

EROMANGA HYDROCARBONS NL

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30th April 2009

Companies Announcements Office
Australian Stock Exchange Limited

Dear Sir/Madam,

We enclose Eromanga Hydrocarbons' NL Mining Exploration Entity Report for the quarter ended 31 March 2009.

Highlights:

- Flow testing of the PACA 2 Discovery underway at Block 330 (ERH 40%)
- Continued production testing at PACA 1, Block 330 (ERH 40%)
- Planning for TATU 2, an up-dip appraisal of the TATU 1 discovery, Block 430 (ERH 40%)
- \$4.797 million cash in bank and no debt. In addition, the amount held in cash in Mercury do Brasil Oil & Gas Ltda (wholly owned Brazilian subsidiary of Eromanga Hydrocarbons NL) bank accounts was BRL \$321,906.06
- \$10m equity placement facility which ERH has the right, but not the obligation, to use at any time in the next three years

Figure 1 – Flow testing of the PACA 2 Discovery



**1) Gavea Oil and Gas Joint Venture On-shore Brazil
Sergipe-Alagoas Basin, Blocks 330 (ERH 40%)**

Tests continued at PACA 1 and PACA 2 to enable the calculation of a revised reserves estimate and a full field development plan for the interpreted 27 square kilometre structure at Block 330.

The PACA 2 flow test commenced with swabbing over a number of reservoir intervals within the total oil column which is indicated by oil shows from a depth of 237 meters and runs almost continuously to a depth of 540 meters. Work focussed on two selected test intervals to determine the optimal approach to initiate and sustain production. These test intervals were:

- Upper CCC (331 to 334 meters) which was logged as having an average porosity of around 27% and average oil saturation of 53%; and
- Zone DDD (306 to 314 meters) which is predominantly a sandstone interval with an average porosity of greater than 23% and average oil saturation of 67%.

The work is being carried out to facilitate the resolution of some technical issues associated with channelling behind casing and clearing an emulsion which was formed by drilling mud reacting with oil and formation water.

At PACA 1, the extended production test has produced approximately 10,000 bbl of oil (100% Basis) which has been sold to local refiners.

Figure 2 – Production testing facilities at PACA 1



**2) Gavea Oil and Gas Joint Venture On-shore Brazil
Sergipe-Alagoas Basin, Block 430 (ERH 40%)**

Preliminary environmental approval was received for an up-dip appraisal well to be called TATU 2 on the Block 430 Location 1 geological structure. Subject to Joint Venture approval, TATU 2 is expected to commence once the rig is released from flow test operations at PACA 2.

Site preparation commenced for an extended flow test at the discovery well TATU 1 on the same interpreted geological structure at Block 430 Location 1. During flow tests of TATU 1, Zone CCC flowed with a relatively light oil of 30-32 degrees API and with negligible water cut produced. Engineering studies have been completed to determine how best to initiate and increase oil flow from CCC and the lower reservoirs encountered at TATU 1.

Figure 3 – Preparation for Extended Production Test at Tatu 1



**3) Silver Marlin Oil & Gas Joint Venture On-shore Brazil
Reconcavo Basin, Blocks 59 and 138 (ERH 50%)**

Drilling commenced at Block 138 to a depth of 850 meters before the operator Silver Marlin halted operations. A dispute over the contribution of each party to the drilling costs has not been resolved. The regulatory deadline to complete the wells by 12 January 2009 was extended for 80 days by the ANP, Brazil's oil industry regulator.

**4) Oil M&S Brasil SA Joint Venture
Sao Fransisco Basin Block 94 (ERH 50%)**

Oil M&S Brasil SA and ERH have executed a Heads of Agreement to initiate ERH's participation in one onshore exploration block in the Sao Fransisco Basin in Brazil. Discussions were not progressed during the quarter. The parties are yet to complete formal documentation and apply to the ANP for regulatory approval of any Joint Venture. ANP approval remains a condition precedent of the agreements.

**5) Edward Creek Base Metals Joint Venture (“ECBMJV”) (ERH 21%)
South Australia**

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.

Uranium targets, interpreted during prior report periods on a possible reduction/oxidation (“REDOX”) boundary identified in EM data, previously planned to be drilled in the June quarter await determination by the joint venture partners.

Drilling at the Santorini gravity anomaly (iron-oxide copper-gold-uranium or IOCG-U target), originally scheduled for 2007, remained postponed during the period.

A provisional work program including diamond drilling to test the Santorini target and RC drilling to investigate the uranium targets remain under review by the joint venture partners.

6) Heads of Agreement (“HOA”) with the Osho Group and Memorandum of Understanding (“MOU”) with Landrake and the Osho Group

The Board has decided to withdraw from this project due to ongoing delays in accessing mineral waste dumps in South Africa.

7) Victorian Mineral Exploration Licences No’s 4545 and 4705:

The Board has decided to relinquish these licences. A \$20,000 security Bond is expected to be released by the Government of Victoria in the next quarter.

8) Comment:

As at 31 December 2008, the Company had AUD \$4.797 million cash in bank and no debt. In addition as at 31 December 2008, the amount held in cash in Mercury do Brasil Oil & Gas Ltda (wholly owned Brazilian subsidiary of Eromanga Hydrocarbons NL) bank accounts was BRL \$321,906.06.

During the quarter, Eromanga arranged a \$10 million funding facility through Fortrend Securities. Eromanga has the right, but not the obligation, to use the facility at any time before April 2012.

Yours Faithfully,

Phil Galloway
Chief Executive Officer

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 HYDROCARBONS NL

ABN

41 000 752 849

Quarter ended ("current quarter")

31 MARCH 2009

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	--	--
1.2 Payments for (a) exploration and evaluation	--	(2)
(b) development	--	--
(c) production	--	--
(d) administration	(378)	(1,094)
1.3 Dividends received	--	--
1.4 Interest and other items of a similar nature received	143	394
1.5 Interest and other costs of finance paid	--	--
1.6 Income taxes paid	--	--
1.7 Other (provide details if material)	--	--
	(235)	(702)
Net Operating Cash Flows		
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects	--	--
(b)equity investments	--	(7,110)
(c) other fixed assets	--	--
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)	--	--
	--	(7,110)
Net investing cash flows		
1.13 Total operating and investing cash flows (carried forward)	(235)	(7,812)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(235)	(7,812)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	49	561
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	49	561
	Net increase (decrease) in cash held	(186)	(7,251)
1.20	Cash at beginning of quarter/year to date	4,983	12,048
1.21	Exchange rate adjustments to item 1.20	--	--
1.22	Cash at end of quarter	4,797	4,797

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	124
1.24	Aggregate amount of loans to the parties included in item 1.10	--

1.25 Explanation necessary for an understanding of the transactions

The payment for purchases of equity investments relates to amounts invested by the Company into its wholly owned Brazilian subsidiary for the purposes of exploration and development. The amount for these investments for the year to date is \$7,110,000.

As at 31 March 2009, the amount held in cash in Mercury do Brasil Oil & Gas Ltda (wholly owned Brazilian subsidiary of Eromanga Hydrocarbons NL) bank accounts was BRL \$321,906.06, and this amount is not included in the cash at end of quarter (Item 1.22).

Oil sales till 31 March 2009 realised R\$51,560 (ERH share before freight costs, taxes and royalty). These funds are held in a joint-venture bank account and have not yet been received by the reporting entity as at 31 March 2009.

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

NIL

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

NIL

+ 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	1,100
4.2 Development	--
Total	

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	119	67
5.2 Deposits at call	4,678	4,916
5.3 Bank overdraft	--	--
5.4 Other (provide details)	--	--
Total: cash at end of quarter (item 1.22)	4,797	4,983

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	162,004,297	162,004,297	50c	50c
	109,914,313	109,914,313	50c	16c
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				

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

7.7	Options <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
		30,454,016 ERHO		\$0.10 with a piggy back option to be exercised at \$0.20 by 31 July 2012	24 July 2009
		6,000,000 Directors Options		\$0.10	24 July 2009
		6,000,000 Director's Options		\$0.20	24 July 2009
		2 Options		\$0.20	28 November 2010
		500,000 Options		\$0.20	25 June 2011
		1,250,000 Options		\$0.20	11 July 2011
		486,194 Options		\$0.20	31 July 2012
		18,000,000 Performance Rights			
7.8	Issued during quarter	486,194 Options		\$0.20	31 July 2012
7.9	Exercised during quarter	486,194 ERHO	486,194 ERHO		
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: Date: 30th April 2009
(Director)

Print name: Phil Galloway

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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