



Curnamona Energy Limited
63 Conyngham Street
Glenside 5065 South Australia
phone 61 8 8338 9292
fax 61 8 8338 9293
email info@curnamona-energy.com.au
ACN 112 712 115

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Dear Fellow Shareholders,

Curnamona Energy resumed exploration drilling in January and has since drilled another 15 holes. The area we are working in has never been drilled and as we build our knowledge of the palaeochannel we are learning about the sedimentary environments in the channel and the likely locations for the uranium accumulations. Intercalations of finer sediments with the sands are being seen in our logging and this is the type of situation where we may see uranium being deposited.

The electromagnetic survey results outlining the location of the palaeochannel are being confirmed progressively and this has proved a reliable guide to drill targeting.

As each hole is drilled it is immediately tested for radiation using our downhole logging equipment so we know quickly if there is any evidence of uranium in the hole. As significant results become available they will be released to the market in an orderly and professional manner.

A PACE Grant from the South Australian government to assist with our uranium exploration work was received for an amount of \$50,000 to contribute to drilling before June this year. This is most significant as it shows how supportive the South Australia government is towards mining and specifically uranium exploration and development.

I encourage all interested shareholders to go to our web site and add your email address so that you can receive quick notification of our expected stream of exploration announcements over coming months. Simply click on the "Email Announcements" button on any page and enter your name and email. If you later wish to remove your name you can email us to remove it.

It is worth pointing out once again the fundamental prospectivity of Curnamona Energy's ground. We are drilling in a palaeochannel known to be uranium bearing as evidenced by the nearby Honeymoon deposit. The adjacent granite bedrock is high in uranium and as it weathers the released uranium enters the groundwater system and drains into the palaeochannel. We therefore remain optimistic about new discoveries. The palaeochannel deposits are easily exploited as shown by the highly successful Beverley Mine which is now the largest in situ uranium mine in the world.

Your Directors remain focused on long term value creation through the type of patient and careful exploration currently being undertaken by Curnamona Energy, which I believe will ultimately lead to new uranium discoveries owing to the high prospectivity of the region.

Yours sincerely

Bob Johnson
Chairman