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ASX / Media Release

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APPENDIX 5B – FIRST QUARTER ACTIVITIES AND CASH FLOW REPORT

BUILDING A URANIUM RESOURCE AT OBAN

HIGHLIGHTS

- Confirmation of widespread economic grade uranium mineralization in channel sands at the Oban prospect
- Compilation of drilling data for other areas identifies further promising palaeochannel uranium prospects leading to new tenement applications

REVIEW OF OPERATIONS

Progress of drilling – Oban Prospect

During the quarter Curnamona Energy Limited (Curnamona Energy – ASX : CUY) focused on drilling the Oban prospect area located 60 kilometres north of the Honeymoon uranium deposit. Discontinuous roll front style uranium mineralisation in carbonaceous and pyritic palaeochannel sands was discovered in the region in the early 1980s by Marathon Petroleum Australia Ltd and subsequently followed up in 1998 by Paladin Resources NL when uranium prices were much lower than currently. Mineralisation is hosted by the same palaeochannel sand formation as Honeymoon and the recent Beverley 4 Mile uranium discovery of Alliance Resources / Quasar Resources. Compilation of open file drilling data indicated a target area at Oban covering some 3 square kilometres in which there were previous widespread gamma responses with grades up to 0.25% eU₃O₈.

Results for 52 holes drilled to date in the area have confirmed the previous drilling results and indicated uranium mineralised intervals ranging between 1 - 7 metres thick, with grades up to 0.4% eU₃O₈. Nineteen holes returned grade x thickness (GT's) greater than 0.1m% eU₃O₈ with best results of :

Drillhole	Metres	eU ₃ O ₈	m% eU ₃ O ₈
CEY 07	2.6	0.112%	0.291%
CEY 08	3.3	0.103%	0.340%
CEY 12	1.85	0.121%	0.224%
CEY 51	5.4	0.082%	0.44%

(by applying a cutoff grade of 0.01 % eU₃O₈ based on gamma log responses).

At the end of the quarter a total area of approximately 170,000 square metres of uranium mineralised palaeochannel sands above the 0.1 metre % eU₃O₈ cutoff boundary had been confirmed

by 40 - 80 metre spaced drillholes within the target area (see attached map). As an indication of the potential value at current spot uranium prices, 0.1 metre % U_3O_8 has an in-ground value of approximately A\$300 per square metre (assuming a density of 1.8 tonnes per cubic metre).

The palaeochannel sands have the advantage that they are amenable to in situ leach extraction which can strip most of the available uranium from a mineralised interval irrespective of the grade for a comparatively low capital outlay. On a cautionary note it is emphasised that the uranium must be proven to be in equilibrium, before the grades cited can be confidently related to actual U_3O_8 . This will require assaying of representative core samples for uranium or use of direct measuring logging tools.

Curnamona Energy's immediate objective is to incrementally build the resource base within the 3 square kilometre target area at the Oban prospect by progressively stepping out from the central core area drilled thus far (see map). At this stage the host material appears to be a blanket of coarse-grained, lignite-bearing sands, deposited directly on older basement, and in this respect it is somewhat different to the cleaner sands seen in the main Yarramba Palaeochannel. Oban appears to be a more classical overbank sand deposit which has trapped much organic debris in what might have been a backwater adjacent to the main river channel. This makes for a reducing host, evidenced by frequent organic pyrite in the sands, that is favourable for the chemical precipitation of the uranium dissolved in groundwater.

Other areas

Ongoing research of PIRSA open file exploration records has identified several new prospect areas where previous drilling returned anomalous gamma responses, which warrant follow up. Some of these areas lay on open ground to the north of Curnamona Energy's exploration areas and new EL applications were lodged to secure them.

Other areas of interest identified by the compilation work that lie within current exploration licences will be drill tested during the next quarter.

Forward exploration strategy

In order to meet exploration licence expenditure obligations in other areas before the end of the year it is proposed to briefly suspend the resource drilling programme at Oban for several weeks during November and move roughly 60 kilometres to the west and drill test several promising palaeochannel prospects within the Lake Namba palaeovalley system. These include the Billeroo Dam prospect where drilling by Minad in 1980 discovered some strong gamma log responses that were never followed up.

Drilling will then return to the Oban area until the end of the year to continue with expanding the palaeochannel sand uranium resource within the 3 square kilometer target area. Knowledge gained from drilling at Oban will be invaluable in searching for repeat situations in the surrounding area where wide-spaced drilling has indicated there are several further potential target zones.

FINANCE

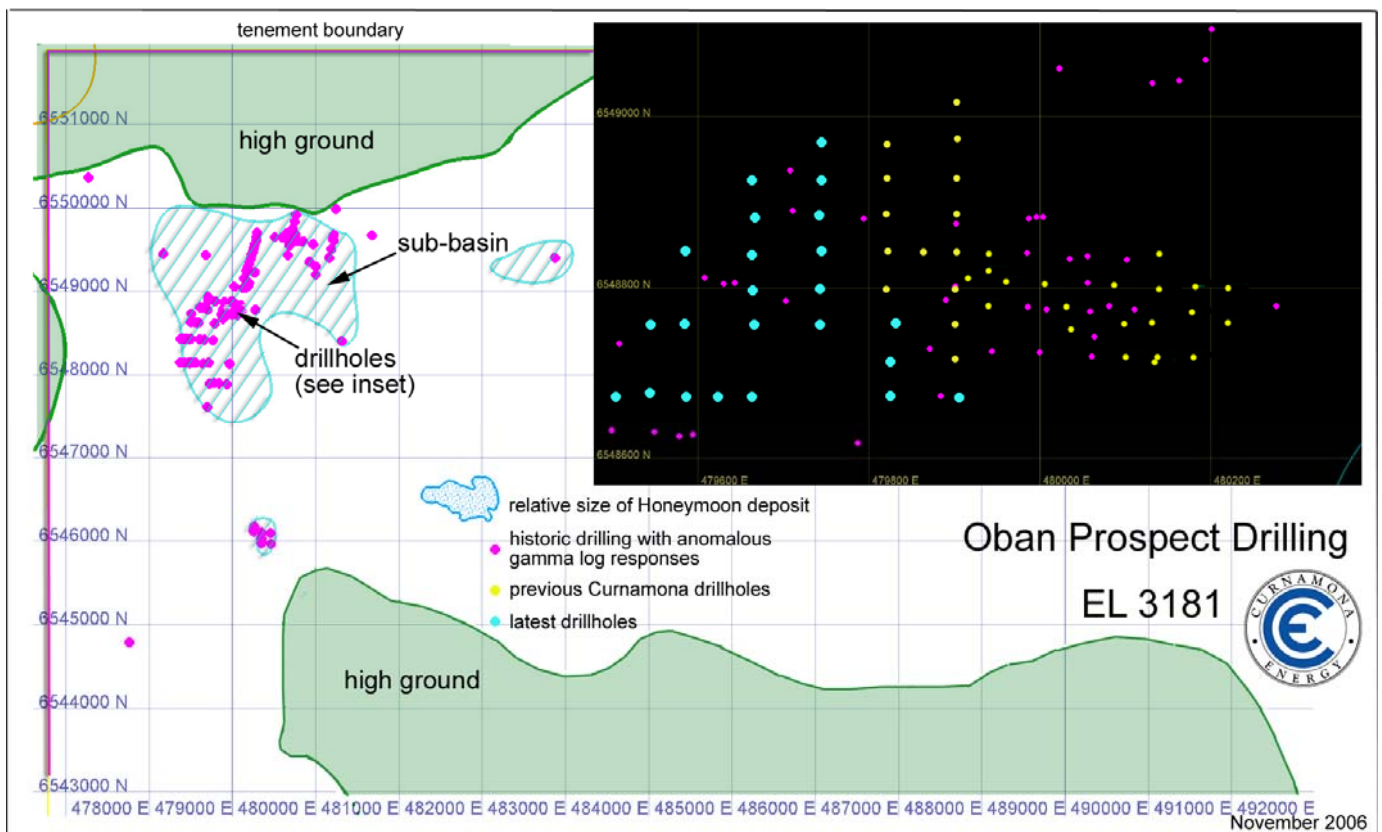
As at 31 October 2006 the Company had available funds of \$4.28 million, of which the majority is held in a term deposit. Expenditure on exploration for the next quarter is expected to be of the same order as that for this quarter as the drilling programme continues. PACE reimbursement of \$50,000 drilling expenditure in the Yarramba palaeochannel is likely to be credited during the 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")

31/10/06

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a)exploration and evaluation	-152	-152
(b) development		
(c) production		
(d) administration	-67	-67
1.4 Dividends received	62	62
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)		
	-157	-157
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	-11	-11
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)		
	-11	-11
Net investing cash flows		
1.13 Total operating and investing cash flows (brought forward)	-168	-168

Cash flows related to financing activities			
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		
1.18	Dividends paid		
1.19	Other (provide details if material)		
Net financing cash flows			
Net increase (decrease) in cash held		-168	-168
1.20	Cash at beginning of quarter/year to date	4446	4446
1.21	Exchange rate adjustments to item 1.20		-
1.22	Cash at end of quarter	4278	4278

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	95
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	250,000
4.2 Development	
Total	250,000

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	76	105
5.2 Deposits at call	4202	4341
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	4278	4446

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 (description and conversion factor)	3,200,000 500,000 200,000 50,000 50,000	Directors Employee Employee Employee Employee	<i>Exercise price</i> 25 cents 62 cents 62 cents 55 cents 55 cents	<i>Expiry date</i> 19/04/2010 14/07/2010 29/08/2010 15/05/2011 16/06/2011
7.8	Issued during quarter	100,000 200,000	Employee Employee	55 cents 58 cents	20/02/2011 19/10/2011
7.9	Exercised during quarter			<i>Exercise price</i>	<i>Expiry date</i>
7.10	Expired during quarter	50,000	Employee	62 cents	29/08/2010
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: 30 November 2006

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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