

---

# NEWS

---

• RELEASE •

---

FOR IMMEDIATE RELEASE  
Wednesday 12 December 2007

## URANIUMSA UNEARTHES UNUSUAL URANIUM

### DISCOVERY NEAR WHYALLA

UraniumSA Limited (ASX code "USA") has announced the discovery of a unique uranium deposit in South Australia.

The discovery, near Whyalla on South Australia's Eyre Peninsula, is favourable to in-situ leaching extraction of uranium and is in an area never previously explored for uranium.

"The sediment hosted uranium mineralisation is in a geological setting distinctly different to that of conventional sediment-hosted systems worldwide," UraniumSA's Managing Director, Mr Russel Bluck, said today.

"The discovery remains open across and along strike," Mr Bluck said.

"We are not aware of any similar in-situ leachable deposits in similar geological settings anywhere in the world.

"The rock strata is in a marine setting and significantly, is at shallow depth and in flat bed-style deposits.

"This would make it ideally suited to a low cost, in-situ leaching (ISL) operation if developed into a mine."

Located on the Mullaquana tenement, just south of the deep water coastal port of Whyalla, it hosts grades up to 0.015% equivalent uranium oxide ( $eU_3O_8$ ). It has average grades of 0.010% – the cut-off grade for existing in-situ leach deposits in Australia and hard rock uranium mines in Namibia.

Mr Bluck said early indications suggested the eventual boundaries of the discovery, which is at depths of only 45-60 metres - could be exceptionally large as the two main discovery holes are a kilometre apart.

issued through

**FIELD PUBLIC RELATIONS PTY LTD ABN 74 008 222 311**

231 South Road, MILE END SA 5031

Ph: 08 8234 9555 Fax: 08 8234 9566

admin@fieldpr.com.au

For personal use only

“Its potential size, its location, grade and/or anomalous indications in every hole and accessibility to infrastructure, are very favourable, and are extremely encouraging for further exploration,” Mr Bluck said.

The discovery was confirmed in five holes drilled since November 26th by UraniumSA at Mullaquana after the Company – frustrated by the bottleneck of rig availability currently plaguing Australia’s heated resources sector - made a decision to buy and import its own drill rig from the US.

The most significant intersections – 0.010% eU<sub>3</sub>O<sub>8</sub> over 1.92 metres thickness – were found in the first drill hole, MRM-001 and drill hole MRM-004, collared 1 km to the west and which reported the same grade over 1.11 metres.

The remaining three holes completed to date encountered anomalous uranium values over narrower, less significant intersections.

The mineralisation is contained in the Tertiary Pirie Basin and hosted by sand and claystone facies of the marginal marine Kanaka Beds. The holes were completed along two east-west traverses ~600m apart, with a hole separation of ~600m-1,000m along traverses. The system is open in all directions.

“On the basis of existing information, the prospective area may extend for some 12km to the north and 5 km to the south of the present drill holes,” Mr Bluck said.

“We are continuing exploration drilling at 1km centres to define the size extent of the low grade mineralisation, and to search for high grade developments within that envelope.

“While the geology of the system is largely unknown, the lateral continuity of the host rocks and uranium anomalism is unusual - and highly encouraging for future exploration,” Mr Bluck said.

“Significantly, as we own our own rig, we now have the flexibility to consider whether to intensify and expand drilling programs throughout Mullaquana or relocate the rig to our previously intended next target, a palaeodrainage system within the Tarcoola project area, further north.

“We would be hopeful of making that decision within the next six to eight weeks.”

### **Focus on potential high grade developments**

In the area of the known mineralisation, infill drilling will be carried out to search for high grade developments within the low grade envelope.

Mr Bluck said that away from the present drill holes, the exploration potential was for the continuing identification of large areas of laterally continuous low grade mineralisation contained within a host sequence which is permissive for ISL extraction.

### **Grades comparable to other U deposits**

Mr Bluck said the Company's excitement about the discovery was reinforced by a comparison of Mullaquana's early sediment hosted uranium indications with its industry peers in Australia and overseas.

"A 0.010% eU<sub>3</sub>O<sub>8</sub> lower cut-off is widely used in the evaluation of sediment hosted uranium deposits," Mr Bluck said.

"One current such project is South Australia's Oban sediment-hosted uranium deposit being evaluated for development by Curnamona Energy.

"In hard-rock uranium deposits, cut-off grades presently in use range from 0.030% eU<sub>3</sub>O<sub>8</sub> (Marathon Resources' Mount Gee prospect in SA) to as low as 0.010% eU<sub>3</sub>O<sub>8</sub> (Albidon Limited's Gwabe prospect in Africa.

"This gives us a strong level of confidence about this project's future potential."

### **MEDIA CONTACT:**

Russel Bluck  
UraniumSA  
(08) 8132 0577  
0417 826 213

Kevin Skinner  
Field Public Relations  
(08) 8234 9555  
0414 822 631