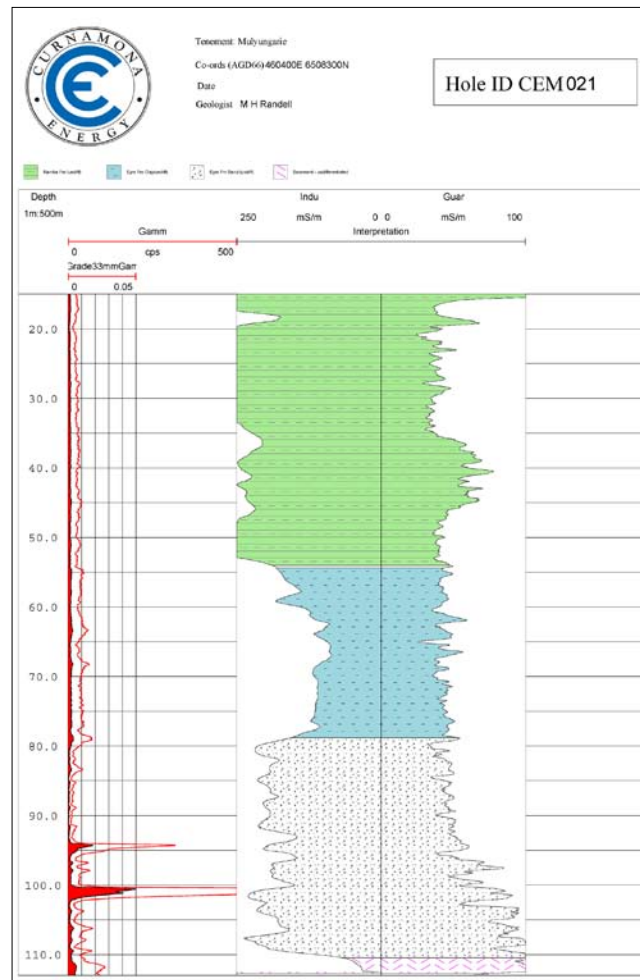
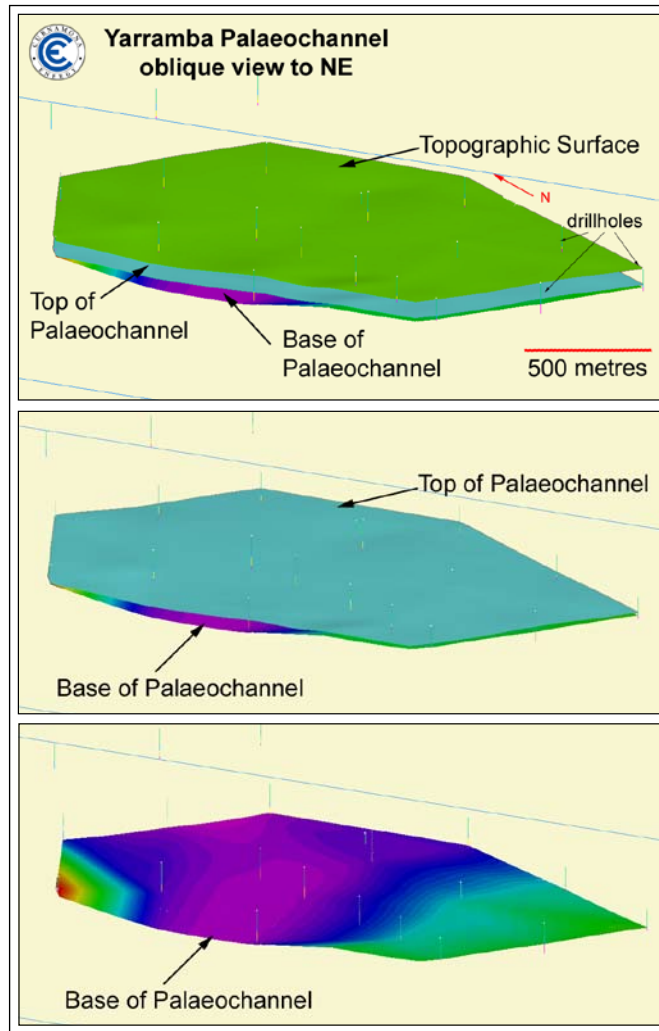


REVIEW OF OPERATIONS

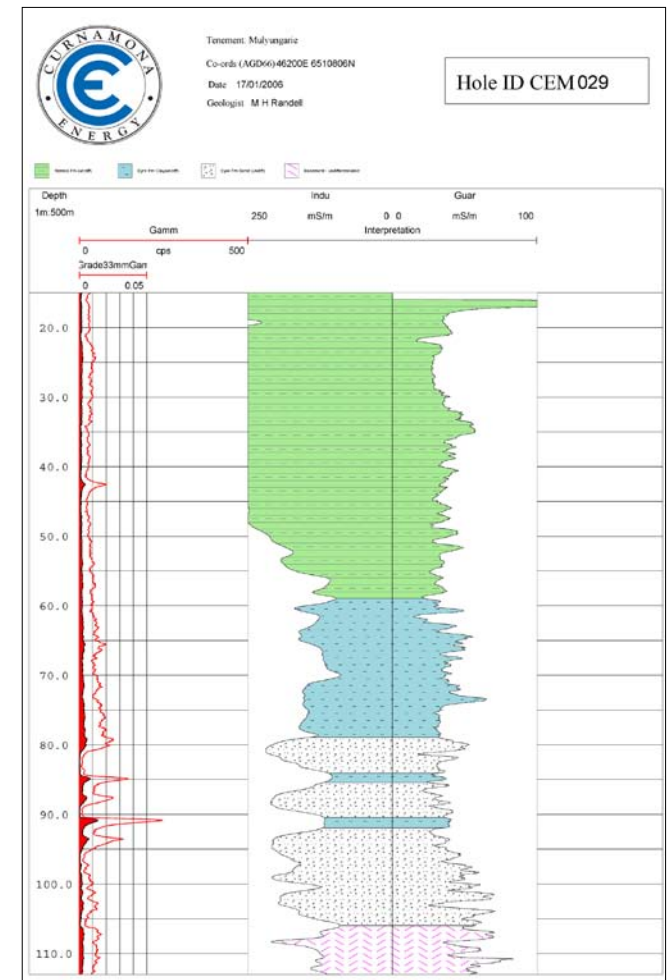
Drilling within the Yarramba palaeovalley commenced during the period. It is pleasing to report that the drill rig and ancillary equipment performed to expectations, with an average of 1 to 1.5 holes drilled and logged per day. All equipment was capably manned by Curnamona Energy personnel.

Some 30 holes were completed during the period, for a total of 2,845 metres drilled. The siting of the holes was guided by the earlier airborne electromagnetic survey, which highlighted conductive salty groundwater that is concentrated within the palaeochannel sands. In most



holes comparatively thick sequences of relatively coarse-grained sands were cut, indicative of the central, higher energy portions of the palaeochannel. Such parts of the palaeochannels are considered to be less prospective than the lower energy backwater and swampy reaches where there is the possibility for accumulation of organic matter which acts as a reducing chemical trap for the oxidising uranium bearing solutions. Notably, in some later holes thin siltstone interbeds were logged, indicating migration away from the central palaeochannel and the possibility of more organic matter and favourable uranium trap sites.

Gamma ray logs, which measure the downhole radioactivity in the drillholes, and can therefore give an



indication of the uranium levels, recorded significant responses in several holes. While the calculated U_3O_8 equivalence values are not of economic grade-widths, the gamma ray logs clearly record a history of uranium bearing solutions in the vicinity (see log for Hole CEM021). This is significant as it indicates favourable physical and chemical conditions for uranium migration in the palaeochannel sands in this area. Notably, gamma ray responses were associated with silty interbeds in one drillhole, suggesting fixing of uranium has also occurred (see log for Hole CEM029).

Drilling will continue during the next period with the aim of locating and testing the lower energy parts of the Yarramba palaeochannel in this area on a wider more

reconnaissance scale. Hole spacings will be closed in where downhole logging shows signs of anomalous radioactivity, with the objective of defining the limits of possible uranium mineralisation.

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. Any significant 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, downhole logging gives an instant read-out of the 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.

The outlook for uranium continues to remain positive as the result of global warming and energy issues. Curnamona Energy is therefore well positioned to benefit from this positive sentiment as it continues to explore its prospective tenement holding for new palaeochannel hosted uranium deposits.

FINANCE

As at 31 January 2006 the company had available funds of \$4.86 million, of which the majority is held in a term deposit. Expenditure on exploration for the next quarter is expected to be higher owing to the continuous programme of drilling that is planned.

Dr K R Johnson
CHAIRMAN

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

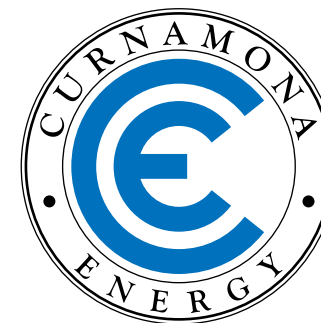
www.curnamona-energy.com.au

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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CURNAMONA ENERGY LIMITED

ACN 112 712 115



Quarterly Report
January 2006

HIGHLIGHTS

DRILLING ENCOURAGEMENT FROM YARRAMBA PALAEOCHANNEL

- Initial drilling intersected typical Yarramba palaeochannel sands at the location predicted by the earlier airborne geophysical survey.
- Gamma ray logs show responses from radioactive material within the palaeochannel sands indicating an active uranium migrating system.
- Drilling and logging equipment is performing well.

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