



Quarterly Activities Report – period ending Jan 2011

Curnamona Energy ASX : CUY

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 km² tenement area using its own drilling and logging equipment. Numerous prospects have been identified, which remain to be followed up with drilling.

Issued Capital

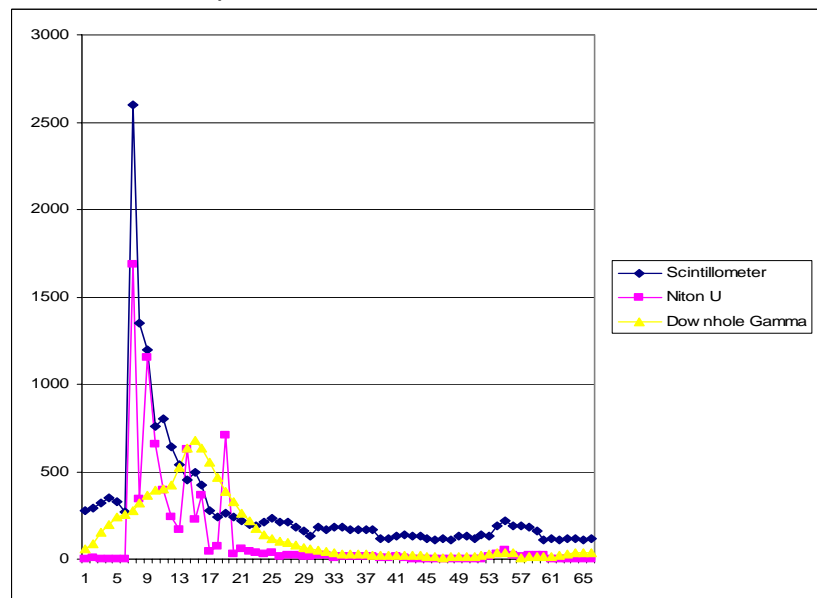
66 million ordinary shares
16.527 million listed options
6.05 million unlisted options

Contact

Dr Bob Johnson – Chairman
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Highlights for quarter

- All field activities were restricted by unseasonably heavy rains which cut access to many areas.
- Optimum chemical leach conditions in circulating solutions were maintained using the well house, but uranium has not yet been detected in solution.
- Assaying of core samples from sonic drilling confirms uranium in the expected organic rich sand intervals.
- Preparations completed in advance of further planned leach testing in next few weeks.
- 1:4 bonus options issue to shareholders.



Comparison of uranium levels determined by different methods in sonic core samples (ppm U₃O₈ shown on vertical axis). Based on XRF assays, this hole averaged 3m@582 ppm U₃O₈ (highest value 0.5 @3,050 ppm U₃O₈).

Oban leach trials – progress to date

During the quarter Curnamona Energy Limited's (45% owned by Havilah Resources NL ASX:HAV, referred to as Curnamona Energy or the Company) field activities were restricted by an extended period of unseasonal rainfall that temporarily closed off access to many areas. Prior to this, activities were focused on operating the pilot test plant installed on the initial well field at Oban. As reported previously, although adequate circulation flow rates and optimum chemical leach conditions were achieved, uranium has not yet been detected in the leach solution.

In an effort to gain more geological information than was available from conventional mud logging, three sonic core holes were successfully completed during the quarter in the vicinity of the current test well pattern. Logging and assaying of the resultant high quality core samples confirmed that uranium is confined to dark organic rich, reduced zones in the sands. The contact between the reduced uranium bearing sands and the barren oxidized sands represents a classic oxidation – reduction front that is conducive to the formation of roll front uranium deposits.



Core produced by sonic drilling. Note contrast between uranium bearing reduced sand (dark material) and barren oxidised sand (tan colour at top)

The abundance of uranium in these organic sands is confirmed by assays and by yellow uranium oxide minerals appearing on surface of the cored sands as they dry out (see below).





Given the solubility of the uranium as established by AMDEL bench scale tests, it is apparent that circulating acidified solutions will readily leach uranium if they come in contact with this material.

Based on further experimentation and assaying of sonic core, it is now thought likely that the lack of uranium in solution is probably the result of the leach solutions bypassing and not coming in contact with the organic rich sands for reasons that are not yet clear.

In order to resolve this situation, during the next quarter it is planned to :

1. Continue to utilize the well house to circulate leach solutions between other nearby wells, where the permeability regime may be different and uranium may be more accessible.
2. Carry out further sonic drilling in order to better understand the geology and distribution of uranium. This in turn will allow optimum planning of future well patterns.

To this end, as weather has permitted over the last few weeks, additional injection wells have been prepared and cleaned out ready for circulation to commence once access to the Oban site improves. Re-grading and repairing of access tracks will be continued to facilitate access to site.

Regional Exploration

The regional exploration program was limited during the quarter due to access issues and no significant results were returned. In the next quarter it is planned to re-commence exploration drilling in the Yarramba palaeochannel where ore grade intercepts were returned from drilling more than three years ago, and which to date have never been followed up.

Finance

As at 31 January 2011 the Company had available funds of approximately \$3.26 million. Most expenditure went towards operating the field leach trial, and in related support work.

For further information visit the Company website www.curnamona-energy.com.au or contact :
Dr Bob Johnson, Chairman, on (08) 83389292 or email : 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.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 17/12/10

Name of entity

CURNAMONA ENERGY LIMITED

ACN

28 112 712 115

Quarter ended ('current quarter')

31/1/11

Consolidated statement of cash flows

Cash flows related to operating activities		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	-365	-764
	(b) development		
	(c) production		
	(d) administration	-81	-164
	Dividends received		
1.4	Interest and other items of a similar nature received	42	85
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (provide details if material)		
	Net Operating Cash Flows	-404	-843
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects		
	(b) equity investments		
	(c) other fixed assets		
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)		
Net investing cash flows			
1.13	Total operating and investing cash flows (brought forward)	-404	-843
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	3	3
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings	-34	-66
1.18	Dividends paid		
1.19	Other (-26	-26
Net financing cash flows		-57	-89
Net increase (decrease) in cash held		-461	-932
1.20	Cash at beginning of quarter/year to date	3725	4196
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	3264	3264

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	93
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	350
4.2 Development	
4.3 Production	
4.4 Administration	80
Total	430

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	75	128
5.2 Deposits at call	3189	3597
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	3264	3725

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	66,115,605	66,115,605	

7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	+Convertible debt securities (description)				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)			<i>Exercise price</i>	<i>Expiry date</i>
	50,000	Employee	55 cents	15/05/2011	
	50,000	Employee	55 cents	16/06/2011	
	100,000	Employee	58 cents	19/10/2011	
	4,000,000	Directors	111 cents	10/01/2013	
	4,000,000	Director	31 cents	23/12/2014	
	320,000	Employee	37 cents	23/03/2014	
	1,690,000	Employee	31 cents	23/12/2014	
7.8	Issued during quarter	4,000,000	Directors	31 cents	23/12/2014
		1,690,000	Employee	31 cents	23/12/2014
		16,526,874	Listed	35 cents	29/11/2013
7.9	Exercised during quarter	100,000	Employee	36 cents	31/03/2014
		8,502	Listed	35 cents	29/11/2013
7.10	Expired during quarter	200,000	Employee	62 cents	29/08/2010
		120,000	Employee	37 cents	23/03/2014
		90,000	Employee	58 cents	19/10/2011
		50,000	Employee	181 cents	8/6/2012
		200,000	Employee	124 cents	17/12/2012
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: 28 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 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting 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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