

## REVIEW OF OPERATIONS

### EQUIPMENT PURCHASES

Having regard to the current difficulty of securing suitable contractors, and following a careful financial analysis of various options, Curnamona Energy has decided to purchase and operate its own exploration equipment. Items purchased during the quarter include:

#### 1. Drill Rig

A second-hand Mayhew 1000 drill rig was purchased in Western Australia. Up until the time of purchase the rig was being used to install water bores for municipal councils in the suburbs of Perth. The drill is mounted on an ex-Army multi-wheel drive truck and is ready for use. This type of drilling rig, often called a "mud rig" is ideally suited to drilling shallow holes through the relatively soft Tertiary sediments. It is set up to circulate drilling mud necessary to stabilise the drillholes for later downhole logging.



#### 2. Water Tanker

A water tank and fuel tank are currently being custom built for the support truck for the drill rig at an engineering workshop in the Adelaide Hills. The tank has a capacity of 10,000 litres which should be sufficient for each day's drilling.

#### 3. Geophysical Logging Unit

Downhole geophysical logging equipment has been bought from a Brisbane based logging company. The equipment includes new gamma and induction tools as well as wireline winch, boom and surface electronic controls. All of this is fitted to a four-wheel drive personnel carrier.

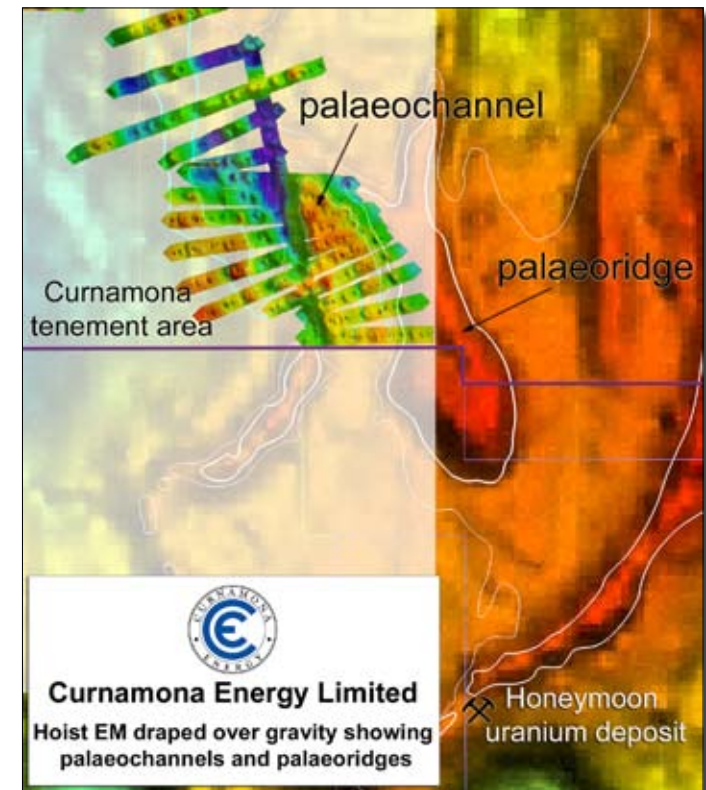
#### 4. Software and Computing

In addition to the software and computing provisions of Curnamona Energy's associates, the company has purchased specialised software to process downhole logging data.

It is expected that this equipment will be fully utilised by Curnamona Energy on its planned exploration programmes for the next eighteen months at least. The relatively modest capital cost when amortised over the total programme, represents a small outlay per drillhole. Any spare rig capacity can be utilised on drilling pre-collar holes for Havilah Resources on a contract basis.

### AIRBORNE GEOPHYSICAL SURVEY

A helicopter borne HoistEM™ survey was completed on part of the company's Curnamona Craton tenements in order to assist with drill targeting. A total of 160 line kilometres was flown of which some 145 kilometres covered the Yarramba Palaeochannel immediately downstream from Southern Cross Resources tenements and the Honeymoon deposit. The survey equipment has an array of conductors supported on radial arms resembling a Hills clothes hoist (hence the name "hoist") that is flown at a height of 30 metres above the ground. It detects buried salt water conductors and can therefore map out the boundaries of target palaeochannels, since these are large repositories of salt water. Initial assessment of field results is highly encouraging and supports Curnamona Energy's interpretations of the size and course of the Yarramba palaeovalley.



### PLANS FOR FUTURE DRILLING

An Aboriginal Heritage clearance survey was completed over Curnamona Energy's priority drilling areas within the Yarramba palaeovalley. The survey team included representatives of the Adnyamathanha Traditional Lands Association and a specialist heritage/anthropology consultant. The survey has cleared the way for drilling of the Yarramba palaeovalley targets.

The results of the airborne electromagnetic survey described above have been merged with other datasets including magnetic and gravity images to identify drill targets. Ancient drainage systems were mainly controlled by the bedrock topography, and prime uranium trapping sites are typically found in organic, carbon rich zones where the drainages were ponded against bedrock ridges or in the margins of the palaeochannels. In this regard there are strong similarities between the geological setting of the Southern Cross Resources Inc. Honeymoon deposit and the interpreted setting on Curnamona

Energy's exploration areas. The gravity data defines a buried bedrock ridge which confines the Yarramba palaeovalley until it appears to breach through a small opening in the ridge. A broad area of conductive salt water detected by the HoistEM™ survey behind the breach is considered to be evidence of ponding and therefore is believed to be highly prospective for uranium mineralisation. Based on available records it is apparent that there has been no drilling into this part of the Yarramba palaeovalley.

Drilling is therefore planned to systematically test margins of the Yarramba Palaeochannel to confirm HoistEM™ interpretations and to test specific targets for uranium mineralisation.

## FINANCE

As at 31 July 2005 the company had available funds of \$5.341 million, of which the majority is held in a term deposit. Expenditure on exploration for the next quarter will be largely governed by the amount of drilling that can be completed once field programmes commence.

Dr K R Johnson  
CHAIRMAN



Further technical details relating to Curnamona Energy will be found on Curnamona's website:

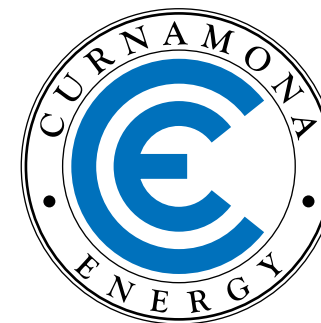
[www.curnamona-energy.com.au](http://www.curnamona-energy.com.au)

*The information in this report has been prepared by geologist Mr Mark Randell who is a member of the Australasian Institute of Mining and Metallurgy, and an adherent to the Institute's codes and recommended practices. He has a minimum of five years experience in the types of activities being reported.*

Enquiries should be directed to Dr Bob Johnson  
Chairman, on (08) 8338 9292

# CURNAMONA ENERGY LIMITED

ACN 112 712 115



Quarterly Report  
July 2005

## HIGHLIGHTS

- Curnamona Energy has purchased drilling and logging equipment that should enable it to commence drilling in September.
- An airborne electrical geophysical survey has identified the margins of the Yarramba Palaeochannel and possible favourable uranium trap sites immediately downstream from the Honeymoon uranium deposit.
- An Aboriginal heritage survey has cleared the way for drilling.
- Recruitment of field staff is in progress.

63 Conyngham Street  
Glenside 5065  
South Australia

phone 61 8 8338 9292 fax 61 8 8338 9293  
email [info@curnamona-energy.com.au](mailto:info@curnamona-energy.com.au)  
[www.curnamona-energy.com.au](http://www.curnamona-energy.com.au)