

29 July 2011

The Manager Companies
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

(10 pages by email)

Dear Madam,

ACTIVITIES REPORT FOR THE QUARTER ENDED 30 JUNE 2011

SUMMARY

- Rock chip samples over the Delaney gold project assayed up to 162 g/t with a quarter of the samples taken assaying over 100 g/t gold. The samples were generally of gossanous quartz reefs which are relatively continuous and are up to several metres wide at surface.
- Results of conventional soil sampling and Niton XRF sampling over the Delaney gold project show an interpreted extension of the mineralised structure some 1,000 metres to the north of the area of known mineralisation and 900 metres to the south.
- Results of follow up sampling and mapping completed at Gilbert River uranium/rare earths project confirm the elevated rare earths elements of up to 3.4% Total Rare Earth Oxides. Sample pulps have been submitted for gold assay and petrology samples have been submitted to identify the mineral assemblages responsible for the mineralisation.
- Rock chip samples taken during reconnaissance work on the Oak River Project have assayed up to 1,274 ppm U_3O_8 .
- Airborne Electro-Magnetic data over the Curnamona South uranium project has highlighted the interpreted extensions of the Curnamona and Yarramba palaeo-channels. These channels host the Gould's Dam and Oban uranium deposits further south of the Curnamona South project.
- A total of 40 holes are currently being permitted to target the newly interpreted extensions of these and the Lake Namba channels.

CURNAMONA SOUTH URANIUM PROJECT - (100% CUU)

During the quarter, Callabonna Uranium Limited ('Callabonna' or 'the Company') completed interpretation of the finalised Airborne Electro-Magnetics (AEM) data over our Curnamona South uranium project. This dataset incorporates the Geoscience Australia funded regional Frome AEM Mapping Survey as well as infill data funded by Callabonna over an area of 5,142 km² covering the Curnamona South project and surrounding areas. Callabonna has exclusive access to the detailed infill data for the first 12 months after release.

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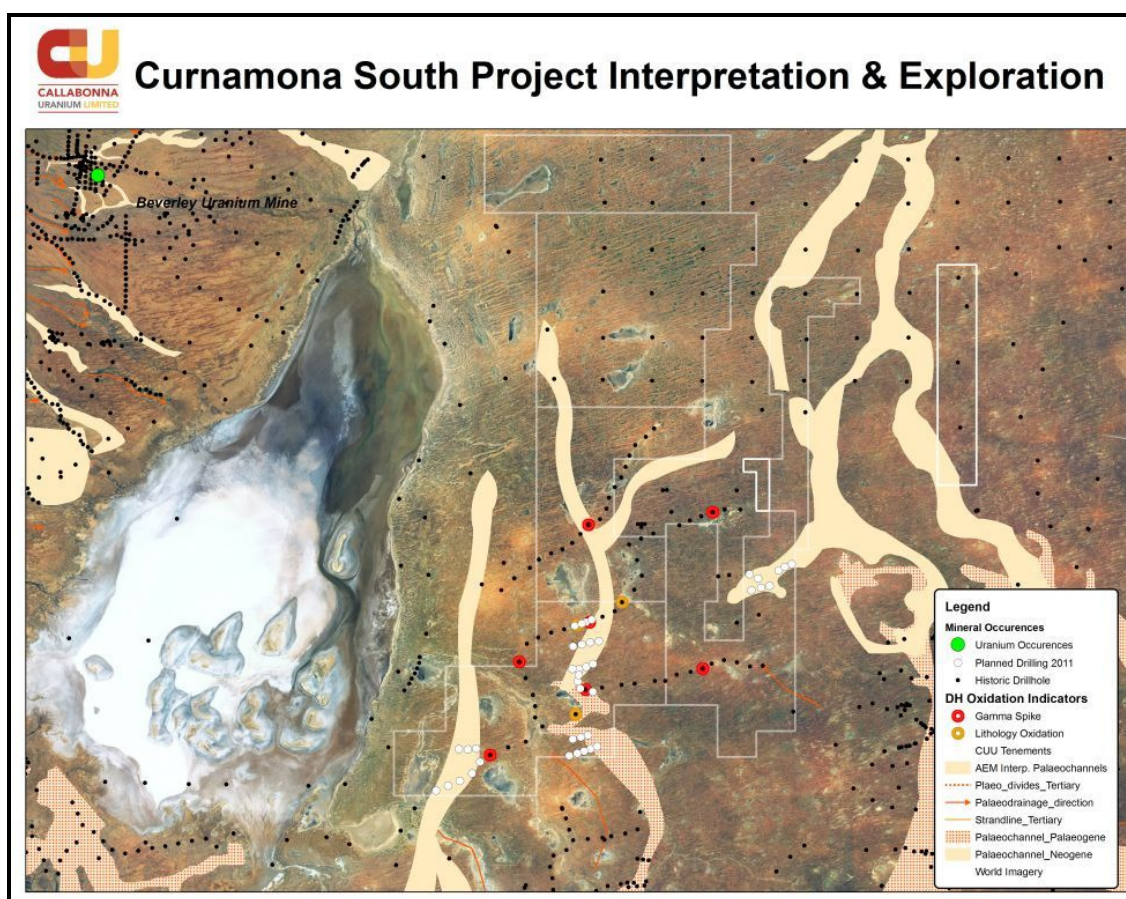
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Interpretation of the newly acquired data has revealed interpreted extensions of both the Curnamona and Yarramba palaeo-channels within Callabonna's Curnamona South project area. These two channel systems are regionally significant as they host the Gould's Dam uranium deposit (Curnamona system) and Oban uranium deposit (Yarramba system, the 10 June announcement had referred to this as the Lake Charles palaeo-channel system), both further south of Callabonna's project area.

In addition to the interpreted channels from AEM, review of open file data has highlighted numerous drill holes that showed significant uranium (from down-hole gamma probe results) adjacent to other drill holes which contained significant thicknesses of oxidised sediment. The observations may indicate proximity to a regional scale roll front oxidation gradient which may be concentrating uranium.

A total of 40 drill holes are planned to test the newly interpreted extensions to the mineralised channel structures. Native title and environmental permitting is currently underway and drilling is scheduled to begin in the third quarter of this year.



***Curnamona South project: Interpreted channels with proposed drillholes.
The interpreted palaeo-channel systems are the Curnamona on the left, Lake Namba in
the middle and Yarramba on the right.***

CURNAMONA NORTH URANIUM PROJECT - (100% CUU)

Analysis of the litho-stratigraphy encountered in the 2009 and 2010 drilling programs and expanded insight provided by the recently completed basin wide AEM survey by Geoscience Australia has led to a re-interpretation of the geology of the project area. The northern Frome Embayment is representative of a coastal shoreline sequence with rivers flowing from the west (Mt Painter Block, Beverley area) depositing material in tidal lagoonal areas and the shoreline sands further east.

This interpretation has the previously interpreted large channel now representing an offshore barrier bar environment or a transgressive coastal sequence with smaller channels interpreted to the west being channels flowing into the coastal lagoonal sequence where sandy lignitic deposits are formed.

This re-interpretation has positive implications for exploration in the project area as it places the interpreted channels much closer to uraniferous crystalline basement to the west at Mt Painter. Callabonna is seeking expressions of interest from potential joint venture partners interested in sole funding further exploration in this area to earn an interest in the project.

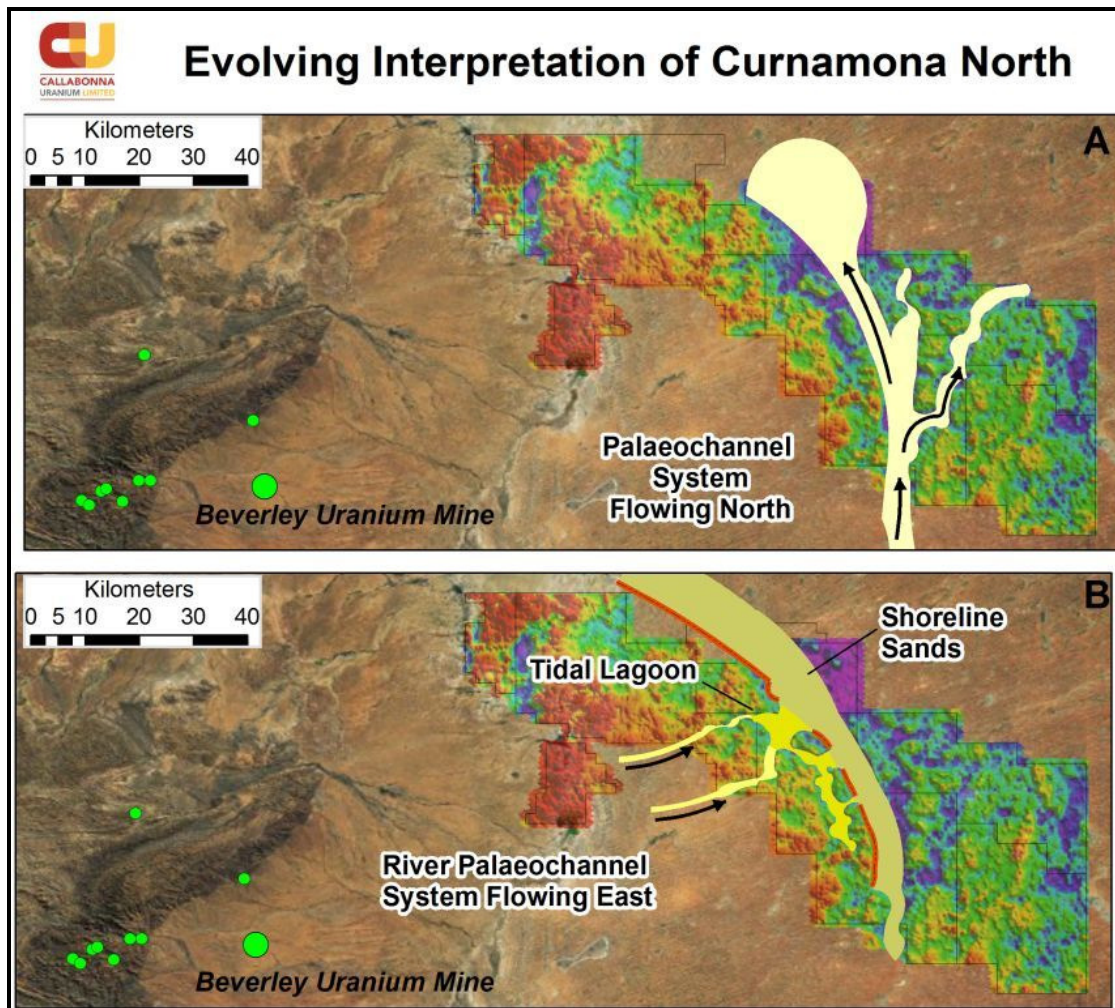


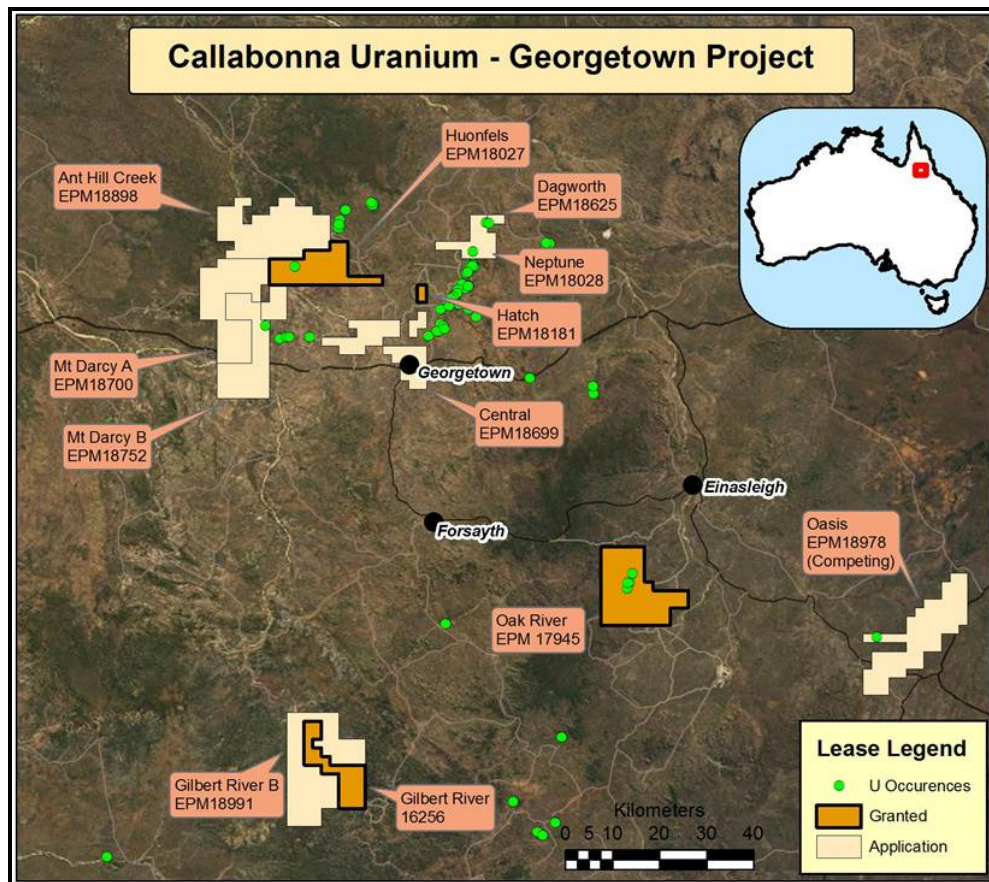
Figure showing revised interpretation of the Curnamona North project area. Note the shoreline sand body with palaeochannels flowing from the direction of Beverley/Mt Painter.

GEORGETOWN PROJECTS, QLD - (100% CUU)

Callabonna holds 12 exploration permits (4 granted) in the Georgetown region of North Queensland. These projects are prospective for uranium, gold, base metals and Rare Earth Elements (REEs).

Reconnaissance exploration was undertaken during the quarter over recently granted properties including:

- soil sampling and Niton XRF surveys over the Delaney Gold project;
- mapping and reconnaissance sampling over the Oak River project, and
- mapping and general reconnaissance sampling over the Gilbert River uranium/rare earths project.



Georgetown projects showing tenement locations.

Oak River Uranium Project, North Queensland - (100% CUU)

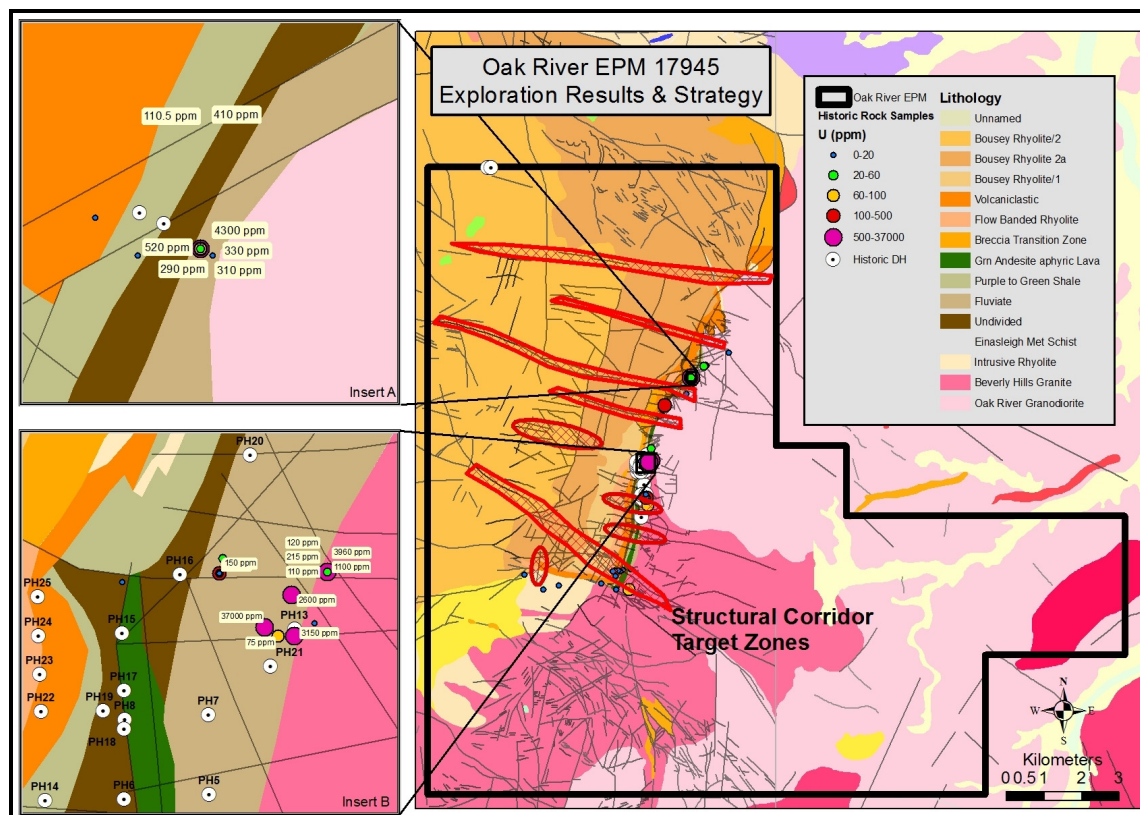
The Oak River exploration permit (EPM 17945) was granted in late 2010 and covers the south eastern margin of the Newcastle Range Volcanics where they sit within the Wirra Cauldron, a volcanic subsidence structure. Regionally, outcropping uranium mineralisation shows a strong spatial association the margins of these volcanic subsidence structures. Similar environments globally demonstrate that the central areas of these subsidence structures, close to major fault zones, are highly prospective for high grade large tonnage volcanogenic uranium deposits similar to those of the Streltsovskoye District of western Russia. There a 20 kilometre wide caldera contains 18 defined uranium deposits with a combined resource of 727 Mlbs U_3O_8 grading at more than 0.2% (Nash, 2010). The deposits of this area form the basis of the exploration model being used by Callabonna to explore the Georgetown area of North Queensland (see Callabonna's website for more detail).

The Oak River area was previously explored for uranium in the 1970s by German company Urangesellschaft who mapped the edge of the caldera area in detail, dug numerous costeans and drilled 28 holes targeting the basal sediments of the Newcastle Range Volcanics. This work was focused on the margins of the caldera and the central areas were never tested.

Initial reconnaissance work completed by Callabonna in April 2011 encountered visible vivid green and opaque green secondary uranium mineralisation in quartz mica sandstones. The visible secondary uranium mineralisation is most likely torbernite which is a hydrated copper uranium phosphate and is probably after uraninite which has been identified in historical petrology by previous explorers. These mineralised sandstones returned scintillometer readings up to 10,000 counts per second against a background of approximately 50 to 80 counts per second and assays of rock chip samples submitted of this material have assayed up to 1,274 ppm U_3O_8 . The samples were also elevated in phosphate and copper confirming that the visible uranium mineral was most likely torbenite.

The Oak River area is considered highly prospective because of the potential for mineralisation within the subsidence structure (caldera or cauldron). At structural positions within the caldera coarse clastic sediments (host to mineralisation) are likely to have been focussed in the early stages of extensional subsidence. Later in the evolution of the volcanic terrain uranium transporting fluids may also have been focused by these same structures.

The next steps at Oak River are to highlight the more significant structures and prioritise these using high resolution ground radiometrics and soil geochemistry. Once structural zones have been prioritised the highest priority targets will be drill tested.



Oak River Geology highlighting structural target zones (red hatched areas) within the volcanic subsidence structure. Note all historical exploration was focused at the margins of the structure.

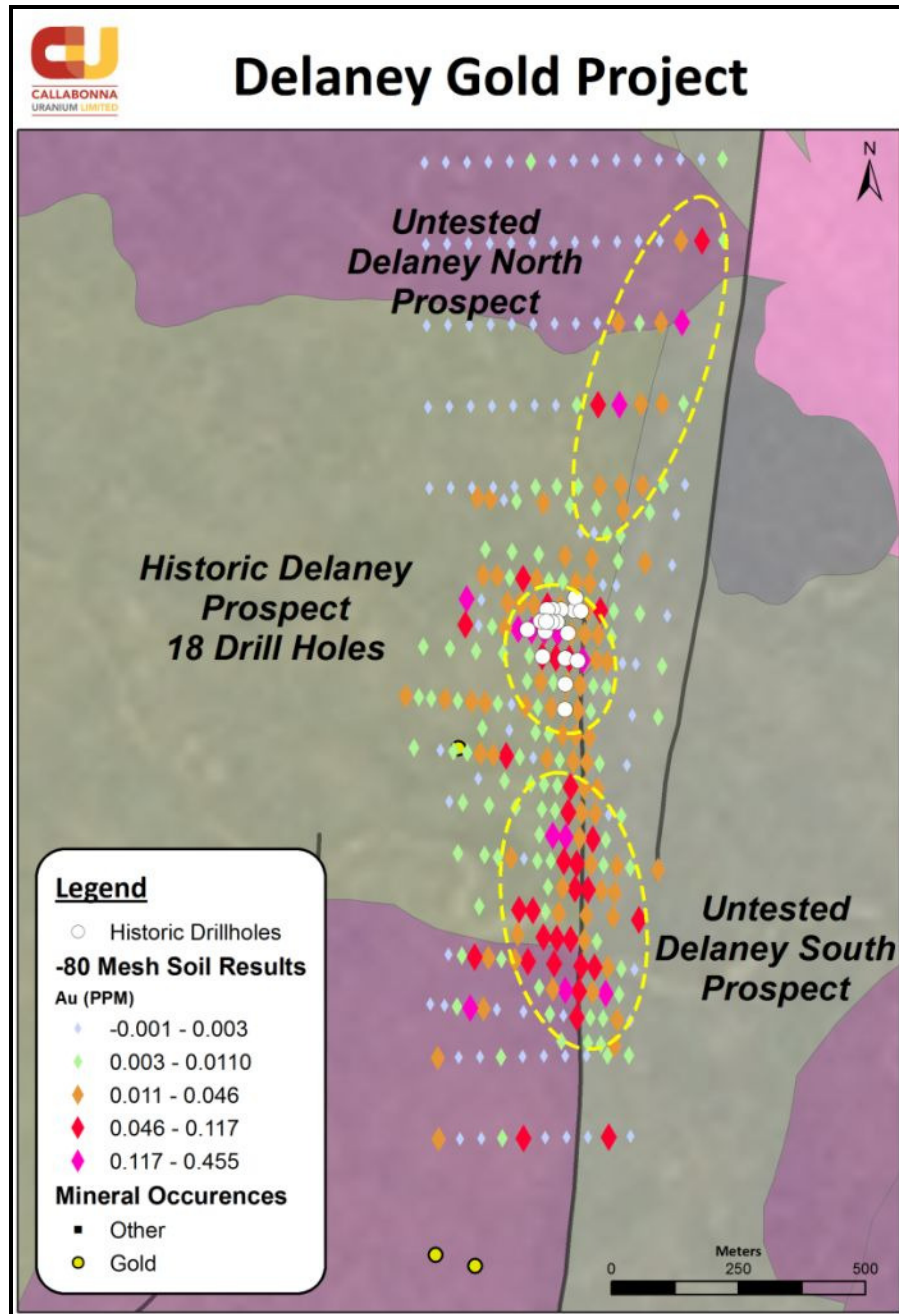
Delaney Gold Project, North Queensland - (100% CUU)

Reconnaissance mapping and sampling conducted in April 2011 on the Delaney gold project area identified numerous quartz reef trends which had not been drill tested to date running parallel to the part of the structure which has been drill tested. Results from rock chip samples taken on these reef trends show that they are highly mineralised with one reef returning samples of 0.2 g/t to 162 g/t gold.

Ground checking also confirmed the presence to the north of an additional area of mafic intrusive (dolerite) within an area of an interpreted dilational jog on the north-south Delaney Fault. This area has very little outcrop and has had no soil sampling conducted on it to date. A total of 16 samples were collected in the lease area with 11 assaying above 1 g/t gold up to 162 g/t gold. Four samples assayed above 100 g/t gold.

In May to June 2011 a detailed soil survey was completed over the Delaney gold project that involved a soil grid of lines 160 metres apart and samples every 40 metres along the lines. The methods used include traditional minus eighty mesh sampling for base metals and gold as well as the new Niton mobile XRF gun which allows immediate results to be attained for many elements in the field.

The conventional soil survey results highlight extensions in the gold in soils anomaly 1 kilometre to the north of the area of drill testing and approximately the same distance to the south.



Delaney Gold Project soil grid results showing gold in soils and the extended areas of anomalism to the north and south of previous drilling (white dots).

Gilbert River Rare Earths Project, North Queensland - (100% CUU)

The results of additional reconnaissance sampling at Gilbert River have been received subsequent to the end of the reporting period. Radiometric response as measured by a scintillometer was used to guide the follow up as it was follow up of radiometric anomalies in the original program that discovered the rare earth mineralisation.

Reconnaissance follow up determined that the source of the radiometric response was a 0.7 to 1.5 metre thick micaceous sandstone with carbonate cement that overlies coarse conglomerates and grits of the Jurassic aged Hampstead Sandstone and Loth Formation. The flat lying anomalous horizon is very continuous and was mapped for more than 3 kilometres. It is highly radiogenic, producing 1,500 to 8,000 counts per second on a scintillometer against a background of 80 to 120 counts per second.

The assay results show:

- highly elevated rare earth oxide results from all samples with the highest being 3.4% REEs, including very high light rare earths cerium and lanthanum, suggestive of mineralisation associated with heavy minerals including monazite and xenotime which is typically contains these elements;
- highly elevated uranium and thorium;
- highly anomalous zirconium (> 1% Zr) suggesting concentrations of zircon; and
- anomalous tin (up to 0.1% Sn).

These are all suggestive of a concentration of heavy minerals. Sample pulps are being assayed for gold to determine whether the potential exists for palaeo-alluvial gold in addition to the rare earths mineralisation in this area. Petrology samples have been submitted for testing to confirm the mineral assemblage responsible for the rare earth mineralisation and to determine the potential for processing.

ARUNTA URANIUM PROJECTS, NORTHERN TERRITORY - (100% CUU)

Callabonna holds several leases in the Arunta Inlier of the Northern Territory. The Arunta Inlier is considered to be highly prospective and largely underexplored terrain. A number of advanced exploration/development projects including Energy Metal's Biglyi (JORC 20.6 Mlb U_3O_8 at 500 ppm) and Arafura's Nolans Bore (JORC 13.3 Mlb U_3O_8 , 0.85 Mt 2.8% REO) lie within 150 kilometres of the prospect.

Denison Rare Earths – Uranium Project

The partial extraction soil geochemistry survey over the areas to the north of the outcrop has now been completed and results are expected next month. The objective of this survey is to delineate areas of uranium mineralisation under cover to the north of the existing outcrop where highly elevated uranium exists in primary hard-rock hosts.

Callabonna has received the report from the requested clearance undertaken by the Aboriginal Area Protection Authority. This has resulted in one area planned for drill follow-up being designated a Restricted Works Area and access to the area being forbidden. Other sites have been approved for drilling and will be amalgamated with anomalous areas highlighted from the soil survey to constitute a drilling program large enough to attract a contractor.

TENEMENT UPDATE

- Subsequent to the end of the quarter GELs 296, 304, 305, 306, 307 and 350 were relinquished.
- EPMs 18028 and 17843 were granted pending processing of financial assurances.

MANAGEMENT CHANGES

Mr Stephen McCaughey stepped down as Managing Director (effective 30 June 2011). He is replaced by the Operations Director of Callabonna, Mr Michael Raetz who will serve as Acting Managing Director until a new Managing Director is appointed.

Stephen McCaughey will continue to be involved in Callabonna as part of a business development group and as a Director of the Company, allowing the Company the benefit of his technical expertise and corporate knowledge as it progresses its current project portfolio and continues to look for advanced projects for acquisition.

Michael Raetz has more than 30 years experience operating project and will lead a strong young talented team of geologists. The Company's project team remains in place, including a business development group that includes Mr McCaughey and two leading consultants.

For further information, contact Michael Raetz or Stephen McCaughey on +61 3 9417 2920, or Peter Nightingale or Richard Edwards on +61 2 9300 3366.

Yours sincerely



Stephen McCaughey
Director

pjn6133

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.

Assay Results from Callabonna Samples - Oak River Project

Project	Sample No.	U3O8 (ppm)		Latitude (WGS84)	Longitude (WGS84)	Sample Type
Oak River	CALA0013	56		-18.702003	143.971323	Rock Chip
Oak River	CALA0014	324		-18.701931	143.971115	Rock Chip
Oak River	CALA0022	109		-18.701223	143.971704	Rock Chip
Oak River	CALA0023	461		-18.710209	143.969747	Rock Chip
Oak River	CALA0024	130		-18.681488	143.980789	Rock Chip
Oak River	CALA0020	443		-18.701556	143.971282	Rock Chip
Oak River	CALA0021	20		-18.701558	143.971282	Rock Chip
Oak River	CALA0015	182		-18.70156	143.971282	Rock Chip
Oak River	CALA0101	68		-18.701412	143.971234	Rock Chip
Oak River	CALA0102	249		-18.701556	143.971275	Rock Chip
Oak River	CALA0103	1274		-18.681542	143.980844	Rock Chip
Oak River	CALA0120	790		-18.681146	143.981339	Rock Chip
Oak River	CALA0121	11		-18.681146	143.981340	Rock Chip

Rare Earth Oxide Assay Results - Gilbert River Project

COMPANY	SAMPLEID	WGS84LAT	WGS84LONG	Samptype	CeO2	Dyo3	ER2O3	EU2O3	GD2O3	Ho2O3	La2O3	LU2O3	ND2O3	PR6O11	SM2O3	TB4O7	TM2O3	Y2O3	YB2O3	TOTAL
					(ppm)	(ppm)	(ppm)	(ppm)	(ppm)	(ppm)	(ppm)	(ppm)	(ppm)	(ppm)	(ppm)	(ppm)	(ppm)	(ppm)	(ppm)	%
Callabonna Uranium	CALA0141	-19.048260	143.357040	Rock	6265	195	107	12	316	39	2920	13	2134	673	383	45	15	1327	94	1.454
Callabonna Uranium	CALA0142	-19.040030	143.373660	Rock	12284	475	217	31	898	86	8902	24	6261	1208	1101	122	28	2934	175	3.475
Callabonna Uranium	CALA0150	-19.048060	143.357520	Rock	726	22	11	2	36	4	341	1	252	81	44	5	2	135	10	0.167
Callabonna Uranium	CALA0156	-19.040010	143.373400	Rock	2279	76	43	4	118	15	1057	5	795	252	142	17	6	511	38	0.536
Callabonna Uranium	CALA0157	-19.040010	143.373410	Rock	1972	76	48	4	105	16	915	6	688	219	124	16	7	558	44	0.480
Callabonna Uranium	CALA0158	-19.042930	143.369350	Rock	1241	44	26	3	62	9	576	3	424	136	76	9	4	302	24	0.294
Callabonna Uranium	CALA0159	-19.048320	143.354020	Rock	9754	256	118	15	473	47	4480	12	3358	1067	597	64	15	1499	93	2.185
Callabonna Uranium	CALA0160	-19.048340	143.353980	Rock	5675	177	95	10	281	35	2627	11	1971	626	354	41	13	1181	83	1.318
Callabonna Uranium	CALA0161	-19.048340	143.353980	Rock	549	19	10	1	28	4	257	1	195	61	34	4	2	121	9	0.130
Callabonna Uranium	CALA0162	-19.048321	143.354021	Rock	1953	52	24	3	92	9	904	3	676	214	118	13	3	307	19	0.439