

DEMERGER UPDATE

17 June 2016

**UraniumSA Limited
("UraniumSA")**

ASX Code: USA

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BOARD OF DIRECTORS

Alice McCleary Chairman
Martin Janes Director
Russel Bluck Director &
Geoscience Manager
David Paterson Director &
Acting CEO

PROJECTS

South Australia

Samphire ELs 4979, 5426 JV
Blackbush MC 4280
Murninnie EL 5440
Wild Horse Plains EL 4693 JV
Muckanippie EL 4694

ISSUED CAPITAL

17 June 2016
Shares on Issue: 211,332,826
Quoted shares: 211,332,826
Unlisted Options: 9,650,000

INVESTOR INQUIRIES

executive@uraniumsa.com.au

**Inquiries regarding this report
and company business may be
directed to:**

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VISIT OUR WEBSITE

www.uraniumsa.com.au

On 20 May 2016, UraniumSA Limited released to ASX a notice of Extraordinary General Meeting (EGM) related to the proposed demerger of its Samphire Uranium Project Assets.

That notice of meeting indicated that UraniumSA shareholders would receive an in-specie distribution of shares in Samphire Uranium Limited post the EGM and following a change in status of Samphire Uranium Pty Ltd to an unlisted public company.

To expedite the proposed demerger UraniumSA has determined to vary aspects of the demerger process. Relevant regulators have been notified and have confirmed no further comment. This has resulted in the following actions:

1. A change of name for Samphire Uranium Pty Ltd (ACN 116 348 915) to S Uranium Pty Ltd.
2. Formation of a new wholly owned subsidiary company, Samphire Uranium Limited (ACN 613 018 385).
3. UraniumSA will transfer all its shares in S Uranium Pty Ltd to Samphire Uranium Limited.

The above actions do not change the intent or outcome of the demerger as detailed in the notice of meeting. Shareholders will, if the EGM resolution 1 is passed, receive an in-specie distribution / entitlement exactly as would have happened before the modifications listed above. The in-specie distribution will be in shares of the new company Samphire Uranium Limited with the effective future ownership of Samphire Uranium Project Assets unchanged from what is detailed in the notice of meeting.

Appendix 1 shows the updates of the corporate structures provided in Schedule 3 on page 18 of the notice of meeting.

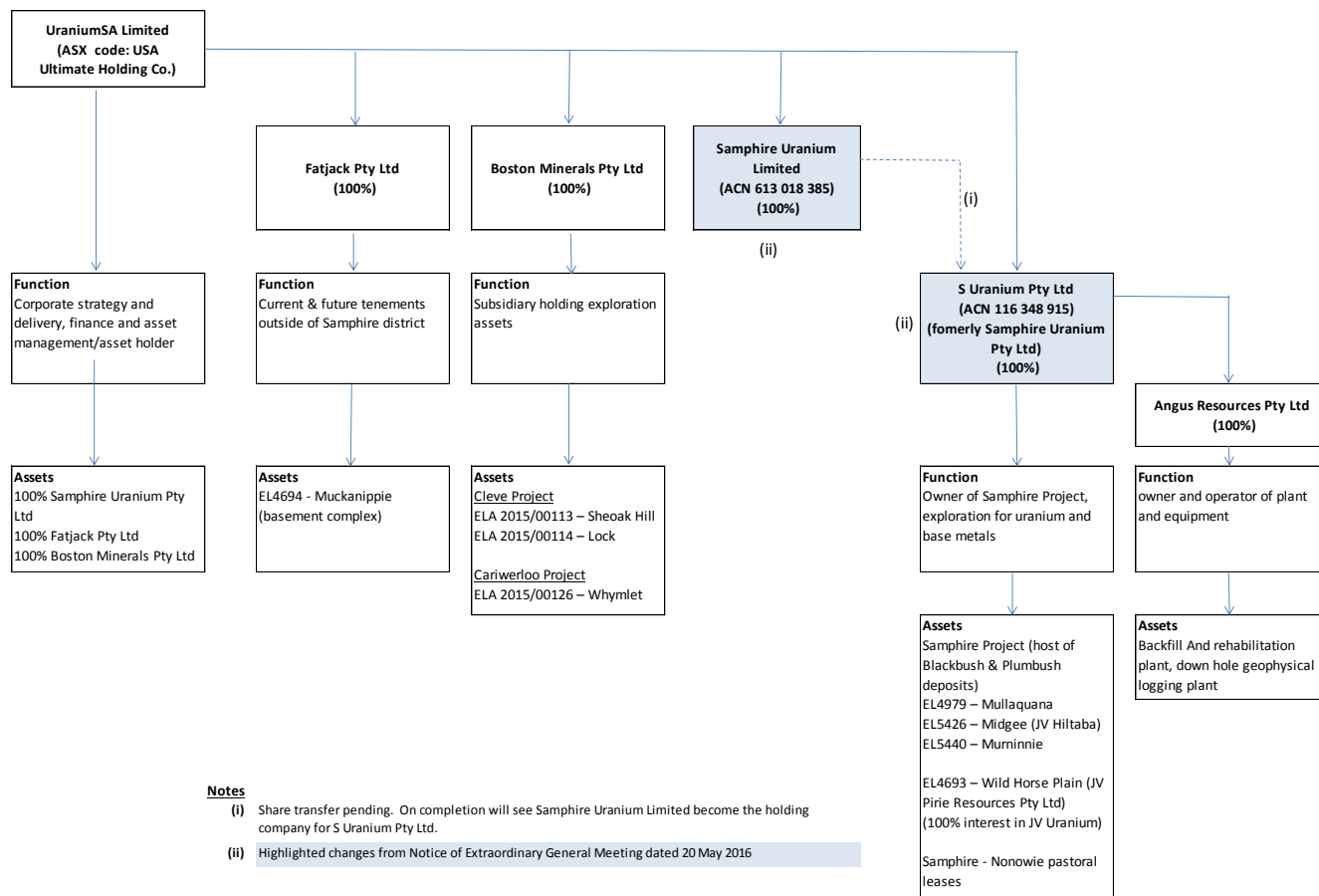
There is no change to the resolutions to be considered by shareholders.

The EGM date is unchanged being 10.00am (CST) on Wednesday 22 June 2016 at Level 1, 67 Greenhill Road, Wayville, SA 5034.

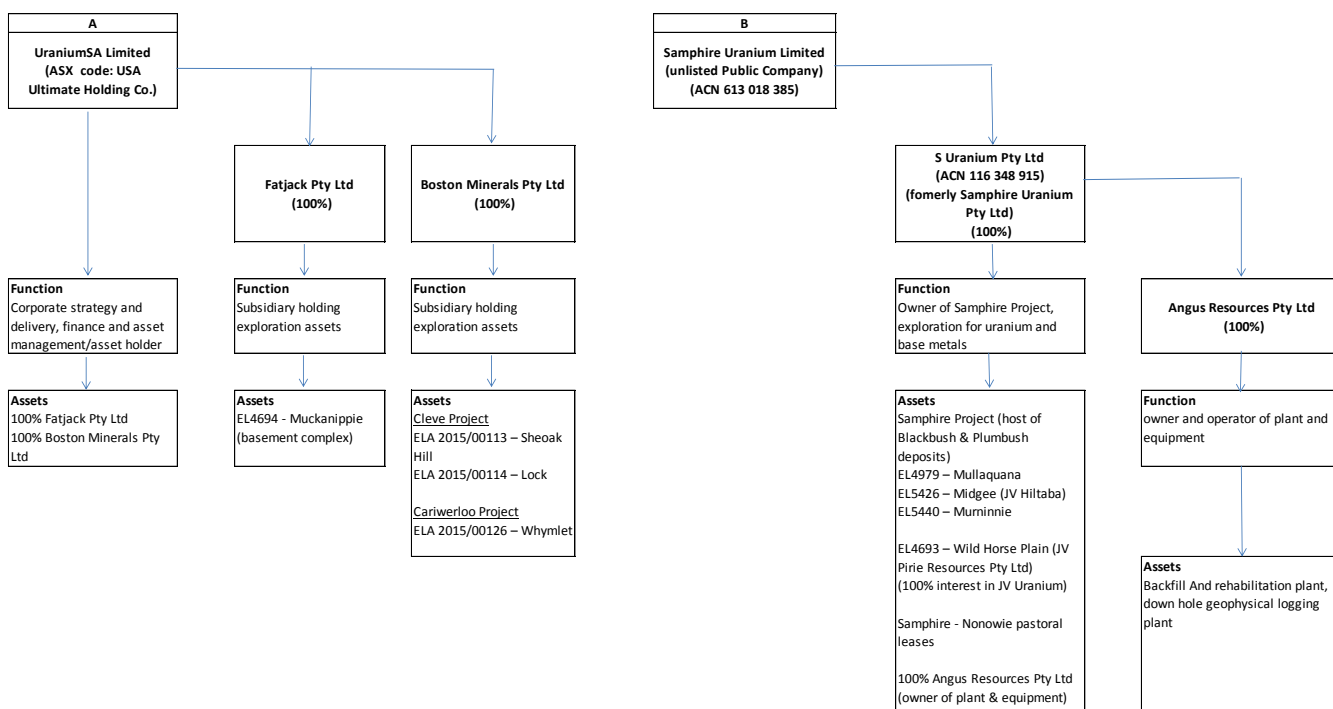
We take this opportunity to remind shareholders that proxies for the EGM must be lodged with our share registry by 10am CST on Monday 20 June 2016.

APPENDIX 1 updated corporate structures pre and post proposed demerger

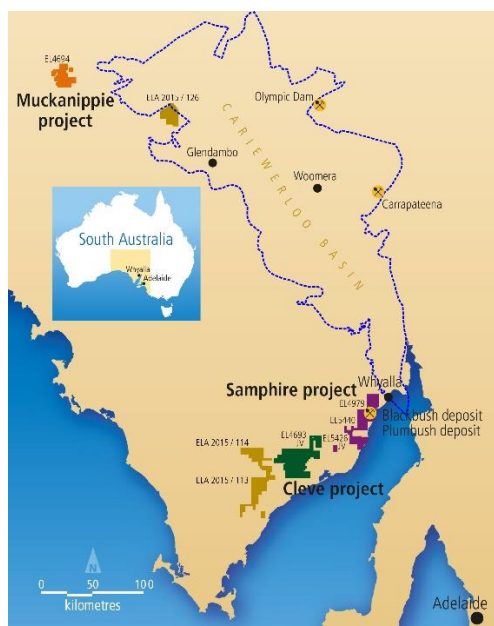
URANIUMSA LIMITED - ORGANISATION STRUCTURE - 2016 (Pre - Proposed Demerger) effective 16 June 2016



URANIUMSA LIMITED - ORGANISATION STRUCTURE - 2016 (Post - Proposed Demerger)



About UraniumSA Limited



UraniumSA is an Adelaide based explorer specialising in uranium mineralisation within a substantial portfolio of properties in South Australia's Gawler Craton.

The Company has discovered sediment hosted uranium mineralisation within Exploration Licence 4979, Samphire, which is located 20km south of the industrial city of Whyalla on the eastern Eyre Peninsula in South Australia. The Exploration Licence is owned and operated by Samphire Uranium Pty Ltd, a wholly owned subsidiary of UraniumSA Limited.

The Samphire project contains the:

Blackbush deposit with an estimated inferred resource 64.5 million tonnes of mineralisation at a bulk grade of 230ppm containing 14,850 tonnes U_3O_8 at a 100ppm eU_3O_8 cut-off grade (JORC 2012). (ASX 8 April 2011)

Plumbush deposit with an estimated inferred resource 21.8 million tonnes of mineralisation at a bulk grade of 292ppm containing 6,300 tonnes U_3O_8 at a 100ppm eU_3O_8 cut-off grade (JORC 2004). (ASX 27 September 2013)

On 6 April 2016 the Company announced a proposal that involves the demerger of a restructured Samphire Uranium Pty Ltd to Samphire Uranium Limited ('SUL') as a separate standalone unlisted public company. SUL is the owner of the Samphire Project Uranium Assets. Subject to shareholder approval the demerger will result in the following structure with UraniumSA shareholders owning shares in both entities pro-rata to their holding in UraniumSA at the time.

The exploration results and mineral resources reported herein, insofar as they relate to mineralisation, are based on information compiled by Mr Russel Bluck a Director of UraniumSA Limited and Member of the Australian Institute of Geoscientists with sufficient experience relevant to the style of mineralisation and type of deposits being considered, and to the activity which is reported to qualify as a Competent Person as defined by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code, 2012 Edition). Mr Bluck consents to the inclusion in the report of matters based on his information in the form and context in which it appears. It should be noted that the abovementioned exploration results are preliminary.