

## HIGHLIGHTS

- *Realignment of the Company's exploration portfolio to provide a greater emphasis on gold is well advanced.*
- *Technical reviews and negotiations for the acquisition of two promising gold projects nearing completion.*
- *Initiatives to minimise overheads and maximise in-ground exploration expenditure are ongoing.*
- *As at 31 December 2008 the company held cash of \$4.2 million.*
- *Well financed to maintain active exploration for gold and uranium throughout 2009.*



Figure 1 Location of projects.

## REVIEW OF OPERATIONS

### CORPORATE ACTIVITIES

#### REALIGNMENT OF EXPLORATION PORTFOLIO

As previously announced the Company believes that, at a time of unprecedented global economic conditions, it is prudent to undertake a realignment of its portfolio of exploration properties. The Company believes that the best interests of shareholders will be served by increasing our exposure to gold exploration whilst maintaining an important but reduced presence within the uranium exploration sector. The Company is very well placed to make this transition in having exploration staff with over 60 years of direct gold exploration experience both in Australia and globally.

Similarly the Company believes that exploration success will be best served by maximising its in-ground exploration expenditure and minimising overhead/administration costs. To this end we have an ongoing program in place targeted at reducing our overhead costs to less than 15% of our total expenditures.

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## GOLD EXPLORATION

During the quarter the Company's major focus has been directed at a comprehensive review of potential gold exploration properties across Australia. We believe that excellent potential exists for the discovery of economic gold deposits, particularly given the continuing strength of the Australian dollar gold price, currently well in excess of AUD\$1,200/ounce.

The primary focus of the review has been directed at Central and Eastern Australia with a particular emphasis on South Australia and the Northern Territory where we believe that prospectivity remains high and where the Company maintains the best competitive advantage. Strong emphasis has also been given to those properties that are either at an advanced stage of exploration or have the potential to move rapidly to the drill-definition stage.

The gold review has highlighted two exciting properties that conform to the Company's requirements and detailed reviews and negotiations on joint venture terms are currently ongoing. The Company is hopeful that it will be in a position to announce details on these transactions within the latter half of the first quarter of calendar 2009.

## URANIUM EXPLORATION

The Company remains committed to the uranium sector and believes that the medium to longer term fundamentals for nuclear energy remain very sound. Whilst the current global economic crisis may dampen shorter term demand the twin drivers of the need for increasing supplies of low cost energy and the need to address the issues of climate change support the case for uranium exploration. However given the current economic conditions it is the Company's intention to reduce the level of exploration expenditure directed at green-fields uranium projects.

Excellent exploration potential remains across our uranium exploration portfolio, particularly at Abminga and Marree in South Australia and the new Suplejack project in the Tanami region of the Northern Territory. It is the Company's intention to continue exploration at these projects during 2009 but we believe it is prudent to consolidate the Company's gold exploration portfolio before determining exploration expenditure levels across our uranium assets.

## FINANCE

As at 31 December 2008, Eromanga had available funds of \$4.2 million of which the majority is held in term deposits with an Australian bank. During the December quarter total net exploration expenditure by the company was \$1.14 million. Exploration expenditure during the December quarter included payment for significant drill programs completed in late September 2008. The Company envisages that active exploration programs can be maintained throughout 2009 with quarterly expenditures of approximately \$0.5 million.

## EXPLORATION ACTIVITIES

As a result of the commitment by the Company to realign its exploration portfolio (as discussed above), combined with the normal break in the field season over the Christmas period, there was no drill-based exploration undertaken during the December quarter 2008. We have taken this opportunity to focus on meeting our statutory commitments to rehabilitate areas disturbed during 2008 and to recover plant and machinery from site.

Similarly, the Company has reviewed its tenement portfolio to ensure that holding costs are minimised by retaining only those tenements considered to be fundamental to our future exploration programs.

It is currently envisaged that on-ground exploration will recommence towards the end of February 2009.



**Mr Kevin Lines**  
MANAGING DIRECTOR

30 January 2009

For further information please contact Kevin Lines on  
08 8132 7970 or 0419 801 010

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

**[www.eromangauranium.com](http://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 2008

### 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	(925)	(1,910)
(b) development		
(c) production		
(d) administration	(315)	(653)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	99	237
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>(1,141)</b>	<b>(2,326)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets		(12)
1.9 Proceeds from sale of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets	4	4
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
<b>Net investing cash flows</b>	<b>4</b>	<b>(8)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(1,137)</b>	<b>(2,334)</b>

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (brought forward)	(1,137)	(2,334)
	<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>	(1,137)	(2,334)
1.20	Cash at beginning of quarter/year to date	5,342	6,539
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	<b>4,205</b>	<b>4,205</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	129
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	500
4.2 Development	
<b>Total</b>	<b>500</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	1,405	842
5.2 Deposits at call	2,800	4,500
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter</b> (item 1.22)	<b>4,205</b>	<b>5,342</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	EL3962-3963	Expired (SA)	100%	0%
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	125,442,346		
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>	26,785,714 283,000 225,000 635,500		<i>Exercise price</i> \$0.30 \$0.22 \$0.22 \$0.165	<i>Expiry date</i> 30/06/2011 20/03/2012 19/11/2012 05/03/2013
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:

(Company Secretary)

Date: 30 January 2009

Print Name: David W Godfrey

## 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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