

Media Release

Wednesday 25 May, 2011

**DISCOVERY OF URANIUM IN GRANITE UP TO 2,485ppm U₃O₈
FOR URANIUMSA AT MULLAQUANA PROJECT IN S.A.**

A discovery of uranium in granite grading to over 2,400 parts per million uranium oxide has been made by UraniumSA on its Mullaquana project near Whyalla in South Australia (ASX release today Wednesday 25 May 2011).

UraniumSA Managing Director, Mr Russel Bluck, said today “this discovery of uranium at such significant grades and widths in a Hiltaba suite granite below our known sediment hosted mineralisation opens up some very exciting opportunities”.

“We have believed for some time that the Mullaquana granite was the ultimate source of the 42m lb of uranium in the project’s Blackbush and Plumbush sediment hosted deposits, but discovering uranium at these grades and thickness in the underlying Hiltaba suite basement rocks gives us huge additional exploration upside.”

“The Hiltaba suite in South Australia is associated with massive resources of mineralisation. Ongoing exploration and research is associating an increasingly broad range of mineralisation styles with it in addition to the classic Olympic Dam IOCG-U and the similar styles at Prominent Hill and Carapateena, and this discovery may be another part of that process.”

“It is this context of rapidly advancing knowledge and new concepts that makes this discovery of an apparently uranium-only mineralisation in a Hiltaba suite granite so exciting as an exploration play for the Mullaquana project.”

At the Mullaquana project, UraniumSA has already delineated 42 M lb of uranium mineralisation in Eocene sediments overlying the Mullaquana granite.

The Company is working to commence an in-situ recovery field trial at the Blackbush deposit at the end of this year with the objective of achieving maiden production from late 2012 to early 2013.

The total inventory of sediment hosted uranium mineralisation for the Mullaquana project comprises:

	Million tonnes mineralisation	Average grade ppm eU ₃ O ₈	Estimated contained tonnes U ₃ O ₈	Estimated contained M lb U ₃ O ₈
Blackbush Prospect	45.5	280	12,700	28.0
Plumbush Prospect	21.8	292	6,300	14.0
Aggregate	67.2	284	19,000	42.0

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The exploration results and mineral resources reported herein, insofar as they relate to mineralisation, are based on information compiled by Mr Russel Bluck, Managing Director, UraniumSA Limited who is a Member of the Australian Institute of Geoscientists and has sufficient experience relevant to the style of mineralisation and type of deposits being considered, and to the activity which is reported to qualify as a Competent Person as defined by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code, 2004 Edition). Mr. Bluck consents to the inclusion in the report of matters based on his information in the form and context in which it appears. It should be noted that the abovementioned exploration results are preliminary.