

19 November 2009

The Manager Companies  
ASX Limited  
20 Bridge Street  
SYDNEY NSW 2000

(4 pages by email)

Dear Madam

### **Grant of Denison Licence Licence Applications Enhance the Arunta Uranium Project**

The Directors of Callabonna Uranium Limited ('Callabonna') are pleased to announce that its Denison Licence (EL 27181) in the Arunta Region of Central Australia has been granted by the Northern Territory Government.

The Denison Licence is part of Callabonna's Arunta Uranium Project, approximately 250 kilometres north-west of Alice Springs in the Northern Territory. The Arunta project is part of a prospective package of licences held by Callabonna which are targeting primary uranium associated with apatite veining and Rare Earth Element ('REE') mineralisation (Nolan's Type) and secondary channel hosted uranium mineralisation (Napperby Type).

A reconnaissance exploration program of Callabonna's Arunta project licences is planned to investigate and confirm the uranium and REE potential of the licences, to identify areas for further work and to generate drill targets.

#### **New Applications Enhance the Arunta Uranium Project**

Following a desktop review of Callabonna's projects in the Arunta Region, three additional areas have been identified as prospective based on elevated uranium responses from airborne radiometric data, favourable geology and proximity to known mineral occurrences and licence applications lodged.

As detailed in figures 1 to 3 below, the Pinehill East and Pinehill West licence applications, which cover areas of 226 km<sup>2</sup> and 28 km<sup>2</sup> respectively, are located approximately 160 kilometres north-northwest of Alice Springs. The Moonlight licence application is 355 kilometres west-northwest of Alice Springs and covers an area of 314 km<sup>2</sup>.

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The Moonlight licence application lies some 17 kilometres west of the Bigrlyi uranium deposit (refer Figure 1) hosted in the Palaeozoic Ngalia Basin and covers Palaeoproterozoic granite gneisses of the Southwark Granitic Suite. These rocks form basement to the younger Ngalia Basin sediments (host to the Bigrlyi deposit) and are believed by many to be the possible source of uranium for the deposits in the Ngalia Basin (see Figure 2). The granitic gneisses of the Southwark Suite are the same rocks being targeted in Callabonna's Denison licence and where Uranium Exploration Australia ('UEX') recently announced the discovery of a zone of uranium mineralisation which returned surface sampling results of up to 4,170 ppm U<sub>3</sub>O<sub>8</sub> (UEX – ASX Announcement 27 August 2009).

The Pinehill licence applications cover an area of Palaeoproterozoic granitic rocks of the Arunta Region. East Pinehill lies approximately 15 kilometres north of the Nolans deposit (owned by Arafura Resources) where REE-P-U(-Th-F) mineralisation associated with fluorapatite occurs in a series of tabular zones or as a stockwork hosted primarily by gneissic granite also of Palaeoproterozoic age. Uranium REE occurrences also exist immediately north of the East Pinehill licence application area (see Figure 3).

Callabonna will be targeting U-REE (uranium and rare earth elements) mineralisation associated with these Palaeoproterozoic basement rocks and also possibly secondary uranium associated with younger sediments in palaeo-channels.

For further information, contact Stephen McCaughey on +61 3 94172920.

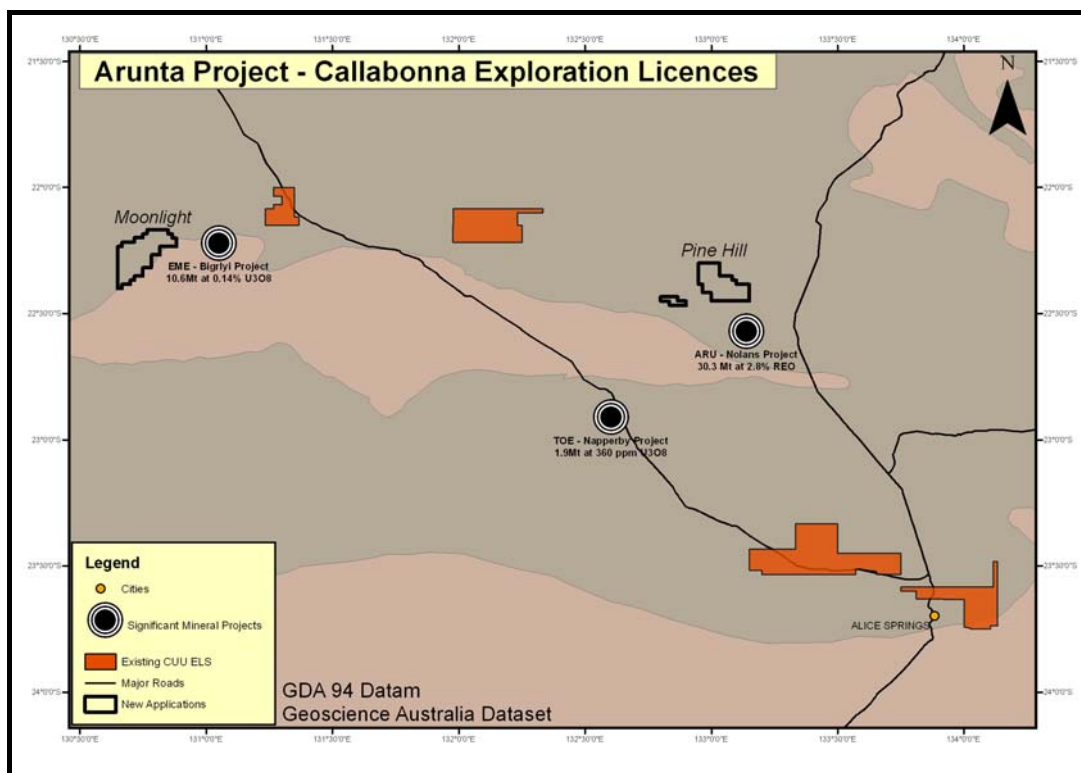
Yours sincerely



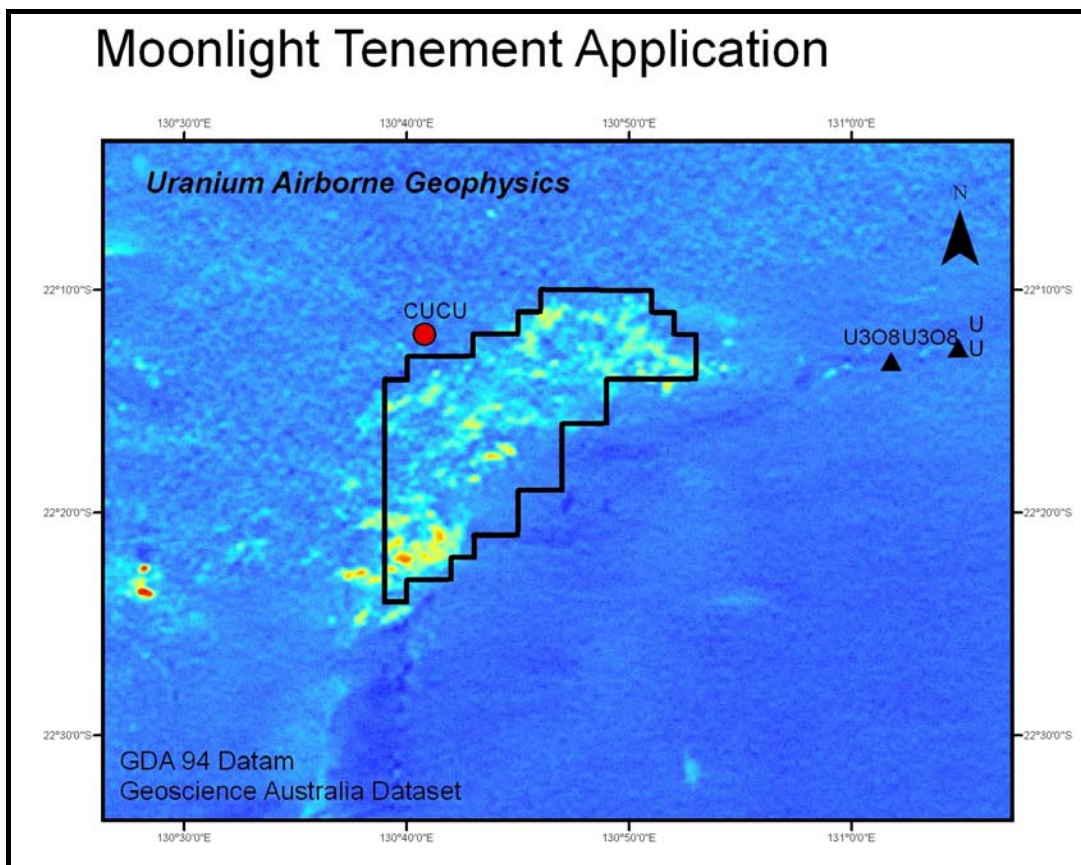
Stephen McCaughey  
Managing Director

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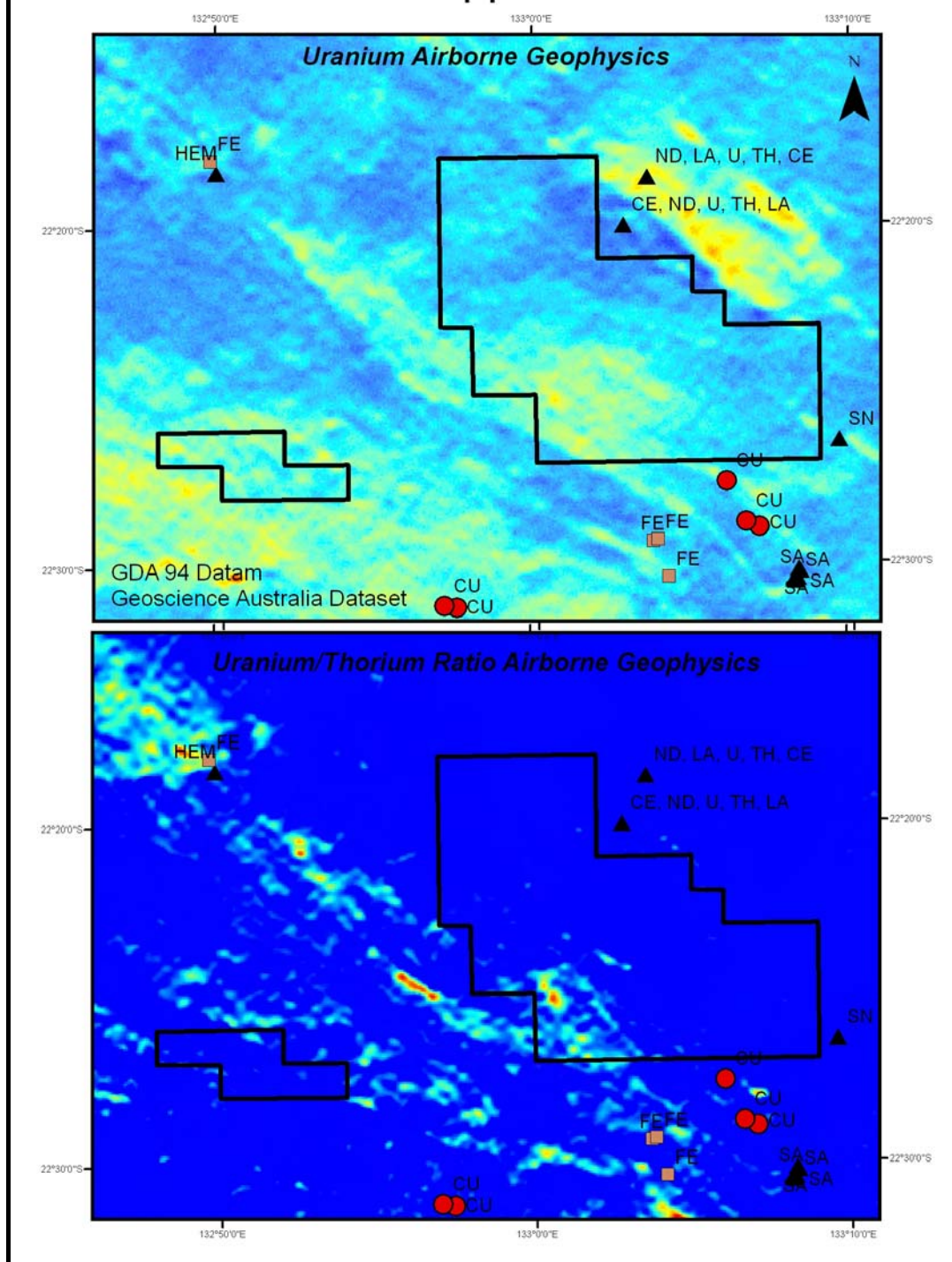


**Figure 1. Callabonna's Arunta Uranium Project showing existing exploration licences and new licence applications.**



**Figure 2: Moonlight Application and uranium channel radiometric data showing location of mineral occurrences.**

# Pine Hill Tenement Application



**Figure 3: Pinehill East and Pinehill West Licence Applications and uranium channel radiometric data showing location of mineral occurrences.**

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