



## Quarterly Activities Report – period ending July 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

- Well house installed on site and circulation of acidified solution through the uranium bearing sands at Oban commenced.
- Acceptable flow rates achieved, establishing that the sands are sufficiently permeable.
- Regional exploration drilling returned many uranium hits in the Namba palaeochannel, warranting follow up resource drilling.



*An interested local checking on progress*

## Oban uranium deposit – current status

Curnamona Energy Limited (ASX:CUY, 45% owned by Havilah Resources NL ASX:HAV, referred to as Curnamona Energy or the Company) commenced operation of a field leach trial at its Oban uranium deposit during the quarter. This utilized a well house specially constructed for the purpose by a locally based manufacturer. The five hole well pattern, comprising four injector wells and one central extraction well, was drilled near the centre of the Oban deposit by the Company's own crew and drilling equipment.

The plant has been run continuously for almost three weeks and has performed faultlessly during that time. Initially, local salty groundwater water was circulated, and this produced acceptable flow rates through the sands. **This is an important positive factor in establishing that the Oban uranium bearing sands have sufficient permeability to support a leaching operation.** Acid was then slowly added at a carefully monitored rate and circulation continued until noticeable pH changes were measured.



**Figure 1:** Well house unit in operation at Oban, showing pipe connections to injection well (foreground) and central extraction well (background and to left). All pipe work and connectors are specially designed and manufactured to high standards in order to avoid failure and leakage



As the acid concentration in solution rose, uranium and iron salts were observed to deposit on the bag filters for a brief period. **This is an extremely positive sign that uranium was being leached from the mineralized sands at Oban**, which is one of the major testing objectives of the field leach trial.

Acid will continue to be slowly added over coming weeks until the pH level can be maintained at optimum working levels. The amount of uranium that goes into solution can then be monitored over a several week period in order to calculate uranium recovery factors for the deposit. This information is critical in evaluating the project economics.

The derived uranium bearing solutions will be used for further test work to determine the best method of extracting the uranium from solution at the surface. This information is of crucial importance in finalising processing plant design and costing.



**Figure 2** : Well house unit in operation on site

## Regional Exploration

The regional exploration program continued during the quarter, focusing mainly on the Namba palaeochannel in the western part of Curnamona Energy's tenement area. This program was designed to follow up on uranium hits obtained from exploration drilling in the 1970's. While



the prospects are good, considerably more follow up drilling will be required to outline a resource in this area. Exploration has now moved back closer to Oban, again following up on anomalous uranium detected in previous exploration programs.

## Finance

As at 31 July 2010 the Company had available funds of approximately \$4.2 million. Most expenditure was directed towards setting up and operating the field leach trial, and in regional exploration drilling work.

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.



*Mudros Camp near Oban uranium deposit.*



## 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')

31/07/10

#### Consolidated statement of cash flows

<b>Cash flows related to operating activities</b>		Current quarter \$A'000	Year to date (12 months) \$A'000
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration and evaluation	-381	-1729
	(b) development		
	(c) production		
	(d) administration	-82	-333
	Dividends received		
1.4	Interest and other items of a similar nature received	52	187
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (provide details if material)		
	<b>Net Operating Cash Flows</b>	<b>-411</b>	<b>-1875</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of:		
	(a) prospects		
	(b) equity investments		
	(c) other fixed assets	-56	-226
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>		-56	-226
1.13	Total operating and investing cash flows (brought forward)	-467	-2101
<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	-32	-168
1.18	Dividends paid		
1.19	Other (provide details if material)		
<b>Net financing cash flows</b>		-32	-168
<b>Net increase (decrease) in cash held</b>		-499	-2269
1.20	Cash at beginning of quarter/year to date	4695	6465
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	4196	4196

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	103
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



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	142	90
5.2 Deposits at call	4054	4605
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>	4196	4695

Changes in interests in mining tenements

Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
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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</b>				
	<b>+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> (description and conversion factor)	200,000 50,000 50,000 190,000 50,000 4,000,000 200,000 540,000	Employee Employee Employee Employee Employee Directors Employee Employee	<i>Exercise price</i> 62 cents 55 cents 55 cents 58 cents 181cents 111 cents 124 cents 37 cents	<i>Expiry date</i> 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	200,000 120,000	Employee Employee	62 cents 37 cents	14/07/2010 23/03/2014
7.11	<b>Debentures</b> (totals only)				
7.12	<b>Unsecured notes</b> (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: 27 August 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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