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ASX / Media Release

27 November 2009

## **APPENDIX 5B – FIRST QUARTER ACTIVITIES AND CASH FLOW REPORT**

### **HIGHLIGHTS**

- **First well field successfully drilled at Oban in preparation for field recovery trial.**
- **Drilling of monitor boreholes has expanded the boundaries of the Oban deposit**

### **Field Recovery Trial Activities at Oban**

Curnamona Energy Limited (ASX:CUY) has previously published an Inferred Resource of 8.2 million tonnes of uranium mineralization at an average grade of 260 ppm  $eU_3O_8$  (applying a grade thickness cutoff of 0.015 metre %  $eU_3O_8$ ) for the Oban deposit. This equates to a resource of 2,100 tonnes of  $eU_3O_8$ , which subject to satisfactory recoveries of uranium, is likely to be economically viable.

Owing to various technical uncertainties associated with the recovery and processing of the sand-hosted uranium mineralization at Oban, it was decided to carry out an initial test using a small scale processing plant in a field recovery trial. The design for this plant, which utilizes ion exchange resins for uranium extraction, was completed some months ago. Although small scale, the plant is projected to cost at least \$3 million, which is a substantial outlay.

PIRSA have approved the operation of the field recovery trial, however, before committing to the substantial outlay for the construction of the trial plant, it was decided to carry out additional test work to reduce the project risk. This work included :

1. Prompt Fission Neutron (PFN) downhole logging, which established that the uranium is in equilibrium.
2. Diamond coring to obtain representative samples of the uranium mineralization to carry out recovery tests using various resins (work in progress). Crucially, this will allow the extraction efficiency of the proposed resins to be tested for the saline ground water conditions at Oban.
3. Training Company drill crews to drill, case and grout monitor and production wells. At the end of the period 17 monitor wells and 4 injection wells in the first production pattern had

been completed by the crew (see drillhole plan below). This in house skill will be invaluable in the future as it becomes necessary to routinely drill holes for the production well fields.

All of the monitor boreholes have been logged, and some have returned ore-grade intersections outside of the current resource as shown on the accompanying map. This is encouraging for the expansion of uranium resources in the immediate vicinity of Oban.

## **Regional Exploration**

Regional exploration drilling work has been temporarily curtailed while effort has been focused on drilling the monitor and production well field boreholes at Oban. Radon survey work has continued and has identified several anomalous areas that will be followed up by drilling later.

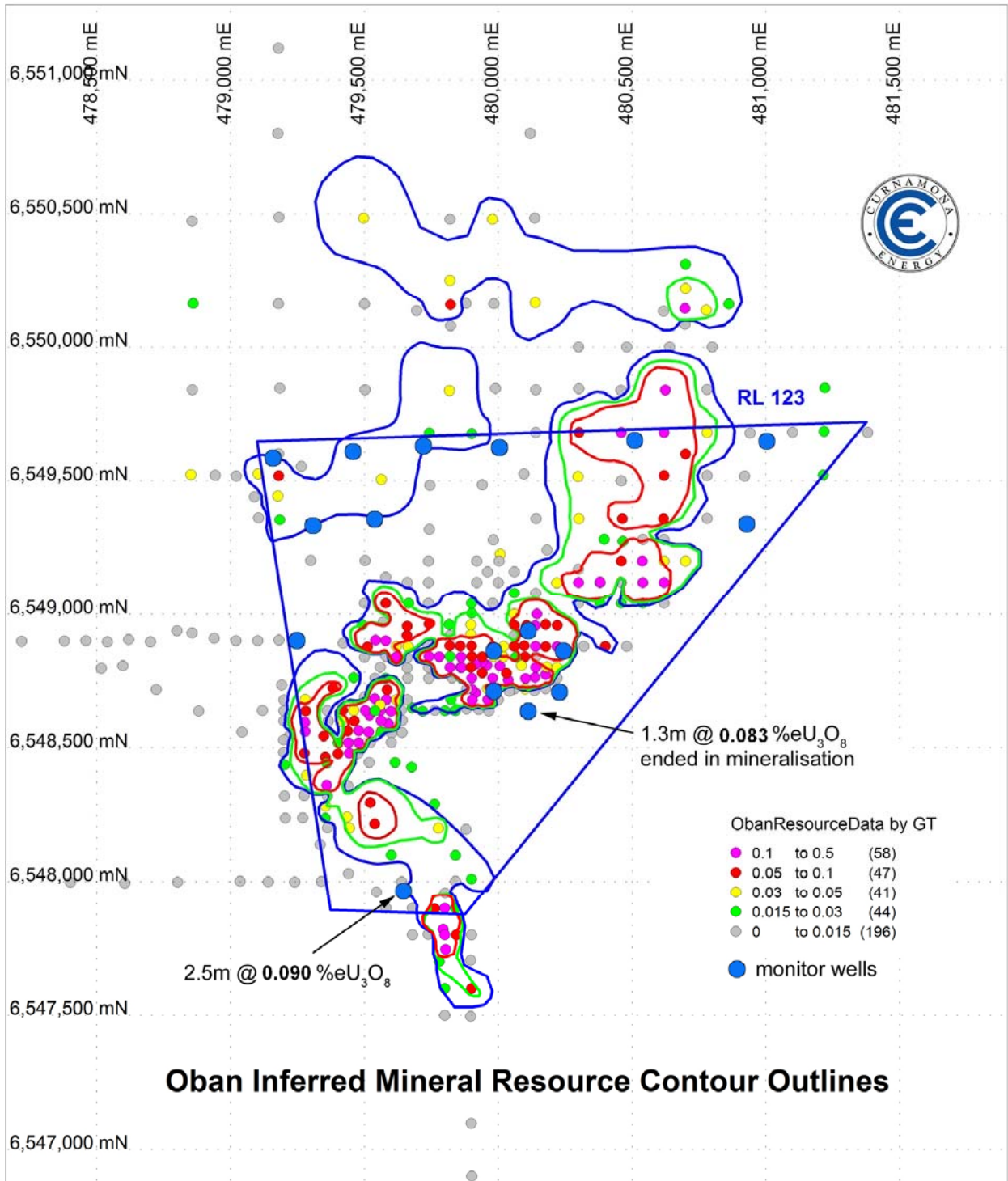
## **FINANCE**

As at 31 October 2009 the Company had available funds of approximately \$5.6 million. Most expenditure was directed towards drilling work in preparation for the field recovery trial at Oban.

Dr K R Johnson  
CHAIRMAN

The information in this report has been prepared by geologists Dr Bob Johnson and Mr Mark Randell who are members of the Australasian Institute of Mining and Metallurgy and Dr Chris Giles who is a member of The Australian Institute of Geoscientists. Drs Johnson and Giles are employed by the Company on consulting contracts and Mr Randell is a full-time employee. They have sufficient experience which is relevant to the style of mineralization and type of deposit under consideration to qualify as Competent Persons as defined in the JORC Code 2004. Drs Johnson and Giles and Mr Randell consent to the release of the information compiled in this report in the form and context in which it appears.

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



Economic uranium intersections in two recent monitor wells lying outside the current Oban resource.

## 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

CURNAMONA ENERGY LIMITED

ACN

112 712 115

Quarter ended ('current quarter')

31/10/09

Consolidated statement of cash flows

| <b>Cash flows related to operating activities</b>               | Current quarter<br>\$A'000 | Year to date<br>(3 months)<br>\$A'000 |
|---|----------------------------|---------------------------------------|
| 1.1 Receipts from product sales and related debtors             |                            |                                       |
| 1.2 Payments for (a)exploration and evaluation                  | -679                       | -679                                  |
| (b) development   |                            |                                       |
| (c) production  |                            |                                       |
| (d) administration  | -84                        | -84                                   |
| Dividends received  |                            |                                       |
| 1.4 Interest and other items of a similar nature received       | 43                         | 43                                    |
| 1.5 Interest and other costs of finance paid                    |                            |                                       |
| 1.6 Income taxes paid   |                            |                                       |
| 1.7 Other (provide details if material)                         |                            |                                       |
|   | -720                       | -720                                  |
| <b>Net Operating Cash Flows</b>                                 |                            |                                       |
| <b>Cash flows related to investing activities</b>               |                            |                                       |
| 1.8 Payment for purchases of:                                   |                            |                                       |
| (a)prospects  |                            |                                       |
| (b)equity investments   |                            |                                       |
| (c) other fixed assets  | -86                        | -86                                   |
| 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)                        |                            |                                       |
|   | -86                        | -86                                   |
| <b>Net investing cash flows</b>                                 | -86                        | -86                                   |
| 1.13 Total operating and investing cash flows (brought forward) | -806                       | -806                                  |

|   |   |      |      |
|---|---|------|------|
| <b>Cash flows related to financing activities</b> |   |      |      |
| 1.14  | Proceeds from issues of shares, options, etc. |      |      |
| 1.15  | Proceeds from sale of forfeited shares        |      |      |
| 1.16  | Proceeds from borrowings                      |      |      |
| 1.17  | Repayment of borrowings                       | -41  | -41  |
| 1.18  | Dividends paid                                |      |      |
| 1.19  | Other (provide details if material)           |      |      |
| <b>Net financing cash flows</b>                   |   | -41  | -41  |
| <b>Net increase (decrease) in cash held</b>       |   | -847 | -847 |
| 1.20  | Cash at beginning of quarter/year to date     | 6465 | 6465 |
| 1.21  | Exchange rate adjustments to item 1.20        |      |      |
| 1.22  | <b>Cash at end of quarter</b>                 | 5618 | 5618 |

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<br>\$A'000 |
|------|--|----------------------------|
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | 128                        |
| 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 payments relate to management and consulting fees payable to entities associated with the directors pursuant to contracts entered into with the Company, and also reimbursement of expenses incurred by directors on behalf of the Company

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

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|  |
|--|

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

|  |
|--|
|  |
|--|

Financing facilities available

*Add notes as necessary for an understanding of the position.*

|                                 | Amount available<br>\$A'000 | Amount used<br>\$A'000 |
|---------------------------------|-----------------------------|------------------------|
| 3.1 Loan facilities             |                             |                        |
| 3.2 Credit standby arrangements |                             |                        |

Estimated cash outflows for next quarter

|                                | \$A'000 |
|--------------------------------|---------|
| 4.1 Exploration and evaluation | 500     |
| 4.2 Development                |         |
| <b>Total</b>                   | 500     |

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<br>\$A'000 | Previous quarter<br>\$A'000 |
|--|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank                     | 154                        | 97                          |
| 5.2 Deposits at call                             | 5464                       | 6368                        |
| 5.3 Bank overdraft                               |                            |                             |
| 5.4 Other (provide details)                      |                            |                             |
| <b>Total: cash at end of quarter</b> (item 1.22) | 5618                       | 6465                        |

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           |                               |                                  |                            |

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 | <b>Preference + securities</b><br><i>(description)</i>   |  |   |   |  |
| 7.2 | Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs, redemptions |  |   |   |  |
| 7.3 | <b>+Ordinary securities</b>  | 66,007,103   | 66,007,103  |   |  |
| 7.4 | Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs              |  |   |   |  |
| 7.5 | <b>+Convertible debt securities</b><br><i>(description)</i>  |  |   |   |  |
| 7.6 | Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through securities matured, converted              |  |   |   |  |
| 7.7 | <b>Options</b><br><i>(description and conversion factor)</i>   | 200,000<br>200,000<br>40,000<br>50,000<br>50,000<br>190,000<br>50,000<br>4,000,000<br>200,000<br>660,000 | Employee<br>Employee<br>Employee<br>Employee<br>Employee<br>Employee<br>Employee<br>Directors<br>Employee<br>Employee | <i>Exercise price</i><br>62 cents<br>62 cents<br>55 cents<br>55 cents<br>55 cents<br>58 cents<br>181cents<br>111 cents<br>124 cents<br>37 cents | <i>Expiry date</i><br>14/07/2010<br>29/08/2010<br>20/02/2011<br>15/05/2011<br>16/06/2011<br>19/10/2011<br>08/06/2012<br>10/01/2013<br>17/12/2012<br>23/03/2014 |

|      |  |  |  |  |  |
|------|--|--|--|--|--|
| 7.8  | Issued during quarter                          |  |  |  |  |
| 7.9  | Exercised during quarter                       |  |  |  |  |
| 7.10 | Expired during quarter                         |  |  |  |  |
| 7.11 | <b>Debentures</b><br><i>(totals only)</i>      |  |  |  |  |
| 7.12 | <b>Unsecured notes</b><br><i>(totals only)</i> |  |  |  |  |

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 ~~does not~~\* (*delete one*) give a true and fair view of the matters disclosed.

Sign here: .....  
(Director/Company secretary)

Date: 27 November 2009

Print name: Dr KR Johnson....Director / Chairman.....

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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