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AUSTRALIAN SECURITIES EXCHANGE LIMITED
COMPANY ANNOUNCEMENTS PLATFORM
ASX CODE USA

OIL SHALE AND LIGNITE

MULLAQUANA PROJECT SOUTH OF WHYALLA

UraniumSA Limited has made the decision to assess more thoroughly the prospectivity of oil shale and lignite deposits on its Mullaquana tenement after 9 of 30 of its recently drilled uranium exploration holes intersected significant lignite and oil shale.

Work by BHP Exploration Pty Ltd (BHP) in 1983 identified a body of lignite and oil shale at Mullaquana, and the recent UraniumSA drilling intersected lignite and lignitic sediments both in the area of this previous BHP work and in new areas within the tenement.

“The occurrence of oil shale and lignite in the district is well known and the BHP data referred to above was used by UraniumSA in the design of our current uranium exploration program there,” UraniumSA’s Managing Director, Mr Russel Bluck, said today. “In the present climate of high energy prices, the search for alternative energy sources and the ongoing development of extraction technologies it is prudent that we re-examine these prospects.”

“On the basis of the technical information available to us there appears to be little possibility for commercial exploitation of Mullaquana’s oil shale and lignite at this time. However, to confirm this initial assessment, we will be collecting samples of the lignites and oil shale during our upcoming uranium exploration drilling to obtain hydrocarbon yield data for the newly identified materials,” Mr Bluck said.

“Our focus, however, remains on the evaluation of our uranium discoveries within the tenement.”

A new rotary mud uranium drilling program is schedule to commence shortly at Mullaquana. During this drilling, cores of lignite and oil shale will be collected and analysed for hydrocarbon yield. Results will be reported as they become available.

RECENT EXPLORATION

The area of the BHP prospect was drilled by four of the UraniumSA holes (previously reported, MRM-030 to MRM-033, schedule below). Two of these holes (MRM-032, MRM-033) were collared north of the apparent limits of the sub-basin and intersected 8 to 16m of lignite and lignitic shale.

The sub basin which contains the BHP intersections extends out of the Mullaquana Exploration Licence and into areas where UraniumSA is presently negotiating uranium exploration Joint Ventures with Australasia Gold Limited (AAO) and Stellar Resources Limited (SRZ) (Refer ASX announcement 17th April 2008.)

Some 15km north,-northeast of the sub-basin identified by the BHP drilling, exploration holes drilled by UraniumSA also intersected between 2.0 and 14.0m of lignite and lignitic shale within an Eocene sub-basin (attached map).

All of this drilling by the Company has been entirely focussed on uranium exploration and samples suitable for assay have not been collected.

HISTORIC EXPLORATION

In the early 1980's the area south of Whyalla was explored by BHP for lignite and oil shale with a series of 32 rotary mud and cored drill holes. At the southern end of the present Mullaquana Exploration Licence 3652, drilling has outlined a sub-basin ~ 6km in diameter (attached map, UraniumSA interpretation) which contains 0.70 to 16.55m thicknesses of lignite and oil shale and for which BHPB made an "order of magnitude tonnage calculation". Fisher Analysis of 20 samples of core for intervals between 0.70m and 6.50m thick from three drill holes in this sub-basin produced oil yields of between 20 and 128 litres/tonne, with a length-weighted average yield of 53 litres/tonne.

These historic figures have been taken from assay records and drill logs contained in public domain documents (BHP Minerals Ltd, 1983, Env 04124, PIRSA).

URANIUMSA DRILL RESULTS

The following table lists all holes drilled by UraniumSA at Mullaquana showing the lignite intersections as recorded in field logs of rotary mud cuttings.

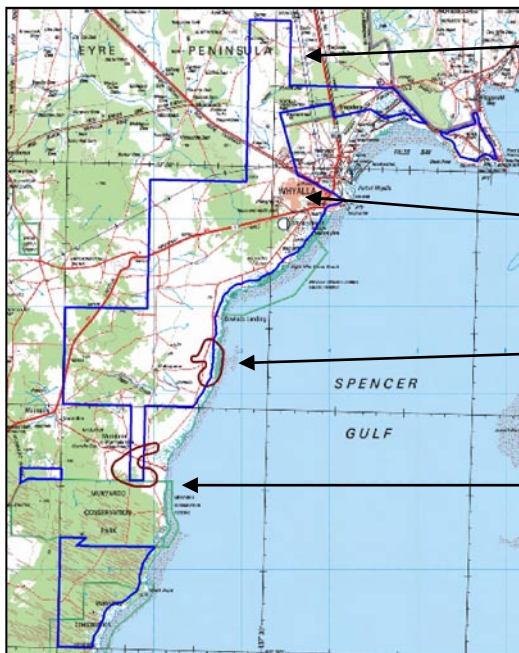
Hole ID	Easting	Northing	Lignite intersection (visual log of 2m composite samples)
MRM 001	725512	6323551	-
MRM 002	724512	6322949	-
MRM 003	723506	6222861	-
MRM 004	724499	6323576	-
MRM 005	726095	6322518	46 – 50m
MRM 006	720609	6323670	-
MRM 007	720237	6321853	-
MRM 008	717907	6321676	-
MRM 009	717808	6321717	-
MRM 010	725506	6322507	50 – 52m, 60 – 66m
MRM 011	724927	6319127	abandoned short of target
MRM 012	726020	6324881	52 – 66m
MRM 013	727100	6332535	-
MRM 014	728320	6332991	-
MRM 015	726974	6331496	-
MRM 016	726954	6331460	-
MRM 017	726064	6330505	-
MRM 018	726668	6329501	-
MRM 019	726634	6328487	-
MRM 020	726451	6326067	50 – 54m, 58 – 60m
MRM 021	726797	6325345	46 – 58m
MRM 022			not drilled
MRM 023	725456	6321538	54 – 62m
MRM 024	724630	6324500	abandoned short of target

MRM 025	724525	6324178	50 – 52m, 64 – 70m
MRM 026	725047	6325509	-
MRM 027	725390	6326408	-
MRM 028	725846	6327500	-
MRM 029	725141	6328981	-
MRM 030	718103	6313620	-
MRM 031	718641	6312774	-
MRM 032	717424	6314497	58 – 72m sub-lignitic clay, possibly oil shale
MRM 033	718545	6315834	72 – 88m, lignite, sub-lignitic clay, possibly oil shale
MRM 034	724666	6319211	-

Drill holes MRM-032, 033 are spaced ~1.7km apart and lie ~1.5 – 2.2 km north of the holes which BHPB used for its “order of magnitude tonnage calculation”. These holes appear to have intersected the same stratigraphy as the earlier BHPB holes and may extend the size of the prospective area.

Drill holes MRM-005, 010, 012, 020, 021, 023 and 025 are contained within a sub-basin of Eocene sediments which also contain sediment-hosted uranium. The drill holes are spaced irregularly across the area at distances of ~1 km or more, the continuity of the lignite units between these holes has not been established, and thickness have not been accurately determined. The sub-basin is comparable in size to that explored by BHP.

ATTACHMENTS

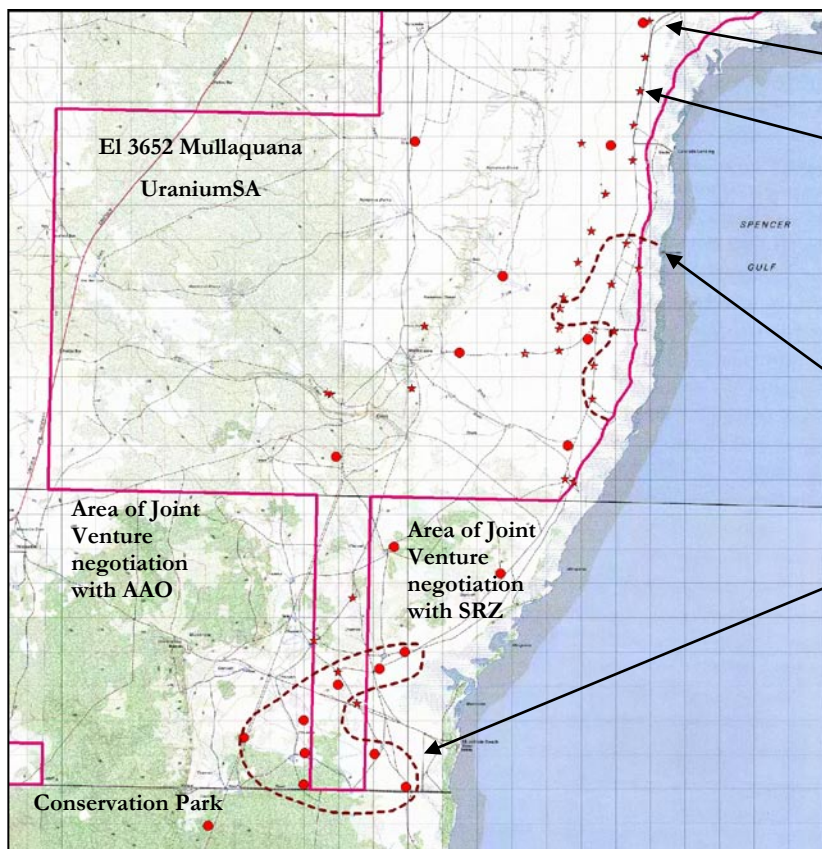


EL 3652 Mullaquana (blue)

Whyalla

Lignite envelope, UraniumSA (brown)

Lignite envelope, BHP (brown)



BHP lignite exploration holes (red circle)

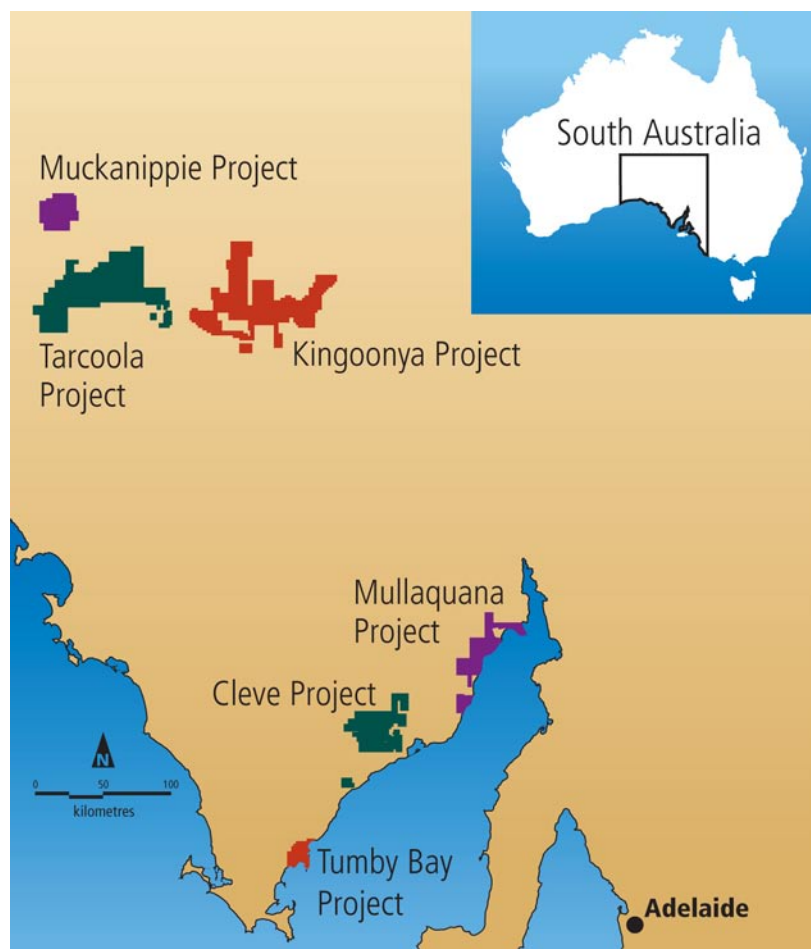
UraniumSA exploration hole (red star)

Envelope of new lignite intersections, UraniumSA drilling

Envelope of BHP lignite/oil shale intersections

(graticules are 1 km square)

About UraniumSA Ltd



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

The Company has discovered sediment hosted uranium mineralisation at Mullaquana. Two uranium mineralised trends have been identified and partially drilled out – they remain open along strike.

The Kingoonya Palaeodrainage System is the focus of the tenement portfolio. It hosts the Warrior and Ealbara uranium prospects in adjoining tenements. AEM surveys by USA have mapped out the architecture of the palaeodrainage system. Systematic exploration drilling of the palaeodrainage has commenced and will continue for the foreseeable future.

UraniumSA owns and operates its own Mayhew 1000 rotary mud drill rig, associated drilling plant and a down hole logging unit. This enables the Company to maintain a continuous program of drill testing of its exploration tenure.

Russel Bluck
 Managing Director
 UraniumSA Limited

The exploration results reported herein, insofar as they relate to mineralisation, are based on information compiled by Mr. Russel Bluck a Member of the Australian Institute of Geoscience and an employee of UraniumSA Limited. Mr 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 2005 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code, 2005 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.