



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

1st December 2008

Dear Fellow Shareholders

Since my last Chairman's letter was not dispatched with the previous quarterly report owing to a mail house mistake, I will largely repeat what I wrote to you previously, because the circumstances have not changed, and if anything have reinforced what I said then.

"The recent price gyrations of uranium stocks provide a good example of the cycles of speculation that move our stock markets. Uranium, a commodity that had been despised and forgotten for three decades suddenly sprang into the limelight for good fundamental reasons – a looming undersupply in light of massive new demand caused by new nuclear power plant construction. Over optimism and the ensuing speculation pushed the price of uranium and uranium stocks to record highs. Now we are witnessing the exact opposite, with good uranium stocks languishing through investor disinterest. Many companies floated in the heat of the boom, with mediocre projects will not survive. Some uranium projects will not be able to funded, as we have already witnessed in South Australia.

Ironically, the basic reasons for the sudden interest in uranium are still valid, and if anything have intensified with rising global oil and gas prices and the current pre-occupation with greenhouse gas emissions and punitive carbon taxes. As a response, many countries have escalated construction of new generation safe nuclear reactors as their governments realize that there are no currently viable alternatives to meeting their future energy needs.

The above is also the story of Curnamona Energy, which has seen its share price decline sharply, yet is better placed than ever to become a new uranium producer. PIRSA has now granted a retention lease over the Oban deposit, which gives us the right to proceed with our planned field trial at Oban. Moreover, recent drilling has expanded the limits of the Oban deposit. We are confident that there is sufficient uranium at Oban to support an in situ recovery (ISR) operation for many years. The only proviso is that the uranium is able to be extracted via conventional ISR technology, which the field trial aims to establish.

Before we can actually proceed with the field trial we must submit further comprehensive documentation to PIRSA in the form of a mining and rehabilitation program, which requires collection of a considerable amount of environmental and hydrological field data and this takes time. While the regulatory process is frustratingly slow, we are systematically working through all the remaining documentary requirements. We still remain on track to become Australia's next uranium mine – a major achievement.

Also, through our exploration at Oban, we have gained a much better understanding of the distribution and controls on uranium mineralization in the region. There are excellent prospects of finding new ISL uranium deposits, as our drilling crews push into the country to the north of Oban. Critical to this has been granting of exploration licences over new prospective areas we have identified, and our all-terrain exploration capacity."

I can now add to this that we have prepared and submitted what we thought was a final MARP to PIRSA for operation of the field trial. It has been returned for us modification, which we are currently attending to. In addition, we are in process of obtaining detailed drawings and specifications for the field trial plant, which will allow us to commence construction, once we are certain PIRSA approval will be forthcoming.

I can also confirm even more strongly, as I said before that "I am excited by Curnamona Energy's future prospects and feel confident in the knowledge that we have sufficient funding to meet our twin objectives of establishing a field trial at Oban and discovering new ISR uranium deposits. You can rest assured that we will continue to work at full stretch in order to complete outstanding regulatory permitting requirements so that the field trial can commence in the shortest time possible."

Assuming the permitting does eventually come soon, I see no reason why in 2009 Curnamona Energy will not become Australia's next uranium producer. This will be a major achievement given the extreme buffeting all uranium stocks have had to weather over the last two years. As a shareholder I cannot wait !

Yours faithfully

Bob Johnson - Chairman