

HIGHLIGHTS

- *New Exploration Licences granted at Welbourn Hill and Nicholson (ERO 100%), on the northern Gawler Craton, targeting iron oxide-copper-gold-uranium mineralisation.*
- *Drill testing of Welbourn Hill to commence in early February 2008 with two 800m deep diamond holes. Gravity survey at Nicholson contracted for mid-February 2008.*
- *Over 250km of new palaeodrainages identified at the Abminga East/Abminga projects considered highly prospective for sandstone-hosted uranium.*
- *Drilling of the Atlas/Baco palaeodrainage systems at Abminga East to start in the second week of February 2008 with 25-30 holes planned.*
- *Excellent project portfolio with programs ongoing at Marree, Billa Kalina and Kingoonya likely to generate multiple new exploration targets.*
- *As at 31st December 2007 the company held cash of \$9.24 million.*
- *Following a very active December Quarter the company is now positioned to embark on a dynamic 2008 with major drilling programs contracted at Welbourn Hill (IOCGU) and Abminga East (Uranium).*



Figure 1 Location of Projects

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REVIEW OF OPERATIONS

CORPORATE ACTIVITIES

FINANCE

As at 31st December 2007, Eromanga had available funds of \$9.24 million of which the majority is held in term deposits with an Australian bank. During the December quarter total net expenditure by the company was \$1.051 million.

EXPLORATION ACTIVITIES

IRON OXIDE-COPPER-GOLD-URANIUM

WELBOURN HILL PROJECT

(Eromanga 100% in EL 4020)

The Welbourn Hill Project is located approximately 40 km east of the township of Marla in far northern South Australia (Figure 1) and forms part of the company's Northern Gawler Craton IOCGU Initiative. This exciting target is defined by coincident high order gravity and magnetic anomalies at the northern limits of the Gawler Craton and is considered to be prospective for iron oxide-copper-gold-uranium mineralisation similar to that at the Olympic Dam, Prominent Hill and Carrapateena deposits to the south-east. During the quarter the company has completed detailed geophysical modelling over a number of areas on the northern Gawler Craton considered to have IOCGU potential. On the basis of this modelling the company has applied for, and has now been granted, exploration licences EL 4020 and EL 4019 covering the Welbourn Hill and Nicholson anomalies respectively. After further review the company has also made application for an additional tenement, ELA 2007/532, to consolidate our landholdings in the area.

The Welbourn Hill exploration model indicates that the geophysical anomalies are best explained by the presence of a significant body of elevated specific gravity (density) at a depth of approximately 650m below surface (Figure 2). The specific gravities used by Eromanga in its modelling fall within the range of densities observed in known IOCGU deposits. Overlying the target at Welbourn Hill is a sequence of younger sediments consisting initially of 200-250m of Mesozoic sands and shales followed by

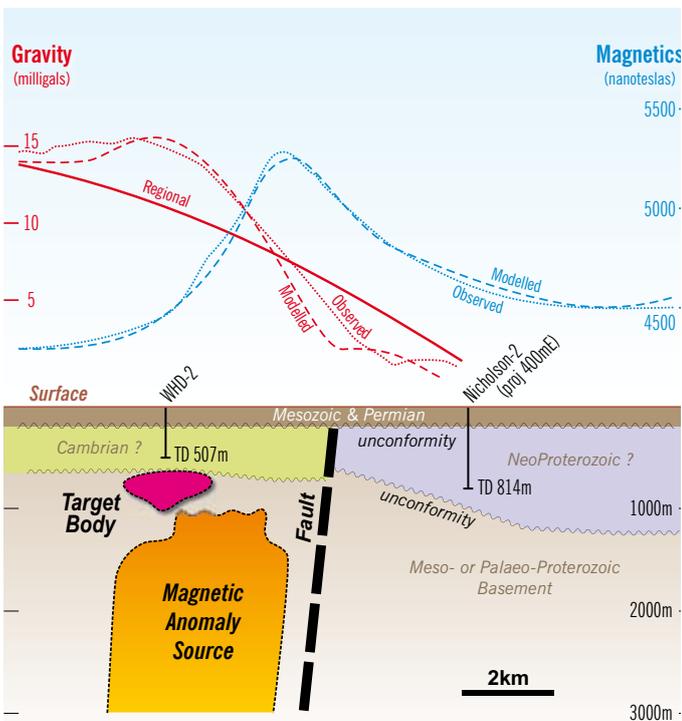


Figure 2 Schematic section of the Welbourn Hill geophysical model.

300m of sedimentary breccias, increasingly iron rich towards the bottom of the hole, of unknown age. Previous exploration by Newcrest, drill hole WHD2 (Figure 2), failed at a depth of 507m having intersected, in the last seven(7) metres, a sandstone unit containing abundant steely/specular hematite veining.

Eromanga is confident that it can overcome previous drilling problems by the use of rotary-mud drilling in the upper 250m of the drill holes, where the sediments are not fully consolidated.

FUTURE EXPLORATION

Aboriginal Heritage surveys have been completed over the area and Eromanga has drilling contracts in place for the drilling of two deep diamond holes to commence on, or about, the 1st February 2008. Both holes will be pre-collared to depths of approximately 250m, using rotary-mud techniques, with diamond drilling to complete the holes to a final depth of approximately 800 metres.

NICHOLSON PROJECT

(Eromanga 100% in EL 4019)

The Nicholson Project is located approximately 35km north-east of Welbourn Hill and 60km from the township of Marla in far northern South Australia (Figure 3). The project is defined by a significant regional gravity anomaly centred over a large elliptical magnetic feature that is currently interpreted as a volcanic complex within older basement rocks (Figure 4). The character of the magnetic data suggests that the basement rocks may be at

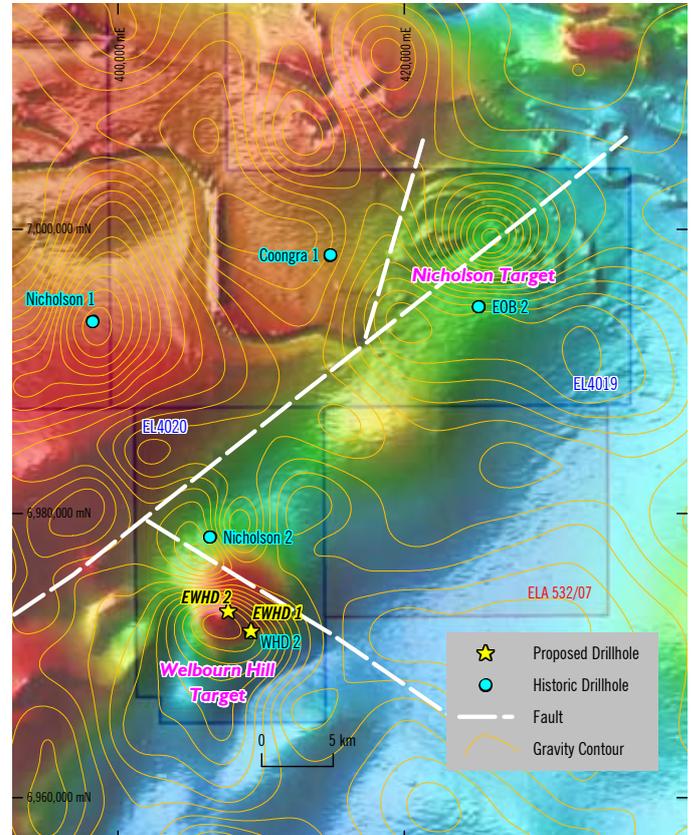


Figure 3 Gravity contours over the magnetic image at Welbourn Hill and Nicholson

shallower depths than at Welbourn Hill however the area has not been subject to any previous exploration. Access to the project area is good, the relationship with local pastoralists is excellent and Aboriginal Heritage clearance has been received which all combines to facilitate rapid and cost effective exploration.

FUTURE EXPLORATION

The first phase of exploration at the Nicholson Project will involve the completion of a ground gravity survey covering the entire area of interest (Figure 4). This gravity survey is contracted to

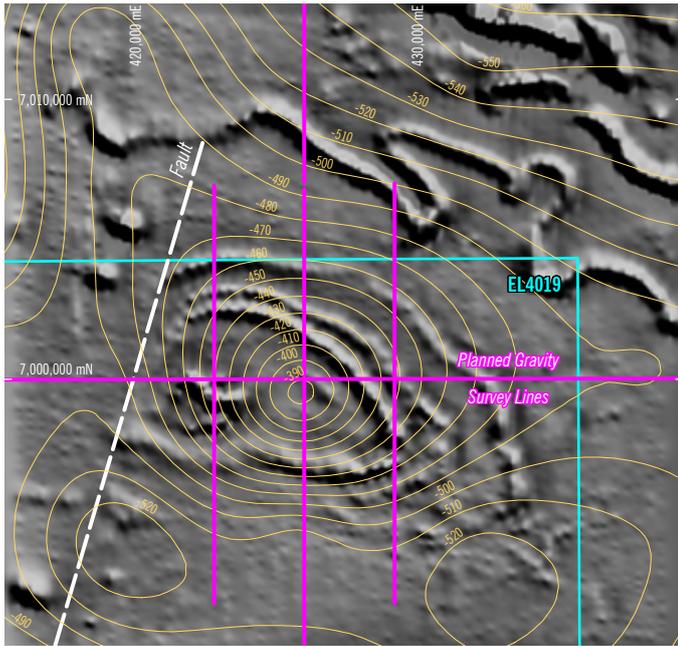


Figure 4 Gravity contours over the magnetic image at Nicholson.

commence during the second week of February 2008 and has been designed to both confirm the regional gravity signature and provide sufficient detail to allow initial drill testing. Dependant on survey results the company is hoping to complete initial drill testing in early-mid March 2008, following the drilling program at Welbourn Hill.

SANDSTONE-HOSTED URANIUM EXPLORATION

ABMINGA EAST PROJECT

(Eromanga 100% in ELs 3982, 3964 and ELA 594/07)

The Abminga East Project (1867km²) is located approximately 100km north/north-east of the township of Marla in far northern South Australia (Figure 1) and is contiguous with, and immediately east of, the larger Abminga Project (7000km²) where Eromanga is earning 70% equity from Maximus Resources Ltd. The entire area is considered to be highly prospective for sandstone-hosted (roll-front) style uranium mineralisation similar to that currently being mined at the Beverly deposit in the Frome Embayment SA. Airborne EM coverage over the entire Abminga East project area was completed in 2007 and immediately identified the Atlas/Baco drainage systems as a priority target. Ongoing data processing, analysis and interpretation of the EM data has now identified 14 new palaeodrainages in the immediate environs of the Atlas/Baco systems (Figure 5). This palaeodrainage network totals in excess of 250km of interpreted drainage available for testing.

FUTURE EXPLORATION

Aboriginal Heritage surveys have been completed and drilling contracts are in place that will allow the completion of a first phase of rotary-mud drill testing of the Atlas/Baco palaeodrainages. Drilling will commence in the second week of February 2008 and will involve the drilling of 25-30 holes across the Atlas/Baco

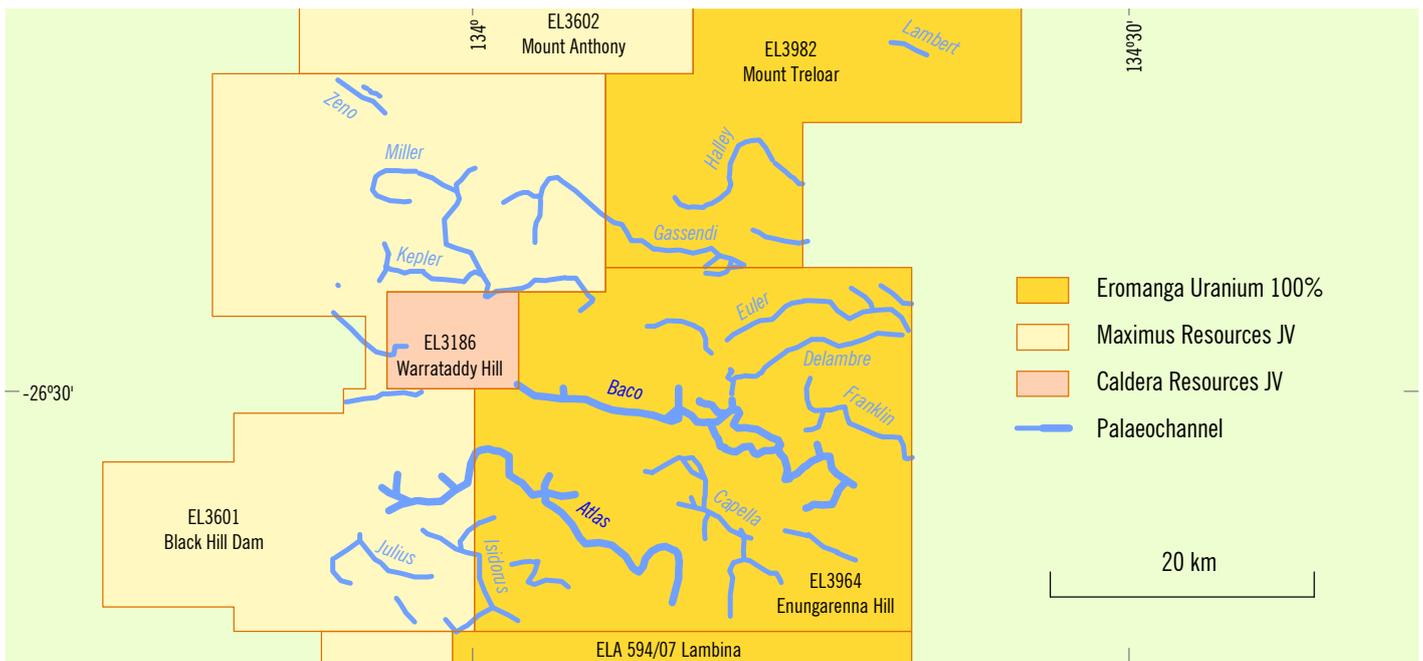


Figure 5 New palaeodrainages identified, outside of the current targets in the Atlas/Baco systems

systems. This program has been designed to confirm and enhance the understanding of the drainage geometries interpreted from the geophysical data sets as well as directly testing for the presence of uranium mineralisation.

ABMINGA PROJECT

(Eromanga earning 70% under the Eromanga Basin JV Agreement with Maximus Resources Ltd in ELs 3575,3599,3600,3601,3602,25163 and 25166. Eromanga earning 100% of the uranium rights from Caldera Resources on EL 3186).

The Abminga Project covers approximately 7000km² of continuous tenements extending from south of Marla SA across the SA/NT border (Figure 6) and is considered to be highly prospective for the discovery of sandstone-hosted uranium mineralisation. (Note: geologically the Abminga and Abminga East project areas are of similar geological potential and are only separated to clarify the ownership position of Eromanga Uranium Ltd). A number of the new palaeodrainages identified by the recently completed airborne EM survey (Figure 5) are located either totally or partially within the Abminga Project and will receive initial testing as part of the upcoming rotary-mud drilling program discussed above.

Considerable potential exists for the discovery of additional new palaeodrainage systems both to the north and south of the area detailed in Figure 5 and computer processing of the extensive airborne EM data sets is ongoing at the company's Adelaide office.

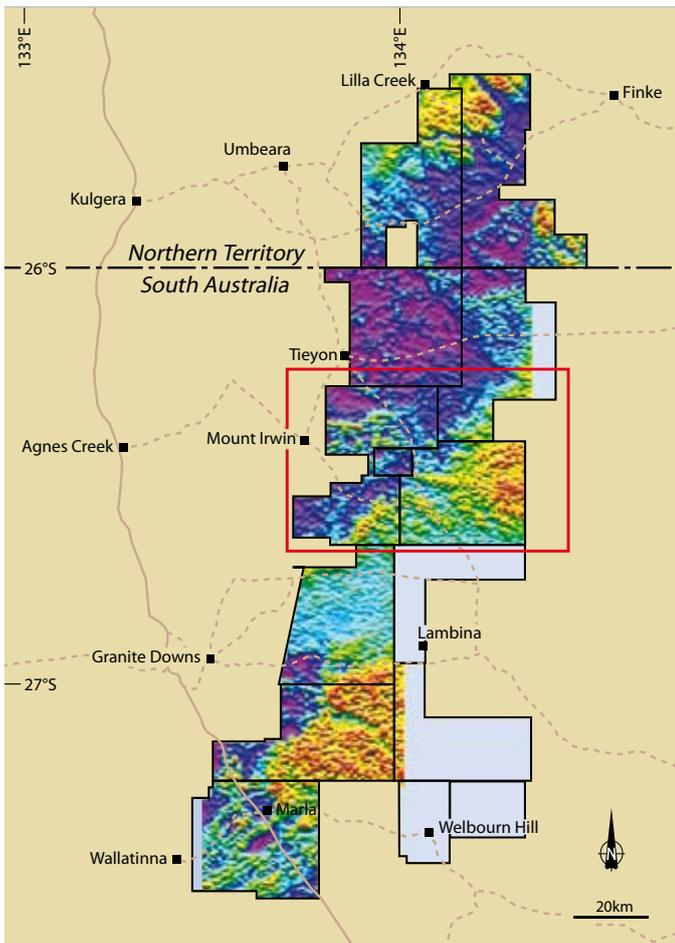


Figure 6 Location of the Abminga Project with airborne EM image.

FUTURE EXPLORATION

It is envisaged that exploration for sandstone-hosted uranium deposits will continue, on a campaign basis, throughout 2008. This exploration will be predominantly drill based with priorities determined by the results received and the subsequent assessment of overall discovery potential.

MARREE PROJECT

(Eromanga earning 70% under the Eromanga Basin JV Agreement with Maximus Resources Limited in ELs 3574, 3577, 3578 and 3579. Eromanga 100% of ELs 3962 and 3963)

The Marree Project is located 40km east of the township of Marree in northern South Australia (Figure 1) and consists of six granted exploration licences covering 5779 km². Eromanga's primary exploration target at the Marree Project is sandstone-hosted uranium deposits similar to those at the Beverley and Four Mile discoveries. Exploration during the quarter has been limited to analysis of the results of initial drilling completed earlier in 2007, the design of second phase drill testing and the completion of further Aboriginal Heritage surveys.

Comparison of the results of the Marree airborne EM survey (the first REPTM survey ever undertaken) with those from later surveys at Abminga, Kingoonya and Billa Kalina has indicated that an improved understanding of the geology at Marree would be obtained from the re-processing of the Marree data. This task will be completed in early 2008 and the results integrated into the company's exploration programs.

FUTURE EXPLORATION

Aboriginal Heritage surveys have been successfully completed and the second rotary-mud drilling program at Marree has been program for completion towards the end of the first quarter of 2008. This drilling program will focus on areas where thicker sequences of the target Algebuckina Sandstone have developed as well as testing shallower units of the Coorikiana Sandstone.

KINGOONYA PROJECT

(Eromanga Uranium earning 70% under the terms of the Eromanga Basin JV from Maximus Resources in ELs 3573, 3576, 3590, 3591 and 3613)

The Kingoonya Project is located approximately midway between the townships of Glendambo and Coober Pedy, South Australia and consists of five granted exploration licences covering 4060km². The company's main exploration targets at Kingoonya are sandstone-hosted uranium and unconformity-related uranium deposits.

The last of four major airborne EM survey undertaken by Eromanga Uranium was completed over the entire Kingoonya tenement area in the second half of 2007. This data set is currently undergoing detailed computer processing and imaging in Adelaide. Preliminary results are encouraging and further work is being undertaken that will allow the identification of discrete targets for testing in the second half of 2008.

BILLA KALINA

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

The Billa Kalina Project is located 70km north-north-west of the Olympic Dam copper-gold-uranium (IOCGU) mine, and 45km east of the more recent discovery and mine development at Prominent Hill, South Australia (Figure 1). Eromanga is exploring for IOCGU deposits in the deeper basements rocks and for sandstone-hosted uranium mineralisation in the shallower sedimentary cover sequences.

Eromanga completed an airborne EM survey over the entire Billa Kalina project area in the second half of 2007 and this data is currently being processed in Adelaide. This EM data will be used in conjunction with new detailed gravity data (collected by PIRSA) and magnetics to review the potential of the Billa Kalina tenements to host IOCGU mineralisation. Drilling of the Billa Kalina Gravity anomaly in 2007 highlighted the relatively shallow depths of sedimentary cover in this region and the strategic positioning of the Billa Kalina Project between Olympic Dam and Prominent Hill suggests that the exploration potential remains substantial.

The EM data sets will also be used to identify the development of palaeodrainages in both the Mesozoic and Permian cover sequences capable of hosting secondary uranium mineralisation.



EM hoist used to fly the airborne EM survey over the Billa Kalina Project area.

SUMMARY

Eromanga is delighted with the positioning of the company entering 2008. The extensive foundations laid over the last year have resulted in two exciting targets, at Welbourn Hill and Abminga East, being ready for immediate drill testing. Eromanga Uranium has 100% ownership of both these projects and is highly leveraged to exploration success. The extensive data sets generated from the 22,000 line/km of airborne EM surveys completed in 2007 means that the company has an excellent pipeline of new projects and the capability to continue to generate new opportunities in-house. The company is well funded to actively explore it's tenement portfolio and has the people, systems and equipment that are pre-requisite to success.

A handwritten signature in blue ink, appearing to read 'K Lines'.

Mr Kevin Lines
MANAGING DIRECTOR

29 January 2008

For further information please contact Kevin Lines on 08 8132 7970 or 0419 801010

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

www.eromangauranium.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")

31 December 2007

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 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	(946)	(2,627)
1.3 Dividends received	(379)	(595)
1.4 Interest and other items of a similar nature received	274	497
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net Operating Cash Flows	(1,051)	(2,725)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	(30)	(70)
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)		
Net investing cash flows	(40)	(80)
1.13 Total operating and investing cash flows (carried forward)	(1,091)	(2,805)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,091)	(2,805)
	Cash flows related to financing activities		
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)		
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(1,091)	(2,805)
1.20	Cash at beginning of quarter/year to date	10,327	12,041
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	9,236	9,236

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	120
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	1,000
4.2 Development	
Total	1,000

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	136	27
5.2 Deposits at call	9,100	10,300
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	9,236	10,327

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	EL3962	Granted	Nil	100%
	EL3963	Granted	Nil	100%
	EL3964	Granted	Nil	100%
	EL3982	Granted	Nil	100%

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

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

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	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 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	26,785,714 283,000 225,000		<i>Exercise price</i> \$0.30 \$0.22 \$0.22	<i>Expiry date</i> 30/6/2011 20/3/2012 19/11/2012
7.8 Issued during quarter	225,000		\$0.22	19/11/2012
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <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: 21 January 2008

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.

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