

Curnamona Energy views this development as positive in two respects, firstly because it will improve the prospects of the Honeymoon project going ahead, which would provide a significant uranium production centre in the region. Secondly, because it puts a benchmark value on uranium projects in this part of South Australia.

On this basis the Oban project has potential to add considerable tangible value to Curnamona Energy when the ISR trial is able to accurately define uranium recovery parameters leading to a JORC resource.

Mitsui joins other major international companies exploring in the region, namely the large French utility, Areva, and a Korean consortium in joint venture with Scimitar Resources Limited, including Australian subsidiaries of Korea Resources Corporation, Daewoo International Corporation and LG International Corporation. Notably, Curnamona Energy is the only active junior uranium explorer in the region, and holds the largest area of palaeochannel exploration terrain in the Curnamona Province with prospectivity that is second to none.

Forward exploration planning

Curnamona Energy plans to concentrate its drilling activities ahead of the Christmas break in the Oban area. Promising prospects in more remote areas to the north will be drilled in the New Year, once suitable drilling water supplies are established.

FINANCE

As at 31 October 2008 the Company had available funds of approximately \$8.2 million, of which the majority is held in a term deposit. Expenditure on exploration and related activities for the quarter was \$606,000 and is expected to be at a reduced level next quarter, with no further equipment refurbishment expenses required.

Dr K R Johnson
CHAIRMAN

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

www.curnamona-energy.com.au

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.

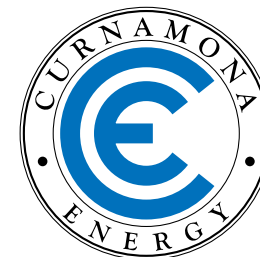
They have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration to qualify as Competent Persons as defined in the JORC Code 2004.

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.

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CURNAMONA ENERGY LIMITED

ACN 112 712 115



Quarterly Report
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HIGHLIGHTS

FOCUS ON IN SITU RECOVERY TRIAL AT OBAN URANIUM DEPOSIT

- *A draft MARP for Oban in situ recovery trial lodged with PIRSA*
- *Detailed design of trial treatment plant in progress*
- *Exploration drilling returned further economic mineralisation at Oban and indications of uranium elsewhere worthy of follow-up*

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REVIEW OF OPERATIONS

Oban *In situ* Recovery Trial Progress

Following grant of Retention Lease 123 over the Oban uranium deposit, Curnamona Energy Limited (Curnamona Energy – ASX:CUY) focused its attention on preparation of a mining and rehabilitation program (MARP) during the current quarter. The MARP is a comprehensive document that must be approved by PIRSA before it will allow the field trial to proceed. It is required to include considerable technical information, such as estimates of ground water flow, radon gas measurements and plant design details, as well flora and fauna surveys. It is basically the blueprint for the safe conduct of the in situ recovery field trial operation and the subsequent rehabilitation upon completion.

A draft MARP document has been compiled and submitted to PIRSA. Following recent comment by PIRSA, revisions to the document are now being made. In due course, when PIRSA is satisfied with the content, the MARP document will be posted on the PIRSA website for public comment.

In the meantime, Curnamona Energy has contracted an Adelaide-based consulting engineering firm to prepare detailed engineering design plans for the trial treatment plant. Following approval of the MARP, Curnamona Energy will move as quickly as possible to construct the trial treatment plant and carry out the planned test work.

Subject to a successful outcome of the test, Curnamona Energy will then apply for a Mining Lease and proceed to obtain an Export Licence and other approvals required for commercial uranium mining. This will require a further MARP and approval process, to cover the situation of a full scale in situ recovery (ISR) mining operation.

The Oban uranium discovery is hosted by a coarse-grained sandy palaeochannel aquifer, and the purpose of the ISR trial is to demonstrate that the deposit is amenable to low cost extraction methods. To date no resource has been published for the Oban deposit, mainly because it would be largely meaningless without knowledge of the critical ISR recovery parameters, which the field trial is also designed to establish. Curnamona Energy remains confident, based on its extensive drilling

to date, that Oban contains sufficient sand hosted uranium to support a modest ISR operation for many years (see also Strachan Corporate Research Report Update on Curnamona Energy's website <http://www.curnamona-energy.com.au/>).

Exploration Work

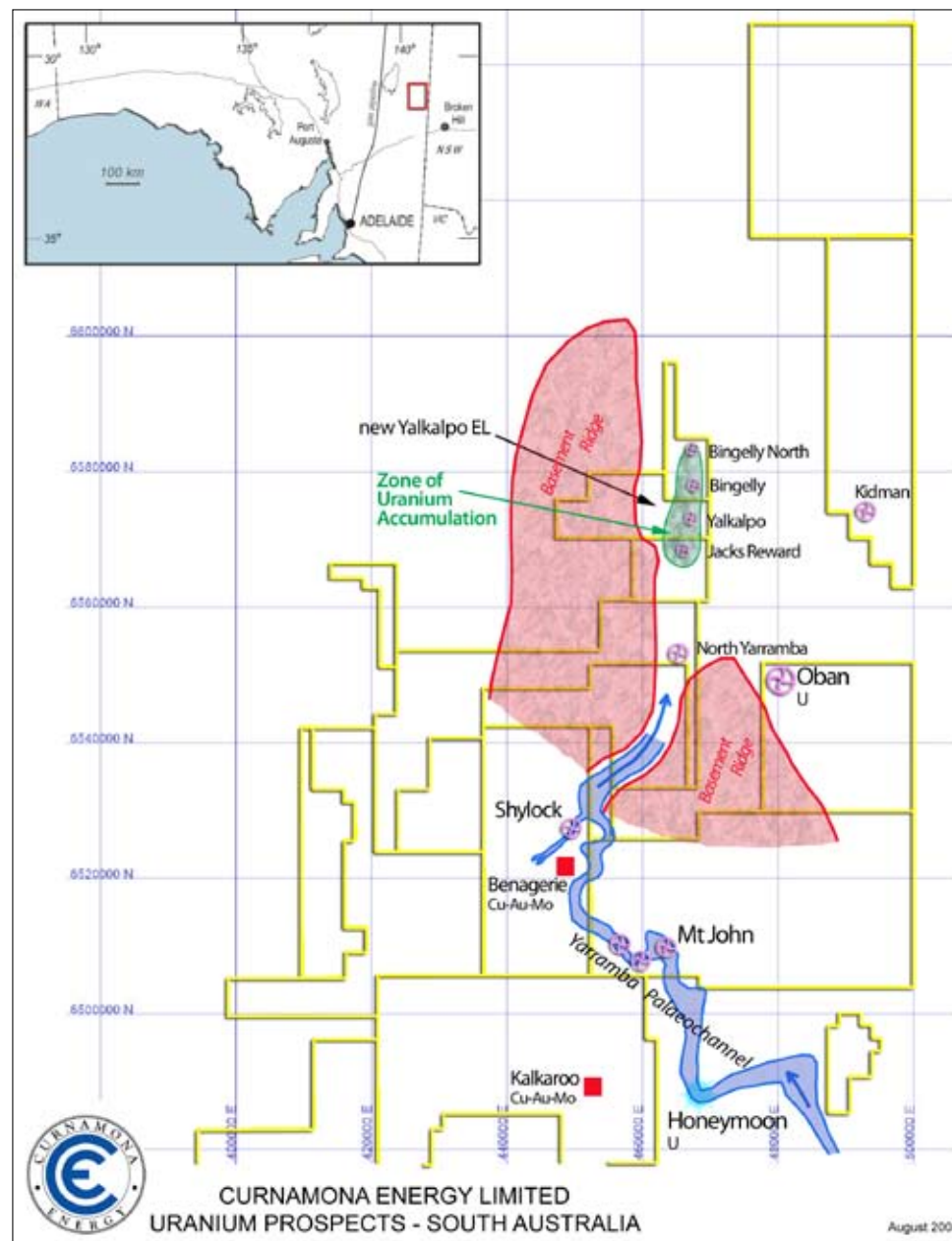
Curnamona Energy continued with its regional exploration work and 104 holes totalling 10,512 metres were drilled on five Exploration Licences during the quarter. Of these holes, 61 were drilled at Oban, 12 of which returned significant intercepts ($>0.03\text{m}\%e\text{U}_3\text{O}_8$). The best intercept was in CEY312, with a grade thickness of 0.45 metres percent $e\text{U}_3\text{O}_8$, continuing to highlight the good potential of the Oban project.

Indications of uranium mineralisation were found in some of the regional exploration areas, and follow-up drilling is warranted in the future.

Major Company Activity

Following Uranium One's announcement in May 2008 that it was seeking corporate development opportunities for its Honeymoon uranium project and its portfolio of advanced and early stage Australian exploration projects, Curnamona Energy participated in a data review and subsequently lodged an acquisition proposal for the Honeymoon asset and nearby tenements.

Uranium One announced on 15 October that it had reached agreement with Mitsui & Co. Ltd of Japan to create joint ventures in relation to its Australian assets.



Under the agreement, Mitsui would acquire a 49% interest in the Honeymoon project and the company's Australian exploration portfolio for a minimum cash commitment of \$104 million, the majority of which was to be used to advance the development of the Honeymoon project through to commercial production.