

21 November 2014

Chairman's address, AGM 2014

Welcome to the 2014 Annual General Meeting of UraniumSA Limited.

It will come as no surprise to shareholders that 2014 continued to be a difficult year and environment for much of the mining industry across the world, and for uranium explorers and producers in particular. UraniumSA is determined to remain a viable uranium explorer and project developer, and during the year the Board has taken very considered and responsible steps to minimise our cash burn, retain our critical core assets, and keep our options open.

In particular, we were successful in raising some much-needed equity capital via private placements. This has substantially strengthened our financial situation. We thank those investors for their faith in UraniumSA and in uranium as a mineable commodity with a future.

The cost cutting measures I mentioned have included:

- The reluctant loss of long-serving field, technical and administration staff
- Reducing the hours of the remaining staff
- Reducing Director cash costs
- Selling dated and surplus field plant
- Limiting drilling activity and expenditure; and
- Reducing all other expenditure to bare necessities.

Essentially, everything that can be logically cut has been cut, with the aim of conserving cash until better times emerge.

Better times may finally be emerging for uranium and its industry players as evidenced by the recent strong moves in the uranium spot price. The spot market remains thinly traded, in an industry where bulk long-term forward sales contracts are the norm between producers and electricity utilities. Notwithstanding this, investors and the media use the spot price as an indicator of industry sentiment, and a rising spot price is definitely welcome. If sustained, this momentum should continue to enhance investor sentiment in coming weeks and months.

To put the price rise in context, in just five months the uranium spot price has climbed from a low of \$US28 per pound in mid-June to around \$44 this week. This is a price increase of 57% in that period – much of it in just the past few weeks. Industry and media commentators have their own opinions as to the cause and its sustainability. My own belief is that the spot uranium price has bottomed and that a genuine recovery is on the way.

Spot contracts globally are being negotiated by the full range of market participants: suppliers, utilities, traders and financial institutions. Delivery times are variable, showing some longevity in the transaction pipeline, with longer contracts being priced more highly – all excellent signs. Sustained support from energy utilities should see my belief of a price recovery become a reality.

On a broader level, Australia's new Free Trade Agreement with China and the proposed FTA with India are very important developments for Australian uranium companies. Nuclear power plants continue to be commissioned, particularly in China, and re-starts in Japan look like occurring in the first half of 2015. The first two of these restarts was recently approved and more than 15 similar applications have already been lodged. Importantly, the debate on limiting carbon emissions will bring even more focus on the nuclear option as an important source of carbon-free, base-load electricity generation - power that cannot be supplied, for example, by wind farms.

For UraniumSA, these issues have immediate importance. An increasingly vibrant uranium price means that the value of what we have outlined in our Blackbush and Plumbush deposits within our Samphire project near Whyalla in South Australia, should be better reflected in our share price. Such an improvement lifts our ability to raise new capital at a higher price for additional exploration and feasibility study work.

UraniumSA remains very well-positioned to take advantage of the upturn in uranium market sentiment.

- The Samphire project tenements are all in good standing, with no significant expenditure pressure in 2015.
- Our intellectual property remains intact and continues to be enhanced despite cutting back our technical resources. During the past year, we have released a number of very promising geological models which will be actively explored once funding permits. These focus on the higher grade uranium accumulations at and below the unconformity and the underlying fractionated granite.
- Our retention lease application for Blackbush remains on foot with the regulator, allowing the Company to re-activate it at any time and thus proceed with a pilot plant when appropriate.
- We have maintained our community relationships with the people of Whyalla, on a “no surprises” basis, keeping them fully informed about our circumstances and plans for the Blackbush deposit and related exploration efforts.
- UraniumSA has retained a core technical team, including geological and metallurgical expertise – albeit on a reduced cost basis. Having our own people, who know our deposits intimately and have a keen professional interest to see them developed, is a tremendous advantage for an exploration company.
- Collaboration with key partners, Lanxess AG and CleanTeq Holdings Limited, continued during the year, with metallurgical testwork partly funded from a grant received from the South Australian Government. Support from each of these parties is much appreciated.

The Board continues to look for ways to build on shareholders' investment to date, and for the first time since the Fukushima incident, there appears to be light on the horizon. To prepare for that expected growth, the Board has recruited additional skills in Martin Janes, and we welcome Martin's experience and insights. The Board has also continued its diversification of UraniumSA's exploration efforts into commodities and opportunities other than uranium.

In closing, I am now hopeful that at next year's AGM, the Company will be in a significantly better place as the uranium industry moves forward worldwide. I ask for your continued support, fully cognisant of the fact that that support has been stretched to the limits over the past few years. Of course, nothing is certain in exploration, but there are good signs that your loyalty to the company will be rewarded as we go forward.

Alice McCleary
Chairman