

30 November 2009

The Manager Companies
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

(4 pages by email)

Dear Madam

Uranium intersection confirms potential of Curnamona Uranium Project

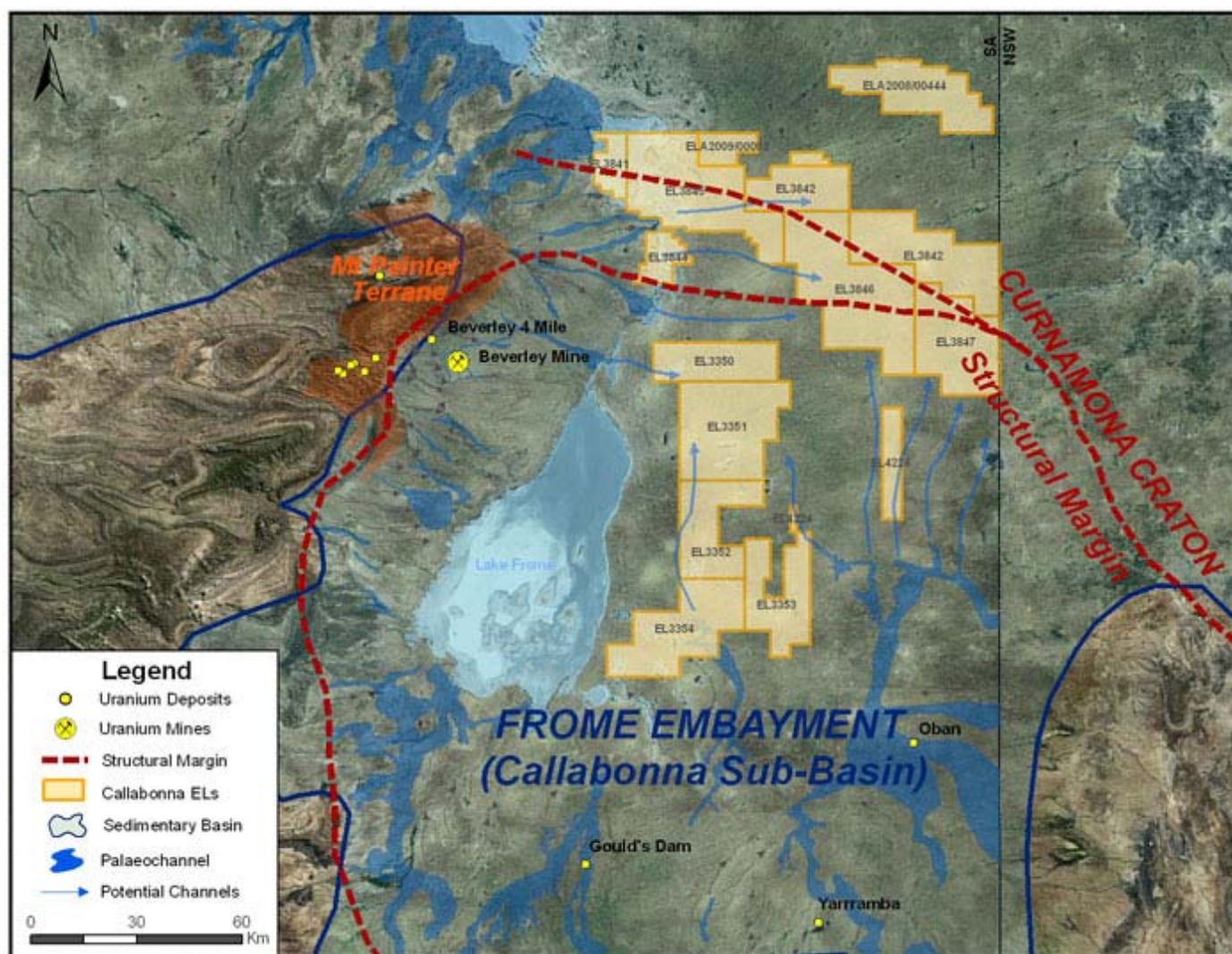
Highlights

- **The first ever drilling program targeting channels in the Curnamona North project area has confirmed the potential for significant uranium mineralisation.**
- **CUN 005 intersected uranium up to 70ppm eU₃O₈ and confirmed the presence of thick reduced sand sequences in areas interpreted as channels from airborne electro-magnetics (AEM).**
- **The result from CUN 005 is highly significant because:**
 - **It confirms that uranium mineralising processes are operating in these areas.**
 - **It confirms the presence of reduced carbon rich sands where channels are interpreted.**
 - **The nearest drilling along the same channel is some 13.5 kilometres to the north and 32 kilometres to the south.**
- **Callabonna will continue to test the 150+ kms of palaeo-channels defined by AEM but will also design the remaining part of the program to systematically test the area around this highly significant result.**
- **The results for a further 9 drillholes are expected within the next 2 weeks.**
- **Extreme heat has forced the suspension of the drilling program until next year.**

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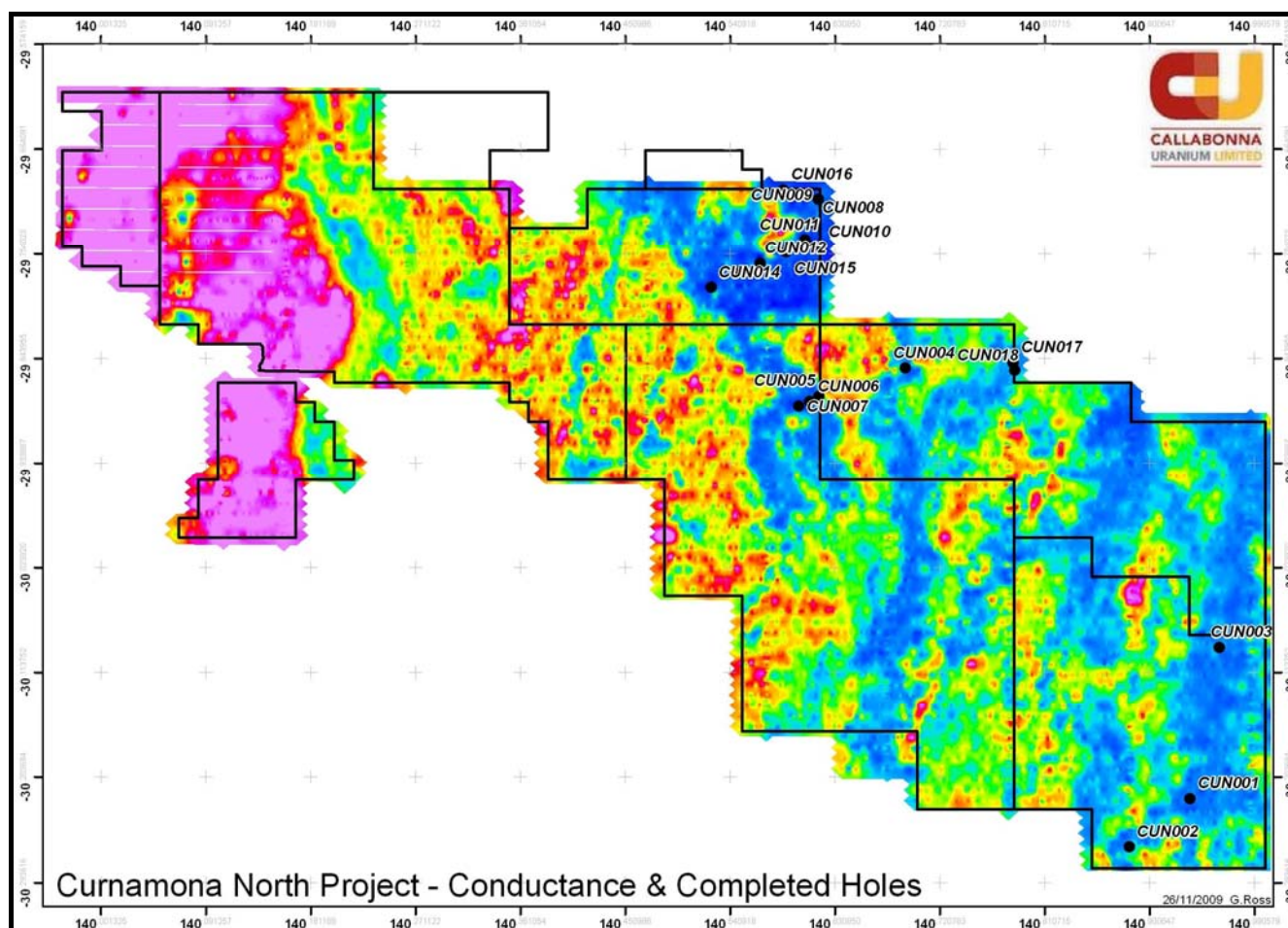
Callabonna Uranium Limited ('Callabonna') is pleased to announce that it has received the results for the first 8 drillholes ever drilled testing palaeo-channels in the Curnamona North Uranium Project. The Curnamona North Uranium Project is part of Callabonna's overall Frome Embayment tenement holding (>7,000 km²) in South Australia. The Frome Embayment contains a large endowment of sediment-hosted uranium mineralisation including known resources at Beverley, Honeymoon, Oban and 4 Mile, as well as recently discovered mineralisation at Beverley extensions and Junction Dam.



In 2007 an Airborne Electro-Magnetic (AEM) survey was completed to delineate palaeo-channels in the region for sandstone hosted uranium deposits. This AEM survey defined >150 kms of channel within the Curnamona North Project area and the first drill program ever to test this region was commenced by Callabonna in Late October.

This first drill program was designed as a reconnaissance drill program to test the presence of channels (as defined by the AEM) and the prospectivity of the channels for sediment hosted uranium deposits within them, similar to 4 Mile, Beverley etc. The planned program of some 40+ holes was designed to test various channels at very broad spacings.

The figure below shows the location of the completed holes on an image of the conductance at a depth of 50 metres. The image clearly shows the areas of interpreted palaeo-channel in blue which are generally north south trending and widening to the north suggesting more of an alluvial fan in the northernmost part of the tenement area. These are the areas deemed as prospective targets and as can be seen from the image there remains in excess of 150 kilometres of channel to be tested.



Given the remoteness of the area a low risk approach was decided upon for the drilling (mud rotary drilling) to ensure targeted depths of 120-140 metres could be attained when the predicted running sands were intersected. Down hole gamma logging was then conducted on each hole with a down hole gamma probe.

The results for the first 8 holes (based on the gamma probe results) have been received. CUN-005 intersected anomalous uranium at around 93 metres with a peak value of 70ppm eU3O8 and the best composite intercept of 0.5m @ 53ppm eU3O8 from 93.54 metres. This hole was one of 3 holes drilled 1 kilometre apart across the interpreted channel in this area and CUN-005 is the last hole on that particular line. The remaining 7 holes for which results have been received failed to intersect anomalous uranium results.

All holes in the program confirm that the channels are filled with reduced sand dominated sediments with minor lignite (brown coal), similar to those associated with mineralisation at Honeymoon to the south.

This result from CUN-005 is a very significant because it confirms the presence of uranium mineralising processes in these previously unknown and untested palaeo-channels.

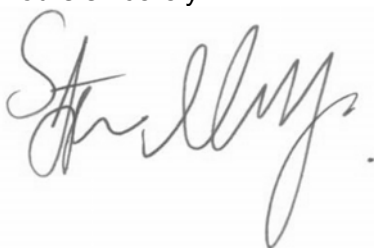
The channel in question remains untested for 13.5 kms north and 32 kms south.

Callabonna has dispatched selected samples for assay from the drilling based on the gamma probe results and these are expected in 4-5 weeks time.

A total of 17 holes were drilled at Curnamona North project before the early onset of extremely hot weather forced the suspension of the program until next year. We expect the results for the remaining 9 holes to be available in the next 2-3 weeks.

Over the coming weeks we will plan and permit additional holes to systematically follow-up the mineralisation intersected in CUN-005.

Yours sincerely



Stephen McCaughey
Managing Director

The information in this report that relates to Exploration Results, Mineral Resources, or Ore Reserves is based on information compiled by Stephen McCaughey. Mr McCaughey has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking. This qualifies Mr McCaughey as a Competent Person as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr McCaughey consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Equivalent uranium values presented here were calculated by David Wilson of 3D Exploration Pty Ltd. Mr Wilson is a Competent Person as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Wilson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

All holes were logged with an Auslog A75 total count gamma tool. The gamma tool was calibrated in Adelaide at the Department of Water, Land and Biodiversity Conservation in calibration pits constructed under the supervision of the CSIRO. These calibration pits have been shown to provide calibration standards for drill hole logging tools that are comparable to those at the DOE facility in Grand Junction, Colorado USA. The gamma tool measures the total gamma ray flux in the drill hole. Readings are averaged over 2 or 5 centimetre intervals and the reading and depth recorded on a portable computer. The gamma ray readings are then converted to equivalent U3O8 readings by using the calibration factors derived in the Adelaide calibration pits. These factors also take into account differences in hole size and water content.

The gamma radiation used to calculate the equivalent U₃O₈ is predominately from the daughter products in the uranium decay chain. When a deposit is in equilibrium, the measurement of the gamma radiation from the daughter products is representative of the uranium present. It takes approximately 2.4M years for the uranium decay series to reach equilibrium. Thus, it is possible that these daughter products, such as radium, may have moved away from the uranium or not yet have achieved equilibrium if the deposit is younger than 2.4M years. In these cases the measured gamma radiation will over or under estimate the amount of uranium present. The gamma radiation from the uranium daughter products measured at Curnamona North may not be in equilibrium due to one of the above factors. Callabonna Uranium Limited will conduct further studies in subsequent drilling programs to determine if disequilibrium is present.

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