

27 November 2009

The Manager Companies
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

(3 pages by email)

Dear Madam

CALLABONNA APPLIES FOR ADDITIONAL GEOTHERMAL LICENCES IN SOUTH AUSTRALIA

Highlights

- **Three additional Geothermal Exploration Licences Applications (GELAs) in the Frome Embayment.**
- **Callabonna holds 6 granted Geothermal Exploration Licences (GELs) covering 2,875km² in the same area.**
- **GELs are 50 kilometres NE of Petratherm's Paralana Project.**
- **GELs are bisected by the proposed new 275 kV NEM powerline route connecting the geothermal projects of the Cooper Basin and Paralana to markets.**
- **Proven high heat flows, 68.5°C per kilometre in Yerila 1 – one of the highest temperature gradients measured in Australia.**
- **Interpreted thick insulating sediments to be confirmed by re-processing seismic data.**

The Directors of Callabonna Uranium Limited (the 'Company' or 'Callabonna') are pleased to announce that an additional 3 Geothermal Exploration Licence Applications (GELAs 508, 509 and 510) have been submitted covering areas in the Frome Embayment of South Australia. These GELAs were submitted through a wholly owned subsidiary, Callabonna Energy Pty Limited and they cover 1,479 km². The rationale behind these additional applications is to consolidate our position in this highly prospective geothermal terrain and support the 6 GELs already granted to the Company in the same area.

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Callabonna Energy Geothermal Project, South Australia

The Callabonna Energy project is held by a 100% owned subsidiary company Callabonna Energy Pty Limited. The Callabonna Energy project comprises GELs 296, 304, 305, 306, 307, 350 as well as the three new GELAs for a total area of 4,354km². The project is located 50 kilometres to the north-east of Petratherm's Paralana project and is under the proposed development route for a new 275 kV NEM powerline connecting the geothermal projects of the Cooper Basin and Paralana areas to potential markets.

The project is located within the South Australian Heat Flow Anomaly, where the crustal heat flow is interpreted to be almost double that seen elsewhere. The unusually high levels of uranium and thorium in the Proterozoic rocks in this region and in particular the Mount Painter Inlier are the likely explanation for this unusually high heat flow. These high heat producing rocks of the Mount Painter Inlier are interpreted (from magnetic data) to continue beneath cover to the east and underlie the Callabonna Energy project.

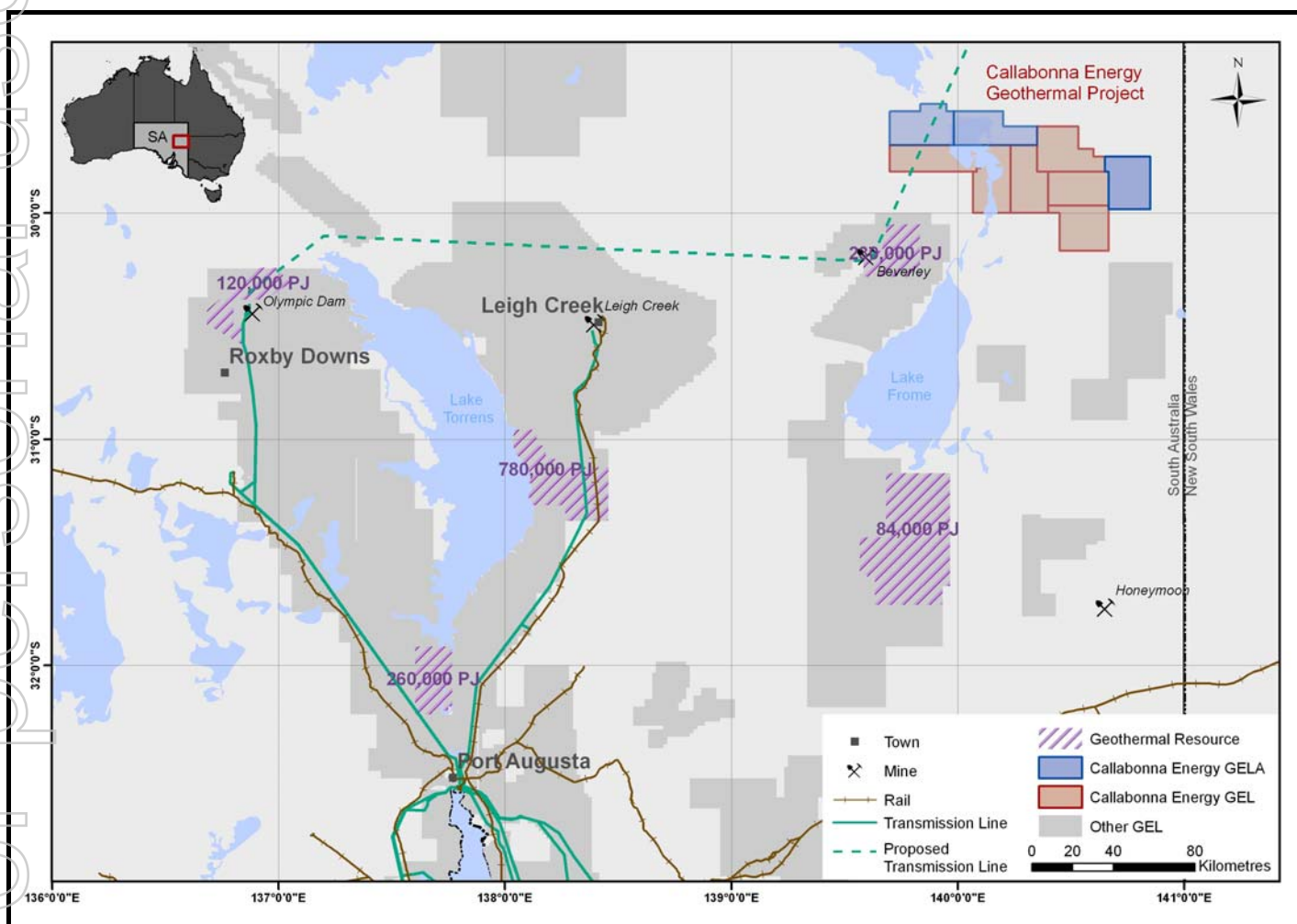


Figure 1: Location map of Callabonna GELs showing known geothermal resources and existing and proposed infrastructure.

One of the new applications (GELA 508) covers an area where deep drilling has already determined that such hot granites exist at depth. Yerila 1 was drilled in 2005 and established a temperature of 64°C at a depth of 675 metres. This equates to an overall temperature gradient of 68.5°C per kilometre, one of the highest gradients recorded in Australia.

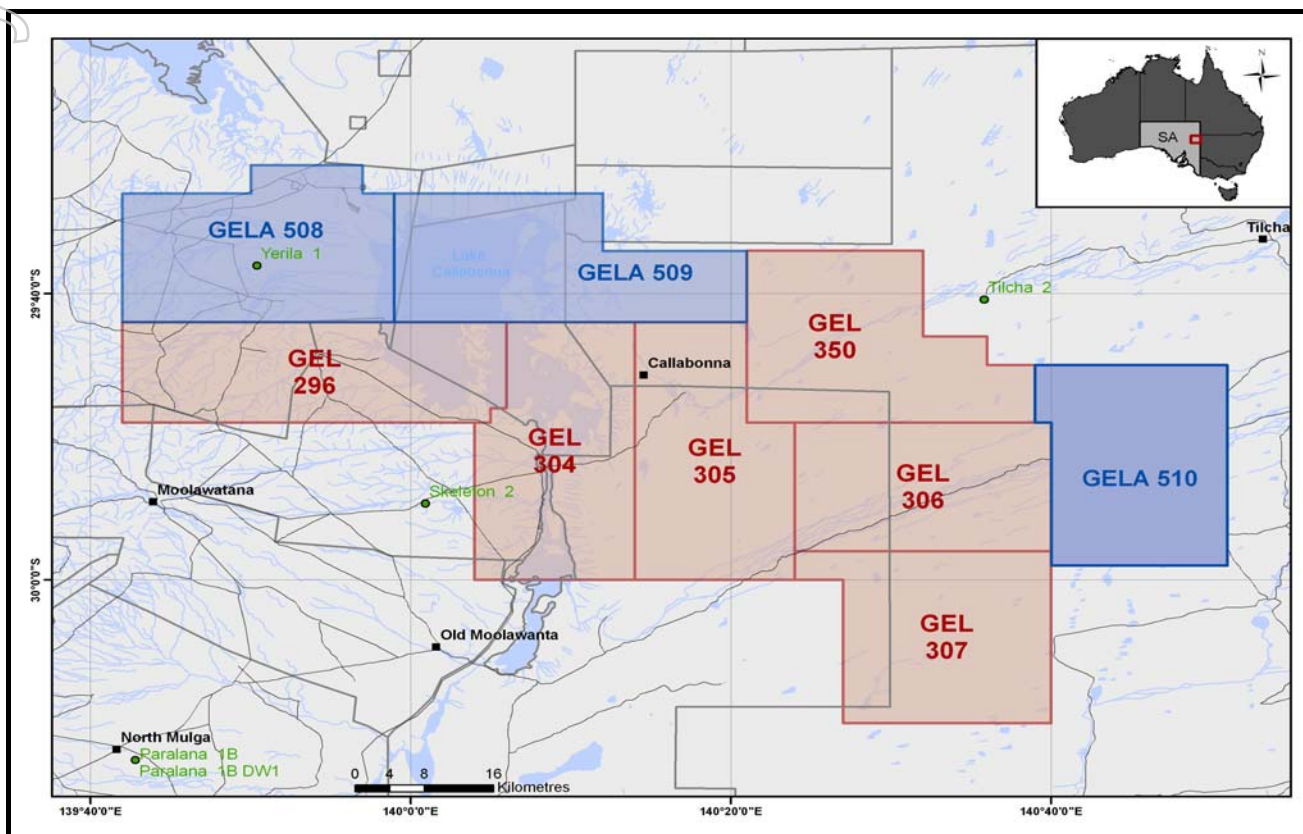


Figure 2: Location map of Callabonna GELs showing location of Yerila 1 drill hole and Petrathern's Paralana project.

With high temperatures gradients and hot basement granites defined in the project area, Callabonna's aim is to complete proof of concept exploration over the GELs to confirm the presence of thick insulating sediments associated with an interpreted deep sub-basin by reprocessing and interpreting seismic data and using magneto-tellurics. The depth/temperature profile will be modelled using a combination of interpreted geology and known thermal conductivity characteristics.

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

Yours sincerely



Stephen McCaughey
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