

# Southern Uranium Limited

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## ASX RELEASE

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### SOUTHERN URANIUM IN MAIDEN MOVE INTO WESTERN AUSTRALIA'S URANIUM SECTOR

Southern Uranium Limited (ASX: SNU) ("Southern Uranium") has continued its expansion across Australia's uranium sector with the Company's first move into exploration in Western Australia.

The Company announced today that it had added a highly prospective package of tenements on the western margin of the Yilgarn Craton in Western Australia (Figure 1) to its uranium portfolio.

The drive into Western Australia – focused on the Three Springs area southeast of the coastal town of Dongara - follows Southern Uranium's recent expansion into uranium projects in Queensland and the Northern Territory to add to its strong asset base in the Gawler Craton province in South Australia.

Under the WA expansion announced today, Southern Uranium has entered into a Farmin and Joint Venture agreement with Uranium Equities Limited (ASX: UEQ). (GE Resources Pty. Ltd., a subsidiary of Uranium Equities Limited, is the applicant for the exploration licences). The agreement enables Southern Uranium to acquire a joint venture interest in the exploration licences. The Joint Venture has the purpose of exploring for minerals with a focus on uranium, and, if successful, to develop one or more mines in the area.

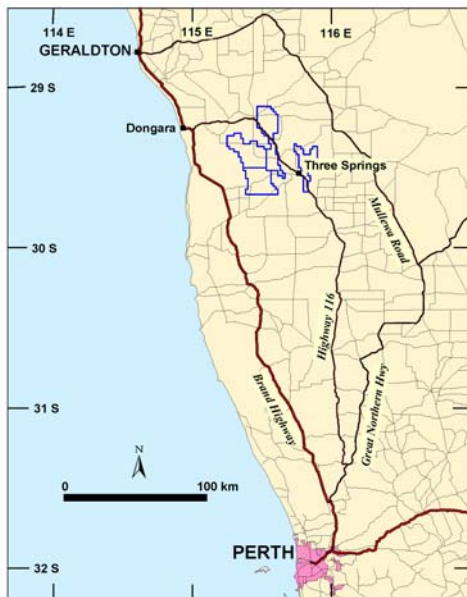


Figure 1 – Regional Location Plan



### Three Springs Project

The Three Springs project comprises four tenements (E70/3034, E70/3035, E70/3036 & E70/3037) that are currently under application.

During the 1970s, previous explorers investigated the water bores and springs within the project area (Figure 2) after a landowner reported a radiometric response when testing groundwater with a hand held scintillometer. Subsequent testing of the water returned uranium values of between 28 and 360 parts per billion (“ppb”) uranium against a background of approximately 1ppb uranium.

Major aquifers are recognised in sandstone units of the Parmelia and Yarragadee Formations. These are recharged by rainfall draining from the highlands on the western margin of the Yilgarn Craton. The Archaean Mullingarra Gneiss on this margin carries a high background of uranium and is the interpreted source of the groundwater uranium.

Groundwater in the aquifers flows southwesterly through prospective host rocks with the potential to precipitate uranium from the groundwater in sandstone and roll front style deposits. In particular, the Yarragadee Formation contains beds of coal and conglomerate that offer oxidation-reduction (“redox”) interfaces that are favourable for uranium deposition.

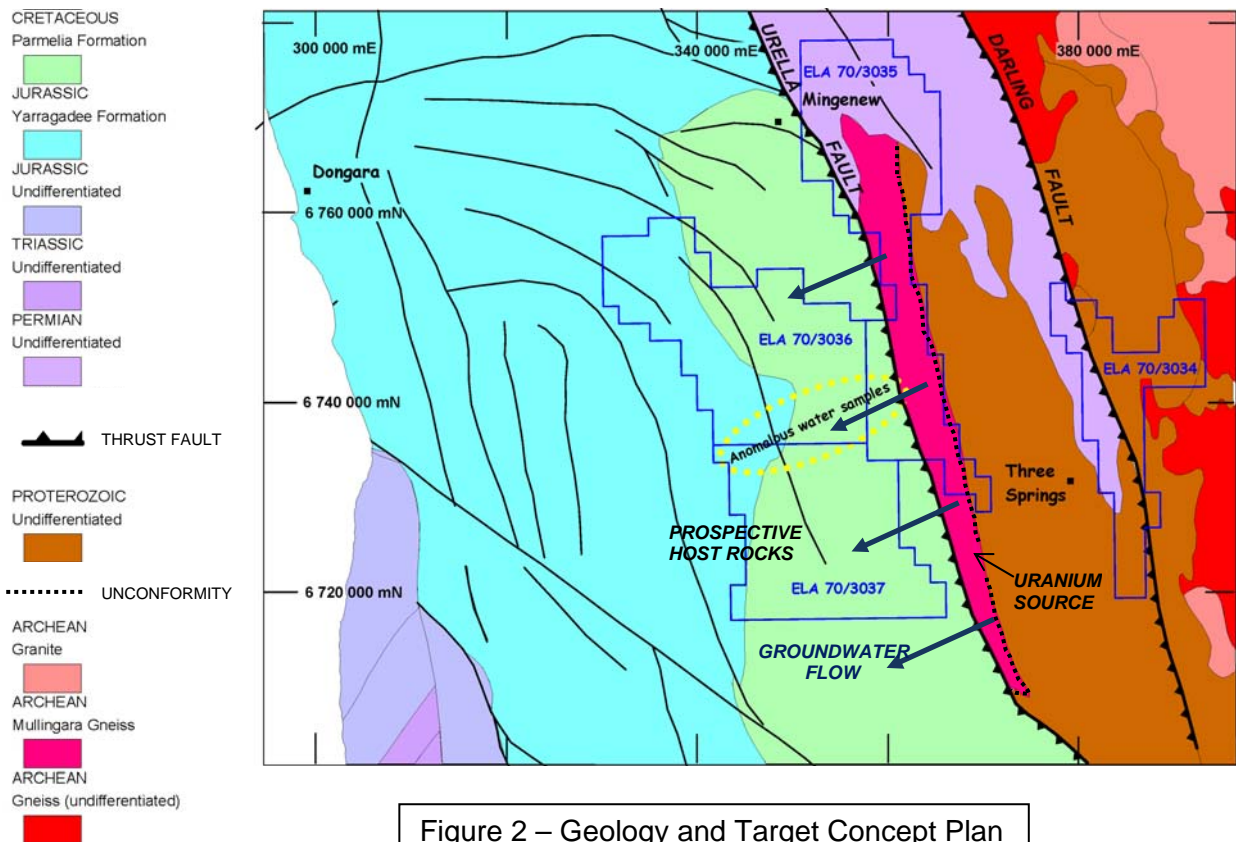


Figure 2 – Geology and Target Concept Plan



Additionally, the lithological and structural contacts between the Mullingara Gneiss and the surrounding Proterozoic rocks on Exploration Licence Application (“ELA”) E70/3035 are prospective for unconformity-style uranium mineralisation.

Other major regional structures also transect the project area in ELA E70/3036 and ELA 70/3037 and require examination for their uranium potential.

ELA E70/3034 covers a Tertiary palaeochannel draining the Yilgarn Craton. The palaeochannel is also intersected by the Darling Fault. This palaeochannel will be investigated for its potential to host calcrete-hosted uranium mineralisation similar to that found further east at Yeelirrie.

Apart from the preliminary sampling in the 1970s, the area has not been seriously targeted in the past for its uranium potential, with little to no further exploration documented in Government databases. No regional or detailed radiometric surveys have been flown over this area. Exploration will commence on grant of the licences, anticipated during 2008.

### **Agreement Terms**

The agreement will establish a joint venture between Uranium Equities and Southern Uranium to explore up to four tenements, all of which are currently at the application stage; E70/3034, 3035, 3036 and 3037. At the outset, the participating interest of the parties will be, Uranium Equities 100% and Southern Uranium nil. As each tenement is granted, Southern Uranium has the sole exclusive right to access and explore the licence area for one-year after granting. During the earn-in period, to earn 50% interest in each exploration licence, Southern Uranium must expend on exploration the following amounts on the respective tenements:

- E70/3034 : A\$70,000;
- E70/3035 : A\$140,000;
- E70/3036 : A\$134,000; and
- E70/3037 : A\$114,000.

Southern Uranium will manage the Joint Venture, for an agreed management fee, until the last earn-in period has been completed.

Southern Uranium will be entitled to a transfer of its 50% interest in a tenement as soon as the Company has expended the exploration commitment for that tenement.

The agreement is based on the assumption that all four tenements will be granted within six-months from the date of the agreement. If not granted within the six-month period, Southern Uranium may exclude an exploration licence from the agreement. If not granted within 18-months, either party may exclude that exploration licence from the agreement.



*The information in this report has been compiled by David Jones BSc., MSc. Mr Jones is a full-time employee of Vidoro Pty Ltd, a consultant to Southern Uranium Limited, and is a Fellow of the Australasian Institute of Mining and Metallurgy. He is bound by and follows the Institute's codes and recommended practices. As a Competent Person, he has a minimum of 5 years relevant experience in the styles of mineralisation and types of activities being reported and has given written consent to the above report in the form and context in which it appears.*

For further information contact:

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***Southern Uranium Limited is a uranium resources company with a strong platform of active exploration properties and drill targets in the highly prospective Gawler Craton of South Australia.***

***The Company aims to expand its exploration and development activities to competitively participate in the growing uranium resource industry.***