
NEWS

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SA's EROMANGA IN \$2.65M ACQUISITION
OF QUEENSLAND ALLUVIAL GOLD MINE

Adelaide-based uranium explorer, Eromanga Uranium Limited (ASX: "ERO"), has strengthened its emergence as a gold play as well, with the A\$2.65 million acquisition today of a producing gold mine in central north Queensland.

The Company has acquired the operating Georgetown Alluvial Gold Mine and 13 "production ready" mining leases, 375 kilometres west of Cairns, in what represents Eromanga's first move into gold production and its first ever production and cash flow.

The acquisition extends Eromanga's previously announced strategy to add a gold base to its uranium exploration business, having recently acquired a 51% stake in the Nackara Arc gold project at Peterborough, in South Australia's mid north.

"We believe Georgetown has the capacity to deliver production revenue, at A\$1,200 per ounce, of more than \$2 million annually, together with strong upside potential in the near-term from brownfields exploration and resource development," Eromanga's Managing Director, Mr Kevin Lines, said today.

"An exploration target of 40,000 to 45,000 ounces of gold is realistic," Mr Lines said.

"The area has shown tantalising signs of gold since prospecting commenced there late in the 19th century, and we believe there is excellent potential to delineate further resources across the 13 granted leases that comprise this project," he said.

"Georgetown and the Company's increased exposure to gold in general will provide a solid foundation for Eromanga's continued growth during these uncertain times, and enable the Company to steadily expand exploration across all of our gold and uranium assets."

The terms of the Georgetown acquisition will see Eromanga acquire 100% of the issued capital of the previous mine owner, private Queensland company, Douglas Resources Pty Ltd.

All existing permits will remain in place, thus allowing Eromanga to continue mining with its own production team.

The acquisition includes Georgetown's conventional mobile alluvial gold plant, workshop and accommodation facilities, and 13 granted mining leases covering some 390 hectares within the granted Exploration Licence, EPM 15995.

Although the region's pronounced weather conditions usually restrict mining activities to between March and November, Mr Lines said the project had only been operating to a fraction of its potential.

"Only one of the 13 leases is actually being mined, leaving significant opportunity for expansion of existing production and exploration," he said.

"Recent extensive trenching and test pitting across all 13 leases supports the exploration target of 40,000 to 45,000 ounces of recoverable gold at an average grade of around 0.45 to 0.55 grams per loose cubic metre (lcm)," Mr Lines said.

"We will now embark on an immediate program of bulk sampling to confirm this test work and to define an enhanced JORC compliant resource.

"As well as several upgrades to the main production plant to increase its operational efficiency, Eromanga will also construct a second, smaller scale plant from surplus equipment acquired in the current transaction, to fast track our project development options."

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