

## REVIEW OF OPERATIONS

All drilling and logging equipment ordered by Curnamona Energy over the last few months has now been delivered. Delays in the delivery of key pieces of equipment and heavy rains over the project area in the last two months have conspired to cause an unavoidable delay of some weeks in commencement of drilling. The heavy rains caused boggy conditions, which in turn prevented the timely commissioning of the drilling rig and testing of the downhole logging tools.

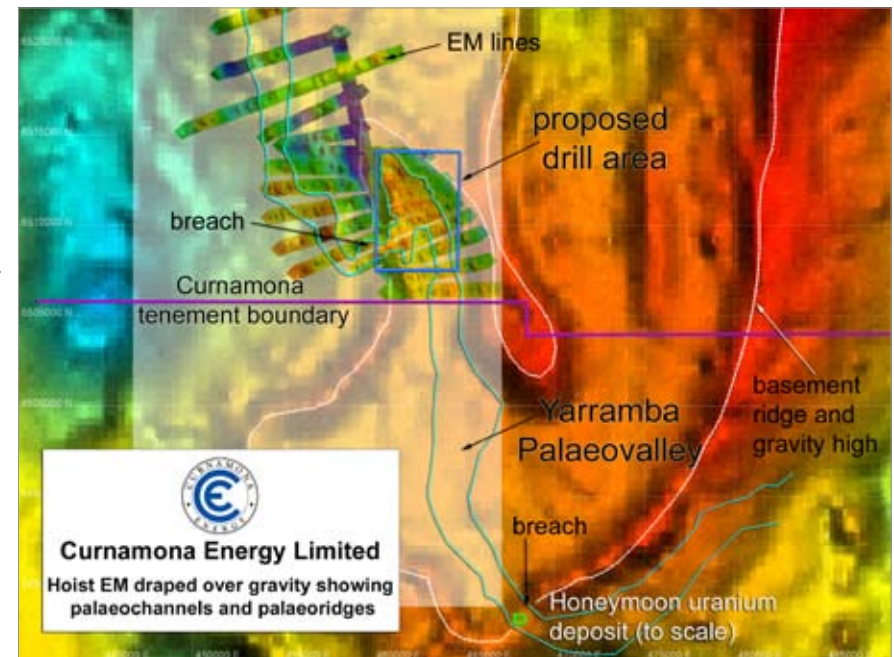


At the time of writing, drilling is underway on an initial drill grid of fifty holes on a 400 metre x 800 metre spacing, laid out over a highly prospective portion of the Yarramba Palaeochannel downstream from the Honeymoon deposit. Interpretation of airborne electromagnetic surveys for this area, reported last quarter, indicates that the sub-surface stream flow has been impeded by a restriction in the channel width, with consequent likely concentration of organic debris. Such a more reduced zone in the palaeochannel would be expected to cause a favourable chemical trapping site for the uranium being carried in oxidised solutions along the palaeochannel.

Over the next eighteen months some 400 drillholes are planned on various targets within Curnamona Energy's tenement area. The number of drillholes completed at each prospect area, and their precise locations will be subject to continuous review as logging results for each prospect area come to hand and are assessed. This drilling will be continuous subject to weather and mechanical availability of equipment, apart from a short break over the Christmas – New Year period. During the next quarter drilling will concentrate on the Yarramba Palaeochannel target mentioned above that lies just downstream from the Honeymoon uranium deposit.

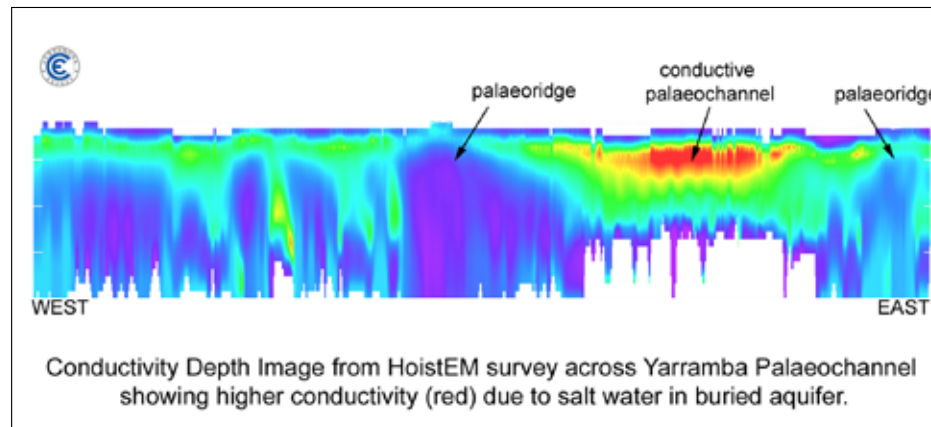
If downhole logging gives indications of uranium the hole spacing will be closed in with the objective of defining the limits of possible uranium mineralisation prior to moving on to other prospects. Drilling and logging results will be reported to the market as they come to hand. Unlike conventional drilling, where assay results can take some weeks to finalise, logging gives an instant read-out of the downhole radioactivity and hence likely uranium mineralisation in the vicinity.

Other target areas further north along the Yarramba palaeovalley and elsewhere in the Lake Namba palaeovalley and Oban prospect areas will be drilled



subsequently. In view of the positive results of Curnamona Energy's recent helicopter electromagnetic survey, it is expected that this method will be employed in other prospect areas, in order to assist with drill targeting.

Curnamona Energy's exploration activities coincide with a positive outlook for uranium largely brought about by the twin concerns of global warming and shortage in supply of fossil fuels. This is reflected in the doubling of uranium spot prices over the past twelve months and the planned dramatic expansion of nuclear electricity generating capacity in many developing countries, where alternative energy sources are either limited or prohibitively expensive. Curnamona Energy is therefore commencing its drilling programmes at a time when the outlook for uranium prices is the best that it has been for three decades. Given drilling success, shareholders can anticipate significant appreciation in their investment in Curnamona Energy.



## FINANCE

As at 31 October 2005 the company had available funds of \$5.032 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 is completed during the period, and is expected to be slightly higher than the current period.

Dr K R Johnson  
CHAIRMAN



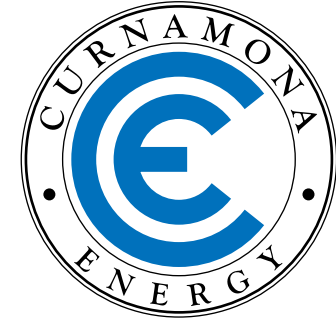
*Curnamona's recently delivered water tanker, required to supply water for mud drilling operations*



*Curnamona's Mayhew 1000 mud drilling rig in action*

# CURNAMONA ENERGY LIMITED

ACN 112 712 115



Quarterly Report  
October 2005

## HIGHLIGHTS

- *Curnamona Energy has commenced drilling following delays caused by late equipment delivery and heavy rains in the region.*
- *Immediate target is a highly prospective portion of the Yarramba Palaeochannel where there are possible favourable uranium trap sites immediately downstream from the Honeymoon uranium deposit.*

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.*

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