

16 May 2007
General Manager
The Company Announcements Office
Australian Stock Exchange



Dear Sir,

Commencement of AEM and Air-Core Drilling

Further to information provided in the most recent Quarterly Report to ASX UraniumSA advises that the following work has commenced on its Projects. In brief;

1. the AEM survey of tenements covering the Kingoonya Palaeodrainage System has commenced and should be completed by week ending 27th May 2007. Data processing will take several weeks.
2. air-core drilling has commenced on the Eyre Peninsula tenements to follow up the results of recent geophysical surveys. Assay results will be provided as they become available.

1. Kingoonya Palaeodrainage System

1.1. Airborne EM survey (AEM)

GPX Airborne advises that they have mobilised to Tarcoola and commenced flying the contracted REPTM surveys in the Tarcoola, Kingoonya and Muckanippi Project areas.

The program, which has been repeatedly delayed by technical and commissioning issues, will take about 10 flying days to complete. Information on the flight plan and other aspects of the survey were provided in the most recent Quarterly Report to ASX.

1.2. Air-core Drilling

A contract for a minimum of 20,000m of air-core drilling has been signed for work in the Tarcoola-Kingoonya-Muckanippi area. The contractor advises that they are on-schedule to mobilise into the area in late June 2007 and following interpretation of the AEM survey data

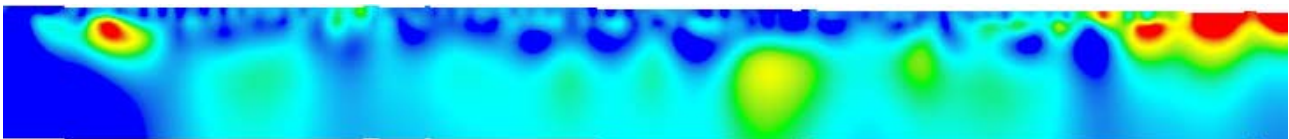
2. Eastern Eyre Peninsula

2.1. Cleve Project

Air-core Drilling

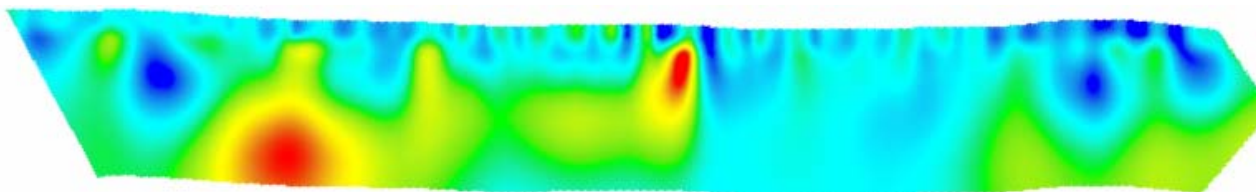
Air core drilling has commenced to obtain geochemical data across;

1. a range of anomalies identified in the recent Induced Polarisation surveys across the uranium prospective Blue Range Beds.



Induced Polarisation Survey – chargeability section. View to the north. The surface of the profile is 7,300m in length.

2. an Induced Polarisation anomaly associated with a copper-in-water geochemical anomaly in basement sequences. Copper and copper-uranium mineralisation is known from historic workings located along strike to the north-east of the project area.



Induced Polarisation Survey – chargeability section. View to the north-east, centred on a copper-in-water geochemical anomaly. The surface of the profile is 1,850m in length.

An aggregate of 2,500m will be drilled in the Cleve project area with work scheduled for completion the week ending 20th May 2007. Assay results will not be available for several weeks.

2.2. Tumby Bay Project

Air-core Drilling

Following completion of drilling in the Cleve project area the rig will move to Tumby Bay to obtain geochemical data across a variety of geological settings and aeromagnetic targets.

An aggregate of 500m will be drilled in the project area with work scheduled for completion by 24th May 2007. Assay results will not be available for several weeks.

2.3. Mullaquana Project

Air-core Drilling

Following completion of the Tumby Bay work the rig will move to the Mullaquana area to profile a complex aeromagnetic bedrock target which is considered prospective for discovery of uranium-copper-gold mineralisation.

An aggregate of 2,000m of drilling is budgeted area with work scheduled for completion by 31st May 2007. Assay results will not be available for several weeks.

Yours sincerely

Russel Bluck
Managing Director
UraniumSA Limited

The drill and exploration results reported herein, insofar as they relate to mineralisation, are based on information compiled by Mr. R.G. Bluck (Member of the Australian Institute of Geoscience) who is a Director of the Company with more than twenty years experience in the field of activity being reported. 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.