

Thursday 28th July 2011

**AUSTRALIAN SECURITIES EXCHANGE
COMPANY ANNOUNCEMENTS PLATFORM
ASX CODE USA**

UraniumSA Limited
ABN 48 119 978 013

32 Beulah Road
Norwood, South Australia 5067
Australia

Phone +61 (0)8 8132 0577
Fax +61 (0)8 8132 0766
executive@uraniumsa.com.au
www.uraniumsa.com.au

ACTIVITIES REPORT 3 MONTHS ENDED 30th JUNE 2011

OVERVIEW

UraniumSA has increased its inventory of uranium mineralisation in JORC Inferred Resource to 42 million pounds (M lb) of U₃O₈ in its Blackbush and Plumbush deposits in the Mullaquana Uranium project located south of Whyalla on the Eyre Peninsula in South Australia.

Resource inventory - Mullaquana

- The build of the Mullaquana uranium resource inventory commenced as a greenfield discovery in December 2007 and has been progressed through the establishment of a maiden Inferred Resource in May 2009 (2,700t or 6M lb U₃O₈, 17 months from discovery) and with sequential increases in September 2010 (10,400t or 23M lb U₃O₈, 32 months from discovery) and in April 2011 (19,000t or 42M lb U₃O₈, 40 months from discovery).
- Figures for the international uranium industry indicate that only 20% of uranium deposits will have more than 10,000t of U₃O₈. The present 19,000t inventory of U₃O₈ in resources is sufficient to establish the significance of the discovery of sediment hosted uranium at Mullaquana.
- The focus is now shifting to achieving production of yellowcake. Exploration at Mullaquana is designed to continue to locate new mineralisation, but there will be a decreased emphasis on building the size of the inventory.

Development towards production - Blackbush

The regulatory and technical work required to advance the Blackbush deposit through a field trial and into production is continuing to deliver positive results.

- An application for a Retention Lease from the South Australian Government to undertake a field trial has been in preparation since the positive referral decision from the Federal Government Department of Sustainability, Environment, Water, Population and Communities was announced to ASX on 22nd February 2011. The application will be lodged shortly and a determination is anticipated by the end of 2011.
- The metallurgical development program continues to demonstrate that the commercial extraction of uranium from saline solution is technically achievable and economically viable. Work being carried out by ANSTO (Australian Nuclear Science and Technology Organisation, independent expert consultants to the Company) is demonstrating that Blackbush mineralisation is readily extracted by an acidified saline leach solution, and confirming our previous test data for loading uranium from saline solution to ion exchange resins.
- Geological evaluation is progressively mapping out the location of higher grade mineralisation associated with roll-fronts present within the sequence. The first part of this work was used to locate and design the drill hole pattern for the ground water circulation trial which is presently

scheduled to commence August-September 2011. As this geological evaluation work progresses, additional drilling will be undertaken to close in the drilling from a nominal 100m pattern to a face-centred 50m pattern, to improve estimations.

Exploration

Medium to high grade uranium mineralisation has been discovered in clay altered granite basement below the Blackbush deposit. Laboratory work has confirmed that the granite belongs to the Roxby Downs sub-suite of the Hiltaba Granite. The origin of the clay alteration and uranium mineralisation has not yet been established.

ASX reporting - Corporate

During the April-June 2011 quarter, the Company has made the following releases through ASX:

- Maiden Inferred Resource for the Plumbush deposit bringing the Mullaquana inventory of mineralisation in JORC Inferred Resources to 42 million pounds of U₃O₈ (8th April 2011).
- The signing of a contract to purchase the land which covers the majority of the Blackbush deposit. A total area of 8,210 hectares is being acquired in 4 separate Crown Lease Perpetual titles located approximately 20km southwest of the city of Whyalla (15th April 2011).
- The discovery of medium to high grade uranium mineralisation in granite basement rocks underlying the Blackbush sediment hosted uranium deposit within the Mullaquana project area (25th May 2011).
- Notification of independent reporting on the metallurgical work being pioneered by UraniumSA on the extraction of uranium from saline solutions (1st June 2011).
- Commencement of column leach trials on Blackbush mineralisation by ANSTO (16th June 2011).
- Completion of the construction of a drill pattern in the mineralised horizons at the Blackbush deposit to be used for trials to confirm the circulation characteristics of ground water ahead of the proposed in-situ recovery (ISR) proof-of-concept field trial (22nd June 2011).

MULLAQUANA PROJECT

BLACKBUSH DEPOSIT

The focus of work is on the progression through field trials towards the Company's maiden production targeted for 2013.

- Resources - drilling continued in the reporting period with 84 holes completed for 6,836m.
- Regulatory Process - final review of documentation in support of an application for a Retention Lease from the South Australian Government to cover the conduct of a field trial, is in progress. The application will be lodged early in the next quarter and a decision is anticipated towards the end of 2011.
- Hydrogeology - the well field for groundwater circulation trials is completed. A contract for the circulation trial has been let and crew is expected to mobilise August-September 2011.
- Metallurgy - ANSTO is continuing the metallurgical program with screening of candidate resins against leach liquors.

PLUMBUSH DEPOSIT

The maiden Inferred Resource estimate of mineralisation for the Plumbush deposit comprises;

- 21.8 million tonnes of mineralised material.
- Volume weighted average grade 292 parts per million eU₃O₈.
- Estimated to contain some 6,300 tonnes of U₃O₈ (14.0 million pounds).
- Average thickness of mineralised intersections 6.88m.

The envelope of mineralisation at Plumbush is open some 2.5km to the southwest and remains open to the north and northeast. Drilling is anticipated to continue to increase the size of the resource.

BASEMENT MINERALISATION

Examination and analysis of the uranium mineralised clay altered granite core recovered from basement below the Blackbush mineralisation, is continuing. Initial petrology of core samples of fresh granite basement has identified them as belonging to the Roxby Downs sub-suite of the Hiltaba Granite. The fresh granitic rocks were interpreted as highly fractionated, potentially sub-volcanic, and containing elevated levels of uranium with uranium minerals tentatively identified (beyond the level of discrimination of optical microscopy). The genesis of the clay alteration and uranium mineralisation has not yet been determined.

A review of the available geophysics is underway to determine if there is a discernable signature associated with the mineralisation.

JOINT VENTURES

During the quarter, three holes were drilled into the northwestern corner of the SRZ-JV (Stellar Resources Limited, ASX code SRZ) to infill previous wide-spaced drilling. One of the three holes intersected significant mineralisation. Further drilling is required to better define the extent of this zone to the south along strike.

The Exploration Licence for the AAO JV (Adept Solutions Limited, ASX code AAO) is in the process of renewal and the processes for access to the ground for drilling are underway.

OTHER SOUTH AUSTRALIAN PROJECTS

CLEVE PROJECT, EASTERN EYRE PENINSULA (SA)

Our Joint Venture partner, Archer Exploration Limited (ASX code AXE), has continued its exploration work for commodities other than uranium. UraniumSA did not complete any uranium exploration during the period and the tenement continues to be in good standing because of the activity of AXE.

TARCOOLA PROJECT, KINGOONYA PALAEODRAINAGE SYSTEM (SA)

Work has started on mobilisation of staff and equipment to the Tarcoola operations base to support our next round of field operations in the district.

CORPORATE

Having established a significant resource base of uranium mineralisation at Mullaquana, the focus of the Board is on advancing the Blackbush deposit towards a field trial. The contract for the purchase of the land covering the Blackbush deposit will be finalised 12th August 2011.

FORWARD WORK PROGRAM TO END SEPTEMBER 2011

MULLAQUANA

Blackbush deposit. The ANSTO metallurgical program will culminate with the precipitation of a uranium yellowcake product. The groundwater circulation trial will commence as soon as the materials required to trace water movement in the formation, are available. Work on the site and engineering for the proposed field trial will move from planning to design.

Plumbush deposit. Drilling to determine the southern strike extent of the presently delineated Inferred Resource will be scheduled within the SRZ JV.

Bedrock uranium mineralisation. Laboratory and analytical work will be continued to establish the origin of the granite hosted mineralisation and to develop and trial exploration methods.

Joint Ventures. The Exploration Licence for the AAO JV is in the process of renewal and the processes for access to the ground for drilling are underway. Further drilling is being scheduled for the SRZ-JV.

OTHER SOUTH AUSTRALIAN PROJECTS

Cleve Project, eastern Eyre Peninsula (SA). The existing uranium exploration data is to be reviewed and a forward program of field work developed. Our Joint Venture partner, Archer Exploration Limited (ASX code AXE), will be continuing its work on the ground.

Tarcoola project, Kingoonya Palaeodrainage System (SA). It is anticipated that the Tarcoola field base will be recommissioned and drill plant mobilised into the area.

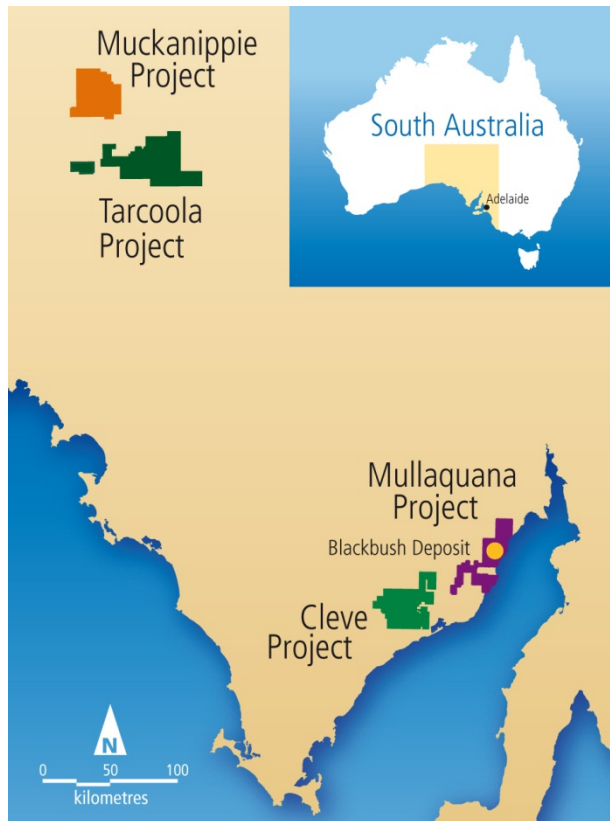
CORPORATE

The focus of the Board will remain on advancing the Blackbush deposit towards a field trial, and on growing the asset base of uranium mineralisation under relevant JORC classification in the Mullaquana project. Elsewhere, the exploration of the other properties in the UraniumSA portfolio will recommence.

NOTE ON TERMINOLOGY

The naming convention adopted by UraniumSA is to use established geographic place names to identify its significant work areas as “projects”. Within these, areas of specific interest which have positive indications of potentially significant mineralisation are named based on the locally dominant vegetation and called “prospects”. Once a prospect has been sufficiently explored by drilling that an Inferred Resource is calculated and announced to market it becomes a “deposit”. As work progresses and production is achieved it becomes a “mine”.

ABOUT URANIUMSA LIMITED



UraniumSA is an Adelaide based uranium only explorer specialising in sediment hosted styles of uranium mineralisation within a substantial portfolio of properties in South Australia's Gawler Craton.

The Company has discovered sediment hosted uranium mineralisation within its Mullaquana Project, 20km south of the industrial city of Whyalla on the eastern Eyre Peninsula in South Australia.

The inventory of uranium mineralisation within the Mullaquana project in the Blackbush and Plumbush deposits in JORC compliant Inferred Resource estimates is some 19,000 tonnes of U_3O_8 (equivalent to approximately 42 million pounds).

The Blackbush Deposit is being advanced towards the commencement of a field trial for an in-situ recovery operation with a production objective of late 2012 to early 2013.

Continued drilling of the Plumbush Deposit will grow the resource base and the updated estimates will be released during 2011.

Through its own tenure and by Joint Venture the Company has exploration control over what it considers the most prospective portions of the Pirie Basin.

Russel Bluck
Managing Director
UraniumSA Limited

The exploration results mineral resources reported herein, insofar as they relate to mineralisation, are based on information compiled by Mr Russel Bluck an employee of UraniumSA Limited and Member of the Australian Institute of Geoscientists with 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.