

ASX/Media Release



Southern Uranium

Date: 29 June 2009

SOUTHERN URANIUM SHAREHOLDERS TO BE OFFERED MAJOR STAKE BY LARGEST SHAREHOLDER

Southern Uranium Limited (ASX: SNU) advises the Company's largest shareholder, Southern Gold Limited (ASX: SAU) has announced plans to divest its 39.1% shareholding in SNU to concentrate on its own exploration. This will be by way of a pro rata non renounceable Entitlement Offer to all remaining SNU shareholders at 5.5 cents per share.

SAU also announced that Talbot Group Holdings Pty Ltd (TGH) and CITIC Australia Pty Ltd (CITIC) had reached an in-principle agreement with SAU to fully underwrite the Entitlement Offer.

TGH and CITIC are significant SNU shareholders each holding 8.7% of the Company's issued capital. TGH and CITIC are also signatories to a Priority Agreement with SNU under which both have agreed to remain as Cornerstone Investors to assist SNU achieve its goal of becoming a global uranium company.

As a first step in advancing the sale process, SNU has signed a binding Heads of Agreement with SAU, TGH and CITIC. The Heads of Agreement stipulates that the Entitlement Offer is conditional upon a number of conditions including completion of formal documentation and the approval of shareholders of both companies (as required under the Corporations Act and ASX Listing Rules).

The Heads of Agreement acknowledges that, subject to their fiduciary and statutory duties, the Directors of SNU will recommend that SNU Shareholders approve the transaction.

Southern Uranium's Managing Director Mr John Anderson welcomed Southern Gold's initiative.

"We see the Entitlement Offer as an ideal mechanism for our founding shareholder to monetise its investment in Southern Uranium and provide our remaining Shareholders with an opportunity to increase their level of participation in the Company," Mr Anderson said.

Relevant documentation and notices will be sent to Shareholders soon.

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