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NEW HIGH-PRIORITY COPPER GOLD URANIUM DRILL TARGET AT FORMER WMC PROSPECT - OLYMPIC DAM DISTRICT

New gravity target in the Prominent Hill-Olympic Dam-Carrapateena corridor

Previous single WMC drill hole intersected 129 metres of mineralized magnetite-rich body

Strong potential for copper gold uranium in adjacent untested haematite zone of iron oxide system

Southern Uranium Limited's first gravity survey after listing in April has defined a high-priority copper gold uranium target at the Cocky Swamp Prospect next to Western Mining Corporation's ("WMC") CSD-1, drilled in 1980 to test a nearby magnetic anomaly. Southern Uranium is operating a Joint Venture with Crescent Gold Limited at Cocky Swamp, 60km south of Olympic Dam. A gravity anomaly highlighted by the survey is interpreted to have a large dense source with potential for iron oxide copper gold uranium ("IOCGU") mineralization, a target best exemplified by the giant Olympic Dam mine.

The Cocky Swamp Joint Venture applies to Exploration Licence 3603 "Oakdam" and lies within the corridor of deposits extending from Prominent Hill in the northwest through the Olympic Dam IOCGU district to the recent Carrapateena discovery in the southeast (Fig 1). The Cocky Swamp Prospect is situated in the prospective geology of the Olympic Dam district (Fig 2) near:-

a) other IOCGU deposits such as Acropolis and Oak Dam that are still held by WMC's successor, BHP Billiton;

b) intersecting northwest and southwest structures and

c) the base of the Gawler Range Volcanics, the geological setting at Olympic Dam and Prominent Hill. The recent Carrapateena results reported by Teck Cominco provide further encouragement for deep

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drilling of IOCGU targets in the Gawler Craton.

The common signature for IOCGU deposits is a gravity anomaly caused by the dense iron oxide, haematite, which hosts the economic copper gold uranium mineralization at Olympic Dam. In IOCGU deposits, there is often an adjacent magnetic anomaly associated with the magnetite-rich part of the iron oxide system that does not contain economic amounts of metals. The gravity detailing on a 250 x 250 metre pattern by Southern Uranium has defined a 2 milligal gravity anomaly (Fig 3). This anomaly has been modelled to have a diameter of about 800 metres, a density of 3.2 grammes per cubic centimetre that is appropriate for an iron oxide source and a 850m depth to top, that is consistent with the geology intersected in CSD-1 (Fig 4).

The 1980 drillhole CSD-1 tested an adjacent magnetic target centred 400 metres south of the modelled gravity target (Fig 4). The hole intersected magnetite-rich skarn overprinted by sporadic haematite copper gold mineralization. This occurred throughout the length of the basement intersection from 865 metres beneath the unconformity with the overlying Pandurra Formation conglomerates (Fig 5A) to the end of hole at 994 metres. WMC reported the disseminated copper mineralisation as the potentially high-value minerals, chalcocite and bornite, in the upper part of the intersected basement (Fig 5B) and as chalcopyrite at lower levels (Fig 5D), a mineral zoning common to IOCGU deposits in the region. Incomplete core assays by WMC returned individual sample values of up to 1.05% copper, 0.65g/t gold, 6 g/t silver and 34 parts per million U_3O_8. The best copper interval was 4 metres at 0.54% Cu. Although visual estimates of the unsampled core do not indicate better mineralised intervals, a program of core assaying has been initiated to investigate other IOCGU geochemical attributes. The extensive sub-economic mineralisation in the magnetite zone intersected by CSD-1 is very encouraging for the adjacent less magnetic but dense gravity target to be the mineralised haematite zone of a large IOCGU system.

This opportunity to drill an untested gravity anomaly for economic haematite-rich IOCGU mineralization adjacent to a previously drilled subeconomic magnetite-rich intersection is very similar to the discovery history for the Prominent Hill mine.

The potential for the overlying Pandurra Formation to host unconformity sandstone uranium will also be evaluated. The geological setting is prospective for groundwater to redistribute uranium from the uranium-rich basement high in the Olympic Dam area into the sandstones of the deeper parts of the basin containing the Pandurra Formation. Downhole gamma logging of CSD-1 by WMC showed encouraging narrow peaks to 350 counts per second in the lower 200m of the Pandurra Formation whereas the basement logs showed rare peaks to 700 cps in a background of 80 to 250 cps.

The Joint Venturers propose to drill test the new Cocky Swamp gravity target with a 1,000 metre vertical diamond core hole at the earliest opportunity. Uranium West and Crescent Gold may earn to 50% equity in EL 3603 by funding exploration. Access and drill contract negotiations will commence immediately. The target is situated within the Woomera Prohibited Area requiring additional access permits from Federal agencies.

Southern Uranium is pleased with the results of its first gravity survey after listing and will continue as planned with the gravity detailing and drilling of at least seven other targets selected with the same successful exploration model.

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The information in this report has been compiled by John Anderson (BSc(Hons)Geol) as a full-time employee of Southern Uranium and who is a member of the Australasian Institute of Mining and Metallurgy and 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 style 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.

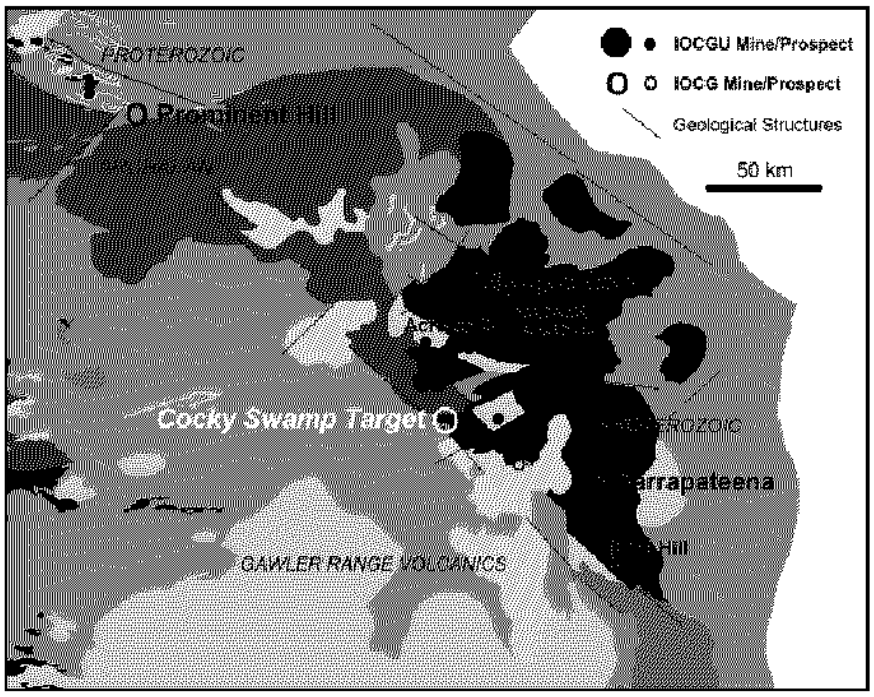


Figure 1
Regional Geology Plan (after PIRSA)
showing the location of the Cocky Swamp project within the Olympic Dam corridor of IOCGU deposits

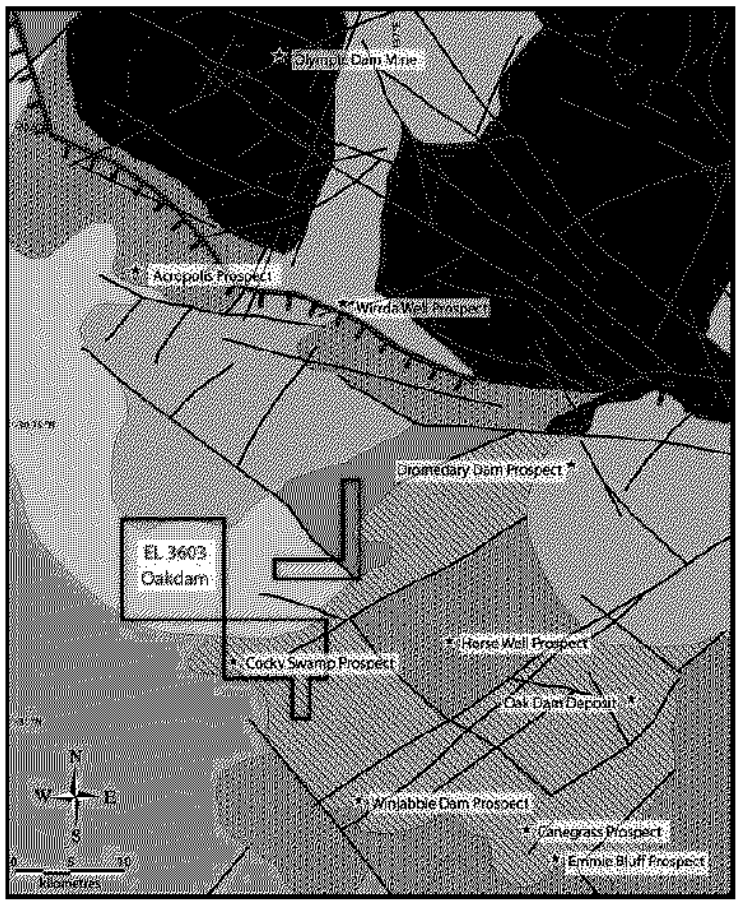
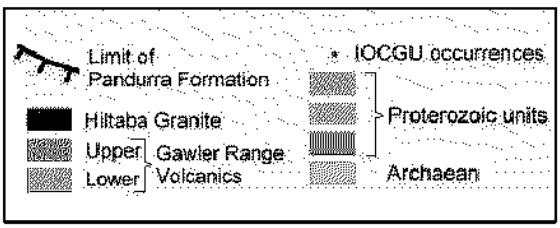


Figure 2
Interpreted Geology (PIRSA), Olympic Dam IOCGU District
showing the location of the Cocky Swamp IOCGU prospect within the Joint Venture tenure.



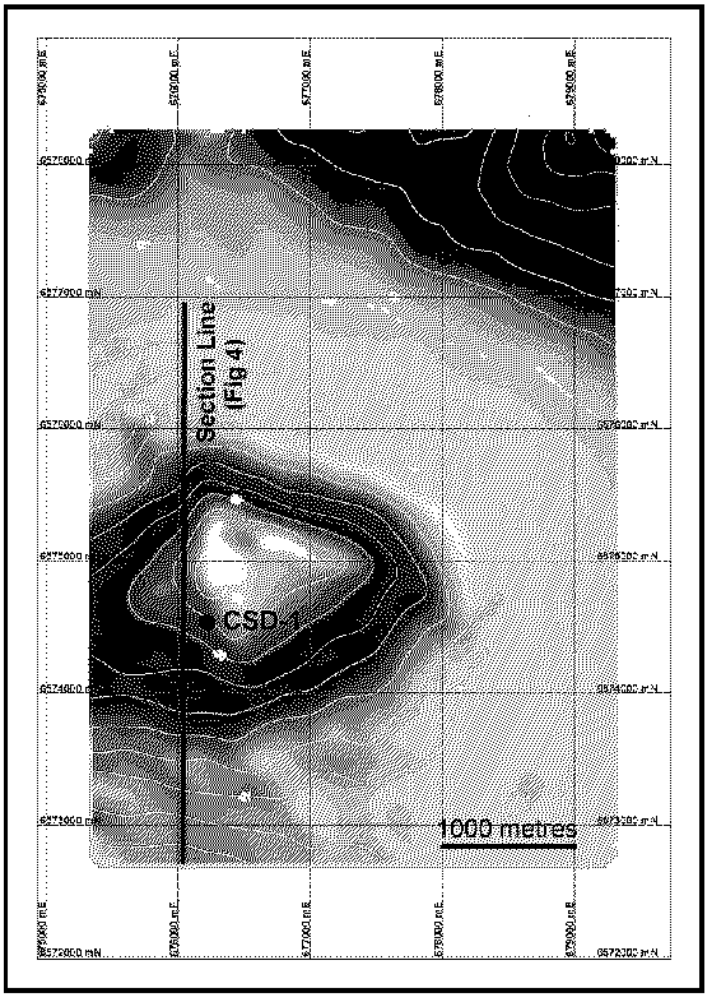


Figure 3
Cocky Swamp Gravity Target Plan
Preliminary image of recent survey data
Showing the locations of prior drillhole CSD-1 and section trace modelled below

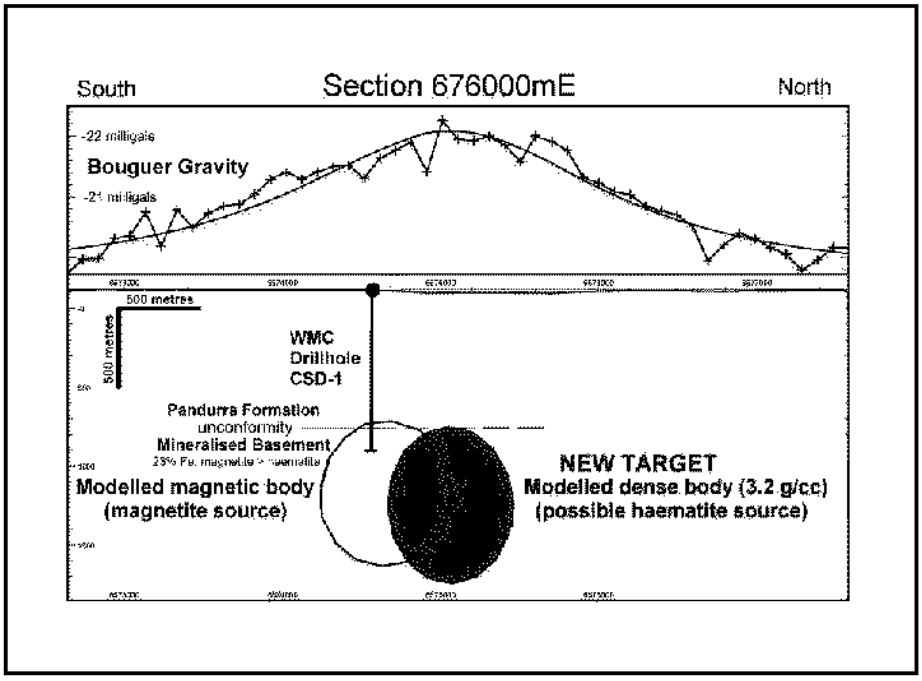
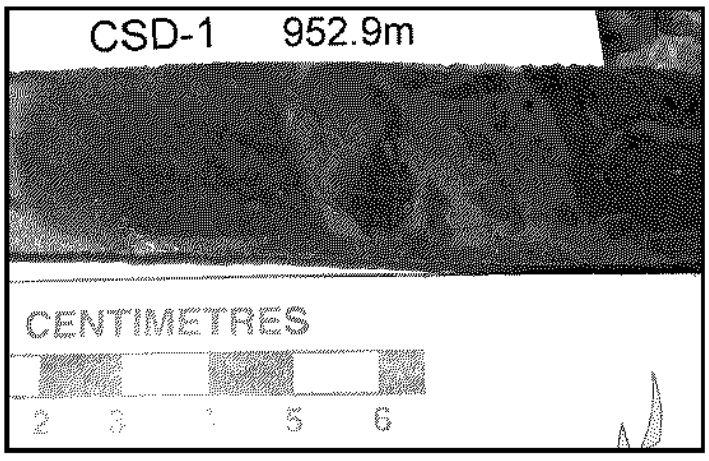


Figure 4
Preliminary Modelled Gravity Section
showing interpreted new IOCGU target

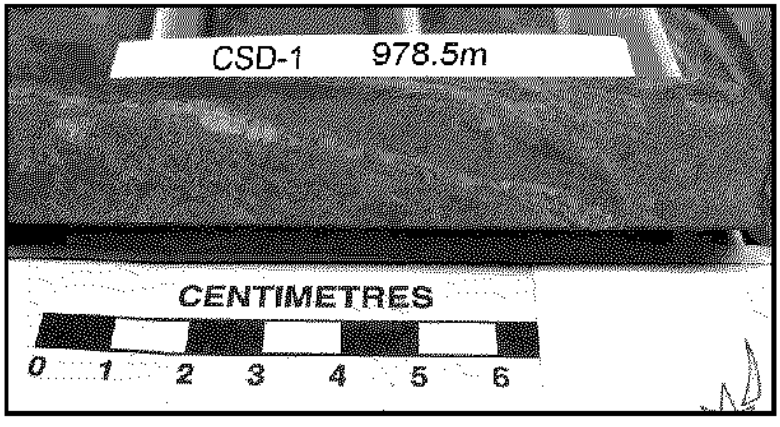
Figure 5
Photographs of CSD-1 core

A Unconformity
Basal haematitic conglomerate of the Pandurra Formation overlying iron-altered basement

B Upper Copper Mineralisation
Disseminated chalcocite and bornite in the upper part of the basement oxidizing to green copper carbonates



C Haematite alteration
Steely haematite replacing and brecciating magnetite skarn



D Lower copper mineralisation
Quartz haematite chalcopyrite vein cutting earlier magnetite-altered basement