

## HIGHLIGHTS

- The completion of large airborne electromagnetic surveys utilising the REPTM system at the Billa Kalina and Kingoonya Projects has finalised Eromanga Uranium's major exploration initiative of establishing full airborne electromagnetic coverage over its principal exploration projects during the first year of operation.
- The initial phase of rotary mud drilling has been completed at the Marree Project, significantly enhancing the geological interpretation and potential of the project.
- Computer processing, imaging and interpretation of the Abminga airborne electromagnetic dataset is providing an early picture of multiple palaeochannel systems, leading to the discovery of the Atlas and Baco Palaeochannel Systems.
- As at 30 September the Company held cash of \$10.3 million.
- After an active September quarter, Eromanga is well positioned to continue this momentum with the finalisation of:
  - Access negotiations and heritage surveys at Abminga, Welbourn Hill/Nicholson and Marree.
  - Gravity surveys at Nicholson and initial drill testing of the Atlas and Baco Palaeochannel systems.

## REVIEW OF OPERATIONS

### CORPORATE ACTIVITIES

#### FINANCE

As at 30th of September 2007, Eromanga had available funds of \$10.3 million of which the majority is held in term deposits with an Australian bank. During the September quarter total net exploration expenditure by the company was \$1.7 million.

### EXPLORATION ACTIVITIES

#### BILLA KALINA PROJECT

*(Eromanga Uranium Limited earning 50% under the Billa Kalina JV Agreement with Maximus Resources Ltd)*

The Billa Kalina Project is located 70km north-north-west of the Olympic Dam copper-gold-uranium mine, and 45km east of the more recent discovery and mine development at Prominent Hill, South Australia (Figure 1). Eromanga's primary target at Billa Kalina is the deep drill testing of the Billa Kalina Gravity anomaly. This drilling was undertaken with partial funding from the South Australia Government via the PACE initiative. The gravity anomaly covers an area of 7km x 2km.

Deep drillhole BKDDH01 sited on the peak of the gravity anomaly intersected 248m of Mesozoic and Permian sedimentary cover before penetrating into a sequence of alternating mafic and andestic volcanics. Deep drillhole BKDDH02, sited on the flank of the gravity anomaly some 800m to the north-west of BKDDH01 intersected 317m of Mesozoic and Permian sedimentary cover before penetrating into a sequence of alternating mafic and andestic volcanics, essentially identical to those intersected in BKDDH01. Within the basement units intersected, common quartz-hematite veining and minor pyrite was noted,

however no iron-oxide copper gold mineralisation was intersected. While these two holes drilled do not fully explain the source of the gravity anomaly, Eromanga is satisfied that the target has now been adequately tested within current acceptable economic limits.

#### FUTURE EXPLORATION

The southern sector of the Billa Kalina tenement holding remains to be fully explored for Iron Oxide Copper Gold (IOCG) mineralisation, and given its strategic location, will remain a focus for exploration in 2008.



Location of Projects

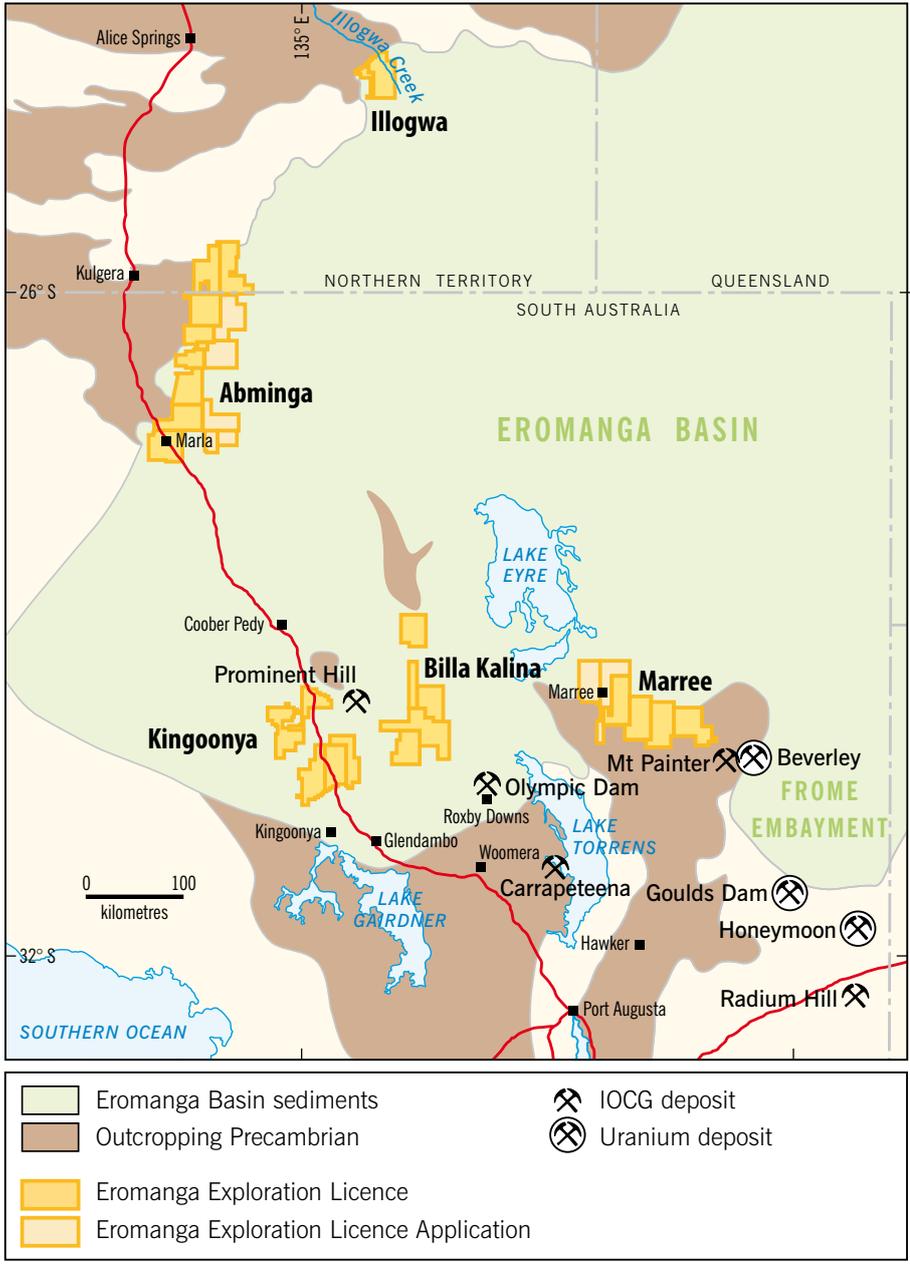


Figure 1 Location of Eromanga Exploration Licences and Licence Applications

The Billa Kalina tenement package remains highly prospective for shallow sandstone uranium mineralisation and a 4000 line km airborne electromagnetic (EM) survey has been completed over the entire project area. The company expects the delivery of the dataset to be completed shortly, allowing for a preliminary review of the survey results to be undertaken by Eromanga, in order to establish exploration priorities, before further detailed computer processing and imaging is initiated.

**MARREE PROJECT**

(Eromanga Uranium Limited earning 70% under Eromanga Basin JV with Maximus Resources Ltd. Eromanga 100% of ELAs 127/07, and 128/07)

The Marree Project is located 40km east of the township in northern South Australia and consists of four granted exploration licences and two exploration licence applications covering an area of 5,779km<sup>2</sup> (Figure 1). Eromanga’s primary exploration target at the Marree Project are sandstone-hosted uranium deposits similar to those at the Beverley Mine and Beverley 4 Mile discovery.

During the quarter the company successfully completed a tenement wide rotary mud drilling program of 41 holes over 5423 metres. This program was designed to improve the understanding of the results of the airborne EM survey to allow better targeting of prospective palaeochannels in ongoing drilling programs. Downhole logging using the company owned and operated logging vehicle was successfully conducted and showed elevated, although not economic levels of gamma response, within targeted sandstone horizons intersected in the drilling.

**FUTURE EXPLORATION**

The results of this tenement wide reconnaissance drilling has allowed the company to now focus its future programs on areas highlighted to contain greater thicknesses of the targeted sandstone horizons, potentially within channel systems, both above and below the Mesozoic Bulldog Shale.

Eromanga has submitted a Work Area Clearance Request to the Native Title Holders to facilitate a Heritage Survey. This Heritage Survey is planned for the week commencing the 26th of November, and based upon the results of this survey, the company is hopeful of being able to commence drilling either soon after, or early in 2008, subject to securing the services of a suitable drilling contractor.

**ABMINGA PROJECT**

(Eromanga Uranium Limited earning 70% from Maximus Resources Limited in ELs 3575, 3599, 3600, 3602, 25163, and 25166. Eromanga 100% of ELAs 297/07, 220/07, 387/07, and 439/07. Eromanga earning 100% of uranium rights from Caldera Resources on EL 3186.)

During the quarter, Eromanga continued to conduct background work and modelling of gravity data as part of the Northern Gawler Craton ICG Initiative.

The Welbourn Hill target, ELA439/07, includes semi-coincident magnetic and gravity anomalies (Figure 4). This area was first investigated by Comalco Limited in 1984 and Newcrest Mining Limited in 1990-91. A detailed gravity survey identified a significant 9 milligal residual anomaly centred two kilometres south of

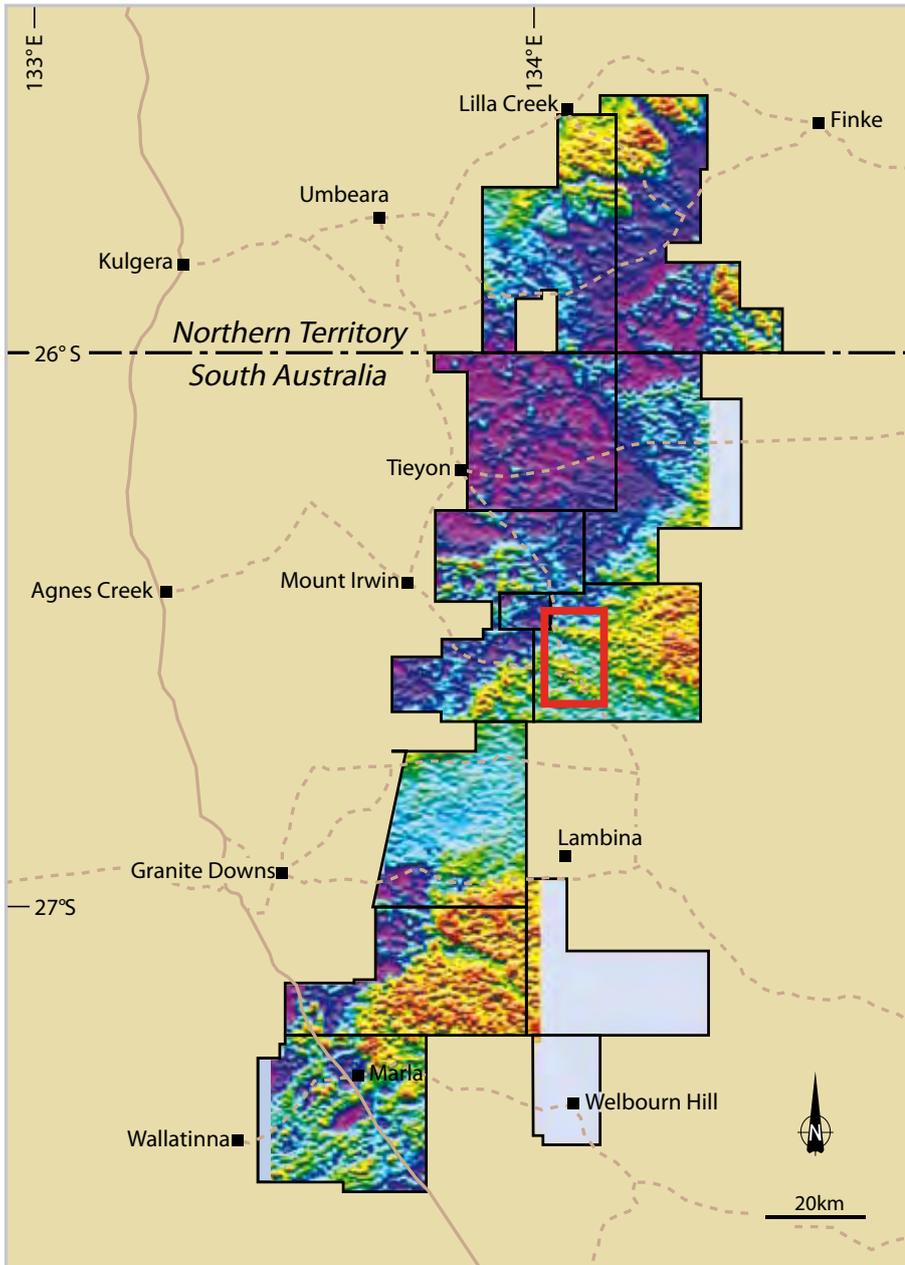


Figure 2 Abminga airborne electromagnetic image showing area of preliminary interpretation.

the magnetic anomaly peak. Geophysical modelling, confirmed by Eromanga, indicated that the source of the gravity anomaly lay at depths of approximately 550m-600m. Newcrest Mining Limited drilled three holes to a maximum depth of 507m but failed to reach the target, when the hole collapsed near the top. Eromanga has inspected the drillcore from this hole and is extremely encouraged by the presence of significant steely hematite (iron-oxide) within the last 7 metres of the hole.

The Nicholson target, ELA387/07, approximately 30km north-east of Welbourn Hill, is defined by the coincidence of a 10 milligal bouguer gravity anomaly and a complex lenticular magnetic signature, similar to that of a volcanic centre (Figure 4). The gravity anomaly is based on wide spaced regional data, at approximately 7km centres and Eromanga intends to complete a more detailed gravity survey over the Nicholson target immediately after grant of the tenement. The available geophysical data suggests that the cratonic basement at

Nicholson may be at shallower depths than at Welbourn Hill and confirmation of this interpretation will be a priority task for the company.

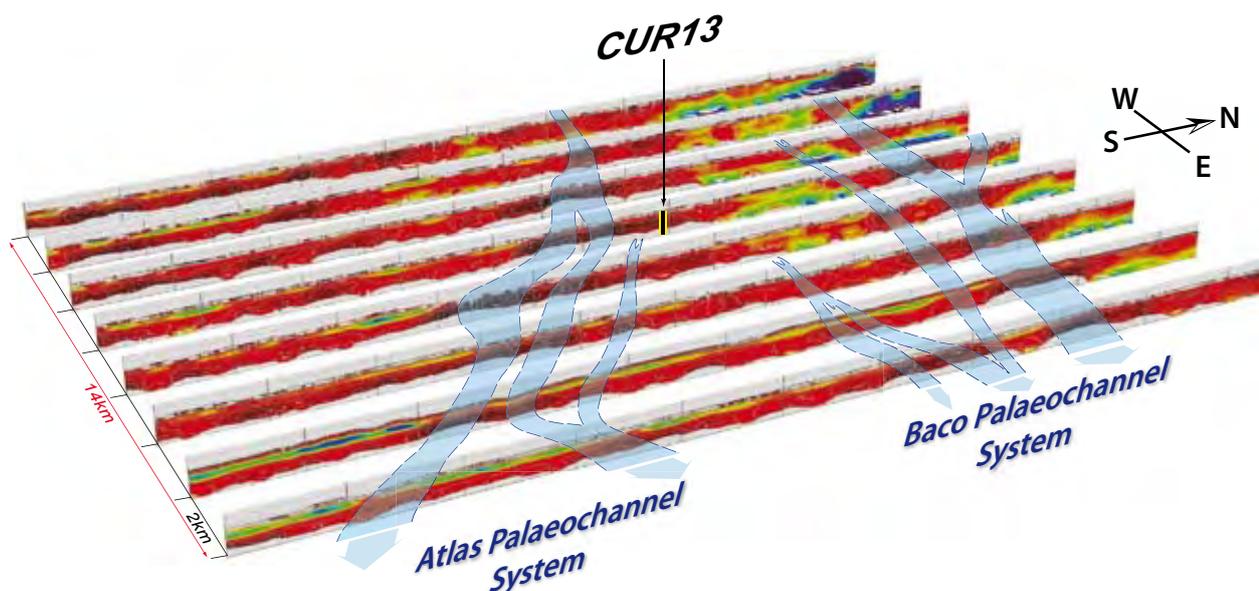
Both the Welbourn Hill and Nicholson targets lie within the continental scale G2 Corridor (as does Olympic Dam) and are interpreted to lie at the northern limits of the Gawler Craton. At a more local scale, both targets lie along a major north east trending magnetic basement feature.

Preliminary interpretation of a portion of the Abminga Project EM dataset has resulted in the discovery of two major palaeodrainages named Atlas and Baco, which contain in excess of 34km of channel (Figures 2 and 3). These palaeodrainages are draining potentially uranium bearing source rocks, including the Kulgera Suite Granites, and the Birksdale Complex gneisses of the Musgrave Block, which both outcrop to the west and underlie the channels.

Previous drilling in the area by Afmeco in 1980, returned in hole CUR 13, a thick intersection of Algebuckina Sandstone from 146m to the end of the hole at 215.5m. Two significant Uranium assays were returned from this hole, one metre at 190ppm Uranium from 190m and one metre at 80ppm Uranium from 182m.



Logistics discussion with pastoralist.



**Figure 3** Abminga stacked conductivity depth image (CDI) profiles within area of preliminary interpretation identifying palaeochannel systems and drillhole CUR13.

The location of this drillhole is now interpreted to be off the axis of the interpreted Atlas channel. This is highly encouraging, as the company expects that development of the hosting sandstone horizons will be substantially thickened within the Atlas channel.

#### FUTURE EXPLORATION

The Abminga Project is rapidly evolving to become one of Eromanga's most exciting exploration areas.

For the Northern Gawler Craton IOCG Initiative the company is preparing to conduct a ground based regional gravity survey at Nicholson to determine drill sites, while at Welbourn Hill planning has been completed of two diamond holes to test the significant gravity feature, which is expected to be intersected at a depth of 550m-600m.

The company has submitted a Work Area Clearance Request to the Native Title Holders to facilitate a Heritage Survey to allow a drill program to proceed. The company is hopeful that drilling of this exciting feature can commence in early 2008, once a suitable drill rig, and all necessary permits have been secured.

For the Abminga sediment hosted uranium deposits targets at Atlas and Baco the company is now preparing the required permits, and provided a Heritage survey is completed, are hopeful of commencing drilling in early December, provided a suitable rig can be secured.

#### KINGOONYA PROJECT

*(Eromanga earning 70% under the Eromanga Basin JV Agreement with Maximus Resources Ltd)*

The Kingoonya Project is located approximately between the townships of Glendambo and Coober Pedy, South Australia and consists of five (5) granted exploration licences covering approximately 4060 km<sup>2</sup>. The company's main exploration targets at Kingoonya are sandstone-hosted (roll front) uranium and unconformity related uranium deposits.

A 4000 line km airborne EM survey has been completed over the entire project area. The company expects the delivery of the dataset to be completed shortly, allowing for a preliminary review of the survey results will then be undertaken by Eromanga, to establish exploration priorities, before further detailed computer processing and imaging is initiated.

#### ILLOGWA CREEK PROJECT

*(Eromanga Uranium Limited earning 70% under the Eromanga Basin JV Agreement with Maximus Resources Limited)*

The Illogwa Project is located approximately 200km east of Alice Springs NT and consists of one granted exploration licence (EL25162) and one application (EL25161) covering a total of 1333 sq km.

EL25161 is located on aboriginal freehold land and, as such, Eromanga's exploration licence application can only be granted after approval by the appropriate traditional owners. The company, in conjunction with representatives of the Central Land Council (CLC), met with traditional owners in May 2007. Following consideration of the company's presentation at this meeting the traditional owners have rejected Eromanga's application. Subsequent consultation with the CLC has indicated that the rejection of the company's application was based on concerns over uranium exploration and mining and was not specifically related to Eromanga.

Eromanga is currently evaluating its options at the Illogwa Project. The area covered by EL25161 is now vetoed for a period of five years and places severe limitations on the viability of exploration on the remaining, and much smaller, granted tenement EL25162. The Company does not believe that the loss of access to EL25161 will significantly impact on its overall exploration programs as recent applications for additional prospective tenure in South Australia largely offsets the loss.



**Mr Kevin Lines**  
MANAGING DIRECTOR

26 October 2007

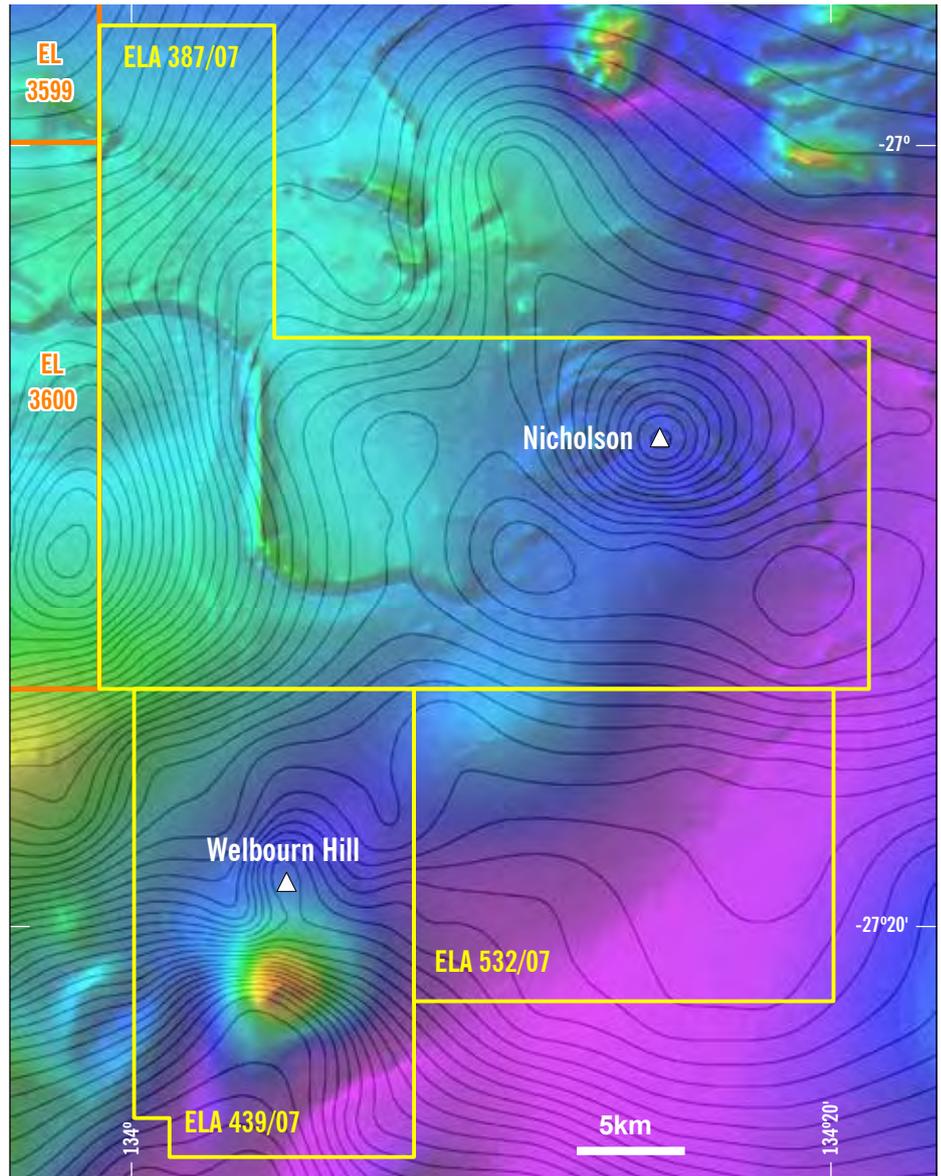


Figure 4 Abmanga targets showing gravity contours and magnetics.

For further information please contact Eromanga Uranium on 08 8132 7970 or Investor Relations - Mr Duncan Gordon on 0404 006 444

Further information relating to Eromanga Uranium Limited and its various exploration projects can be found on the Eromanga website:

**[www.eromanguanium.com](http://www.eromanguanium.com)**

*The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Kevin Lines who is a Member of the Australasian Institute of Mining and Metallurgy, and who has sufficient experience relevant to the style of mineralisation, the type of deposit under consideration, and the activity he is undertaking, to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration results, Mineral Resources and Ore Reserves (the JORC Code). This report is issued in the form and context in which it appears with the written consent of the Competent Person, who is Managing Director of the Company.*

# Appendix 5B

## Mining exploration entity quarterly report

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

Name of entity

Eromanga Uranium Limited

ABN

40 119 031 864

Quarter ended ("current quarter")

30 September 2007

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(1,681)	(1,681)
1.3 Dividends received	(216)	(216)
1.4 Interest and other items of a similar nature received	223	223
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
<b>Net Operating Cash Flows</b>	<b>(1,674)</b>	<b>(1,674)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	(30)	(30)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10 Loans to other entities	(10)	(10)
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
<b>Net investing cash flows</b>	<b>(40)</b>	<b>(40)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(1,714)</b>	<b>(1,714)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(1,714)	(1,714)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(1,714)	(1,714)
1.20	Cash at beginning of quarter/year to date	12,041	12,041
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	<b>10,327</b>	<b>10,327</b>

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	109
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

+ See chapter 19 for defined terms.

### Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	900
4.2 Development	
<b>Total</b>	<b>900</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	27	28
5.2 Deposits at call	10,300	12,013
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>	<b>10,327</b>	<b>12,041</b>

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1		Interests in mining tenements relinquished, reduced or lapsed		
6.2		Interests in mining tenements acquired or increased		

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	125,442,346	63,335,203		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	26,785,714 283,000		<i>Exercise price</i> \$0.30 \$0.22	<i>Expiry date</i> 30/6/2011 20/3/2012
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				

+ See chapter 19 for defined terms.

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



(Director/Company secretary)

Date: 26 October 2007

Print name: Richard W C Willson

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

== == == == ==