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ASX / Media Release

25 February 2008

APPENDIX 5B – SECOND QUARTER ACTIVITIES AND CASH FLOW REPORT
PROGRESSING FIELD LEACH TRIAL PERMITTING FOR OBAN

HIGHLIGHTS

- **Progress on Oban field leach trial permitting**
- **Expansion of area of uranium mineralization at Oban**
- **Commencement of exploration in new areas**

REVIEW OF OPERATIONS

Field Activities

Exploration drilling throughout 2007, including the first four weeks of the current quarter, was entirely concentrated on the Oban project. This drilling has now confirmed potentially economic grades of sand-hosted uranium mineralization (defined by the 0.05 m% eU₃O₈ contour) over an area of more than 2 square kilometers. It is considered that sufficient uranium resources exist at Oban to support a medium term in-situ leach operation. However, until factors critical to successful in situ recovery processing at Oban, such as permeability of the sands, uranium leachability / recovery and the extent of uranium disequilibrium are firmly established it will not be possible to obtain a JORC compliant resource estimate. It is for this reason that Curnamona Energy is proposing to establish a field leach trial to establish the amenability of the sands to in situ uranium recovery methods.

Recent uninformed comment by parties opposed to the mining and use of uranium as an efficient energy source has suggested a “loophole” whereby Curnamona Energy is circumventing normal environmental and public scrutiny through its Retention Lease tenement over Oban. In fact, quite the opposite is true, because although the field leach trial is extremely limited in size and scope, it still requires extensive public consultation and is subject to rigorous permitting procedures by PIRSA similar to a full scale uranium mining operation. As part of this process, a comprehensive Mining

and Rehabilitation Plan (MARP), that outlines strategies for management of environmental impacts and operational risks, was lodged with PIRSA last quarter and has been the subject of ongoing consultation and review until now.

At the end of the quarter, Curnamona Energy commenced its 2008 drilling programme, utilizing both of its drilling rigs. Drilling is focused on the northern Yarramba Palaeochannel lying to the west of the Oban uranium deposit. The palaeochannel is up to 3 kms wide and 120 m deep in this area, and presents a major exploration challenge to cost-effectively explore for buried sand-hosted uranium deposits that may have a foot print of only a few thousand square metres. The initial objective is to find local oxidation-reduction boundaries within the palaeochannel where uranium will be deposited.

As recently reported, 36 holes have been completed so far this year, with most intersecting thick river channel sand and gravel sequences. Exploration is concentrating on the palaeochannel margins where changes in oxidation state are more likely to occur. The most recent holes have intersected thick lignitic (carbonaceous) sand sequences, which are a potential trapping medium for the uranium solutions. A few anomalous gamma responses have been recorded so far, providing good encouragement for the prospecting of this major palaeochannel.

Forward exploration planning

Curnamona Energy' objectives during the next quarter are :

1. Continue progressing towards grant of all approvals required for the construction of a field leach trial plant on the Oban deposit, including sign off of the MARP document by PIRSA.
2. Undertake detailed design and commence construction of a field leach trial plant
3. Continue testing the lower reaches of the Yarramba palaeochannel in areas that have never before been drilled.

FINANCE

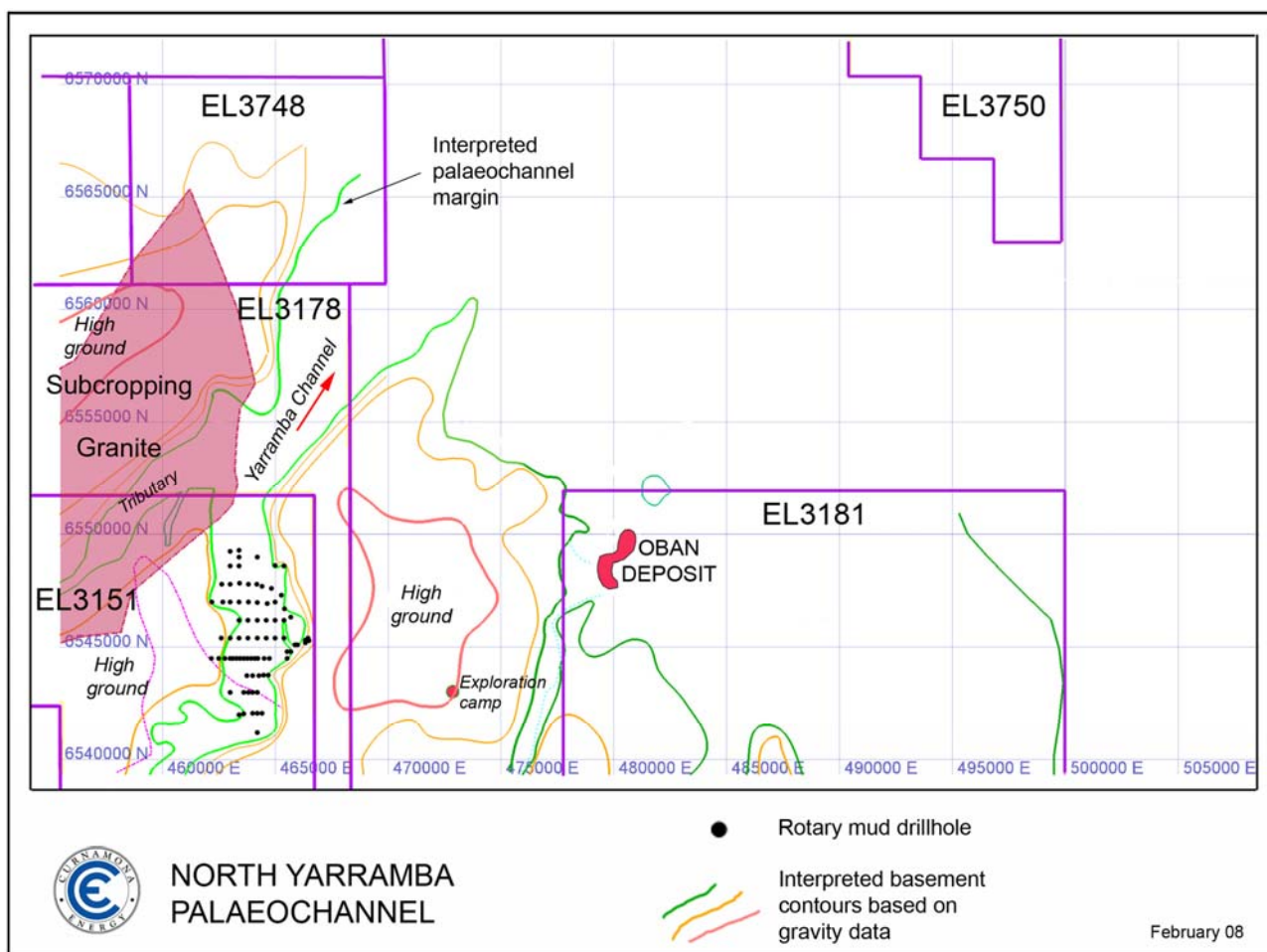
As at 31 January 2008 the Company had available funds of approximately \$9.5 million, of which the majority is held in a term deposit. Expenditure on exploration activities for the quarter was \$376,000 and is expected to be at a similar level next quarter.

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



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")

31/01/08

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	40	40
1.2 Payments for (a)exploration and evaluation (b) development (c) production (d) administration	-547	-871
Dividends received	-18	-106
1.4 Interest and other items of a similar nature received	149	295
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
	-376	-642
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	-13	-157
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)		-2
	-13	-157
Net investing cash flows		
1.13 Total operating and investing cash flows (brought forward)	-389	-799

Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	800	986
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings	-20	-49
1.18	Dividends paid		
1.19	Other (provide details if material)		
Net financing cash flows		780	937
Net increase (decrease) in cash held		391	138
1.20	Cash at beginning of quarter/year to date	9106	9359
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	9497	9497

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	99
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	375
4.2 Development	
Total	375

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	129	86
5.2 Deposits at call	9368	9020
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	9497	9106

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	66,007,103	66,007,103		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	3,200,000 10,000	3,200,000 10,000	25 cents 58 cents	ex directors opts ex employee opts
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 (description and conversion factor)	200,000 200,000 40,000 50,000 50,000 240,000 200,000	Employee Employee Employee Employee Employee Employee Employee	<i>Exercise price</i> 62 cents 62 cents 55 cents 55 cents 55 cents 58 cents 181cents	<i>Expiry date</i> 14/07/2010 29/08/2010 20/02/2011 15/05/2011 16/06/2011 19/10/2011 08/06/2012
7.8	Issued during quarter	4,000,000 200,000	Directors Employee	111 cents 124 cents	10/01/2013 17/12/2012
7.9	Exercised during quarter	3,200,000 10,000	Directors Employee	25 cents 58 cents	19/04/2010 19/10/2011
7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

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: 25 February 2008

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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