



## Quarterly Activities Report – period ending Jan 2010

### Curnamona Energy

*Curnamona Energy Limited is exploring and developing Tertiary sand-hosted uranium deposits within the world class Curnamona uranium province of South Australia. Its 100% owned Oban deposit contains 2,100 tonnes of  $eU_3O_8$  within an Inferred Resource of 8.2 million tonnes of uranium mineralisation at an average grade of 260 ppm  $eU_3O_8$ . Approvals are in place to conduct field trials to test operating and design parameters for a full scale in situ recovery operation (>200 tpa). The Company maintains an active exploration program within its 8,000 km<sup>2</sup> tenement area using its own drilling and logging equipment. Numerous prospects have been identified, which remain to be followed up with close spaced drilling.*

### Issued Capital

66 million ordinary shares  
5.6 million unlisted options

### Contact

Dr Bob Johnson – Chairman  
+ 61 (0)8 83389292

### Highlights for quarter

- Commencement of construction of well house unit for field recovery trials at Oban deposit.
- In house drilling of all wells for first well field.
- Planning for a major regional exploration program during 2010.

### Oban uranium deposit – current status

An important milestone was achieved during the quarter when Curnamona Energy Limited (ASX:CUY, referred to as Curnamona Energy or the Company; 45% owned by Havilah Resources NL, ASX:HAV) signed a contract for the construction of a well house unit for initial testing of its Oban uranium deposit.

The unit will be constructed and installed by Complete Pipe Systems, a locally based manufacturer with specialist expertise in the design and manufacture of components for *in situ* recovery uranium operations. Complete Pipe Systems is a major supplier of components for the Beverley and Honeymoon uranium mines in South Australia. The purpose of the well house is to allow the controlled circulation of acidified solutions from the surface through the uranium mineralized sands via a five well pattern, comprising four injection and one central extraction well. These wells were drilled, cased and cemented specifically for this purpose by the Company late last year. This will simulate the expected normal production pattern from the Oban uranium deposit, in a manner analogous to other *in situ* recovery operations in the region, such as the Beverley and Honeymoon mines.

Use of the well house unit will allow collection of key information concerning :

- the flow rates of solution through the sands;
- the amount of uranium that can be extracted from the sands using acidified local water; and
- the levels of other contaminant elements dissolved in the process (eg iron) that must be separated from the uranium at a later stage.

From this data it will be possible to estimate the uranium recovery factor from the mineralized sands, which is critical in evaluating the project economics. The derived uranium bearing solutions will be suitable for further test work necessary to finalise processing plant design and costing.



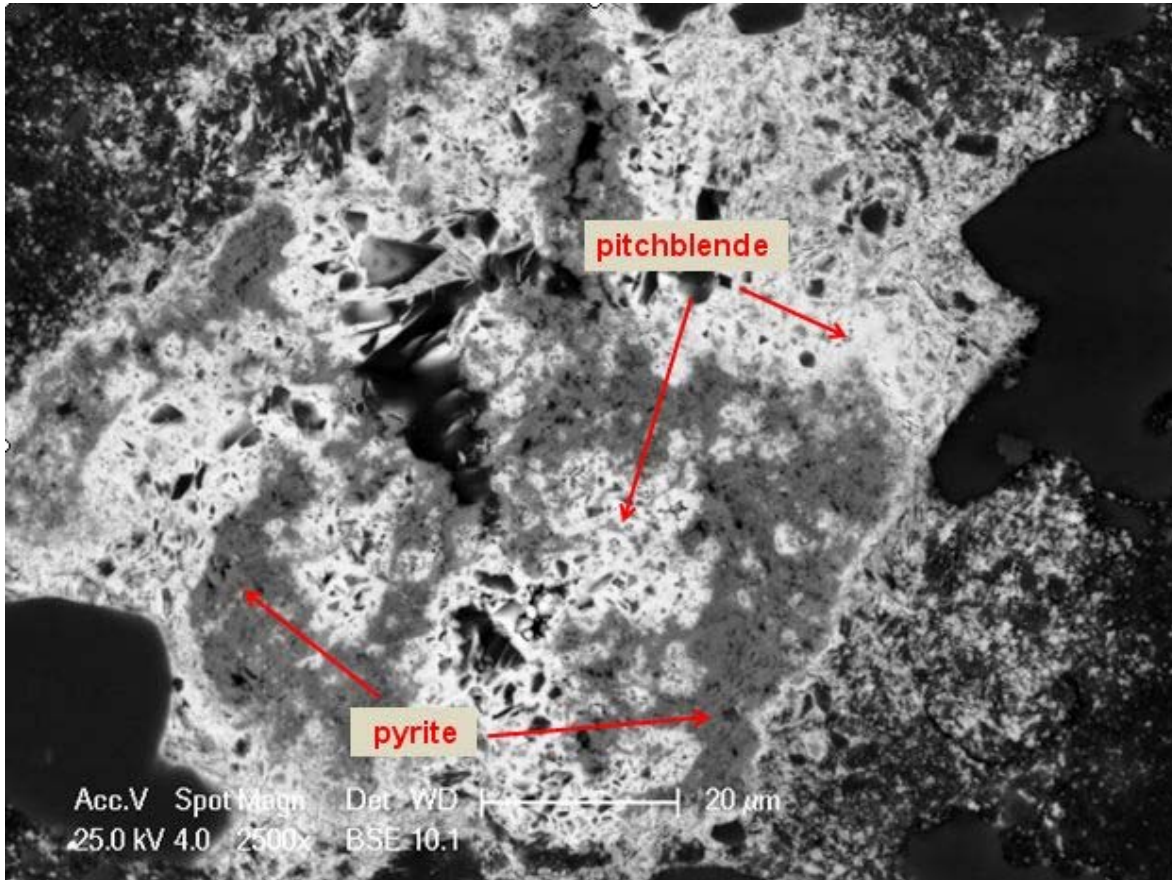
Present plans are that the well house should be on site and commissioned around the end of March 2010.

Circulation of acid solution will then proceed for several weeks in the well field that has been especially installed for the purpose. During this time uranium levels in solution will be carefully monitored and recorded. If the testing work goes well it may be possible to use the test results to design a full scale plant and therefore bypass the need for an intermediate field leach test plant as originally planned.

During the quarter diamond drilling was undertaken to obtain drillcore of the host sands in order to better understand the nature and distribution of the uranium mineralization. Microprobe analysis of core samples has shown a very typical secondary uranium mineralisation with secondary uranium minerals deposited around pyrite grains as shown in the accompanying scanning electron microscope image. Importantly, it is expected that the uranium in this form should be readily dissolved when it comes into contact with acidified solutions.



**Uranium mineralized pyritic sand in drillcore from Oban. The dark colour is mainly due to pyrite and organic matter in the sands. This interval assays 830 ppm  $U_3O_8$ .**



***Electron photomicrograph of uranium mineralization in drillcore from Oban, showing secondary uranium oxide (pitchblende) surrounding partially dissolved pyrite grains. Uranium in this form is readily accessible to acidic leach solutions and should be easily dissolved.***

## Regional Exploration

No regional exploration work was carried out during the quarter, as the drill rig and crew were fully employed completing the well field at Oban plus various monitor wells in preparation for the testing work described above.

An experienced exploration geologist has been employed to supervise the regional exploration effort for 2010. A wide ranging drilling program is planned to follow up various uranium hits obtained in previous wide-spaced drilling plus several radon anomalies.

## Finance

As at 31 January 2010 the Company had available funds of approximately \$5.2 million. Most expenditure was directed towards drilling work in preparation for the field recovery trial at Oban.

For further information visit the Company website [www.curnamona-energy.com.au](http://www.curnamona-energy.com.au) or contact :

Dr Bob Johnson, Chairman, on (08) 83389292 or email : [info@curnamona-energy.com.au](mailto:info@curnamona-energy.com.au)

### **Competent Persons Statement**

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 who is employed full time as General Manager. 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.



***Well house in process of being fabricated by Complete Pipe Systems in their factory at Murray Bridge.***



## 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')

31/01/10

Consolidated statement of cash flows

<b>Cash flows related to operating activities</b>	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration and evaluation	-333	-1012
(b) development		
(c) production		
(d) administration	-91	-175
1.4 Dividends received	50	-93
1.5 Interest and other items of a similar nature received		
1.6 Interest and other costs of finance paid		
1.7 Income taxes paid		
1.7 Other (provide details if material)		
<b>Net Operating Cash Flows</b>	<b>-374</b>	<b>-1094</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
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)		



	<b>Net investing cash flows</b>	-	-86
1.13	Total operating and investing cash flows (brought forward)	-374	-1180
	<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	-61	-102
1.18	Dividends paid		
1.19	Other (provide details if material)		
	<b>Net financing cash flows</b>	-61	-102
	<b>Net increase (decrease) in cash held</b>	-435	-1282
1.20	Cash at beginning of quarter/year to date	5618	6465
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	5183	5183

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	113
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	400
4.2 Development	
<b>Total</b>	400

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	122	154
5.2 Deposits at call	5061	5464
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>	5183	5618

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> <i>(description)</i>				
7.2	Changes during quarter (a) Increases through issues (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 (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	<b>+Convertible debt securities</b> <i>(description)</i>				



7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	<b>Options</b> <i>(description and conversion factor)</i>	200,000 200,000 50,000 50,000 190,000 50,000 4,000,000 200,000 660,000	Employee Employee Employee Employee Employee Employee Directors Employee Employee	<i>Exercise price</i> 62 cents 62 cents 55 cents 55 cents 58 cents 181cents 111 cents 124 cents 37 cents	<i>Expiry date</i> 14/07/2010 29/08/2010 15/05/2011 16/06/2011 19/10/2011 08/06/2012 10/01/2013 17/12/2012 23/03/2014
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter	40000	Employee	55 cents	20/02/2011
7.11	<b>Debentures</b> <i>(totals only)</i>				
7.12	<b>Unsecured notes</b> <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: 25 February 2010

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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