

19 November 2010

1 FOR 10 RIGHTS ISSUE

Dear Shareholder,

The Board of UraniumSA Limited (ASX code: USA) (Company) is pleased to advise a non-renounceable rights issue on the basis of one new share for each ten shares (1 for 10) held on the record date of 13 December 2010, at a price of 25 cents per share.

The rights issue price of 25 cents is the same as that of the proposed placement of 20,000,000 shares at 25 cents to be made by the Company which is subject to shareholder approval at the AGM to be held on 29 November 2010. The Rights Issue will be to all shareholders to raise up to approximately \$3,283,995 before costs and **all funds will be used for exploration.**

At the Blackbush Prospect (Mullaquana Project, south of Whyalla on the Eyre Peninsula, South Australia) the Company has made significant progress, recently tripling the size of the resource of uranium mineralisation (ASX 23 September 2010). A Project Team tasked with bringing Blackbush to production has been recruited and is well advanced with progressing through trials and towards production. **Over the next year our objective is to advance the Blackbush Prospect from its presently estimated Inferred Resource of 10,400t of U₃O₈ (ASX 23 September 2010) towards a 100 tonnes per annum field trial for in situ recovery mining. At the same time, across the Mullaquana Project area as a whole exploration will continue with the objective of growing the total asset base of uranium mineralisation towards an exploration objective¹ of 20,000t of U₃O₈.**

The Company is now firmly established as a significant uranium player in the Australian market, and is increasingly recognised by Australian and International institutional investors as a future producer. ASX releases which record the progress of the Company from its initial discovery of uranium at Mullaquana are available on the Company's website at www.uraniumsa.com.au.

The Board has a policy of offering all shareholders the opportunity to participate in providing the capital which will be required at this exciting time as we grow the size of our uranium assets and enhance their value by progressing towards production. Shareholders who participate in this offer can be assured that the Company will maintain its existing high standards of business and exploration control, and that **new shares acquired under the rights issue will provide funding to progress the Blackbush Prospect towards production and continue to grow the uranium asset base of the Mullaquana Project.**

I recommend that you seek independent investment advice from your stockbroker, accountant or other professional adviser before making an investment decision.

By participating in this offer rather than trading shares on-market you will be contributing directly to the ongoing success of the Company in exploring and developing its uranium assets.

Yours faithfully,



Tom Phillips AM
Chairman
UraniumSA Limited

¹ *Cautionary Note: an exploration objective is conceptual and there is no certainty that resources or reserves of mineralisation will be defined.*

Please see the reverse side of this letter for the proposed work and timetable of the offer

PROPOSED WORK

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

Blackbush Prospect Objectives:

- grow the Inferred Resource from its present 10,400t U₃O₈ (ASX 23 September 2010) by infill drilling and other development work.
- advance the project towards a field trial for in situ recovery mining.

Mullaquana Project Objectives:

- continue exploration across the project area to grow the asset base of uranium mineralisation.

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.

TIMETABLE

| EVENT | DATE |
|---|----------------------------|
| Announcement of Offer and Appendix 3B | Wednesday 17 November 2010 |
| First cleansing notice offer documents filed with ASX | Wednesday 17 November 2010 |
| Notice sent to share holders | Friday 19 November 2010 |
| Ex Date (date from which securities commence trading without the entitlement to participate in the Rights Issue) | Tuesday 7 December 2010 |
| Record Date (date for determining entitlements of eligible shareholders to participate in the Rights Issue) | Monday 13 December 2010 |
| Offer Document dispatched to shareholders (expected date of dispatch of Offer Document, entitlement and acceptance forms) | Friday 17 December 2010 |
| Offer Opens | Friday 17 December 2010 |
| Closing Date at 5.00 pm (CST) | Friday 7 January 2011 |
| Deferred settlement period starts | Monday 10 January 2011 |
| Company to notify ASX of under subscriptions (if any) | Wednesday 12 January 2011 |
| Allotment of New Shares and end of deferred settlement period | Monday 17 January 2011 |
| New Shares expected to commence trading on ASX* | Tuesday, 18 January 2011 |
| Dispatch holding statements* | Wednesday 19 January 2011 |

* *These dates are indicative only*

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.

19 November 2010

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Dear Overseas Registered Shareholder,

The Company announced a 1 for 10 Rights Issue on 17 November and the Offer Document and other information relating to the Rights Issue has been released to the ASX and is posted on the Company website at www.uraniumsa.com.au

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of the Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Shares will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Offer Document.

We thank you for your continued interest and investment in UraniumSA Limited. I have also attached a copy of my letter sent today to all shareholders with a registered address in Australia or New Zealand.

Yours faithfully,



Tom Phillips AM
Chairman
UraniumSA Limited