

4 July 2006 PALAEOCHANNEL URANIUM DRILLING UPDATE

Curnamona Energy is pleased to advise that it has achieved further encouraging uranium intersections in its exploration of the Yarramba Palaeovalley* downstream from the Honeymoon uranium deposit**. Drillhole CEM079 at the Mount John prospect returned gamma counts up to 10 times local background equating to approximately 0.035% eU₃O₈ in two separate sand layers (see accompanying log). Drillhole CEM078 roughly 400 metres away returned gamma counts up to 6 times background, equating to approximately 0.02% eU₃O₈. Both holes intersected interbedded channel sands and clay above graphitic bedrock, in a setting analogous to Honeymoon. These drillholes were sited nearer the interpreted palaeochannel margin in the vicinity of earlier holes with significantly anomalous gamma responses (eg drillholes CEM021 and CEM032 with up to 20 times background or 0.05% eU₃O₈).

Commenting on these results, Chairman, Dr Bob Johnson said that these uranium intersections were the product of weeks of systematic drilling, firstly in defining the precise course of the palaeovalley and then focusing on the more prospective thinner channel sands near the southern bank. "We have now achieved uranium grades in this portion of the Yarramba palaeochannel at levels that other companies are promoting as economic in hard rock deposits and 'dry' palaeochannels. We remain optimistic of generating sufficient thickness and volume of material for a viable operation somewhere along this section of the palaeochannel. The drillhole spacing is still wide enough that a Honeymoon size uranium deposit, could fit between our current drillholes." Dr Johnson said that drilling will continue to test the Yarramba Palaeochannel in this vicinity over the next few weeks with significant results to be released progressively as they come to hand.

Curnamona Energy has been exploring the Yarramba Palaeovalley since the beginning of the year with its own drilling and logging equipment. Apart from the uranium results reported here, significant indications of uranium (defined as greater than six times background on gamma logs) have also been discovered at the MJ North prospect and Shylock tributary area located roughly 11 and 30 km downstream, respectively, from the current prospect area. It is planned to carry out follow up exploration of these prospects in future drill programmes. Owing to the permeability of the palaeochannel sands, it is expected that any economic uranium discoveries within the Yarramba Palaeovalley will be amenable to in situ leach extraction. This is a relatively low cost exploitation process that is able to economically extract low grades of uranium.

It is important to note that the South Australian Government is openly supportive of exploration, mining and export of uranium, in contrast to other states like Western Australia, Northern Territory and Queensland, where government policies expressly disallow development of new uranium mines.

*"palaeo" is derived from the Latin and is used in a geological sense to indicate ancient conditions or ancient times.

** Honeymoon uranium project owned by SXR Uranium One, has a resource of 9.3 million pounds, with an in-ground value of approximately A\$550 million at current uranium spot prices of US \$45/lb. The Honeymoon deposit lies roughly 20 km upstream of Curnamona Energy's project area and provides an excellent exploration model.

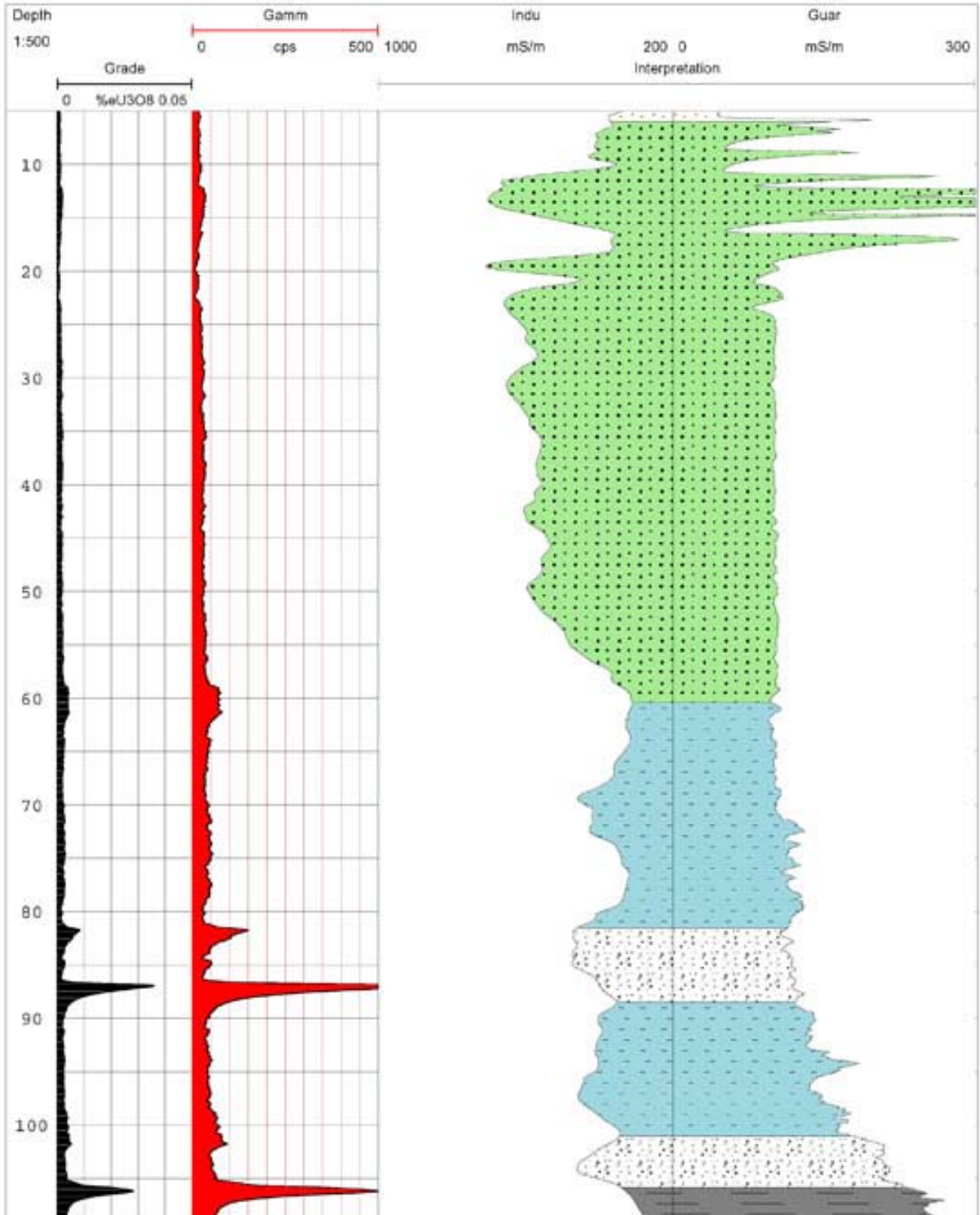
CURNAMONA ENERGY LIMITED

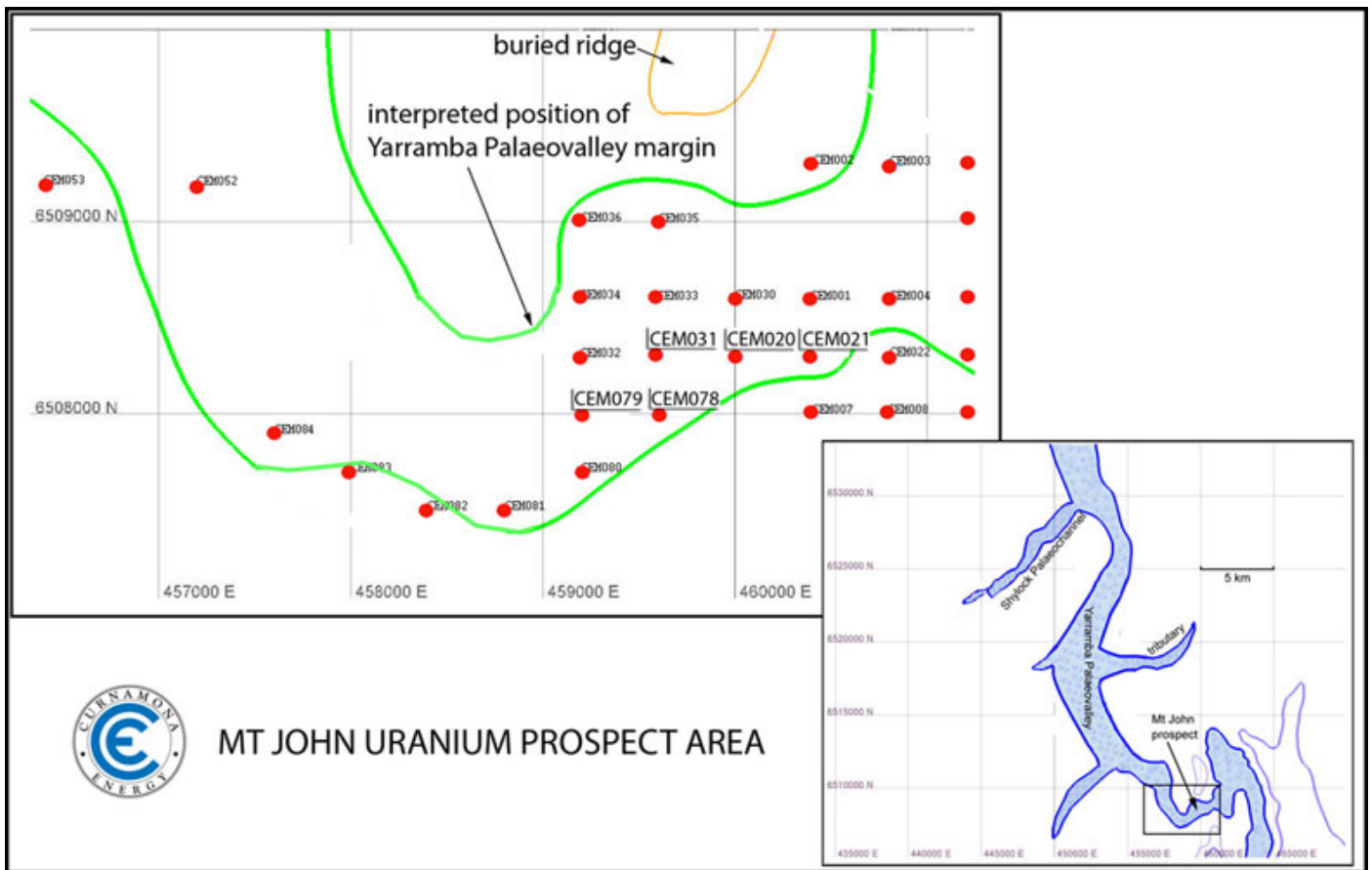
Bob Johnson, Ph.D, FAusIMM, Chairman



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 Date: 28/6/2006
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Hole ID CEM079





The information in this report has been prepared by 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 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, Chairman, on (08) 8338 9292.