CITIC Australia Pty. Limited
ABN 21 006 388 772

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16 April 2007

Australian Stock Exchange
Company Announcements Office
4th Floor, Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

By Fax: 1900 999 279

Southern Uranium Limited (SNU)
Form 603 – Initial Substantial Holder
from CITIC Australia Pty Ltd

Please find attached herewith a copy of the Form 603 Notice of initial substantial holder, which was given to Southern Uranium Limited today.

Yours sincerely
CITIC Australia Pty Ltd

Michael Arter
Company Secretary

Form 603

Corporations Act 2001
Section 671B

Notice of initial substantial holder

To Company Name/Scheme	SOUTHERN URANIUM LIMITED
ACN / ARSN	115 338 979

1. Details of substantial holder

Name	CITIC AUSTRALIA PTY LTD
ACN / ARSN (if applicable)	006 388 772

The holder became a substantial holder on 3 April 2007

2. Details of voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Person's votes (5)	Voting power (6)
ORDINARY	20,230,000	20,230,000	17.59%

3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest	Class and number of securities
SEE ATTACHMENT A		

4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
SEE ATTACHMENT A			

5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder relevant interest	Date of acquisition	Consideration (9)		Class and number of securities
		Cash	Non-cash	
SEE ATTACHMENT A				

6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

Name and ACN / ARSN (if applicable)	Nature of association
SEE ATTACHMENT A	

7. Addresses

The addresses of persons named in this form are as follows:

Name	Address
SEE ATTACHMENT A	

[redacted]

Signature:

Print name	CHEN ZENG	**Capacity**	MANAGING DIRECTOR
Sign here		**Date**	April 2007

DIRECTIONS

(1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.

(2) See the definition of "associate" in section 9 of the Corporations Act 2001.

(3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.

(4) The voting shares of a company constitute one class unless divided into separate classes.

(5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.

(6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.

(7) Include details of:

(a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and

(b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).

See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.

(8) If the substantial holder is unable to determine the identity of the person (eg. if the relevant interest arises because of an option) write "unknown".

(9) Details of the consideration must include any and all benefits, money and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.

Annexure A

This is Annexure A of 1 page referred to in Form 603 *Notice of initial substantial Holder* by CITIC Australia Pty Ltd

4. Present relevant interests

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder	Nature of relevant interest	Class and number of securities	Consideration $
Holder	Holder	Holder		10,000,000 ordinary	$2,000,000
Talbot Group Holdings Pty Ltd ("TGH") & associates thereof: #					
Talbot Group Holdings Pty Ltd	Talbot Group Holdings Pty Ltd	Talbot Group Holdings Pty Ltd	#	10,000,000 ordinary	$2,000,000
Holder	Talbot Group Investments Pty Ltd	Talbot Group Investments Pty Ltd	Related corporation of TGH #	120,000 ordinary	$24,000
Holder	Mr Denis Wood & Mrs Anne Wood <The Wood Investment A/C>	Mr Denis Wood & Mrs Anne Wood <The Wood Investment A/C>	Director of TGH #	100,000 ordinary	$20,000
Holder	Donald Ian Nissen	Donald Ian Nissen	Director of TGH #	10,000 ordinary	$2,000

CITIC Australia Pty Ltd is an associate of Talbot Group Holdings Pty Ltd (and its associates) by virtue of the attached Memorandum of Understanding dated 3 April 2007.

6. Addresses

Name	Address
CITIC Australia Pty Ltd	Level 7, 99 King Street, Melbourne, VIC 3000
Talbot Group Holdings Pty Ltd	PO Box 1573 Coorparoo QLD 4151
Talbot Group Investments Pty Ltd	PO Box 1573 Coorparoo QLD 4151
Donald Nissen	13/28 Amazons Place, Jindalee QLD 4074
Mr D & Mrs A Wood	9 Marram Court, Cleveland QLD 4163

Dated: 3rd April 2007

Chen Zeng
Managing Director
CITIC Australia Pty Ltd

Memorandum of Understanding in respect of investments in Southern Uranium Limited

Between

TALBOT GROUP HOLDINGS PTY LTD ("TGH") as trustees for Talbot Equities Trust (ABN 85 649 275 746) of 977 Stanley Street East, East Brisbane 4169, Queensland

AND

CITIC AUSTRALIA PTY LTD (ACN 006 388 772) ("CITIC") of 99 King Street, Melbourne 3000, Victoria

THE PURPOSE OF THIS MEMORANDUM OF UNDERSTANDING is to record the key terms of the in principle agreement reached between TGH and CITIC in relation to the investments in Southern Uranium Limited ("SNU"). Signing of this Memorandum of Understanding will represent an undertaking by the parties to act in good faith and in a manner contemplated by this Memorandum of Understanding.

The key terms are as follows:

1) **Co-operation with investment in SNU:** The parties agree to discuss from time to time issues concerning the conduct of SNU's affairs including but not limited to voting at any general meeting of SNU.

2) **No Joint and Several:** Investments in SNU by each of TGH and CITIC are separate and independent investments by each of those parties and are not held jointly and severally.

3) **No Partnership:** Nothing in this Memorandum of Understanding is deemed to create or constitute a partnership between the parties under the partnership laws of Australia or any of its states and territories and expect as expressly provided in this Memorandum of Understanding no party shall act, not does any party have express or implied authority to act for or in any way bind or commit another party to any obligation.

4) **No Responsibility for Tax:** No party is responsible for any other's party's obligations under the income tax laws of Australia, or of any other applicable jurisdiction.

5) **No Legal Effect:** This Memorandum of Understanding does not constitute a commitment or legally binding obligation between the parties.

Executed as a Memorandum of Understanding.

Dated: 10 April 2007

Signed for and on behalf of
Talbot Groups Holding Pty Ltd as trustees for Talbot Equities Trust
by its duly authorised representative
in the presence of:

Signature of Denis Wood

Denis Wood

Name of authorised representative

(please print)

Signed for and on behalf of
CITIC Australia Pty Ltd
by its duly authorised representative
in the presence of:

Signature of Chen Zeng

Chen Zeng

Name of authorised representative
(please print)