


Tuesday, 26 May 2009

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

Dear Sir

Attached please find a letter from Mr. Tom Phillips, Chairman UraniumSA Limited, to our Shareholders in relation to the 1 for 3 Rights Issue which is being dispatched today along with Entitlement and Acceptance Forms and the Rights Issue Document (Amended).



Russel Bluck
Managing Director
UraniumSA Limited

26 May 2009

1 FOR 3 RIGHTS ISSUE

Dear Shareholder,

Further to my letter to you dated 12 May 2009 advising you of the 1 for 3 rights issue, the Entitlement and Acceptance Form (including Additional Securities) is now attached.

On 5 May 2009 the Company announced a maiden **Inferred Resource¹ of uranium mineralisation** for the **Blackbush Prospect** within the Company's Mullaquana project. An ASX release is available on the Company's website at www.uraniumsa.com.au along with a presentation given by the Company at the South Australian Resources and Energy Conference in Adelaide on 5 May 2009 in relation to this project. BGF Holdings Limited (BGF, an independent specialist financial services organisation) completed a research document on the Company last week which has also been posted on the Company website. The Company has made this new and significant discovery at the Blackbush Prospect in a very short time frame. **Over the next two years our objective is to advance the Blackbush Prospect from its presently estimated Inferred Resource of 2,700t of eU₃O₈ (ASX 5 May 2009) towards a 100 tonnes per annum field trial for in-situ recovery mining, and to continue exploration across the Mullaquana project area as a whole to grow our asset base of uranium mineralisation.** The Company has consolidated its first-mover advantage in this new uranium district and now, through its own tenure and by Joint Venture, controls the majority of the presently recognised prospective ground.

To achieve these objectives will require additional capital and the Board believes that it is important to offer all shareholders the opportunity to acquire additional shares at this exciting time in the Company's growth and progress. Shareholders who participate 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 and the Mullaquana project.**

All Directors and the Company Secretary intend taking up their full entitlement to buy new shares. I encourage you to consider participating in the offer. I also 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 work and success of the Company in exploring and developing its uranium assets.

On 19 May 2009 the Company appointed BGF Holdings Limited (BGF) as Manager for the 1 for 3 rights issue. Warwick Grigor, Executive Chairman of BGF, is very familiar with the uranium industry in Australia and is a respected analyst and commentator in this sector.

Yours faithfully,



Tom Phillips AM
Chairman
UraniumSA Limited

1. There is no certainty that all or part of an Inferred Resource can or will be converted into a Measured Resource or Reserve.

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.