

REVIEW OF OPERATIONS

CORPORATE

During the quarter Curnamona Energy Limited (Curnamona Energy – ASX : CUY) completed a placement of 3.2 million shares at \$2 each to JP Morgan Asset Management, raising \$6.4 million. This brings total funds on hand to approximately \$10 million.

FIELD ACTIVITIES

A field camp has been set up near to the Oban project that will allow convenient access to both the Oban project and planned exploration areas in the northern part of the Yarramba palaeochannel.

Another second hand mud drilling rig in good condition was purchased and is currently being mounted on one of Curnamona Energy's 6x6 trucks. Used in conjunction with a similar 6x6 water truck and tractor mounted backhoe/loader, this will provide Curnamona Energy with the capacity to drill throughout the sandy semi-desert terrain that covers much of the northern part of the tenement area. Without owning such specialised equipment Curnamona Energy would be severely restricted in its ability to drill the field leach test holes at Oban and to carry out its regional exploration programmes, owing to the unavailability of suitable drilling contractors.

Some modifications to the existing drilling rig were also completed ahead of commencement of drilling operations. Extensive rain across the region cut off access and has delayed drilling for some weeks. As at the date of reporting drilling has just re-commenced after an almost one month delay caused by the rain.

FIELD LEACH TRIAL AT OBAN

Palaeochannel sand hosted uranium deposits have the advantage that they are amenable to low cost in situ leach (ISL) extraction which can strip most of the available uranium from a mineralised interval irrespective of the grade, for a comparatively low capital outlay. In order to determine the factors critical to successful ISL processing at Oban, such as permeability of the sands, uranium leachability/recovery and the extent of uranium disequilibrium, it has been decided to proceed with a simple field leach trial on a relatively well mineralised

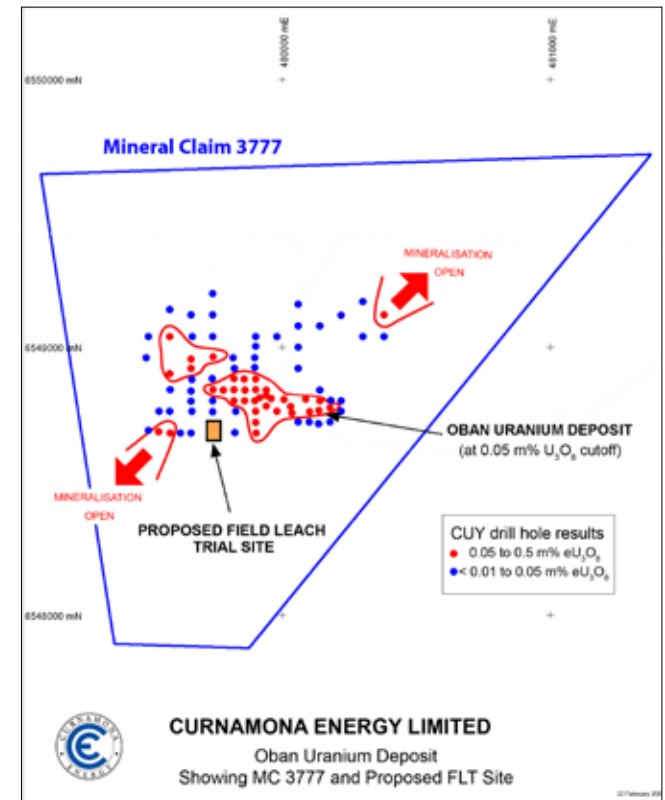
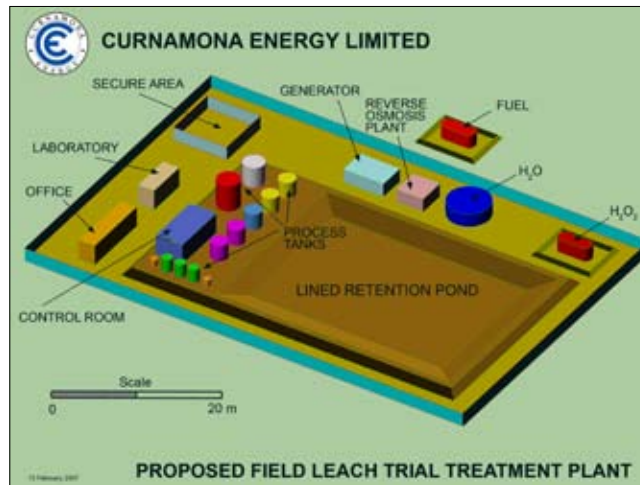
area (average Grade Thickness of 0.2 m% eU₃O₈) covering some 100,000 square metres.

Before the field leach trial can commence it is necessary to obtain relevant approvals from both the Commonwealth Government and State Government. To this end a Referral of Proposed Action (ROPA) under the Environmental Protection and Biodiversity Conservation (EPBC) Act was lodged with the Commonwealth Department of Environment and Water Resource (DEWR) and advice was received several weeks later, after due consideration by relevant technical experts, that trials can commence.

Required approvals are now being sought from PIRSA and other State Government authorities based on the work program lodged and now approved by the Commonwealth Government. Curnamona Energy is currently working through the various requirements with PIRSA experts.

Acquisition of necessary equipment for the field leach trial has commenced and planned site works and construction will commence once all required approvals are forthcoming.

Assuming the field leach trial is successful, Oban Energy would then move to obtain a Mining Lease and the right to sell uranium. It would upgrade the field leach trial pilot plant to a full scale operation, with sales of yellowcake slurry initially to existing producers.



FORWARD EXPLORATION PLANNING

Curnamona Energy's current cash balance of approximately \$10 million provides it with adequate funds to complete its immediate objectives of:

1. Constructing a field leach trial plant on the Oban deposit, subject to grant of requisite permitting approvals, which are currently being progressed.
2. Expanding the ISL uranium resources at Oban.
3. Testing some 40 kilometres of the lower Yarramba palaeochannel that has never been drilled before.
4. Upgrading drilling capacity to allow exploration in very prospective areas that were hitherto difficult to access because of extensive drift sand.

Exploration drilling has just re-commenced after the rain delay and for the next few weeks will be testing for extensions of the Oban uranium mineralisation that is open to the northeast and southwest.

FINANCE

As at 30 April 2007 the Company had available funds of almost \$10 million, of which the majority is held in a term deposit. Expenditure on exploration for the next quarter is expected to be higher than the current quarter as the drilling programme picks up and equipment is purchased for the field leach trial processing plant.

Dr K R Johnson
CHAIRMAN



Further technical details relating to Curnamona Energy activities will be found on the Company's website:

www.curnamona-energy.com.au

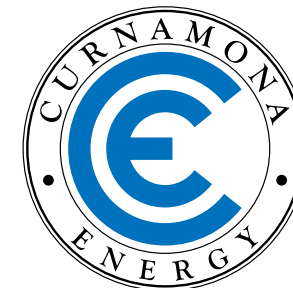
The information in this report has been prepared by geologists Dr Bob Johnson and Mr Mark Randell who are members of the Australasian Institute of Mining and Metallurgy and Dr Chris Giles who is a member of The Australian Institute of Geoscientists. Drs Johnson and Giles are employed by the Company on consulting contracts and Mr Randell is a full-time employee. They have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration to qualify as Competent Persons as defined in the JORC Code 2004.

Drs Johnson and Giles and Mr Randell consent to the release of the information compiled in this report in the form and context in which it appears.

*Enquiries should be directed to Dr Bob Johnson
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CURNAMONA ENERGY LIMITED

ACN 112 712 115



Quarterly Report
May 2007

HIGHLIGHTS

PERMITTING OF OBAN FIELD LEACH TRIAL PROGRESSING

- Commonwealth Government allows field leach trials at Oban to proceed
- \$6.4 million raised via placement bringing available cash to \$10 million
- Purchase of second drilling rig to be mounted on all terrain vehicle
- Federal Labour Party moved to rescind its no new uranium mines policy

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