



EROMANGA URANIUM

EROMANGA URANIUM LIMITED

ACN 119 031 864

AND CONTROLLED ENTITY

INTERIM FINANCIAL REPORT

For the half-year ended

31 December 2007

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DIRECTORS' REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2007

Your directors submit the interim financial report of the consolidated entity for the half-year ended 31 December 2007.

Directors

The names of directors who held office during or since the end of the half-year:

- | | |
|---|---|
| • Mr Robert Michael Kennedy (Chairman) | Director & Chairman since 29 March 2006 |
| • Mr Kevin James Lines | Director since 29 March 2006 |
| • Dr Kevin John Anson Wills | Director since 29 March 2006 |
| • Mr Ewan John Vickery | Director since 29 March 2006 |
| • Mr Adam Bannister (Alternate for E J Vickery) | Alternate Director since 22 May 2006 |

Review of Operations

The Board of Eromanga Uranium Limited are extremely pleased with the positioning of the company at the end of 2007. All the significant milestones targeted by the company in its first year of operations have been achieved and the overall quality of the exploration portfolio has been significantly enhanced.

Over 22,000 line/km of airborne EM surveys have been completed with full coverage achieved on our major projects at Marree, Abminga/Abminga East, Billa Kalina and Kingoonya. These surveys have already identified new palaeodrainage systems at Marree and Abminga and have validated a critical element of the company's exploration approach. Initial orientation drilling has been completed at Marree and the first phase of drill testing of the expansive palaeodrainage system at Atlas/Baco will commence early in 2008. In-house processing of EM data is continuing in Adelaide and this significant investment by the company in regional geophysical data is proving to be of great strategic value.

The company's Northern Gawler Craton Initiative has led to the securing of granted tenure over the exciting IOCGU targets at the Welbourn Hill and Nicholson Projects, in the Marla region of far northern South Australia. Deep diamond drill testing of Welbourn Hill will commence in early February 2008 with an initial program involving two holes to 800m depth. In parallel with the Welbourn Hill drilling the company has contracted for the completion of a detailed ground gravity survey over the Nicholson anomaly in mid-February 2008.

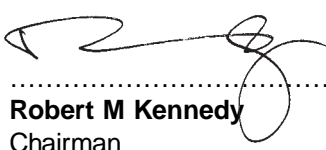
The company is well positioned to undertake an extensive exploration program throughout 2008. Eromanga Uranium continues to maintain a very strong focus on exploration within South Australia and the Northern Territory where we believe that the exploration potential is excellent and the opportunity to benefit from discovery success is greatest.

Overall the foundations laid by the company in 2007 have positioned Eromanga Uranium for a very dynamic 2008.

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, Grant Thornton, to provide the directors of Eromanga Uranium Limited with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is made on the following page.

Signed in accordance with a resolution of the directors.


.....
Robert M Kennedy
Chairman

Signed at Adelaide this 28th day of February 2008

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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 review of Flinders Diamonds Limited for the half-year ended 31 December 2007, 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 review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.

GRANT THORNTON
South Australian Partnership
Chartered Accountants



S J Gray
Partner

Signed in Adelaide on this 28th day of February 2008

**EROMANGA URANIUM LIMITED AND CONTROLLED ENTITY
ACN 119 031 864**

**CONSOLIDATED INTERIM INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

	31 December 2007	31 December 2006
	\$	\$
Interest Revenue	346,369	213,638
Marketing expenses	(10,770)	(184,616)
Administrative expense	(187,078)	(367,272)
Finance costs	(193)	(1,201)
Exploration expenses not capitalised	(95,619)	(2,946)
	<hr/>	<hr/>
Profit / (Loss) before	52,709	(342,397)
Income tax expense	-	(287,601)
	<hr/>	<hr/>
Profit / (Loss) for the period attributable to shareholders of the company	<u>52,709</u>	<u>(629,998)</u>
	<hr/>	<hr/>
Basic earnings / (loss) per share (cents)	0.04	(1.12)
Diluted earnings / (loss) per share (cents)	0.04	(1.12)

**The consolidated interim income statement is to be read in conjunction with the
notes to the consolidated interim financial report.**

**EROMANGA URANIUM LIMITED AND CONTROLLED ENTITY
ACN 119 031 864**

**CONSOLIDATED INTERIM BALANCE SHEET
AS AT 31 DECEMBER 2007**

	31 December 2007	30 June 2007
	\$	\$
CURRENT ASSETS		
Cash & cash equivalents	9,235,953	12,041,138
Trade & other receivables	280,133	425,740
TOTAL CURRENT ASSETS	<u>9,516,086</u>	<u>12,466,878</u>
NON-CURRENT ASSETS		
Property, plant & equipment	403,170	360,234
Investments accounted for using the equity method	1	1
Exploration & evaluation expenditure	13,877,896	10,927,690
TOTAL NON-CURRENT ASSETS	<u>14,281,067</u>	<u>11,287,925</u>
TOTAL ASSETS	<u>23,797,153</u>	<u>23,754,803</u>
CURRENT LIABILITIES		
Trade & other payables	165,847	208,654
Short-term provisions	11,281	12,358
TOTAL CURRENT LIABILITIES	<u>177,128</u>	<u>221,012</u>
TOTAL LIABILITIES	<u>177,128</u>	<u>221,012</u>
NET ASSETS	<u>23,620,025</u>	<u>23,533,791</u>
EQUITY		
Issued capital	23,543,734	23,543,734
Reserves	773,805	740,280
Retained earnings	(697,514)	(750,223)
TOTAL EQUITY	<u>23,620,025</u>	<u>23,533,791</u>

The consolidated interim balance sheet is to be read in conjunction with the notes to the consolidated interim financial report.

**EROMANGA URANIUM LIMITED AND CONTROLLED ENTITY
ACN 119 031 864**

**CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

	Issued Capital \$	Share Option Reserve \$	Retained Earnings \$	Total \$
Balance at 1 July 2006	581,503	-	(32,578)	548,925
Profit / (Loss) for the period	-	-	(629,998)	(629,998)
Shares issued during the period	23,638,299	-	-	23,638,299
Options issued during the period	-	690,000	-	690,000
Transaction costs (net of tax)	(676,068)	5,000	-	(671,068)
Balance at 31 December 2006	<u>23,543,734</u>	<u>695,000</u>	<u>(662,576)</u>	<u>23,576,158</u>
Balance at 1 July 2007	23,543,734	740,280	(750,223)	23,533,791
Profit / (Loss) for the period	-	-	52,709	52,709
Shares issued during the period	-	-	-	-
Options issued during the period	-	33,525	-	33,525
Transaction costs (net of tax)	-	-	-	-
Balance at 31 December 2007	<u>23,543,734</u>	<u>773,805</u>	<u>(697,514)</u>	<u>23,620,025</u>

The consolidated interim statement of changes in equity is to be read in conjunction with the notes to the consolidated interim financial report.

**EROMANGA URANIUM LIMITED AND CONTROLLED ENTITY
ACN 119 031 864**

**CONSOLIDATED INTERIM CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

	31 December 2007	31 December 2006
	\$	\$
CASH FLOW FROM OPERATING ACTIVITIES		
Interest received	496,780	102,693
Payments to suppliers and employees	(264,246)	(497,026)
	<hr/>	<hr/>
Net cash provided by (used in) operating activities	232,534	(394,333)
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(69,513)	(64,783)
Payment for exploration activities	(2,958,206)	(247,587)
Loans to related parties	(10,000)	-
	<hr/>	<hr/>
Net cash provided by (used in) investing activities	(3,037,719)	(312,370)
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	14,758,300
Capital Raising Costs	-	(916,687)
	<hr/>	<hr/>
Net cash provided by (used in) financing activities	-	13,841,613
	<hr/>	<hr/>
Net increase in cash held	(2,805,185)	13,134,910
Cash at beginning of period	12,041,138	511,100
	<hr/>	<hr/>
Cash at end of financial period	9,235,953	13,646,010
	<hr/> <hr/>	<hr/> <hr/>

**The consolidated interim cash flow statement is to be read in conjunction with the
notes to the consolidated interim financial report.**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2007

NOTE 1 - BASIS OF PREPARATION

Reporting entity

Eromanga Uranium Limited (the "Company") is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the six months ended 31 December 2007 comprises the Company and its subsidiary (together referred to as the "consolidated entity").

The annual financial report of the entity as at and for the year ended 30 June 2007 is available upon request from the Company's registered office at 62 Beulah Road, Norwood SA or at www.eromangauranium.com.

Statement of compliance

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134: Interim Financial Reporting and the Corporations Act 2001.

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the annual financial report as at and for the year ended 30 June 2007.

Significant accounting policies

The accounting policies applied by the consolidated entity in this consolidated interim financial report are the same as those applied by the consolidated entity in its consolidated in the financial report as at and for the year ended 30 June 2007.

NOTE 2 - SHARE-BASED PAYMENTS

On 11 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.

	<i>31 December 2007</i>		<i>30 June 2007</i>	
	<i>Number of Options</i>	<i>Weighted Average Exercise Price \$</i>	<i>Number of Options</i>	<i>Weighted Average Exercise Price \$</i>
Outstanding at the beginning of the period	283,000	0.220	-	0.000
Granted	225,000	0.220	283,000	0.220
Outstanding at the end of the period	<u>508,000</u>	<u>0.220</u>	<u>283,000</u>	<u>0.220</u>
Exercisable at the end of the period	<u>508,000</u>	<u>0.220</u>	<u>283,000</u>	<u>0.220</u>

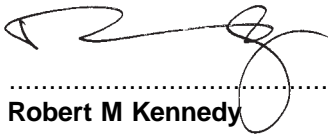
The total of all options outstanding at 31 December 2007 have a weighted average exercise price of \$0.298 and a weighted average remaining contractual life of 3.52 years

DIRECTORS' DECLARATION
FOR THE HALF YEAR ENDED 31 DECEMBER 2007

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 4 to 8:
 - (a) Comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations; and
 - (b) Give a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date.
2. 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

Signed at Adelaide this 28th day of February 2008

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF EROMANGA URANIUM LIMITED AND CONTROLLED ENTITIES

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Eromanga Uranium Limited (the Company) and the entities it controlled (the consolidated entity), which comprises the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a description of accounting policies, other selected explanatory notes and the directors' declaration. The consolidated entity comprises both the Eromanga Uranium Limited (the Company) and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the consolidated entity are responsible for the preparation and fair presentation of the half-year 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 control relevant to the preparation and fair presentation of the half-year 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.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagement ASRE 2410: *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Eromanga Uranium Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF EROMANGA URANIUM LIMITED AND CONTROLLED
ENTITIES (cont)**

Auditor's responsibility (cont)

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Eromanga Uranium Limited is not in accordance with the *Corporations Act 2001*, including:

- a Giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date.
- b Complying with Accounting Standard AASB 134: *Interim Financial Reporting* and *Corporations Regulations 2001*.

GRANT THORNTON
South Australian Partnership
Chartered Accountants



S J Gray
Partner

Signed in Adelaide on this 28th day of February 2008