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The Manager
Companies Announcements Office
Australian Stock Exchange Ltd
10th Floor, 20 Bond Street
SYDNEY NSW 2000

29 August 2005

Dear Sir / Madam,

APPENDIX 5B – FOURTH QUARTER ACTIVITIES AND CASH FLOW REPORT

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 in progress

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 stabilize the drillholes for later down hole 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 utilized 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 drill hole. Any spare rig capacity can be utilized 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 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 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.

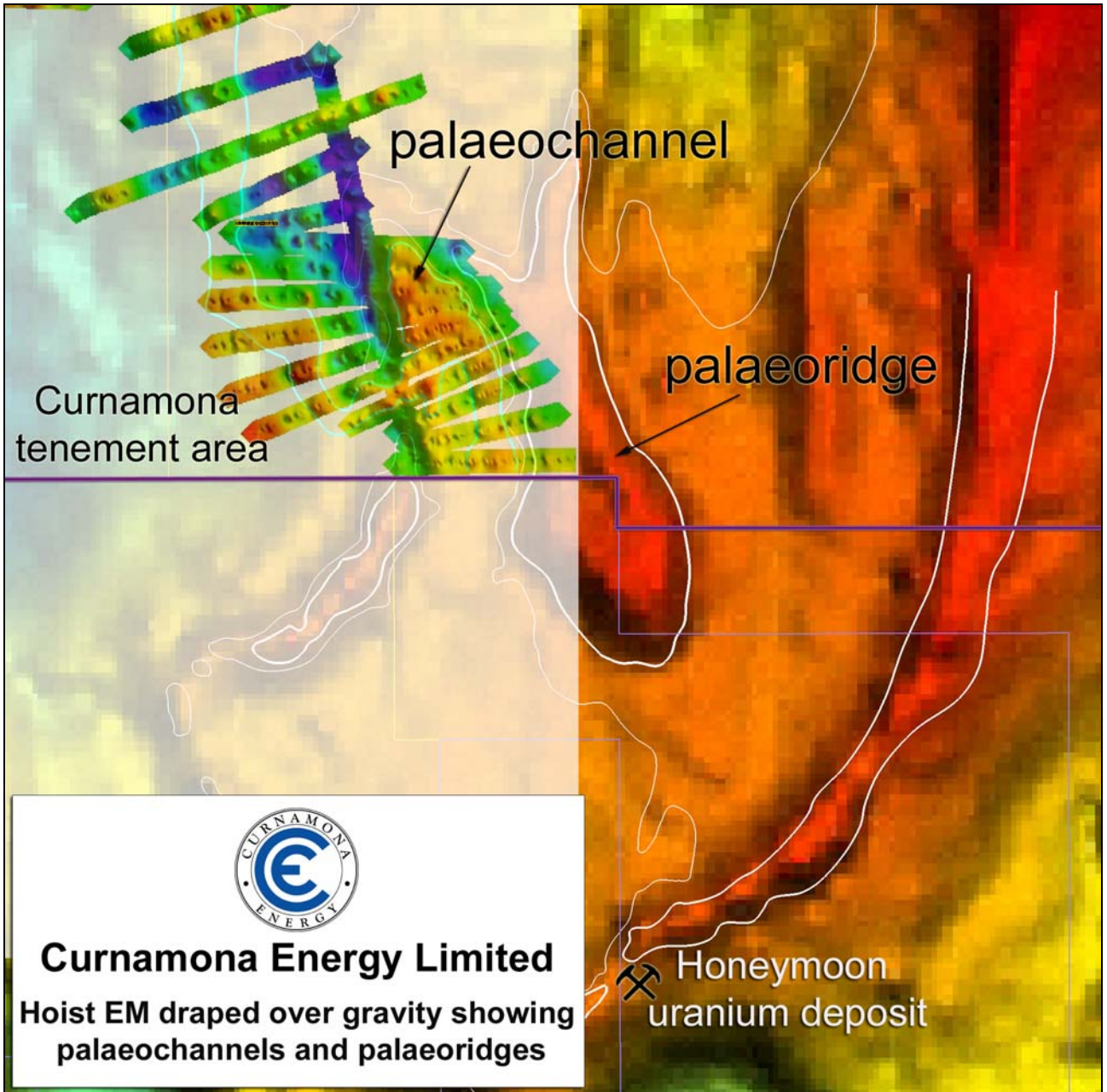
FINANCE

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

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. All are adherents to the respective Institutes' codes and recommended practices and have had 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
tenement area

palaeochannel

palaeoridge

Honeymoon
uranium deposit



Curnamona Energy Limited
Hoist EM draped over gravity showing
palaeochannels and palaeoridges

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

ABN

112 712 115

Quarter ended ("current quarter")

31/07/05

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (4 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a)exploration and evaluation	-55	-56
(b) development		
(c) production		
(d) administration	-86	-136
Dividends received		
1.4 Interest and other items of a similar nature received	75	78
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
	-66	-114
Net Operating Cash Flows		
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a)prospects		
(b)equity investments		
(c) other fixed assets	-22	-22
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)		
	-22	-22
Net investing cash flows		
1.13 Total operating and investing cash flows (brought forward)	-88	-136

Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-90	5477
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
Net financing cash flows		-90	5477
Net increase (decrease) in cash held		-178	5341
1.20	Cash at beginning of quarter/year to date		
1.21	Exchange rate adjustments to item 1.20	5519	-
1.22	Cash at end of quarter	5341	5341

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 \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	153
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

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Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	200,000
4.2 Development	
Total	200,000

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 \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	67	119
5.2 Deposits at call	5274	5400
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	5341	5519

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	Preference securities <i>(description)</i>				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	+Ordinary securities	59,287,103	59,287,103		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	+Convertible debt securities <i>(description)</i>				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options <i>(description and conversion factor)</i>	3,200,000		<i>Exercise price</i> 0.25	<i>Expiry date</i> 19/04/2010
7.8	Issued during quarter				

7.9	Exercised during quarter			<i>Exercise price</i>	<i>Expiry date</i>
7.10	Expired during quarter				
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <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 ~~not~~* (*delete one*) give a true and fair view of the matters disclosed.

Sign here:
(Director/Company secretary)

Date: 29 August 2005

Print name: Dr KR Johnson.....

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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