

**HIGHLIGHTS**

- *The Eromanga Uranium IPO was completed successfully with the company listing on the ASX on the 31st October 2006*
- *The IPO raised \$14.75 million and at the end of the quarter the company held cash of \$13.646 million*
- *A major airborne electromagnetic survey was successfully completed over the entire Marree Project in South Australia. Results are anticipated in early February 2007. Data quality from this new system has been very pleasing.*
- *The company has established itself in new offices in Norwood SA and has made excellent progress with the recruitment of key personnel and acquisition of essential items of exploration equipment.*
- *Aboriginal heritage site clearances have been received for the revised exploration program at Billa Kalina and will allow drilling to commence as soon as a suitable drill rig is available.*

*Location of Projects*

Eromanga Uranium Limited
ACN 119 031 864

62 Beulah Road Norwood
South Australia 5067

PO Box 3126 Norwood
South Australia 5067

Phone 61 8 8132 7970

Fax 61 8 8132 7999

Email info@eromangauranium.com

web www.eromangauranium.com

REVIEW OF OPERATIONS**CORPORATE ACTIVITIES**

This is the first quarterly report of Eromanga Uranium Limited and follows a very successful capital raising. The Directors of the company were very pleased with the broad support for the Eromanga IPO not only from the shareholders of Maximus Resources Ltd and Flinders Diamonds Ltd but across the wider investment community. At listing on the ASX, on the 31st October 2006, the company had 2466 shareholders and had raised a total of A\$14.75 million. At this

level of funding the company is extremely well positioned to undertake the exploration programs detailed in the IPO prospectus and to actively pursue other corporate/exploration opportunities as they arise. The company has already completed detailed reviews of a number of new projects but did not consider that any of the projects on offer represented appropriate investments at this point in time.

Eromanga Uranium has established a new office at 62 Beulah Rd Norwood SA. This facility is shared with Maximus Resources Ltd and Flinders Diamonds Ltd and provides the company with facilities which are both very efficient and cost effective.

FINANCE

As at 31st December 2006, Eromanga had available funds of \$13.646 million of which the majority is held in term deposits with an Australian bank. During the December quarter total net operating expenditure by the company was \$310,000.

EXPLORATION ACTIVITIES

MARREE PROJECT

(Eromanga earning 70% under Eromanga Basin JV Agreement with Maximus)

The Marree Project covers approximately 4000 sq. kms of granted tenements immediately to the east of the township of Marree in northern South Australia. During the reporting period Eromanga successfully completed an extensive airborne electromagnetic (EM) survey over the entire tenement area (Figure 1). This survey was designed to map the geometry of ancient rivers systems and lakes (palaeodrainages) in which sandstone-hosted uranium deposits can develop.

Marree Project Area Location Plan

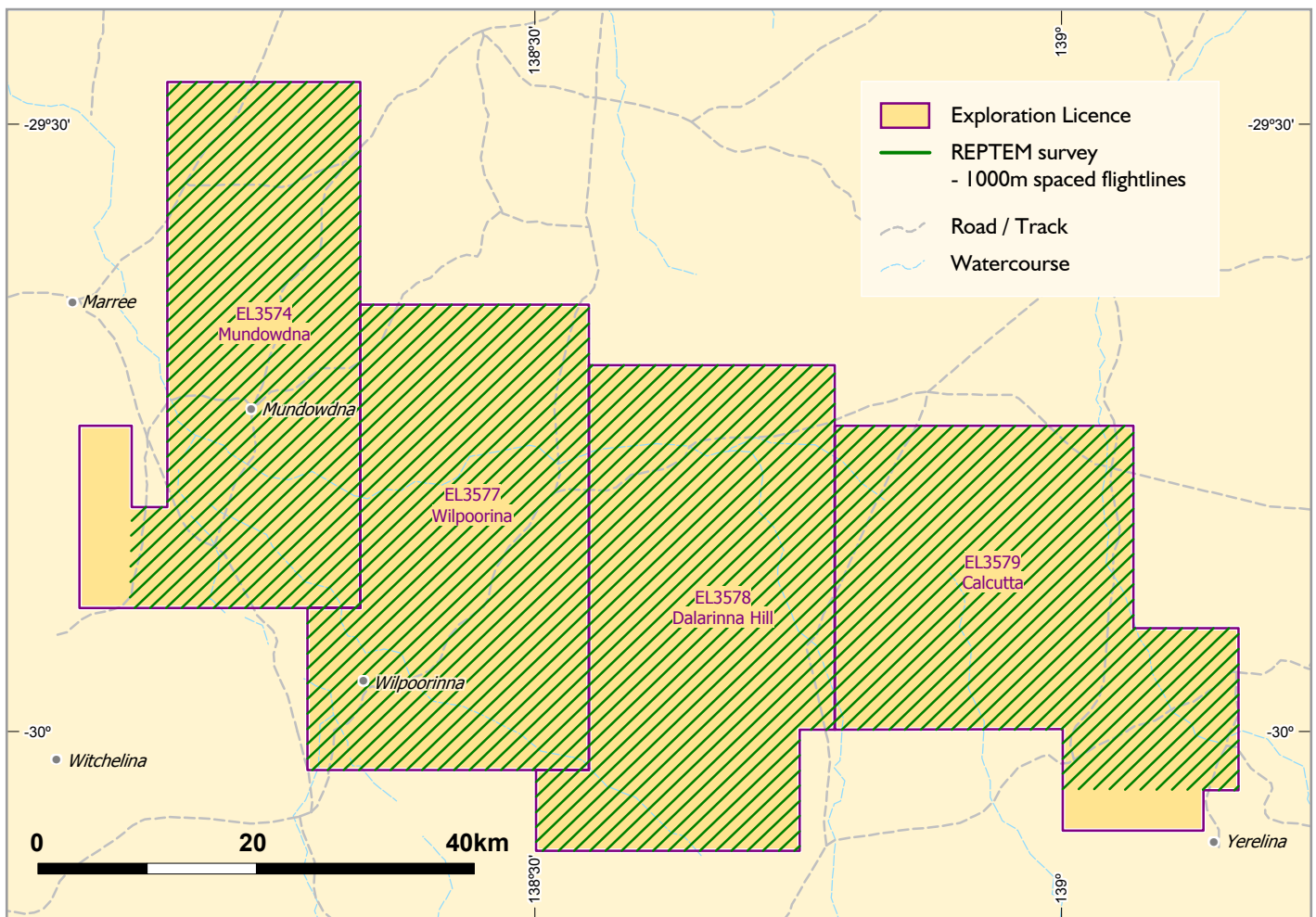
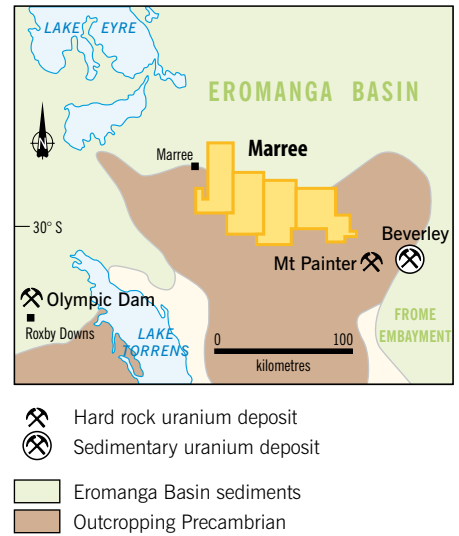


Figure 1 Location of RETEM airborne electro magnetic survey.

The EM survey was the first to be undertaken utilising the new REPTM system supplied by Geosolutions Pty Ltd. Eromanga was delighted that, excluding some initial teething problems and often difficult flying conditions, the survey was completed as planned on the 24th December 2006. The data obtained from the survey will undergo extensive computer processing and modelling during January 2007 with the company anticipating the delivery of usable images in early February. The initial review of the data has indicated that the quality of data obtained from the REPTM survey has been excellent and is considered to be superior to that previously available from alternative systems. Importantly, this initial review has indicated that the system is penetrating the cover rocks and defining the older drainage systems at relatively shallow depths.

The relevant parties, necessary for Aboriginal Heritage site clearance, are being informed and drilling of the target palaeodrainages will commence once these clearances are received. It is anticipated that due to delays in receiving results of the EM survey and the unseasonal and very heavy rainfall in the Marree area drilling is now unlikely to commence before the end of February 2007.

BILLA KALINA PROJECT

(Eromanga earning 50% under the Billa Kalina JV with Maximus)

After further review of the geophysical and geological data surrounding the Billa Kalina gravity high it was decided to re-locate the sites for initial exploratory drilling. These changes required the consent of the traditional owners who had previously provided Heritage Site clearances. These new consents have now been obtained by the company and drilling can commence as soon as a suitable drill rig is available. During early January very heavy rainfalls were recorded across virtually all of northern South Australia. This rainfall will impact on access to many areas and will

have repercussions in terms of drill rig availability. At this point in time Eromanga is uncertain on the extent of these weather induced delays and is seeking clarification from local property owners on the extent of flooding and is liaising with drill contractors to establish a new schedule for the commencement of drilling at Billa Kalina.

The Company applied under the South Australian Governments PACE scheme for funding support for the drilling program at Billa Kalina and was notified by PIRSA in November 2006 that its application had been successful. Assistance to the level of \$70,000 will be available in 2007. The Company is delighted with the support shown by the South Australian Government which again should be applauded for this very successful initiative.

ILLOGWA CREEK PROJECT

(Eromanga earning 70% under Eromanga Basin JV Agreement with Maximus)

During the reporting period the Company submitted an exploration and mining proposal to the Central Land Council to allow negotiations to commence with the traditional owners of the area covering EL25161. This proposal has been accepted by the Central Land Council. Eromanga proposes to initiate discussions with the traditional owners on its proposal at a Terms and Conditions meeting during the next quarter.

GENERAL

After extensive consultation with various industry participants, on the difficulties in the current environment of securing key contractor services, it was decided that Eromanga should commit to the purchase of its own geophysical logging unit. A four wheel drive Toyota personnel carrier has been purchased and is undergoing fit-out in Adelaide. The logging truck will allow the company to undertake its own down-hole gamma and induction/conductivity measurements and facilitate better management of all our exploration projects.

Since listing on the ASX in late October Eromanga has secured the services of the following key personnel:

Exploration Manager- Mr Stephen Hogan

The Company is delighted to have Steve join the Company and head-up our exploration team. Steve has over 20 years of exploration experience with recent exposure to modern uranium exploration methodologies. Steve is also very familiar with the challenges of exploring in remote/arid terrains and will be a real asset to Eromanga.

CONSULTANT GEOPHYSICIST

MR DAVID WILSON. (SIX MONTH CONTRACT)

David is a Consulting Geophysicist with 3D Exploration Pty Ltd based in Perth WA. David has extensive experience in the design and implementation of geophysical approaches in the search for uranium and will add significant value to the Companies exploration effort.

SENIOR FIELD TECHNICIAN

MR CHRIS JOHNSON.

Chris is highly experienced in supporting the operations of exploration programs in remote areas, including many years working in the Tanami Desert and Pilbara regions.



Mr Kevin Lines

MANAGING DIRECTOR

30th January 2007

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

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 2006

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6months) \$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	(157)	(157)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	213	214
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	(310)	(600)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	(65)	(65)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
Net investing cash flows	(65)	(65)
1.13 Total operating and investing cash flows (carried forward)	(375)	(665)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(375)	(665)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	13,800	13,800
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	13,800	13,800
	Net increase (decrease) in cash held	13,425	13,135
1.20	Cash at beginning of quarter/year to date	221	511
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	13,646	13,646

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	100
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

Acquisition of 100% of the shares in Eromanga Uranium Resources Pty Ltd for consideration of 44,357,143 shares in Eromanga Uranium Limited and 8,035,714 options to acquire shares in Eromanga Uranium Limited.

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	690
4.2 Development	
Total	690

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	37	65
5.2 Deposits at call	13,609	156
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	13,646	211

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 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	61,339,203		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	103,470,343	59,033,200	59,033,200 - \$0.25 44,437,143 - \$Nil	59,033,200 - \$0.25 44,437,143 - \$Nil
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		<i>Exercise price</i> \$0.30	<i>Expiry date</i> 30/6/2011
7.8 Issued during quarter	8,357,714		\$0.30	30/6/2011
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: 18th January 2006

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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