defence Department has 90 days to consider any submission and if required can notify the applicant that a further 30 days is required to make their determination. On the basis of these guidelines the Company is anticipating a response to its submission in the very near future.

Should the Company receive a positive response to its exploration submission the Peeweena Dam Prospect would become a priority exploration program for ERO Mining.

EROMANGA BASIN JOINT VENTURE

(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 its gold exploration portfolio and advancing our Suplejack Project in the Northern Territory.

Mr Kevin Lines
MANAGING DIRECTOR

30 July 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, 01/06/10.

Name of entity

ERO Mining Limited

ABN

40 119 031 864

Quarter ended ("current quarter")

30 June 2010

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	191	191
1.2 Payments for		
(a) exploration & evaluation	(265)	(1,982)
(b) development		
(c) production		
(d) administration	(242)	(930)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	4	31
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	(312)	(2,362)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets	(8)	(229)
1.9 Proceeds from sale of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets	2	95
1.10 Loans to other entities		
1.11 Loans repaid by other entities	75	75
1.12 Other (provide details if material)		
Net investing cash flows	69	(59)
1.13 Total operating and investing cash flows (carried forward)	(243)	(2,421)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(243)	(2,421)
	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	(243)	(397)
1.20	Cash at beginning of quarter/year to date	604	758
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	361	361

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	55
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

Add notes as necessary for an understanding of the position.

Amount available \$A'000	Amount used \$A'000
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+ See chapter 19 for defined terms.

3.1	Loan facilities		
3.2	Credit standby arrangements		

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	250
4.2	Development	
4.3	Production	
4.4	Administration	230
Total		480

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	361	504
5.2 Deposits at call		100
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	361	604

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				
7.11 Debentures <i>(totals only)</i>				

+ See chapter 19 for defined terms.

7.12	Unsecured notes (<i>totals only</i>)		
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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 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:

(Company secretary)

Date: 30 July 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.

+ See chapter 19 for defined terms.