Eromanga Hydrocarbons NL

A.B.N. 41 000 752 849

and Controlled Entities

31 DECEMBER 2008
HALF-YEAR FINANCIAL REPORT

Company Directory

Directors

Mr Michael Goldhirsch
Mr Philip Galloway
Mr Christian Turner
Mr Stephen Shnider
Mr Joshua Goldhirsch
Mr John Weston

Secretary

Mr Joshua Goldhirsch
8 Lynedoch Avenue
East St Kilda. Vic. 3183

Solicitors to the Company

Oakley Thompson & Co
Level 19
500 Collins Street
Melbourne. Vic. 3000

Bankers

Westpac Banking Corporation
360 Collins Street
Melbourne. Vic. 3000

Registered Office

Level 15
484 St Kilda Road
Melbourne. Vic. 3004

Auditors

Grant Thornton
Level 2
215 Spring Street
Melbourne. Vic. 3000

Share Registry

Computershare Investor Services Pty Ltd
Yarra Falls
452 Johnston Street
Abbotsford. Vic. 3067

Stock Exchange Listing

Shares are listed on the Australian Stock Exchange.
Code ERH, ERHCA, ERHO

Eromanga Hydrocarbons NL (A.B.N. 41 000 752 849) and Controlled Entities
Directors' Report

Your directors submit their report for the half-year ended 31 December 2008.

DIRECTORS

The names of the company's directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Michael Goldhirsch (Chairman)
Philip Galloway (Managing Director)
Stephen Shnider
Christian Turner
Joshua Goldhirsch
John Weston

REVIEW AND RESULTS OF OPERATIONS

The consolidated entity incurred a net loss of $6,226,736 (2007: $1,925,969) for the half year ended 31 December 2008.

Eromanga made great strides towards its objective of becoming a significant oil producer during the half year ended 31 December 2008. The Company has:

- Commenced commercial oil sales from Block 330 (ERH 40%),
- Completed the TATU 1 discovery at Block 430 as a future producer (ERH 40%);
- Reported 2P reserves of 11 million Stock Tank Barrels (ERH 40%) at Block 330 and Contingent Recoverable Resources of 10 million Barrels (ERH 40% on a 2C basis at Block 430 Location 1 ;
- Commenced two exploration wells. One of which was subsequently declared a discovery.

Operations

Block 330 Gavea Joint Venture (ERH 40%) – Sergipe Alagoas Basin, Onshore Brazil

Block 330 continued to be a major focus for Eromanga with production testing commencing at the PACA 1 well and exploration drilling at PACA 2 underway during the period. The PACA 2 well was subsequently declared a discovery. The Joint Venture completed a series of reserve estimates using available data and Monte-Carlo simulations. Based on these assessments, Eromanga reported Proved Plus Probable Reserves of 11 million Stock Tank Barrels (ERH 40%). This simulation did not include the results of the recent discovery at PACA 2.

Block 430 Gavea JV (ERH 40%) – Sergipe Alagoas Basin, Onshore Brazil

Flow testing was completed at the TATU 1 oil discovery, with Zones "CCC" in the Muribeca Formation being completed for future production. The Joint Venture is planning an extended production test of TATU 1 to commence in the first half of 2009. Testing of the other oil bearing zones in the well was less conclusive and the Joint Venture is planning an up-dip appraisal well for 2009 to better test the potential of all reservoirs. Planning for a well at Block 430 Location 2 was also underway. Location 2 is a geologically independent structure on Block 430 which is on trend with Petrobras' producing Angelim field.

Silver Marlin Joint Venture (ERH 50%) - Reconcavo Basin, Onshore Brazil

Silver Marlin commenced drilling an exploration well at Block 138 during the quarter. This well was subsequently stopped due to a dispute between the Joint Venture partners over Silver Marlin's 30% contribution to the costs of the drilling operation. The parties are continuing to discuss a commercial settlement for both Joint Venture Blocks 138 and Block 59.

Edwards Creek Base Metals JV (ERH 21%) South Australia Copper Gold Uranium

The Edward Creek Base Metal Joint Venture is exploring for uranium and for copper-gold-uranium mineralisation on the north eastern margin of the Gawler Craton in South Australia.

Interpreted Uranium targets on a possible reduction/oxidation ("REDOX") boundary identified in EM data, are planned to be drilled after summer in the June quarter of 2009.

Drilling at the Santorini gravity anomaly (iron-oxide copper-gold-uranium or IOCG-U target), originally scheduled for 2007, remained postponed. Rainfall during the report period has replenished surface water storages and drilling may now be possible in the cooler weather following summer.

A provisional work program including diamond drilling to test the Santorini target and RC drilling to investigate the uranium targets described above remains under review by the JV partners.

Directors' Report (continued)

AUDITOR'S INDEPENDENCE DECLARATION

An independence declaration has been provided by the company's auditor, Grant Thornton. A copy of this declaration is attached to, and forms part of the interim financial report for the half year ended 31 December 2008.

Signed in accordance with a resolution of the directors.

Philip Galloway
Director
Melbourne, 13 March 2009

Directors' Declaration

The directors of Eromanga Hydrocarbons NL declare that the financial statements and notes set out on pages 11 to 22.

(a) comply with Accounting Standards, the Corporations Act 2001 and other mandatory professional requirements, and

(b) give a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance, as represented by the results of its operations and its cash flow.

(c) In the opinion of the directors, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Made in accordance with a resolution of the directors.

On behalf of the directors

Philip Galloway – Director
Melbourne, 13 March 2009

Eromanga Hydrocarbons NL and Controlled Entities

Condensed Income Statement

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	Notes	*CONSOLIDATED* 2008 $	*CONSOLIDATED* 2007 $
Other income	2	326,745	155,880
Total revenue		326,745	155,880
Exploration expenses	2	(4,137,759)	(462,545)
Occupancy expenses		(21,456)	(9,583)
Share registry expenses		(16,223)	(17,333)
ASX expenses		(57,032)	(43,998)
Audit fees		(53,672)	(21,016)
Accounting expense		(18,790)	(5,000)
Employee expenses	2	(1,355,251)	(1,300,767)
Consultancy expenses		(441,216)	(57,627)
Legal expenses		(77,220)	(59,279)
Office expenses		(37,763)	(4,489)
Travel expense		(59,475)	(67,997)
Directors fee expense		(25,000)	(21,633)
Regulatory expenses		(20,138)	--
Foreign exchange gain\(loss)		(203,639)	--
Other expenses		(28,847)	(10,397)
Loss before income tax		(6,226,736)	(1,925,784)
Income tax expense		--	(185)
(Loss) after tax for the period		(6,226,736)	(1,925,969)
Earnings per share (cents per share)			
–Basic\diluted for profit for the half-year		(3.21)	(1.23)

Eromanga Hydrocarbons NL and Controlled Entities
Condensed Balance Sheet
for the half-year ended 31 December 2008

CONSOLIDATED	*Notes*	*As at 31 December 2008* *$*	*As at 30 June 2008* *$*
ASSETS			
Current Assets			
Cash and cash equivalents	10	6,617,356	12,237,695
Trade and other receivables		70,753	40,909
Total Current Assets		6,688,109	12,278,604
Non-current Assets			
Other financial assets	8	481,404	610,670
Deferred Exploration Expenditure	9	6,700,409	7,033,379
Total Non-current Assets		7,181,813	7,644,049
TOTAL ASSETS		13,869,922	19,922,653
LIABILITIES			
Current Liabilities			
Trade and other payables		41,200	1,390,467
Total Current Liabilities		41,200	1,390,467
Non-Current Liabilities			
Payables		500	500
Total Non-Current Liabilities		500	500
TOTAL LIABILITIES		41,700	1,390,967
NET ASSETS		13,828,222	18,531,686
EQUITY			
Issued capital	6	49,276,593	47,314,598
Reserves	7	4,665,793	5,104,516
Accumulated losses		(40,114,164)	(33,887,428)
TOTAL EQUITY		13,828,222	18,531,686

Eromanga Hydrocarbons NL and Controlled Entities

Condensed Cash Flow Statement

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	Note	CONSOLIDATED	
		2008	*2007*
		$	*$*
Cash flows from operating activities			
Receipts from settlement		--	--
Payments to suppliers and employees		(6,388,326)	(1,028,973)
Interest Received		251,513	152,089
Net cash flows from operating activities		(6,136,813)	(876,884)
Cash flows from investing activities			
Payment for non-current assets		--	(1,681)
Cash deposits held in trust		--	--
Payments for deferred exploration costs		--	--
Net cash flows used in investing activities		--	(1,681)
Cash flows from financing activities			
Proceeds from issue of shares		511,995	10,966,653
Net cash inflow from financing activities		511,995	10,966,653
Net increase/(decrease) in cash held		(5,624,818)	10,088,088
Cash at beginning of period		12,073,058	1,003,111
Cash at end of period	10	6,448,240	11,091,199

Eromanga Hydrocarbons NL and Controlled Entities
Condensed Statement of Recognised Income and Expenses
for the half-year ended 31 December 2008

CONSOLIDATED

	Notes	*2008* *$*	*2007* *$*
Change in fair value of equity securities available for sale		(129,264)	--
Exchange differences on translation of foreign operations		149,457	(109,418)
Net income recognised directly in equity		20,193	(109,418)
Profit/(loss) for the period		(6,226,736)	(1,925,969)
Total recognised income and expense for the period		(6,206,543)	(2,035,387)

Eromanga Hydrocarbons NL and Controlled Entities

Notes to the Half-Year Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

1 BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the annual Financial Report of Eromanga Hydrocarbons NL as at 30 June 2008.

It is also recommended that the half-year financial report be considered together with any public announcements made by Eromanga Hydrocarbons NL and its controlled entities during the half-year ended 31 December 2008 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

The accounting policies adapted are consistent with those of the previous financial year and corresponding interim reporting period.

(a) Basis of accounting
The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements.

The half-year financial report has been prepared on a historical cost basis and available-for-sale financial assets that have been measured at fair value.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

(b) Statement of compliance
The half-year financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the half-year financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS').

Eromanga Hydrocarbons NL and Controlled Entities

Notes to the Half-Year Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

1 BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (continued)

(c) Summary of significant accounting policies

(i) Basis of consolidation
The consolidated financial statements comprise the financial statements of Eromanga Hydrocarbons NL and its subsidiaries ('the Group').

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which Eromanga Hydrocarbons NL has control.

(ii) Investments
All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition, investments, which are classified available-for-sale, are measured at fair value.

Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement.

For investments that are actively traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date.

For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Eromanga Hydrocarbons NL and Controlled Entities

Notes to the Half-Year Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

1 BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (continued)

(c) Summary of significant accounting policies (continued)

(iii) Trade and other receivables
Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

(iv) Cash and cash equivalents
Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(v) Leases
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as the lease income.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

(vi) Revenue
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest
Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Eromanga Hydrocarbons NL and Controlled Entities

Notes to the Half-Year Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

1 BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (continued)

(c) Summary of significant accounting policies (continued)

(vii) Income tax
Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

(viii) GST
Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables are stated with the amount of GST included.

Eromanga Hydrocarbons NL and Controlled Entities

Notes to the Half-Year Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

1 BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (continued)

(c) Summary of significant accounting policies (continued)

(viii) GST (continued)
The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(ix) Share-based payment transaction

Equity settled transaction:

The Group provides benefits to its employees (including key management personnel) in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity investments at the date at which they are granted. The fair value is determined using a black-scholes option pricing model or binomial pricing model.

In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of Eromanga Hydrocarbons NL (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the income statement is the product of (i) the grant date fair value of the award; (ii) the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and (iii) the expired portion of the vesting period.

The charge to the income statement for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding credit to equity.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not that market condition is fulfilled, provided that all other conditions are satisfied.

Eromanga Hydrocarbons NL and Controlled Entities

Notes to the Half-Year Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

(x) Exploration and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are expensed in the income statement as they are incurred.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

(xi) Interest in a jointly controlled operation

The Group has an interest in a joint venture that is a jointly controlled operation. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. A jointly controlled operation involves use of assets and other resources of the venturers rather than establishment of a separate entity. The Group recognizes its interest in the jointly controlled operation by recognizing its interest in the assets it controls and the liabilities it incurs. The Group also recognizes the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the jointly controlled operation.

(xii) Foreign Currency Translation – Group Companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

Eromanga Hydrocarbons NL and Controlled Entities

Notes to the Half-Year Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

(xiii) Business Combinations

The purchase method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets if the subsidiary acquired, the difference is recognized directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

(xiv) Intangible Assets – Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Eromanga Hydrocarbons NL and Controlled Entities

Notes to the Half-Year Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	CONSOLIDATED	
	2008 *$*	*2007* *$*
2 REVENUE AND EXPENSES		
Profit before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the entity:		
(i) Other income		
Interest Revenue	326,745	153,477
Sundry Income	--	2,403
	326,745	155,880
(iii) Expenses		
Exploration and evaluation costs incurred and written off	4,137,759	462,545
Employment Costs	364,167	140,512
Share Based Payments	991,084	1,160,255

3 EVENTS AFTER THE BALANCE SHEET DATE

The Company is in dispute with the Operator (Silver Marlin) in Block REC-138 in relation to the Operator's breach of its obligations under the Participation Agreements and the Joint Operating Agreements. The Company is seeking repayment by the Operator of amounts expended by it in accordance with the Participation Agreements. Silver Marlin has issued default notices against the Company claiming drilling costs and general costs of approximately AUD $5.1 million. The Company strongly disputes these amounts. The Company is optimistic that a successful commercial resolution to the above impasse can be negotiated with the Operator. Further information is contained in an announcement to the Australian Stock Exchange on 13th February 2009.

4 CONTINGENT ASSETS AND LIABILITIES

Since the last annual reporting date, there has been no material change of any contingent liabilities or contingent assets.

Eromanga Hydrocarbons NL and Controlled Entities

Notes to the Half-Year Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

5 SEGMENTAL INFORMATION

Industry Segments

	Mining & Geological		Equity & Investment		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007
	$	**$**	**$**	**$**	**$**	**$**
Operating Revenue	--	--	326,745	155,880	326,745	155,880
Segment Results	(4,137,759)	(462,545)	(2,088,977)	(1,463,424)	(6,226,736)	(1,925,969)
Segment Assets	7,109,500	409,091	6,760,422	12,055,217	13,869,922	12,464,308
Segment Liabilities	--	--	41,700	--	41,700	--

6 SHARE CAPITAL

	CONSOLIDATED	
	31 December 2008	30 June 2008
Issued and Paid up capital	$	$
148,893,103 Ordinary shares fully paid	25,264,733	25,264,733
12,625,000 Ordinary shares fully paid (a)	1,961,995	--
109,914,313 Ordinary shares of 50 cents paid to 16c	17,586,290	17,586,290
Forfeited partly paid shares	5,236,068	5,236,068
Share issue costs	(772,493)	(772,493)
	49,276,593	47,314,598

(a) On 11 July 2008, a placement of 2,061,699 Ordinary shares fully paid were issued to shareholders upon exercise of 1,250,000 options for a consideration of $0.10 per ordinary share and 811,699 piggy-back options for a consideration of $0.20 per ordinary share. On 27 July 2008, a placement of 625,000 Ordinary shares fully paid were issued to shareholders upon exercise of 312,500 options for a consideration of $0.10 per ordinary share and 312,500 piggy-back options for a consideration of $0.20 per ordinary share. On 4 August 2008, a placement of 1,188,301 Ordinary shares fully paid were issued to shareholders upon exercise of 1,188,301 options for a consideration of $0.10 per ordinary share. On 15 August 2008, a placement of 6,250,000 Ordinary shares fully paid were issued to directors upon exercise of performance rights under the performance rights plan. On 1 September 2008, a placement of 2,500,000 Ordinary shares fully paid were issued to directors upon exercise of performance rights under the performance rights plan.

Eromanga Hydrocarbons NL and Controlled Entities

Notes to the Half-Year Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

7 RESERVES

	CONSOLIDATED	
	31 December 2008 $	30 June 2008 $
Capital Profits	2,887,131	2,887,131
Asset Revaluation Reserve	19,341	148,605
Equity Benefits Reserve (share based payment) (a)	1,671,489	2,130,405
Foreign Currency Translation Reserve	87,832	(61,625)
	4,665,793	5,104,516

Movement during the year:

(a) Equity Benefits Reserve

The equity benefits reserve recognises the fair value of equity settled share based payments.

Balance at the beginning of the period	2,130,405	556,606
Share based payment – acquisition of subsidiary	--	220,000
Share based payment expense – employee	991,084	1,876,299
Exercise of performance rights	(1,450,000)	(522,500)
Balance at the end of the period	1,671,489	2,130,405

On 15 August 2008, 6,250,000 performance rights were exercised under the company's Performance Rights Plan. 3,125,000 of those performance rights had a performance hurdle of $0.20 and the remaining 3,125,000 performance rights had a performance hurdle of $0.30. On 1 September 2008, 2,500,000 performance rights were exercised under the company's Performance Rights Plan. 1,250,000 of those performance rights had a performance hurdle of $0.20 and the remaining 1,250,000 performance rights had a performance hurdle of $0.30.

On 21 August 2008, 14,000,000 performance rights were issued under the company's Performance Rights Plan. 7,000,000 of those performance rights has a performance hurdle of $0.75 and the remaining 7,000,000 performance rights have a performance hurdle of $1.00. These rights have an expiry date of 21 August 2013.

Eromanga Hydrocarbons NL and Controlled Entities

Notes to the Half-Year Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

8. OTHER FINANCIAL ASSETS

	CONSOLIDATED	
	31 December 2008	30 June 2008
NON CURRENT		
Available for sale financial assets		
Shares at fair value – other entities (a)	2,705	2,705
Shares in other related parties at fair value	69,608	198,872
Acquired interest in joint venture operation (b)	409,091	409,091
Investments in other corporation	--	2
	481,404	610,670

(a) Relates to a minority interest in listed companies.
(b) Relates to an acquired interest in the Edward Creek Base Metals Joint Venture (ECBMJV).

9. DEFERRED EXPLORATION EXPENDITURE

Cost	6,700,409	7,033,379
Accumulated impairment	--	--
	6,700,409	7,033,379

The recoverability of the carrying amount of deferred exploration and evaluation expenditure is dependent on the successful development and commercial exploitation, or alternatively the sale, of the respective areas of interest.

Eromanga Hydrocarbons NL and Controlled Entities

Notes to the Half-Year Financial Statements (continued)

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

10. ADDITIONAL INFORMATION

Reconciliation of Cash

For the purposes of the Condensed Cash Flow Statement, cash and cash equivalents comprise the following at 31 December:

	CONSOLIDATED	
	2008 *$*	*2007* *$*
Cash at bank and in hand	6,448,238	11,091,199
Short-term deposits	--	--
	6,448,238	11,091,199
Cash on deposit and held in trust	169,118	159,733
	6,617,356	11,250,932

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AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF EROMANGA HYDROCARBONS NL

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Eromanga Hydrocarbons NL for the year half-year ended 31 December 2008, 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 audit; and

b No contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON
Chartered Accountants

Ken Glynn
Partner

Melbourne, 13 March 2009

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Independent Auditor's Review Report
To the Members of Eromanga Hydrocarbons NL

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Eromanga Hydrocarbons NL, which comprises the consolidated interim condensed balance sheet as at 31 December 2008, and the condensed income statement, condensed statement of recognised income and expenses and condensed cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during that half-year.

Directors' responsibility for the half-year financial report

The directors of the Company 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 consolidated 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 and Other Financial Reports 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 2008 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 Hydrocarbons NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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 Hydrocarbons NL is not in accordance with the Corporations Act 2001, including:

1 giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and

2 complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

Grant Thornton

GRANT THORNTON
Chartered Accountants

Ken Glynn
Partner

Melbourne, 13 March 2009