

17 November 2010

General Manager
The Company Announcements Office
Australian Securities Exchange

ASX CODE USA

Dear Shareholder,

1 FOR 10 NON-RENOUNCEABLE RIGHTS ISSUE

HIGHLIGHTS

- 1 for 10 non- renounceable Rights Issue at 25 cents per share to raise up to \$3,283,995 before costs.
- Issue available to all registered holders of UraniumSA Ltd shares holding as at the record date of 13 December 2010.

RIGHTS ISSUE DETAILS

The Board of UraniumSA Ltd (ASX:USA, “*Company*”) is pleased to announce details of a Non-renounceable Rights Issue to be made available to shareholders to raise a total of up to approximately \$3,283,995 (before costs), through the issue of up to approximately 13,135,979 new fully paid ordinary shares in the Company at an issue price of 25 cents per share.

The Directors of the Company have determined that it is appropriate that all shareholders have the opportunity to participate in the Company’s growth and progress by raising capital through this Rights Issue. Subject to shareholder approval at the 2010 AGM to be held on 29 November 2010 the 20,000,000 shares recently placed at 25 cents will participate in this Rights Issue.

Shareholders will be invited to subscribe for shares pursuant to the issue on the basis of one share for every ten shares held at 5pm (CST) on the record date of 13 December 2010. Investors who wish to take part in the Rights Issue but who are not currently shareholders may purchase shares prior to the ex-entitlement date. Only shareholders whose registered address is in Australia or New Zealand will be eligible to participate.

The Directors confirm there is currently no information to be disclosed which is excluded information (as defined in section 708AA(8) of the Corporations Act) which would reasonably be required for the purpose of making an informed assessment by investors and their professional advisers of:

- the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or
- the rights and liabilities attaching to the relevant securities.

Capital raised through this Rights Issue will be used by the Company to further develop the Mullaquana Project; and to commence a field trial for in situ recovery mining at the Blackbush Prospect.

The Rights Issue will not be underwritten. Any shortfall will be managed as a private placement to resources focused investors at a price of 25 cents within three months after the close of the offer by BGF Equities Pty Ltd. The Directors, at their discretion, may also offer any shortfall to shareholders to whom offers were made under the Rights Issue for up to three months after the close of the offer. Any shortfall placed by the Directors shall be at not less than the offer price of 25 cents per share.

The Rights Issue Offer Document has been filed with the ASX and has also been posted to the Company’s website:.

USE OF FUNDS

Funds raised by the rights issue will be used to advance the Blackbush Prospect and continue the exploration and development of the Mullaquana project area. The Company has sufficient funds to maintain its ongoing Corporate activities.

Blackbush Prospect Objectives:

- grow the resource from its present 10,400 tonnes U₃O₈ by infill drilling and other development work
- advance the project towards a field trial for in-situ recovery mining in 2012.

Mullaquana Project Objectives:

- continue exploration across the entire project area to grow the resource base of uranium mineralisation across the entire project towards an Exploration Objective of ~20,000 tonnes U₃O₈.¹

For the foreseeable future, the Company will focus its attention on the Mullaquana Project. The other projects in the Company's exploration portfolio will receive sufficient attention to maintain them in good standing.

For further information please contact:

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or

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¹ Cautionary Note. Exploration Objectives are conceptual in nature and there is no certainty that exploration will result in the delineation of resources or reserves of mineralisation.

Competent Person Statement

The exploration results and mineral resources reported herein are based on work and information compiled by Russel Bluck is a Member of the Australian Institute of Geoscience and an employee of UraniumSA Limited. Russel Bluck has sufficient experience relevant to the style of mineralisation and type of deposits being considered and to the activity which he is undertaking to qualify as a Competent Person as defined by the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code, 2004 Edition) and has consented in writing to the inclusion in this report of matters based on his information in the form and context in which it appears.