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Dear Fellow Shareholders,

I am pleased to report that Curnamona Energy has resumed exploration drilling after some delays caused by recent heavy rains in the region. We have built a camp not far from the Oban project where we plan to focus much of our effort for the remainder of the year. This camp should allow us to operate more efficiently and is also close to the largely undrilled downstream portion of the Yarramba channel that we also plan to test over the next few months.

Exploration in remote areas by its nature faces numerous challenges, as the recent flooding in the area highlights. Fortunately, water dries up, but drift sand is a more serious challenge, and without suitable equipment would literally stop us in our tracks. There is a lot of drift sand in the Oban region as it lies on the southern margin of the Strzelecki desert. We are presently commissioning a second drill rig mounted on a 6x6 truck that should allow us to access those difficult sand covered areas where we need vital drilling information for the Oban resource.

Mark Randell, Curnamona Energy's General Manager, is presently focused on working through all the permitting processes that are required by various government authorities, to allow us to commence a field leach trial operation. Commonwealth Government approval has been obtained and Mark is now engaged in consultation and reporting procedures with the State Government bodies. It is important that this process is done transparently and comprehensively, otherwise concerns about the safety of the field leach trial could be raised. It is our intention to head off any possible criticisms by addressing all possible concerns at the outset. We are fortunate in this regard because both the Beverley and Honeymoon in situ leach operations have been subjected to detailed scrutiny over many years, and provide good examples of the relative safety of in situ leach uranium mining methods.

We are pleased to welcome JP Morgan Asset Management as a substantial shareholder via a \$6.4 million placement to one of their resource funds during the quarter. This fund is a large and patient resource investor with a positive long term view on the outlook for uranium, owing to the predicted future demand for power generation, and in this regard I suspect, shares the same view as most Curnamona Energy shareholders. We are honoured that JP Morgan chose to make an investment in our Company amongst the multitude of junior uranium explorers currently listed on the ASX.

With drilling now underway, we intend to regularly report exploration results. Initially these will come from the Oban project area where we hope to substantially increase the size of the resource over coming months. Later we will return to more greenfields exploration in the untested portions of the Yarramba channel, where there are good prospects for a new uranium discovery if we are able to locate the major regional oxidation front that we believe exists in the area.

In parallel with the drilling we will be progressing the Oban field leach trial permitting and plant design and construction as quickly as the relevant authorities allow.

Yours sincerely

Bob Johnson
Chairman