FINANCIAL REPORT

For the year ended 30 June 2008

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CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Eromanga Uranium Limited has established corporate governance policies and procedures, where practicable, consistent with the revised Corporate Governance Principles and Recommendations issued by the ASX Corporate Governance Council ("ASX Recommendations").

The following statement sets out a summary of the Company's corporate governance practices that were in place during the financial year and how those practices relate to the revised Corporate Governance Principles and Recommendations issued by the Australian Stock Exchange Corporate Governance Council ("ASX Recommendations"). The Company has elected to undergo an early transition to the revised Principles and Recommendations and as such has reported against these for the financial year ending 30 June 2008.

These recommendations are not intended to be prescriptions to be followed by all ASX listed companies, but rather guidelines designed to produce an effective, quality and integrity outcome. The Corporate Governance Council has recognised that a "one size fits all" approach to Corporate Governance is not required. Instead, it states aspirations of best practice for optimising corporate performance and accountability in the interests of shareholders and the broader economy. A company may consider that a recommendation is inappropriate to its particular circumstances and has flexibility not to adopt it and explain why.

The Board has included in its corporate governance policies those matters contained in the ASX Recommendations where applicable. However, the Board also recognises that full adoption of the above ASX Recommendations may not be practical nor provide the optimal result given the particular circumstances and structure of the Company. The Board is, nevertheless, committed to ensuring that appropriate Corporate Governance practices are in place for the proper direction and management of the Company. This statement outlines the main Corporate Governance practices of the Company.

PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Recommendation 1.1 – Recommendation followed

The Board is governed by the Corporations Act 2001, ASX Listing Rules and a formal constitution adopted by the Company in 2006.

The role of the Board is to provide leadership and direction to management and to agree with management the aims, strategies and policies of the Company for the protection and enhancement of long-term shareholder value.

The Board takes responsibility for the overall Corporate Governance of the Company including its strategic direction, management goal setting and monitoring, internal control, risk management and financial reporting.

The Board has an established framework for the management of the entity including a system of internal control, a business risk management process and appropriate ethical standards. In fulfilling its responsibilities, the Board is supported by an Audit Committee to deal with internal control, ethical standards and financial reporting.

The Board appoints a Managing Director responsible for the day to day management of the Company including management of financial, physical and human resources, development and implementation of risk management, internal control and regulatory compliance policies and procedures, recommending strategic direction and planning for the operations of the business and the provision of relevant information to the Board.

The Board has not adopted a formal statement of matters reserved to it or a formal board charter that details its functions and responsibilities nor a formal statement of the areas of authority delegated to senior executives.

Recommendation 1.2 – Recommendation followed

The Board takes responsibility for monitoring the composition of the Board and reviewing the performance and compensation of the Company's Executive Directors and senior management with the overall objective of motivating and appropriately rewarding performance.

The Board considers the Company's present circumstances and goals ensure maximum shareholder benefits from the attraction and retention of a high quality Board and senior management team. The Board on a regular basis reviews the performance of and remuneration for Executive Director's and senior management including any equity participation by such Executive Directors and senior management. The Board evaluates the performance of the Managing Director and Company Secretary on a regular basis and encourages continuing professional development.

Recommendation 1.3 – Recommendation followed

During the period the Board undertook a performance evaluation of the Managing Director, Company Secretary and senior management. The evaluation was in accordance with the Company's process for evaluation of senior executives.

PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE

Recommendation 2.1 – Recommendation followed

The composition of the Board consists of four directors of whom three, including the Chairman, are Independent Directors.

The Audit Committee currently consists of two Independent directors.

Recommendation 2.2 – Recommendation followed

The Chairman, Mr Kennedy is an Independent Director

Recommendation 2.3 – Recommendation followed

Mr Kennedy's role as Chairman of the Board is separate from that of the Managing Director, Mr Lines who is responsible for the day to day management of the Company and is in compliance with the ASX Recommendation that these roles not be exercised by the same individual.

Recommendation 2.4 – Recommendation not followed

The Board believes that given the size of the Company and the stage of the entity's life as a publicly listed junior exploration company that the cost of establishing a Nomination Committee in line with ASX Recommendation 2.4 and establishing a formal charter as recommended by ASX Recommendation 2.4 cannot be justified by the perceived benefits of so doing.

Recommendation 2.5 – Recommendation not followed

The Board recognises that as a result of the Company's size and the stage of the entity's life as a publicly listed junior exploration company, the assessment of the Board's overall performance and its own succession plan is conducted on an informal basis. Whilst this is at variance with the ASX Recommendation 2.5, the Directors consider that at the date of this report an appropriate and adequate process for the evaluation of Directors is in place.

Recommendation 2.6 – Recommendation followed

The names of the directors of the Company and terms in office at the date of this Statement together with their skills, experience, expertise and financial interests in the Company are set out in the Directors' Report section of this report.

Messrs Kennedy, Vickery and Wills are considered to be independent.

The Company has no relationships with any of the independent directors which the Company believes would compromise the independence of these directors.

All directors are entitled to take such legal advice as they require at any time and from time to time on any matter concerning or in relation to their rights, duties and obligations as directors in relation to the affairs of the Company at the expense of the Company upon seeking permission, and being granted it, by the Chairman.

The Company's constitution specifies the number of directors must be at least three and at most ten. The Board may at any time appoint a director to fill a casual vacancy. Directors appointed by the Board are subject to election by shareholders at the following annual general meeting and thereafter directors (other than the Managing Director) are subject to re-election at least every three years. The tenure for executive directors is linked to their holding of executive office.

As the board does not have a Nomination Committee, the functions of this Committee in its absence are dealt with by the Board as a whole.

An assessment of the Board's overall performance and its own succession plan is conducted on an informal basis and was done so during the year by the Chairman.

PRINCIPLE 3 – COMPANIES SHOULD ACTIVELY PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

Recommendation 3.1 – Recommendation not followed

While the Company does not have a formal code of conduct, as the Board believes that given the size of the Company and the stage of the entity's life as a publicly listed junior exploration company that the cost of establishing and managing a formal code of conduct cannot be justified, the Company requires all its directors and employees to abide by the standards of behaviour, and business ethics in accordance with the law. In discharging their duties, Directors of the Company are required to:

- act in good faith and in the best interests of the Company;
- exercise care and diligence that a reasonable person in that role would exercise;
- exercise their powers in good faith for a proper purpose and in the best interests of the Company;
- not improperly use their position or information obtained through their position to gain a personal advantage or for the advantage of another person to the detriment of the Company;
- disclose material personal interests and avoid actual or potential conflicts of interests;
- keep themselves informed of relevant Company matters;
- keep confidential the business of all directors meetings; and
- observe and support the Board's Corporate Governance practices and procedures.

Directors are also required to provide the Company with details of all securities registered in the director's name or an entity in which the director has a relevant interest within the meaning of section 9 of the Corporations Act 2001 and details of all contracts, other than contracts to which the Company is a party to which the director is a party or under which the director is entitled to a benefit, and that confer a right to call for or deliver shares in the Company and the nature of the director's interest under the contract.

Directors are required to disclose to the Board any material contract in which they may have an interest. In accordance with Section 195 of the Corporations Act 2001, a director having a material personal interest in any matter to be dealt with by the Board, will not be present (unless requested by the Board to be present) when that matter is considered by the Board and will not vote on that matter.

Recommendation 3.2 – Recommendation followed

Directors, officers and employees are not permitted to trade in securities of the Company at any time whilst in possession of price sensitive information not readily available to the market. Section 1043A of the Corporations Act 2001 also prohibits the acquisition and disposal of securities where a person possesses information that is not generally available and which may reasonably be expected to have a material effect on the price of the securities if the information was generally available. This securities trading policy has been established by the Board and all employees and Directors are obliged to comply.

All directors have signed agreements with the Company which require them to provide the Company with details of all securities registered in the director's name or an entity in which the director has a relevant interest within the meaning of section 9 of the Corporations Act 2001 and details of all contracts, other than contracts to which the Company is a party to which the director is a party or under which the director is entitled to a benefit, and that confer a right to call for or deliver shares in the Company and the nature of the director's interest under the contract.

Recommendation 3.3 – Recommendation followed

The Company's Trading Policy can be found at www.eromangauranium.com/governance

PRINCIPLE 4 – SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

Recommendation 4.1 – Recommendation followed

The Company was not a company required by ASX Listing Rule 12.7 to have an Audit Committee during the year although it is an ASX Recommendation. Notwithstanding the Listing Rule requirement, an Audit Committee has been established to oversee corporate governance over internal controls, ethical standards, financial reporting, and external accounting and compliance procedures.

The main responsibilities of the Audit Committee include:

- reviewing, assessing and making recommendations to the Board on the annual and half year financial reports and all other financial information published or released to the market by the Company;
- overseeing establishment, maintenance and reviewing the effectiveness of the Company's internal controls and ensuring efficacy and efficiency of operations, reliability of financial reporting and compliance with applicable Accounting Standards and ASX Listing Rules;
- liaising with and reviewing reports of the external auditor; and
- reviewing performance and independence of the external auditor and where necessary making recommendations for appointment and removal of the Company's auditor.

Recommendation 4.2 – Recommendation not followed

The Audit Committee consists of two non-executive, independent Board directors, Messrs Vickery and Kennedy, and is chaired by Mr Vickery.

The Board believes that given the size of the Company and the stage of the entity's life as a publicly listed junior exploration company that the cost of establishing an audit committee with at least three members in line with ASX Recommendation 4.2 cannot be justified by the perceived benefits of so doing. The existing composition of the Audit Committee is such that review and authorisation of the integrity of the Company's financial reporting and the independence of the external auditor is via the exercise of independent and informed judgement.

Recommendation 4.3 – Recommendation not followed

The Board believes that given the size of the Company and the stage of the entity's life as a publicly listed junior exploration company that the cost of establishing a formal audit committee charter in line with ASX Recommendation 4.3 cannot be justified by the perceived benefits of so doing.

Recommendation 4.4 – Recommendation followed

Mr Kennedy is a qualified Chartered Accountant. Details of the Audit Committee member's qualifications and attendance at meetings are set out in the Directors' Report section of this report.

The Committee meets at least twice per annum and reports to the Board. The Managing Director, Company Secretary and external auditor may by invitation attend meetings at the discretion of the Committee.

PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

Recommendation 5.1 and 5.2 – Recommendations not followed

The Company operates under the continuous disclosure requirements of the ASX Listing Rules and ensures that all information which may be expected to affect the value of the Company's securities or influence investment decisions is released to the market in order that all investors have equal and timely access to material information concerning the Company. The information is made publicly available on the Company's website following release to the ASX.

Due to the size of the Company and the stage of life of the entity as a publicly listed junior exploration company, the Board does not believe a formal policy for continuous disclosure is required. However, the above policy describing how the Company will ensure its compliance with continuous disclosure requirements is posted on the Company's web-site, www.eromangauranium.com/governance.

PRINCIPLE 6 – RESPECT THE RIGHTS OF SHAREHOLDERS

Recommendation 6.1 and 6.2 – Recommendations not followed

The Board aims to ensure that shareholders are informed of all major developments affecting the Company's state of affairs. In accordance with the ASX Recommendations, information is communicated to shareholders as follows:

- the annual financial report which includes relevant information about the operations of the Company during the year, changes in the state of affairs of the entity and details of future developments, in addition to the other disclosures required by the Corporations Act 2001;
- the half yearly financial report lodged with the Australian Stock Exchange and Australian Securities and Investments Commission and sent to all shareholders who request it;
- notifications relating to any proposed major changes in the Company which may impact on share ownership rights that are submitted to a vote of shareholders;
- notices of all meetings of shareholders;
- publicly released documents including full text of notices ofmeetings and explanatory material made available on the Company's web-site; and
- disclosure of the Company's Corporate Governance practices and communications strategy on the entity's web-site.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals. Important issues are presented to the shareholders as single resolutions. The external auditor of the Company is also invited to the Annual General Meeting of shareholders and is available to answer any questions concerning the conduct, preparation and content of the auditor's report. Pursuant to section 249K of the Corporations Act 2001 the external auditor is provided with a copy of the notice of meeting and related communications received by shareholders.

Due to the size of the Company and the stage of life of the entity as a publicly listed junior exploration company, the Board does not believe a formal policy for shareholder communication is required. However, this policy describing how the Company will communicate with its shareholders is posted on the Company's web-site, www.eromangauranium.com/governance.

PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

Recommendation 7.1, 7.2 and 7.4 – Recommendations not followed

The Board recognises that there are inherent risks associated with the Company's operations including mineral exploration and mining, environmental, title and native title, legal and other operational risks. The Board endeavours to mitigate such risks by continually reviewing the activities of the Company in order to identify key business and operational risks and ensuring that they are appropriately assessed and managed. No formal report in relation to the Company's management of its material business risk is presented to the Board.

Due to the size of the Company and the stage of life of the entity as a publicly listed junior exploration company, and the inherent risks associated with the industry it operates in, the Board does not believe formal policies for oversight and management of risk is required nor a mechanism for formal review be established. The policy describing how the Company manages risk by procedures established at Board and executive level can be found posted on the Company's web-site, www.eromangauranium.com/governance.

Recommendation 7.3 – Recommendation followed

In accordance with ASX Recommendation 7.3 the Managing Director and Chief Financial Officer have provided assurances that the written declarations under s295A of the Corporations Act are founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks. Both the Managing Director and Chief Financial Officer provided said assurances at the time the s295A declarations were provided to the Board.

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

Recommendation 8.1 – Recommendation not followed

The Board believes that given the size of the Company and the stage of the entity's life as a publicly listed junior exploration company that the cost of establishing a formal remuneration committee in line with ASX Recommendation 8.1 cannot be justified by the perceived benefits of so doing.

The Board takes responsibility for monitoring the composition of the Board and reviewing the compensation of the Company's Executive Directors and senior management with the overall objective of motivating and appropriately rewarding performance.

Recommendation 8.2 and 8.3 – Recommendations followed

In accordance with ASX Recommendation 8.2 the Company's remuneration practices are set out as follows.

The Company's Constitution specifies that the total amount of remuneration of non-executive directors shall be fixed from time to time by a general meeting. The current maximum aggregate remuneration of non-executive directors has been set at $300,000 per annum. Directors may apportion any amount up to this maximum amount amongst the non-executive directors as they determine. Directors are also entitled to be paid reasonable travelling, accommodation and other expenses incurred in performing their duties as directors.

Non-executive director remuneration is by way of fees and statutory superannuation contributions. Non-executive directors do not participate in schemes designed for remuneration of executives nor do they receive options or bonus payments and are not provided with retirement benefits other than salary sacrifice and statutory superannuation.

The remuneration of the Managing Director is determined by the Board as part of the terms and conditions of his employment which are subject to review from time to time. The remuneration of employees is determined by the Managing Director subject to the approval of the Board.

The Company's remuneration structure is based on a number of factors including the particular experience and performance of the individual in meeting key objectives of the Company. The Board is responsible for assessing relevant employment market conditions and achieving the overall, long term objective of maximising shareholder benefits, through the retention of high quality personnel.

The Company does not presently emphasise payment for results through the provision of cash bonus schemes or other incentive payments based on key performance indicators of the Company given the nature of the Company's business as a recently listed junior mineral exploration entity and the current status of its activities. However the Board may approve the payment of cash bonuses from time to time in order to reward individual executive performance in achieving key objectives as considered appropriate by the Board.

The Company also has an Employee Share Option Plan approved by shareholders that enables the Board to offer eligible employees options to ordinary fully paid shares in the Company. Under the terms of the Plan, options to ordinary fully paid shares may be offered to the Company's eligible employees at no cost in accordance with the terms and conditions of the Plan. The objective of the Plan is to align the interests of employees and shareholders by providing employees of the Company with the opportunity to participate in the equity of the Company as an incentive to achieve greater success and profitability for the Company and to maximise the long term performance of the Company. The non-executive directors are not eligible to participate in the Plan.

The employment conditions of the Managing Director are formalised in a contract of employment. The Managing Director's contract may be terminated at any time by mutual agreement or without notice in serious instances of misconduct.

Further details of director's remuneration, superannuation and retirement payments are set out in the Remuneration Report section of the Directors' Report.

These Corporate Governance Policies can be found at www.eromangauranium.com/governance

DIRECTORS REPORT

Your directors present their report on the company and its controlled entities for the financial year ended 30 June 2008.

DIRECTORS

The names of directors in office at any time during or since the end of the year are:
Robert Michael Kennedy
Kevin James Lines
Kevin John Anson Wills
Ewan John Vickery
Adam Bannister (alternate for E J Vickery)

The directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

COMPANY SECRETARY

The following person held the position of company secretary at the end of the financial year:

Richard Walter Cumming Willson
B.Ac., CPA, GAICD

Bachelor of Accounting, CPA, Graduate Member of the Australian Institute of Company Directors. Mr Willson has had more than 14 years experience. He has worked in public practice and in various financial management and company secretarial roles within the Provimi Australia group, BHP Billiton and the Jumbuck Pastoral group. He has been the Company Secretary since 29 March 2006 and to the date of this report.

PRINCIPAL ACTIVITIES

The principal activity of the Company during the financial year was uranium exploration.

OPERATING RESULTS

The consolidated net result of operations for the financial year was a profit of $85,834.

DIVIDENDS

There were no dividends declared or paid during the period.

REVIEW OF OPERATIONS

During a year which has presented significant challenges to the uranium exploration sector in Australia, Eromanga Uranium has continued to strengthen its exploration portfolio and maintained its focus on actively drill testing our priority targets. The company identified the potential for the Northern Gawler Craton to host iron oxide, copper, gold and uranium mineralisation (IOCGU) and was able to secure strategic tenure over two significant gravity anomalies in the region. This IOCGU Initiative, centred on the Marla region of northern South Australia, has allowed the company to pursue a dual exploration focus targeting both large IOCGU systems at depth within the basement rocks whilst continuing to test for shallower sandstone-hosted uranium mineralisation around the margins of the Eromanga Basin.

At the Welbourn Hill IOCGU Project the company completed two deep diamond drill holes, EWHDD01 & 02, testing a large coincident gravity/magnetic anomaly. Hole EWHDD02 was successful in intersecting over 350m of intensely altered, variably brecciated and mineralised basement gneisses. Whilst the copper grades returned from this broad intersection were sub-economic, with a best intersection of 18m at 0.1% Cu, the result confirmed the presence of significant volumes of IOCGU type mineralising fluids in the project area and has given strong impetus for further exploration. The second leg of the company's IOCGU Initiative was focussed on the Nicholson Project where a single 800m deep diamond drill hole, ENDDH01, was completed. The drill hole failed to intersect IOCGU mineralisation but only partially explains the very large gravity anomaly in the project area and the project is under review before further exploration is undertaken.

The primary focus of the company's sandstone-hosted, or roll-front style, uranium exploration has been on our expansive tenement holdings in the Abminga and Abminga East project areas. The results of airborne EM surveys completed over the entire project area indicated the development of extensive palaeo-drainage systems in the Atlas/Baco area to the north of the township of Marla. An initial rotary-mud drilling program was completed in this area and involved 23 drill-holes for a total of 4,444m. This drilling program confirmed that the palaeo-drainages, as interpreted from the airborne EM, were developed in shallow Tertiary sediments that are largely oxidised and not considered prospective for the development of significant uranium mineralisation. However, the drilling also confirmed that the company's primary target in the deeper Mesozoic age Algebuckina Sandstone remains highly prospective with the drilling returning multiple anomalous gamma responses. Following this initial drill testing, exploration has been directed at better defining the deeper palaeo-drainages using an integrated approach that combines the airborne EM, magnetic and micro-gravity surveys. This approach has been very successful and will allow greater control of drilling during our subsequent drill campaigns.

At the Kingoonya and Billa Kalina Projects the company completed airborne EM surveys, utilising the REPTEM system, over the entire tenement holdings. Detailed computer processing and analysis of the data from these surveys has been very encouraging and has generated multiple drill targets for testing when all access requirements are finalised.

At the Marree Project the results of the first round of rotary-mud drilling has focussed the company's exploration efforts on the more easterly sector of our tenement holdings where higher uranium contents in the local source rocks give greater chances of exploration success.

Eromanga Uranium was successful in its application for new exploration tenure at the Suplejack Project in the Tanami region of the Northern Territory. This area is highly prospective for unconformity-related uranium mineralisation as well as hosting excellent gold potential. Negotiations to finalise an access agreement with the Traditional Owners are underway.

FINANCIAL POSITION

The net assets of the company have increased by $192,886 during the financial year from $23,533,791 at 30 June 2007 to $23,726,677 at 30 June 2008. The company has been actively undertaking exploration activities and has capitalised $5,931,752 in exploration expenditure during the financial year.

The directors believe the Company is in a strong and stable financial position to continue its exploration activities.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in state of affairs during the financial year.

AFTER BALANCE DATE EVENTS

No circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group in future financial years.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The Company remains well positioned to maintain very active exploration programs over the coming year. Whilst stock market conditions have been difficult over the last twelve months the underlying fundamentals for the global energy sector and the uranium industry in particular continue to be very healthy. This positive outlook for uranium underpins the company's commitment to ongoing uranium exploration across our extensive project portfolio in Australia.

At the Abminga and Abminga East Projects drill based exploration programs will continue on a campaign basis throughout 2008-09. It is anticipated that access agreements with the Traditional Owners will be finalised in the second quarter of the year allowing exploration to commence on the highly prospective portion of the project area located in the Northern Territory.

At the Welbourn Hill and Nicholson Projects the company will continue to advance its IOCGU Initiative over the Northern Gawler Craton. A detailed review of all exploration results received to-date is currently underway and will form the basis for decisions on the location of future drilling campaigns.

The second round of drilling is scheduled to commence at the Marree Project early in the second quarter of 2008-09 and initial drill testing at the Kingoonya Project is anticipated to be underway early in the 2009 calendar year.

At the Suplejack Project, in the Tanami region of the Northern Territory, the company is hopeful that all pre-requisite agreements with the Traditional Owners can be in place by the third quarter of the year allowing on-ground exploration to commence immediately following the end of the wet season.

Eromanga Uranium Ltd maintains an active project review and project generation function with a strong focus on assessing acquisition and/or farm-in opportunities over more advanced uranium properties within Australia. The Company retains a healthy balance sheet and is very well positioned to be an active participant in the growth of the uranium exploration and mining sector in the coming years.

ENVIRONMENTAL ISSUES

The consolidated group's operations are subject to significant environmental regulation under both Commonwealth and relevant State legislation in relation to discharge of hazardous waste and materials arising from any exploration or mining activities and development conducted by the group on any of its tenements. The group believes it is not in breach of any environmental obligation.

INFORMATION ON DIRECTORS

Robert Michael Kennedy

Non-Executive Chairman - ASAIT, Grad, Dip (Systems Analysis), FCA, ACIS, Life Member AIM, FAICD

A Chartered Accountant and a consultant to Kennedy & Co, Chartered Accountants, a firm he founded. Mr Kennedy has been a director since incorporation 29 March 2006. Mr Kennedy is the Chairman of Beach Petroleum Limited (Director since 1991, Chairman since 1995), Flinders Diamonds Limited (since 2001), Maximus Resources Limited (since 2004), Monax Mining Limited (since 2004), Marmota Energy Limited (since 2006) and Ramelius Resources Limited (since 2004).

Mr Kennedy brings to the Board his expertise in finance and management consultancy and extensive experience as chairman and non-executive director of a range of listed public companies.

Mr Kennedy is a member of the Audit Committee.

Kevin James Lines

Managing Director - B.Sc.(Geology), MAusIMM

A director since incorporation 29 March 2006. Mr Lines has over 25 years experience in mineral exploration and mining for gold, copper, lead/zinc and tin. He has held senior geological and management positions within Newmont Australia Limited, Normandy Mining Limited and the CRA group of companies. He was the foundation Chief Geologist at Kalgoorlie Consolidated Gold Mines where he led the team that developed the ore-body models and geological systems for the Super-Pit Operations in Kalgoorlie. He has managed the Eastern Australian Exploration Division of Newmont Australia that included responsibility for the expansive tenement holdings of the Tanami region.

Mr Lines has extensive experience in the assessment and evaluation of exploration projects, development properties and mining operations globally. During the last decade he has completed assignments in China, South America, North America, West Africa, Indonesia, and multiple regions of the Former Soviet Union. Most recently he has acted as Consulting Geologist-Newmont Australia with responsibility for the Western Pacific Region. He is a Member of the Australasian Institute of Mining and Metallurgy.

Mr Lines is a director of Ramelius Resources Limited (since 2008).

Kevin John Anson Wills

Non-Executive Director - ARSM, PhD, FAusIMM

A director since incorporation 29 March 2006. Dr Kevin Wills is a geologist with 31 years experience in multi commodity mineral exploration including uranium exploration, feasibility studies and mine operations in Australasia. Dr Wills spent seven years with CRA Exploration Pty Ltd, the highlight of which was involvement with the location and evaluation of the Argyle Diamond Deposit. Later, with Penarroya Australia Pty Ltd, his work led to an expansion of reserves at Thalanga and the discovery of the Waterloo base metals deposit.

In the late 1980s, Dr Wills was exploration manager with Metana Minerals NL. He built up a successful exploration team which extended known gold ore bodies and made new discoveries. In the early 1990s, Dr Wills was regional exploration manager with Dominion Mining Ltd, based in Adelaide. His work on the Gawler Craton led to the development of a calcrete sampling technique which, later on, was instrumental in the Challenger gold discovery.

Dr Wills is currently managing director of Flinders Diamonds Limited (since 2000) and Maximus Resources Limited (since 2004). He is a past chairman of the Adelaide Branch of the AusIMM and the Exploration Committee at the South Australian Chamber of Mines and Energy.

Ewan John Vickery

Non-Executive Director – L.LB

A director since incorporation 29 March 2006. Mr Vickery is a corporate and business lawyer with over 30 years experience in private practice in Adelaide. He has acted as an advisor to companies on a variety of corporate and business issues including capital and corporate restructuring, native title and land access issues, and as lead native title advisor and negotiator for numerous mining and petroleum companies.

Mr Vickery is a Director of Flinders Diamonds Limited (since 2001), Maximus Resources Limited (since 2004) and member of the Exploration Committee of the South Australian Chamber of Mines and Energy Inc, the International Bar Association Energy and Resources Law Section, the Australian Institute of Company Directors and is a past national president of Australian Mining and Petroleum Law Association (AMPLA Limited).

Mr Vickery is the Chairman of the audit committee.

Adam Bannister

Alternate for E J Vickery (Non Executive) – L.LB

Alternate Director since 22 May 2006. Mr Bannister is a lawyer who has specialised in commercial litigation for 20 years. He is the Lead litigation lawyer for the Adelaide and Darwin partnership of Minter Ellison and sits on the Firm's Board.

Mr Bannister has successfully prosecuted and defended claims on behalf of public and private organisations across every industry sector. He has a special interest in competition law, regulatory matters and complex large scale litigation chiefly in the areas of building and construction and technology and information law.

REMUNERATION REPORT (AUDITED)

Remuneration of Directors and key management personnel

This report details the nature and amount of remuneration for each key management person of the Company and for the executives receiving the highest remuneration.

(a) Directors and key management personnel

The names and positions held by Directors and key management personnel of the Company during the financial year are:

Name	Position
Mr R M Kennedy	Chairman - Non-executive
Mr E J Vickery	Director - Non-executive
Dr K J A Wills	Director - Non-executive
Mr K J Lines	Managing Director - Executive
Mr A Bannister	Alternate Director
Mr R W C Willson	Chief Financial Officer / Company Secretary

(b) Directors and key management personnel Remuneration

2008 Primary Benefits							
Directors	Directors fees	Salary	Non cash items	Cash bonus	Super contri-butions	Options	Total
	$	$	$	$	$	$	$
Mr R M Kennedy	77,981	-	-	-	7,019	-	85,000
Mr E J Vickery*	50,000	-	-	-	-	-	50,000
Dr K J A Wills	45,872	-	-	-	4,128	-	50,000
Mr K J Lines	-	248,463	-	-	20,642	-	269,105
Mr A Bannister	-	-	-	-	-	-	-
Mr R W C Willson**	-	197,432	-	-	16,325	8,910	222,667
	173,853	445,895	-	-	48,114	8,910	676,772

2007 Primary Benefits							
Directors	Directors fees	Salary	Non cash items	Cash bonus	Super contri-butions	Options	Total
	$	$	$	$	$	$	$
Mr R M Kennedy	48,930	-	-	-	4,404	-	53,334
Mr E J Vickery*	30,000	-	-	-	-	-	30,000
Dr K J A Wills	27,523	-	-	-	2477	-	30,000
Mr K J Lines	-	188,837	-	-	16,994	-	205,832
Mr A Bannister	-	-	-	-	-	-	-
Mr R W C Willson**	-	155,768	-	-	14,019	8,800	178,587
	106,453	344,605	-	-	37,895	8,800	497,753

* *Director's fees for Mr Vickery are paid to a related entity of the Director*

** *Mr Willson is employed by FME Exploration Services Pty Ltd. His services are provided as part of the services agreement in place between FME Exploration Services Pty Ltd and Flinders Mines Ltd. The management fees paid by Flinders Mines Ltd are outlined in Note 23. This agreement was formalised 3 August 2006.*

The Directors conclude that there are no other executives requiring disclosure other than those listed.

(c) Service agreements

During the financial year, the Company reviewed the employment agreement of Mr Lines in respect of his services as Managing Director. The salary was set at $250,000 per annum inclusive of superannuation guarantee contributions to be reviewed periodically. There were neither post employment retirement benefits previously approved by members of the Company in a general meeting nor any paid to Directors of the Company. There were no post employment retirement benefits paid or payable to key management personnel.

Employee Share Option Plan

The Company has an Employee Share Option Plan approved by shareholders that enables the Board to offer eligible employees options to acquire ordinary fully paid shares in the Company. Under the terms of the Plan, options to acquire ordinary fully paid shares may be offered to the Company's eligible employees at no cost unless otherwise determined by the Board in accordance with the terms and conditions of the Plan. During the year 860,500 options with a fair value of $107,052 were issued to employees at no cost. No employee share options were issued to the Directors during the year.

REMUNERATION PRACTICES

The Company's policy for determining the nature and amounts of emoluments of board members and senior executive officers of the Company is as follows.

The Company's Constitution specifies that the total amount of remuneration of Non-executive Directors shall be fixed from time to time by a general meeting. The current maximum aggregate remuneration of Non-executive Directors has been set at $300,000 per annum. Directors may apportion any amount up to this maximum amount amongst the Non-executive Directors as they determine. Directors are also entitled to be paid reasonable travelling, accommodation and other expenses incurred in performing their duties as Directors. The remuneration of the Managing Director is determined by the Non-executive Directors on the Board as part of the terms and conditions of his employment which are subject to review from time to time. The remuneration of other executive officers and employees is determined by the Managing Director subject to the approval of the Board.

Non-executive Director remuneration is by way of fees and statutory superannuation contributions. Non-executive Directors do not participate in schemes designed for remuneration of executives nor do they receive options or bonus payments and are not provided with retirement benefits other than salary sacrifice and statutory superannuation.

The Company's remuneration structure is based on a number of factors including the particular experience and performance of the individual in meeting key objectives of the Company. The Board is responsible for assessing relevant employment market conditions and achieving the overall, long term objective of maximising shareholder benefits, through the retention of high quality personnel.

The Company does not presently emphasize payment for results through the provision of cash bonus schemes or other incentive payments based on key performance indicators of the Company given the nature of the Company's business as a recently listed junior mineral exploration entity and the current status of its activities. However the Board may approve the payment of cash bonuses from time to time in order to reward individual executive performance in achieving key objectives as considered appropriate by the Board.

The Company also has an Employee Share Option Plan approved by shareholders that enables the Board to offer eligible employees options to acquire ordinary fully paid shares in the Company. Under the terms of the Plan, options for ordinary fully paid shares may be offered to the Company's eligible employees at no cost unless otherwise determined by the Board in accordance with the terms and conditions of the Plan. The objective of the Plan is to align the interests of employees and shareholders by providing employees of the Company with the opportunity to participate in the equity of the Company as an incentive to achieve greater success and profitability for the Company and to maximise the long term performance of the Company.

The employment conditions of the Managing Director, Mr Lines are formalised in a contract of employment. The base salary as set out in the employment contract is reviewed annually. The Managing Directors' contract may be terminated at any time by mutual agreement. The Company may terminate this contract without notice in serious instances of misconduct.

OPTIONS GRANTED AS REMUNERATION

Apart from the options granted under the Company's Employee Share Option Plan as detailed above, no other options were granted to Directors or key management personnel of the Company during the financial year.

SHARES ISSUED ON EXERCISE OF REMUNERATION OPTIONS

No shares were issued to Directors as a result of the exercise of remuneration options during the financial year.

DIRECTORS' INTERESTS IN SHARES AND OPTIONS

Directors' relevant interests in shares and options of the Company are disclosed in note 5 to the accounts.

MEETINGS OF DIRECTORS

During the financial year, 14 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors meetings		Audit Committee meeting	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
R M Kennedy	12	12	2	2
K J Lines	12	12	1	1
K J A Wills	12	12	1	1
E J Vickery	12	12	2	2
A Bannister	-	-	-	-

INDEMNIFICATION AND INSURANCE OF OFFICERS

Indemnification

The Company is required to indemnify the Directors and other officers of the company against any liabilities incurred by the Directors and officers that may arise from their position as Directors and officers of the Company. No costs were incurred during the year pursuant to this indemnity.

The Company has entered into deeds of indemnity with each Director whereby, to the extent permitted by the Corporations Act 2001, the Company agreed to indemnify each Director against all loss and liability incurred as an officer of the Company, including all liability in defending any relevant proceedings.

Insurance premiums

Since the end of the previous year the Company has paid insurance premiums in respect of Directors' and officers' liability and legal expenses' insurance contracts.

OPTIONS

Since the end of the financial year no shares were issued as a result of the exercise of options as follows. There were no amounts unpaid on shares issued.

At the date of this report, the unissued ordinary shares of Eromanga Uranium Limited under option are as follows:

Grant date	Date of expiry	Exercise price	Number under Option
4 April 2006	30 June 2011	$0.30	17,500,000
20 June 2006	30 June 2011	$0.30	1,250,000
26 October 2006	30 June 2011	$0.30	8,035,714
10 April 2007	20 March 2012	$0.22	283,000
16 November 2007	19 November 2012	$0.22	225,000
5 March 2008	5 March 2013	$0.165	635,500
			27,929,214

No person entitled to exercise an option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the financial year.

NON-AUDIT SERVICES

The Board of directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

There were no fees for non-audit services paid/payable to the external auditors during the year ended 30 June 2008.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2008 has been received and can be found on page 12 of the directors' report.

Dated at Adelaide this 24th day of September 2008 and signed in accordance with a resolution of the directors.

Robert M Kennedy
Chairman

AUDITORS INDEPENDENCE DECLARATION

Grant Thornton South Australian Partnership
ABN 27 244 906 724

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AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF EROMANGA URANIUM LIMITED

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Eromanga Uranium Limited for the year ended 30 June 2008, I declare that, to the best of my knowledge and belief, there have been:

a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b No contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON
South Australian Partnership
Chartered Accountants

S J Gray
Partner

Signed at Adelaide on this 24th day of September 2008

INCOME STATEMENT

For the year ended 30 June 2008

	Note	Consolidated Group		Parent Entity	
		2008 $	2007 $	2008 $	2007 $
Revenue	2	647,964	621,256	647,964	621,256
Marketing expenses	3	48,572	240,403	48,572	240,403
Administrative expense	3	338,741	739,132	338,741	739,132
Exploration expense		173,740	67,076	173,740	67,076
Finance costs		374	1,411	374	1,411
Other expenses		703	3,278	703	3,278
Profit / (loss) before income tax		85,834	(430,044)	85,834	(430,044)
Income tax expense	4	-	287,601	-	287,601
Profit / (loss) for the period attributable to shareholders of the company		85,834	(717,645)	85,834	(717,645)
Basic earnings / (loss) per share (cents)	7	0.07	(0.79)		
Diluted earnings / (loss) per share (cents)	7	0.07	(0.79)		

The accompanying notes form part of these financial statements.

BALANCE SHEET

As at 30 June 2008

	Note	Consolidated Group		Parent Entity	
		2008 $	2007 $	2008 $	2007 $
CURRENT ASSETS					
Cash and cash equivalents	*8*	6,539,055	12,041,138	6,539,055	12,041,138
Trade and other receivables	*9*	469,263	425,740	469,263	425,740
TOTAL CURRENT ASSETS		7,008,318	12,466,878	7,008,318	12,466,878
NON-CURRENT ASSETS					
Trade and other receivables	*9*	-	-	7,232,906	1,301,154
Plant and equipment	*14*	397,927	360,234	397,927	360,234
Investments accounted for using the equity method	*10*	1	1	1	1
Financial assets	*12*	-	-	9,626,536	9,626,536
Exploration and evaluation expenditure	*15*	16,859,442	10,927,690	-	-
TOTAL NON-CURRENT ASSETS		17,257,370	11,287,925	17,257,370	11,287,925
TOTAL ASSETS		24,265,688	23,754,803	24,265,688	23,754,803
CURRENT LIABILITIES					
Trade and other payables	*16*	514,818	208,654	514,818	208,654
Short-term provisions	*17*	24,193	12,358	24,193	12,358
TOTAL CURRENT LIABILITIES		539,011	221,012	539,011	221,012
TOTAL LIABILITIES		539,011	221,012	539,011	221,012
NET ASSETS		23,726,677	23,533,791	23,726,677	23,533,791
EQUITY					
Issued capital	*18*	23,543,734	23,543,734	23,543,734	23,543,734
Reserves	*19*	847,332	740,280	847,332	740,280
Retained earnings		(664,389)	(750,223)	(664,389)	(750,223)
TOTAL EQUITY		23,726,677	23,533,791	23,726,677	23,533,791

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2008

	Issued Capital	Share Option Reserve	Retained Earnings	Total
	$	$	$	$
CONSOLIDATED GROUP				
Balance at 1 July 2006	581,503	-	(32,578)	548,925
Profit / (loss) for the period	-	-	(717,645)	(717,645)
Shares issued during the period	23,638,300	-	-	23,638,300
Options issued during the period	-	740,280	-	740,280
Transaction costs (net of tax)	(676,069)	-	-	(676,069)
Balance at 30 June 2007	23,543,734	740,280	(750,223)	23,533,791
Profit / (loss) for the period	-	-	85,834	85,834
Shares issued during the period	-	-	-	-
Options issued during the period	-	107,052	-	107,052
Transaction costs (net of tax)	-	-	-	-
Balance at 30 June 2008	23,543,734	847,332	(664,389)	23,726,677
PARENT ENTITY				
Balance at 1 July 2006	581,503	-	(32,578)	548,925
Profit / (loss) for the period	-	-	(717,645)	(717,645)
Shares issued during the period	23,638,300	-	-	23,638,300
Options issued during the period	-	740,280	-	740,280
Transaction costs (net of tax)	(676,069)	-	-	(676,069)
Balance at 30 June 2007	23,543,734	740,280	(750,223)	23,533,791
Profit / (loss) for the period	-	-	85,834	85,834
Shares issued during the period	-	-	-	-
Options issued during the period	-	107,052	-	107,052
Transaction costs (net of tax)	-	-	-	-
Balance at 30 June 2008	23,543,734	847,332	(664,389)	23,726,677

The accompanying notes form part of these financial statements.

CASH FLOW STATEMENT

For the year ended 30 June 2008

	Note	Consolidated Group		Parent Entity	
		2008 $	2007 $	2008 $	2007 $
CASH FLOWS FROM OPERATING ACTIVITIES					
Interest received		852,810	318,403	852,810	318,403
Payments to suppliers and employees		(197,229)	(993,141)	(197,229)	(993,141)
Net cash provided by (used in) operating activities	*21*	655,581	(674,738)	655,581	(674,738)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of plant and equipment		(93,602)	(376,510)	(93,602)	(376,510)
Purchase of subsidiaries		-	-	-	(66,537)
Payment for exploration activities		(5,931,752)	(1,265,327)	-	-
Loans to related entities		(132,310)	-	(6,064,062)	(1,198,790)
Net cash provided by (used in) investing activities		(6,157,664)	(1,641,837)	(6,157,664)	(1,641,837)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		-	14,758,300	-	14,758,300
Capital raising costs		-	(911,687)	-	(911,687)
Net cash provided by (used in) financing activities		-	13,846,613	-	13,846,613
Net increase (decrease) in cash held		(5,502,083)	11,530,038	(5,502,083)	11,530,038
Cash at beginning of financial year		12,041,138	511,100	12,041,138	511,100
Cash at end of financial year	*8*	6,539,055	12,041,138	6,539,055	12,041,138

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Eromanga Uranium Limited as an individual entity and the consolidated entity consisting of Eromanga Uranium Limited and its subsidiaries.

Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting standards board, Urgent Issues group Interpretations and corporations Act 2001.

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report of Eromanga Uranium Limited complies with International Financial Reporting Standards. (IFRS).

Historical cost convention

This financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Accounting policies

a) Principles of consolidation

A controlled entity is any entity Eromanga Uranium Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 13 to the financial statements. All controlled entities have a June financial year-end.

All inter-company balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the consolidated group during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

b) Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

c) Plant and equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the assets' carrying amount or recognised as separate assets, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which are they are incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the consolidated group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of non current asset	Depreciation rate	Basis of depreciation
Plant and equipment	12.5–40%	Straight line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined in comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When re-valued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

d) Exploration expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

e) Financial instruments

Recognition and initial measurement

Financial instruments, incorporation financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and subsequent measurement

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

f) Impairment of assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

g) Investments in associates

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting. The equity method of accounting recognised the group's share of post-acquisition reserves of its associates.

h) Interests in joint ventures

The consolidated group's share of the assets, liabilities, revenue and expenses of joint venture operations are included in the appropriate items of the consolidated financial statements. Details of the consolidated group's interests are shown at Note 11.

The consolidated group's interests in joint venture entities are brought to account using the equity method of accounting in the consolidated financial statements. The parent entity's interests in joint venture entities are brought to account using the cost method.

i) Employee benefits

Provision is made for the group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Equity-settled compensation

The cost of equity-settled transactions is measured by the fair value at the date at which the equity instruments are granted. The fair value is determined using the Black-Scholes pricing model. The cost is recognised as an expense in the income statement with a corresponding increase in the share option reserve or issued capital when the options or shares are issued.

j) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

k) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

l) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

m) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Critical accounting estimates and judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Key estimates — impairment

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

NOTE 2. REVENUE

	Consolidated Group		Parent Entity	
	2008 $	2007 $	2008 $	2007 $
Operating activities				
Interest received from other persons	647,964	621,256	647,964	621,256

NOTE 3. PROFIT/(LOSS) FOR THE YEAR

	Consolidated Group		Parent Entity	
	2008 $	2007 $	2008 $	2007 $
Marketing expenses				
Company promotion	1,983	141,229	1,983	141,229
Corporate consulting	24,694	41,560	24,694	41,560
Public relations	516	13,983	516	13,983
Subscriptions	10,349	24,840	10,349	24,840
Conferences	6,115	15,994	6,115	15,994
Other	4,915	2,797	4,915	2,797
	48,572	240,403	48,572	240,403
Administration expenses				
Accounting	1,770	6,842	1,770	6,842
ASX fees	7,478	54,275	7,478	54,275
Audit	21,000	23,929	21,000	23,929
Depreciation	697	16,276	697	16,276
Depreciation capitalised - exploration and evaluation	–	(5,551)	–	(5,551)
Insurance	13,694	25,895	13,694	25,895
Legal fees	–	21,917	–	21,917
Management services	97,308	135,331	97,308	135,331
Employee benefits expense	114,621	309,154	114,621	309,154
Share registry	10,657	45,930	10,657	45,930
Other	78,206	141,084	78,206	141,084
	338,741	739,132	338,741	739,132

NOTE 4. INCOME TAX EXPENSE

	Consolidated Group		Parent Entity	
	2008 $	2007 $	2008 $	2007 $
a. The components of tax expense comprise:				
Current tax	-	287,601	-	287,601
Deferred tax	-	-	-	-
	-	287,601	-	287,601
b. The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:				
Profit/(loss) for the year before income tax	25,750	(1,471)	25,750	(1,471)
Tax effect of:				
Add				
- Non-allowable items	12,335	66,424	12,335	66,424
- Share options expensed during the year	32,116	13,584	32,116	13,584
- Share placement issue costs	-	287,601	-	287,601
Recoupement of prior year tax losses not brought to account	(70,201)	(78,537)	(70,201)	(78,537)
	-	287,601	-	287,601

Deferred tax assets on the timing differences have not been recognised as they do not meet the recognition criteria as outlined in Note 1(b) in the financial statements.

NOTE 5. KEY MANAGEMENT PERSONNEL COMPENSATION

a. Names and positions held of consolidated group and parent entity key management personnel in office at any time during the financial year are:

Key management person	Position
R M Kennedy	Non-Executive Chairman
K J Lines	Managing Director
E J Vickery	Non-Executive Director
K J A Wills	Non-Executive Director
R W C Willson	Chief Financial Officer & Company Secretary
A Bannister	Alternate Director for E J Vickery

Key management personnel renumeration has been included in the Remuneration Report section of the Directors Report.

b. Options and Rights Holdings

Number of options held by key management personnel.

	Balance 1.7.2007	Issued as remuneration	Net change other	Balance 30.6.2008	Total vested 30.6.2008	Total exercisable 30.6.2008	Total unexercisable 30.6.2008
R M Kennedy(*)	3,500,000	-	-	3,500,000	3,500,000	3,500,000	-
K J Lines(*)	4,375,000	-	-	4,375,000	4,375,000	4,375,000	-
K J A Wills	3,500,000	-	-	3,500,000	3,500,000	3,500,000	-
E J Vickery(*)	3,500,000	-	(3,272,875)	227,125	227,125	227,125	-
R W C Willson(*)	305,000	77,000		382,000	382,000	382,000	-
A Bannister	-	-		-	-	-	-
	15,180,000	77,000	(3,272,875)	11,984,125	11,984,125	11,984,125	-

c. Share Holdings

Number of shares held by key management personnel.

	Balance 1.7.2007	Received as compensation	Net change other	Balance 30.6.2008
R M Kennedy(*)	3,640,001	-	65,999	3,706,000
K J Lines(*)	4,475,001	-	-	4,475,001
K J A Wills	3,500,000	-	-	3,500,000
E J Vickery(*)	4,050,001	-	(3,693,674)	356,327
R W C Willson(*)	200,000	-	-	200,000
A Bannister	-	-	-	-
	15,865,003	-	(3,627,675)	12,237,328

(*) Held by Directors and entities in which Directors have a relevant interest.

NOTE 6. AUDITORS REMUNERATION

	Consolidated Group		Parent Entity	
	2008 $	2007 $	2008 $	2007 $
Remuneration of the auditor of the company for:				
- Auditing or reviewing the financial report	21,000	23,929	21,000	23,929
- Independent Report for Prospectus	-	10,000	-	10,000
	21,000	33,929	21,000	33,929

NOTE 7. EARNINGS PER SHARE

	2008	2007
Earnings used to calculate basic and dilutive EPS	$85,834	($717,645)
Weighted average number of ordinary shares outstanding during the year used to calculate basic EPS	125,442,346	91,185,178
Weighted average number of options outstanding during the year used to calculate dilutive EPS		-
Weighted average number of ordinary shares outstanding during the year used to calculate dilutive EPS	125,442,346	91,185,178

The weighted average number of options on issue at 30 June 2008 was 27,411,737 (2007: 24,136,714). Options have an anti dilutive effect and therefore have not been included in the calculation of earnings per share.

NOTE 8. CASH AND CASH EQUIVALENTS

	Consolidated Group		Parent Entity	
	2008 $	2007 $	2008 $	2007 $
Cash at bank and in hand	439,055	1,141,138	439,055	1,141,138
Short-term bank deposits	6,100,000	10,900,000	6,100,000	10,900,000
	6,539,055	12,041,138	6,539,055	12,041,138

The effective interest rate on short-term bank deposits was 7.9% (2007 - 6.5%) These deposits have an average maturity of 83 days.

Reconciliation of cash

Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:

	Consolidated Group 2008 $	Consolidated Group 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Cash and cash equivalents	6,539,055	12,041,138	6,539,055	12,041,138

NOTE 9. TRADE AND OTHER RECEIVABLES

	Note	Consolidated Group		Parent Entity	
		2008 $	2007 $	2008 $	2007 $
Current					
Interest receivable		98,008	302,854	98,008	302,854
Receivable from FME Exploration Services Pty Ltd	9a	250,000	117,690	250,000	117,690
Other receivable		121,255	5,196	121,255	5,196
		469,263	425,740	469,263	425,740
Non Current					
Receivable from Eromanga Uranium Resources Pty Ltd	9b	-	-	7,232,906	1,301,154
		-	-	7,232,906	1,301,154

9a The entity advanced this amount to assist in the funding of working capital. The entity provides support to the associated company to ensure it can pay its debts as and when they fall due and payable.

This receivable from the associated company is repayable at call and interest at market rates can be charged at the discretion of the Directors of Eromanga. The entity will not seek repayment where such repayments would prejudice the associated company's ability to meet any obligations as and when they fall due.

9b The parent entity advanced this amount to assist in the funding of working capital. The parent entity provides support to the subsidiary to ensure it can pay its debts as and when they fall due and payable.

This receivable from the subsidiary has no fixed date for repayment and is non interest bearing. The parent entity will not seek repayment where such repayments would prejudice the subsidary's ability to meet any obligations as and when they fall due.

NOTE 10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Interests are held in the following associated companies.

Name	Principal activities	Country of incorporation	Shares	Ownership interest		Carrying amount of investment	
				2008 %	2007 %	2008 $	2007 $
Unlisted:							
FME Exploration Services Pty Ltd	Administration Services	Australia	Ord	33.3	33.3	1	1

a. Summarised presentation of aggregate assets, liabilities and performance of associate.

	Consolidated Group		Parent Entity	
	2008 $	2007 $	2008 $	2007 $
Current assets	366,430	114,142	366,430	114,142
Non current assets	478,183	321,184	478,183	321,184
Total assets	844,613	435,326	844,613	435,326
Current liabilities	844,610	435,323	844,610	435,323
Total liabilities	844,610	435,323	844,610	435,323
Net assets	3	3	3	3
Share of associate's profit after tax	-	-	-	-

NOTE 11. JOINT VENTURES

The Consolidated group has the following interests in Joint Ventures:

No.	State	Agreement Name	Parties	Summary
1	SA & NT	Eromanga Basin Joint Venture	Eromanga Uranium Ltd (ERO) *and* Maximus Resources Ltd (MXR)	ERO can earn a 70% interest in MXR's Eromanga Basin project tenements in SA and the NT by spending $7 000 000 on the tenements within 6 years
2	SA	Billa Kalina Joint Venture	ERO *and* MXR	ERO can earn a 50% interest in the non-diamond mineral rights of MXR's Billa Kalina project tenements by spending $3 000 000 on the tenements within 6 years
3	SA	Abminga Project – Letter of Offer – EL 3186	ERO *and* Caldera Resources Pty Ltd *and* Ellendale Resources NL	ERO has earned 100% of the uranium rights in EL 3186 for a cash payment of $20 000 and a commitment to undertake an airborne EM survey over the project area within 12 months and to maintain the tenement in good standing
4	SA	Todmorden Project	ERO *and* International Metals Ltd	ERO may earn a 60% interest in the JV by spending $250 000 on EL4001 within a maximum 2 year period and a further 20% by spending an additional $250 000 within a further maximum 2 year period

NOTE 12 FINANCIAL ASSETS

	Consolidated Group		Parent Entity	
	2008 $	2007 $	2008 $	2007 $
Available for sale financial assets	-	-	9,626,536	9,626,536
Available for sale financial assets comprise				
Unlisted investments at cost				
- Shares in controlled entities	-	-	9,626,536	9,626,536
Total available for sale financial assets	-	-	9,626,536	9,626,536

Available for sale financial assets comprise investments in the ordinary issued capital of Eromanga Uranium Resources Pty Ltd. There are no fixed returns or fixed maturity date attached to this investment. The fair value of unlisted available for sale financial assets cannot be readily measured as variability in the range of reasonable fair value estimates is significant. As a result, all unlisted investments are reflected at cost.

NOTE 13. CONTROLLED ENTITIES

Controlled Entities Consolidated

	Country of Incorporation	Percentage Owned (%)	
		2008	2007
Parent Entity			
Eromanga Uranium Limited	Australia		
Subsidiaries of Eromanga Uranium Limited			
Eromanga Uranium Resources Pty Ltd	Australia	100	100

NOTE 14. PLANT AND EQUIPMENT

	Consolidated Group		Parent Entity	
	2008 $	2007 $	2008 $	2007 $
Plant and equipment at cost	470,112	376,510	470,112	376,510
Accumulated depreciation	(72,185)	(16,276)	(72,185)	(16,276)
Total plant and equipment	397,927	360,234	397,927	360,234

Movements in carrying amounts:

Movements in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year.

	Consolidated Group		Parent Entity	
	Plant and equipment	Total	Plant and equipment	Total
Balance at 1 July 2006	-	-	-	-
Additions	376,510	376,510	376,510	376,510
Disposals	-	-	-	-
Depreciation	(16,276)	(16,276)	(16,276)	(16,276)
Balance at 30 June 2007	360,234	360,234	360,234	360,234
Additions	93,602	93,602	93,602	93,602
Disposals	-	-	-	-
Depreciation	(55,909)	(55,909)	(55,909)	(55,909)
Balance at 30 June 2008	397,927	397,927	397,927	397,927

NOTE 15. CAPITALISED EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated Group		Parent Entity	
	2008 $	2007 $	2008 $	2007 $
Exploration and evaluation phases - Joint Ventures	16,859,442	10,927,690	-	-
Total exploration and evaluation expenditure	16,859,442	10,927,690	-	-
Movements in carrying amounts:				
Exploration and evaluation				
Balance at the beginning of the year	10,927,690	-	-	-
Amounts capitalised during the year	5,931,752	1,301,154	-	-
Recognised through acquisition of subsidiary	-	9,626,536	-	-
Carrying amount at the end of year	16,859,442	10,927,690	-	-

The ultimate recoupment of costs carried forward for exploration phase is dependent on the successful development and commercial exploitation or sale of the respective areas.

NOTE 16. TRADE AND OTHER PAYABLES

	Consolidated Group		Parent Entity	
	2008 $	2007 $	2008 $	2007 $
Unsecured				
Trade payables	461,267	135,584	461,267	135,584
Sundry payables and accrued expenses	15,000	52,186	15,000	52,186
Amounts payable to associated companies for management services	38,551	20,884	38,551	20,884
	514,818	208,654	514,818	208,654

NOTE 17. SHORT-TERM PROVISIONS

	Consolidated Group		Parent Entity	
	2008 $	2007 $	2008 $	2007 $
Employee entitlements	24,193	12,358	24,193	12,358
Opening balance at 1 July 2007	12,358	-	12,358	-
Additional provisions	57,510	25,419	57,510	25,419
Amounts used	(45,675)	(13,061)	(45,675)	(13,061)
Balance at 30 June 2008	24,193	12,358	24,193	12,358

NOTE 18. ISSUED CAPITAL

	Consolidated Group		Parent Entity	
	2008 $	2007 $	2008 $	2007 $
125,442,346 (2007: 125,442,346) fully paid ordinary shares	23,543,734	23,543,734	23,543,734	23,543,734

	Number	Number	Number	Number
Ordinary Shares				
At the beginning of the reporting period	125,442,346	21,972,003	125,442,346	21,972,003
Shares issued during the year				
16/10/2006		80,000		80,000
26/10/2006		44,357,143		44,357,143
31/10/2006		59,033,200		59,033,200
	125,442,346	125,442,346	125,442,346	125,442,346

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

At the date of this report there were 62,107,143 shares under escrow until 31 October 2008.

Options

For information relating to options issued as part consideration of the purchase of Eromanga Uranium Resources Pty Ltd refer to Note 22 Share Based Payments.

For information relating to the Eromanga Uranium Limited Employee option plan including details of options issued and exercised during the finacial year and the options outstanding at year end refer to Note 22 Share Based Payments.

NOTE 19. RESERVES

Share Option Reserve

The Share Option Reserve records items recognised as expenses on valuation of employee options and options issued to external parties in consideration for goods and services rendered.

NOTE 20. COMMITMENTS FOR EXPENDITURE

Exploration Licences

In order to maintain current rights of tenure to exploration tenements the group will be required to outlay in the year ending 30 June 2009 amounts of approximately $3,500,000 in respect of tenement lease rentals and to meet minimum expenditure requirements pursuant to various joint venture requirements.

NOTE 21. CASH FLOW INFORMATION

Reconciliation of cash flow from operations with loss after income tax.

	Consolidated Group		Parent Entity	
	2008	2007	2008	2007
Profit (Loss) after tax	85,834	(717,645)	85,834	(717,645)
Non-cash flows in loss				
Depreciation	55,909	16,276	55,909	16,276
Issue of options to employees	107,052	45,280	107,052	45,280
Deferred tax asset written off	-	287,601	-	287,601
Changes in operating assets and liabilities				
Decrease/(Increase) in trade and other receivables	88,787	(417,727)	88,787	(417,727)
Decrease/(Increase) in other assets	-	79,399	-	79,399
Increase/(Decrease) in trade and other payables	307,242	19,720	307,242	19,720
Increase/(Decrease) in provisions	10,757	12,358	10,757	12,358
Net cash used in operating activities	655,581	(674,738)	655,581	(674,738)

NOTE 22. SHARE-BASED PAYMENTS

The following share-based payment arrangement existed at 30 June 2008:

On 4 April 2006 17,500,000 options were issued to the Directors and promoters of the Company upon incorporation. The options are exercisable at 30 cents on or before 30 June 2011. The options hold no voting or dividend rights.

On 20 June 2006 1,250,000 options were issued to the Company Secretary and the Company's Corporate Advisors. The options are exercisable at 30 cents on or before 30 June 2011. The options hold no voting or dividend rights.

On 26 October 2006 8,035,714 options were issued as part consideration for the purchase of Eromanga Uranium Resources Pty Ltd. The options are exercisable at 30 cents on or before 30 June 2011. The options hold no voting or dividend rights.

On 10 April 2007 283,000 options were issued to employees under the Company's employee option plan. The options are exercisable at 22 cents on or before 20 March 2012. The options hold no voting or dividend rights.

On 16 November 2007 225,000 options were issued to employees under the Company's employee option plan. The options are exercisable at 22 cents on or before 19 November 2012. The options hold no voting or dividend rights.

On 5 March 2008 635,500 options were issued to employees under the Company's employee option plan. The options are exercisable at 16.5 cents on or before 5 March 2013. The options hold no voting or dividend rights.

	Consolidated Group				Parent Entity			
	2008		2007		2008		2007	
	Number of Options	Weighted average Exercise Price $	Number of Options	Weighted average Exercise Price $	Number of Options	Weighted average Exercise Price $	Number of Options	Weighted average Exercise Price $
Outstanding at the beginning of the year	27,068,714	0.299	18,750,000	0.300	27,068,714	0.299	18,750,000	0.300
Granted	860,500	0.179	8,318,714	0.297	860,500	0.179	8,318,714	0.297
Outstanding at the end of the year	27,929,214	0.295	27,068,714	0.299	27,929,214	0.295	27,068,714	0.299
Exercisable at year end	27,929,214	0.295	27,068,714	0.299	27,929,214	0.295	27,068,714	0.299

The options outstanding at 30 June 2008 had a weighted average exercise price of $0.295 and a weighted average remaining contractual life of 3 years. Exercise prices range from $0.165 to $0.30 in respect of options outstanding at 30 June 2008.

The weighted average fair value of the options granted during the year was $0.124.

This price was calculated by using a Black Scholes option pricing model applying the following inputs:

Weighted average exercise price	$0.179
Weighted average life of the option	5.0 years
Underlying share price	$0.16
Expected share price volatility	104.9%
Risk free interest rate	6.87%

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future trends, which may not eventuate. The life of the options is based on the historical exercise patterns, which may not eventuate in the future. Included under "Administrative Expense" in the income statement is $107,052 (2007: $45,280) which relates to share-based payments in accordance with the Company's Share Option Plan. An amount of $690,000 (2007: $690,000) is included in the Investment in Eromanga Uranium Resources Pty Ltd representing the value of the options given as part consideration of the acquisition of Eromanga Uranium Resources Pty Ltd.

NOTE 23. EVENTS AFTER THE BALANCE SHEET DATE

No circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group in future financial years.

NOTE 24. RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Associated companies

- Administrative services were provided by FME Exploration Services Pty Ltd to Eromanga Uranium Limited for $393,763.
- Eromanga Uranium Limited advanced FME Exploration Services Pty Ltd $132,310 to fund working capital.

Other related parties

- Payments during the period to Flinders Diamonds Limited for expenses incurred on behalf of Eromanga Uranium Limited totalled $1,748.
- Payments during the period to Maximus Resources Limited for expenses incurred on behalf of Eromanga Uranium Limited totalled $452.

NOTE 25. SEGMENT INFORMATION

The entity operates predominately in the mining industry, in Australia and as such has no material reportable segments.

NOTE 26. FINANCIAL INSTRUMENTS

a. Financial risk management

The group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, and loans to subsidiaries.

i Treasury risk management

The senior executives of the group regularly analyse interest rate exposure and evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

ii Financial risks

The main risk the group is exposed to through its financial instruments is liquidity risk.

Liquidity risk

The group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate funds are available to meet the cash demands.

b. Financial instruments

i) Interest rate risk

The consolidated group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

2008	Weighted average effective interest rate	Floating interest rate	Non-interest bearing	Total
Financial assets:				
Cash and cash equivalents	7.9%	6,539,055	-	6,539,055
Receivables	-	-	469,263	469,263
Total financial assets		6,539,055	469,263	7,008,318
Financial liabilities:				
Payables	-	-	514,818	514,818
Total financial liabilities		-	514,818	514,818
Net financial assets		6,539,055	(45,555)	6,493,500

2007	Weighted average effective interest rate	Floating interest rate	Non-interest bearing	Total
Financial assets:				
Cash and cash equivalents	6.5	12,041,138	-	12,041,138
Receivables	-	-	425,740	425,740
Total financial assets		12,041,138	425,740	12,466,878
Financial liabilities:				
Payables	-	-	208,654	208,654
Total financial liabilities		-	208,654	208,654
Net financial assets		12,041,138	217,086	12,258,224

NOTE 26. FINANCIAL INSTRUMENTS continued

(ii) Net fair values

The company's financial assets and liabilities are included in the balance sheet at amounts that approximate net fair value.

iii) Sensitivity analysis

Interest rate risk

The group has performed a sensitivity analysis relating to its exposure to interest rate risk, at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Interest rate sensitivity analysis

At 30 June 2008, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	Consolidated Group		Parent Entity	
	2008 $	2007 $	2008 $	2007 $
Change in profit				
Increase in interest rate by 2%	130,781	240,822	130,781	240,822
Decrease in interest rate by 2%	(130,781)	(240,822)	(130,781)	(240,822)
Change in equity				
Increase in interest rate by 2%	130,781	240,822	130,781	240,822
Decrease in interest rate by 2%	(130,781)	(240,822)	(130,781)	(240,822)

NOTE 27. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

The following Australian Accounting Standards have been issued or amended and are applicable to the parent and consolidated group but are not yet effective. They have not been adopted in the preparation of the financial statements at reporting date.

AASB Amendment	Standards Affected		Outline of Amendment	Application Date of Standard	Application Date for Group
AASB 2007–3 Amendments to Australian Accounting Standards	AASB 6 AASB 107 AASB 119 AASB 127 AASB 134 AASB 136	Exploration for and Evaluation of Mineral Cash Flow Statements Employee Benefits Consolidated and Separate Financial Statements Interim Financial Reporting Impairment of Assets	The disclosure requirements of AASB 114: Segment Reporting have been replaced due to the issuing of AASB 8: Operating Segments in February 2007. These amendments will involve changes to segment reporting disclosures within the financial report. However, it is anticipated there will be no direct impact on recognition and measurement criteria amounts included in the financial report	1.1.2009	1.7.2009
AASB 8 Operating Segments	AASB 114	Segment Reporting	As above	1.1.2009	1.7.2009
AASB 2007–6 Amendments to Australian Accounting Standards	AASB 101 AASB 107 AASB 116	Presentation of Financial Statements Cash Flow Statements Property, Plant and Equipment	The revised AASB 123: Borrowing Costs issued in June 2007 has removed the option to expense all borrowing costs. This amendment will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. However, there will be no direct impact to the amounts included in the financial group as they already capitalise borrowing costs related to qualifying assets.	1.1.2009	1.1.2009
AASB 2007–8 Amendments to Australian Accounting Standards	AASB 101	Presentation of Financial Statements	The revised AASB 101: Presentation of Financial Statements issued in September 2007 requires the presentation of a statement of comprehensive income.	1.1.2009	1.7.2009
AASB 101	AASB 101	Presentation of Financial Statements	As above	1.1.2009	1.7.2009

NOTE 28. COMPANY DETAILS

The principal place of business and registered office is:

Eromanga Uranium Limited

62 Beulah Road
Norwood South Australia 5067

DIRECTORS DECLARATION

The directors of the company declare that :

1 the financial statements and notes, as set out on pages 13 to 30 are in accordance with the Corporation Act 2001 and:

   a comply with Accounting Standards and the Corporations Regulations 2001; and

   b give a true and fair view of the financial position as at 30 June 2008 and of the performance for the year ended on that date of the company and consolidated group;

2 the Managing Director and Chief Finance Officer have each declared that:

   a the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;

   b the financial statements and notes for the financial year comply with the Accounting Standards; and

   c the financial statements and notes for the financial year give a true and fair view;

3 in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Robert M Kennedy
Director

Dated this 24th day of September 2008

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF EROMANGA URANIUM LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Eromanga Uranium Limited (the company) which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

GrantThornton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EROMANGA URANIUM LIMITED Cont

Auditor's Responsibility Cont

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, we complied with applicable independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

a the financial report of Eromanga Uranium Limited is in accordance with the *Corporations Act 2001*, including:

  i. giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and

  ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

b the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Grant Thornton

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF EROMANGA URANIUM LIMITED Cont

Auditor's Opinion

In our opinion the Remuneration Report of Eromanga Uranium Limited for the year ended 30 June 2008, complies with section 300A of the *Corporations Act 2001*.

GRANT THORNTON
South Australian Partnership
Chartered Accountants

S J Gray
Partner

Signed at Adelaide on this 24th day of September 2008