

Southern Uranium Limited

Prospectus

Southern Uranium Limited ACN 115 338 979 (**Company**)

A non-renounceable rights issue to existing shareholders of one (1) New Share at an issue price of 8 cents each for every two (2) Shares held to raise up to approximately \$4,600,000 before costs of the Offer.

Underwriter: Taylor Collison Limited ACN 008 172 450

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Entitlement and Acceptance forms

A number of terms and abbreviations used in this Prospectus have defined meanings, which are explained in the Glossary.

Money as expressed in this Prospectus is in Australian dollars or else as indicated.

Key Dates for Investors

Record Date for determining entitlements under the Issue:	16 June 2010
Offer Opens:	23 June 2010
Offer Expected to Close:	6 July 2010
Trading of New Shares on the ASX expected to commence:	7 July 2010
Expected Date for Allotment of New Shares:	14 July 2010

Offer Statistics

Maximum number of New Shares to be Issued:	57,500,000
Issue Price:	8 cents

ALL DATES ARE SUBJECT TO CHANGE AND ACCORDINGLY ARE INDICATIVE ONLY. IN PARTICULAR, THE COMPANY AND THE UNDERWRITER HAVE THE RIGHT TO VARY THE DATES OF THE OFFER, WITHOUT PRIOR NOTICE. INVESTORS ARE ENCOURAGED TO SUBMIT THEIR ENTITLEMENT AND ACCEPTANCE FORMS AS SOON AS POSSIBLE.

How to accept entitlement to new shares

Entitlements to New Shares can be accepted in full or in part by completing and returning the Entitlement and Acceptance Form which is attached to this Prospectus in accordance with the instructions set out below and on the Entitlement and Acceptance Form.

This Prospectus is available in electronic form on the Internet at www.southernuranium.com.au. If you wish to obtain a free copy of this Prospectus, please contact the Company on (07) 3870 0357.

Important notice

This Prospectus is dated 7 June 2010 and was lodged with the Australian Securities and Investments Commission (ASIC) on that date. Neither the ASIC nor ASX Limited (**ASX**) take any responsibility for the contents of this Prospectus. No securities will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No offer is made by this Prospectus in any jurisdiction outside of Australia and New Zealand. The distribution of this Prospectus within jurisdictions outside Australia and New Zealand may be restricted by law and persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions.

No person named in this Prospectus, nor any other person, guarantees the performance of SNU, the repayment of capital or the payment of a return on the New Shares.

Please read this document carefully before you make a decision to invest. An investment in the Company has specific risks which you should consider before making a decision to invest.

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1. Chairman's letter

6 June 2010

Dear Shareholder,

On behalf of the Directors I am pleased to invite you to take up your entitlement to new ordinary fully paid shares (**New Shares**) in Southern Uranium Limited (**the Issue**).

Southern Uranium Limited (SNU) is entering an exciting phase as we prepare to drill at four key projects – Ridgeback for copper gold uranium on northern Yorke Peninsula, Jungle Dam for iron ore on Eyre Peninsula, multiple copper gold silver and uranium targets also on Eyre Peninsula and vanadium prospects at Calvert Hills in the Northern Territory.

To fund this exploration your Company is making a non-renounceable rights issue of one (1) ordinary New Share at 8 cents per share for every two (2) ordinary shares held, to raise up to \$4,600,000. The Board is committed to allowing the Shareholders the opportunity to increase their respective equity position in the Company. To achieve this, the Board is offering Shareholders the opportunity to apply for New Shares in addition to your Entitlement (**Additional Shares**). Applications for Additional Shares will be satisfied in the event of and to the extent that there is any Shortfall in acceptances of the Offer.

Up to 75% of the Issue is underwritten by Taylor Collison Limited who will also act as Lead Manager to the Issue. Any New Shares up to the extent of the underwriting not taken up by Shareholders will be acquired by the Underwriters in accordance with the terms of the Underwriting Agreement. Details of the Underwriting Agreement are set forth in Section 7.4 of this Prospectus.

The money raised from this issue will enable the company to develop a JORC resource of iron ore at its Jungle Dam prospect on the Eyre Peninsula and to delineate potential copper deposits by drill testing the Ridgeback prospect on the Yorke Peninsula..

The Directors have advised their intention to apply for at least their pro rata entitlement to New Shares.

The Offer is open from 23 June 2010 and is due to close on 6 July 2010. Please read the Prospectus carefully before deciding whether or not to invest. If there is any matter on which you require further information, you should consult your stockbroker, accountant or other professional advisor.

On behalf of the Directors, I commend this investment to you.

Yours sincerely,



Roger Marshall OBE
Chairman

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2. Investment summary

The information set out in this section is not intended to be comprehensive and should be read in conjunction with the full text of this Prospectus.

2.1 The Offer

This Prospectus is for the non-renounceable rights issue of approximately 57,500,000 New Shares at an issue price of 8 cents, on the basis of one (1) New Share for every two (2) Shares held by Shareholders as at the Record Date of 16 June 2010.

The Company intends to apply for listing of the New Shares on the ASX as soon as practicable following their allotment.

2.2 Minimum subscription

There is no minimum subscription to the Issue.

2.3 New share terms

Each New Share will rank equally with all existing Shares then on issue.

2.4 Acceptance of entitlement to new shares

The number of New Shares to which each Shareholder is entitled is shown on the Entitlement and Acceptance Form accompanying this Prospectus. This Prospectus is for the information of Shareholders who are entitled and may wish to apply for the New Shares. Fractional entitlements will be rounded up.

Entitlements to New Shares can be accepted in full or in part by completing and returning the Entitlement and Acceptance Form which is attached to this Prospectus in accordance with the instructions set out below and on the Entitlement and Acceptance Form.

2.5 Additional shares

Each Shareholder on the Record Date may apply for additional New Shares (**Additional Shares**), in addition to their Entitlement, at an issue price of 8 cents per New Share. In the event that there is a Shortfall in subscriptions under the Issue, the Directors reserve the right to allocate any Shortfall of New Shares to subscribers for Additional Shares at their absolute discretion. The Company may reject any application for Additional Shares or allocate fewer New Shares than applied for by subscribers for Additional Shares.

The ability for the Company to issue Additional Shares is dependant upon the extent of any Shortfall to the Issue. Applications for Additional Shares must be made on the Entitlement and Acceptance Form accompanying this Prospectus.

In the event that there remains a Shortfall in subscriptions under the Issue after taking into account applications for Additional Shares, the Directors shall issue any remaining Shortfall of New Shares to the Underwriter in accordance with the Underwriting Agreement (refer Section 7.4) or otherwise reserves the right to allocate the shortfall of New Shares in their discretion so as to ensure a maximum amount of funds are raised.

2.6 Purpose of the issue

The Directors intend to apply the proceeds from the Issue primarily to drill test the Company's highest priority targets on the Gawler Craton of South Australia and the Calvert Hills area of the Northern Territory.

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To enable the Company to continue its exploration of the developing targets additional funding is required and is proposed to be allocated, upon successful completion of the Issue in the following manner:

Proposed Use of Funds	\$
Drilling of Ridgeback IOCGU targets and developing new targets on Yorke Peninsula	1, 500,000
Geophysical definition, drilling and initial metallurgical testing of Jungle Dam iron ore targets, Eyre Peninsula	750,000
Complete definition and drilling of East Eyre Peninsula IOCGU targets	550,000
Mapping and drilling of Calvert Hills vanadium+/-uranium targets	200,000
Corporate and administration costs including working capital	1, 250,000
Costs of the Issue	350,000
Total	4, 600,000

However, in the event that circumstances change or other better opportunities arise the Directors reserve the right to vary the proposed uses to maximise the benefit to Shareholders. The program will be scaled down if the issue is not fully subscribed.

2.7 Underwriting

Up to 75% of the Issue is underwritten by the Underwriter. Summaries of the Underwriting Agreement are set forth more particularly in Section 7.4 of this Prospectus.

3. Details of the offer

3.1 Offer to shareholders

The Directors of SNU have approved a non-renounceable rights issue of approximately 57,500,000 New Shares at 8 cents per New Share to raise approximately \$4,600,000 (before expenses associated with the Issue are paid). Shareholders of SNU are entitled to subscribe for one (1) New Share for every two (2) Shares held. Only those Shareholders shown on the share register at 5.00 pm (Adelaide time) on the Record Date will be entitled to participate in the Issue.

When fractions arise in the calculation of Entitlements, they will be rounded up to the nearest whole number of New Shares.

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3.2 Important dates

Record Date for the Offer	16 June 2010 at 5.00 pm Adelaide time
Opening Date of Offer	23 June 2010 at 9:00am Adelaide time
Closing Date of Offer	6 July 2010 at 5:00pm Adelaide time
Expected date for commencement of trading of New Shares on ASX on a deferred basis	7 July 2010
Expected date of allotment of New Shares	14 July 2010

The dates set out in this table are subject to change and are indicative only. The Company, in consultation with the Underwriter, reserves the right to alter this timetable at any time.

3.3 Additional shares

Each Shareholder on the Record Date may apply for Additional Shares, in addition to their Entitlement, at an issue price of 8 cents per share. In the event that there is a Shortfall in the subscriptions under the Issue, the Directors reserve the right to allocate any Shortfall of New Shares to subscribers for Additional Shares at their absolute discretion. The Company may reject any application for Additional Shares or allocate fewer New Shares than applied for by subscribers for Additional Shares.

Applications for Additional Shares must be made in the Additional Shares section on the Entitlement and Acceptance Form accompanying this Prospectus.

3.4 Placement of Shortfall

In the event that there remains a Shortfall in subscriptions under the Issue after taking into account applications for Additional Shares under Section 3.3 of this Prospectus, the Directors shall issue any remaining Shortfall of New Shares to the Underwriter or otherwise reserves the right to allocate the Shortfall of Additional Shares in their discretion so as to ensure a maximum amount of funds are raised.

3.5 Exposure period

This Prospectus shall not be subject to an Exposure Period as the New Shares offered under it are in a class of security that is already quoted on ASX.

3.6 How to accept your entitlement

Shareholders may accept their Entitlement either in whole or in part.

The number of New Shares to which Shareholders are entitled to is shown on the Entitlement and Acceptance Form which accompanies this Prospectus.

If Shareholders take no action in respect of their Entitlement they will have no right to subscribe for the New Shares pursuant to this Offer.

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Entitlements to New Shares can be accepted in full or in part by completing and returning the Entitlement and Acceptance Form which is attached to this Prospectus in accordance with the instructions set out on the Entitlement and Acceptance Form and forwarding the completed Form together with your cheque or bank draft for the full amount payable so as to reach the Share Registry by no later than 5.00pm (Adelaide time) on the Closing Date. Payment can also be made by using BPAY®.

Shareholders electing to make payment using BPAY®, must contact their bank, credit union or building society to make payment from their cheque or savings account. Refer to the Entitlement and Acceptance Form for the Biller Code and Customer Reference Number. Shareholders who have multiple holdings will have multiple Customer Reference Numbers.

Payment will only be accepted in Australian currency and cheques, bank drafts, money orders and BPAY® payments must be drawn on an Australian bank.

The Issue Price of 8 cents per New Share is payable in full on acceptance of part or all of your Entitlement.

If you wish to acquire Additional Shares, you may indicate this intention by inserting the total number of New Shares you wish to acquire on the enclosed Entitlement and Acceptance Form (being a number greater than your pro rata entitlement) and by including payment for the total number of shares for which you are applying multiplied by 8 cents per share

Cheques should be in Australian currency and made payable to "Southern Uranium Limited - Entitlement Offer" and crossed "not negotiable". No brokerage or handling fees are payable by the Applicant for New Shares offered by this Prospectus. Completed Forms and accompanying cheques should be lodged at or forwarded to the following address:

Computershare Investor Services Pty Ltd,
GPO Box 2987
Adelaide SA 5001

If you do not wish to acquire any New Shares under the Offer you do not need to do anything.

No brokerage or stamp duty is payable by Applicants in respect of their applications for New Shares under this Prospectus. The amount payable on acceptance will not vary during the period of the Offer and no further amount is payable on allotment. Acceptance Monies will be held in trust in a subscription account until allotment of the New Shares. The subscription account will be established and kept by SNU on behalf of the Applicants. Any interest earned on the Acceptance Monies will be retained by the Company irrespective of whether allotment takes place.

3.7 Allotment and allocation policy

SNU will proceed to allocate New Shares as soon as possible after the Closing Date and receiving ASX permission for official quotation of the New Shares.

Successful Applicants will be notified in writing of the number of New Shares allocated to them as soon as possible following the allocation being made.

It is the responsibility of Applicants to confirm the number of New Shares allocated to them prior to trading in New Shares. Applicants who sell New Shares before they receive notice of the number of New Shares allocated to them do so at their own risk. No New Shares will be allotted or issued on the basis of this Prospectus later than 13 months after the date of issue of this Prospectus.

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3.8 ASX listing

Within 7 Business Days after the date of issue of the Prospectus, SNU intends to apply for the listing and quotation of the New Shares on the ASX. If granted, quotation of the New Shares will commence as soon as practicable after allotment of the New Shares to Applicants. It is the responsibility of the Applicants to determine their allocation of New Shares prior to trading.

Should the New Shares not be granted official quotation on the ASX within 3 months after the date of this Prospectus, none of the New Shares offered under this Prospectus will be issued and all acceptance money will be refunded without interest to Applicants within the time prescribed by the Corporations Act.

3.9 Investment risks

Investors should carefully read the section on Risk Factors outlined in Section 6. An investment of this kind involves a number of risks, a number of which are specific to SNU and the industry in which it operates.

3.10 CHESS

SNU will apply to the ASX for the New Shares to participate in the Securities Clearing House Electronic Subregister System known as CHESS. CHESS is operated by the ASX's Securities Clearing House (**SCH**) in accordance with the ASX Listing Rules and the SCH Business Rules. After allotment of the New Shares, those who are issuer sponsored holders will receive an issuer sponsored statement and those who are CHESS holders will receive an allotment advice.

The CHESS statements, which are similar in style to bank account statements, will set out the number of New Shares allotted to each successful applicant pursuant to this Prospectus. The statement will also advise holders of their holder identification number. Further statements will be provided to holders which reflect any changes in their holding in SNU during a particular month.

3.11 No rights trading

Entitlements to New Shares pursuant to the Issue are non-renounceable and accordingly will not be traded on the ASX.

3.12 Minimum subscription

There is no minimum subscription to the Issue.

3.13 Optionholders

Optionholders will not be entitled to participate in the Issue unless they:

- (a) have become entitled to exercise their Existing Options under the terms of their issue and do so prior to the Record Date; and
- (b) participate in the Issue as a result of being a holder of Shares registered on the share register at 5.00pm (Adelaide time) on the Record Date.

If all entitled Option Holders elect to exercise their Options prior to the Record Date to participate in the Issue, a further 1,150,000 (approximately) New Shares may be issued under this Prospectus.

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3.14 Overseas shareholders

The Offer is not being made to those of the Company's Shareholders located or resident outside Australia and New Zealand. The Company has not made investigations as to the regulatory requirements that may prevail in the countries, outside of Australia and New Zealand, in which the Company's Shareholders reside.

The distribution of this Prospectus in places outside of Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe those restrictions. Any failure to comply with those restrictions may violate applicable securities laws.

3.15 Electronic prospectus

An electronic version of this Prospectus is available on the Internet at www.southernuranium.com.au.

The Entitlement and Acceptance Form may only be distributed attached to a complete and unaltered copy of the Prospectus. The Company will not accept a completed Entitlement and Acceptance Form if it has reason to believe that the investor has not received a complete paper copy or electronic copy of the Prospectus or if it has reason to believe that the Entitlement and Acceptance Form or electronic copy of the Prospectus has been altered or tampered with in any way.

While the Company believes that it is extremely unlikely that in the Issue period the electronic version of the Prospectus will be tampered with or altered in any way, the Company cannot give any absolute assurance that it will not be the case. Any investor in doubt concerning the validity or integrity of an electronic copy of the Prospectus ought to immediately request a paper copy of the Prospectus directly from the Company or a financial adviser.

4. SNU and its operations

Southern Uranium Limited is an ASX-listed (Code: SNU), mineral resources exploration company focused on discovering new and competitive copper, gold and uranium resources.

Southern Uranium is seizing the opportunity to apply new ideas, techniques and tactics to explore extensions to pedigree mineral belts within its Australian tenements covering some 10,000km².

Established resources and recent discoveries within our selected belts demonstrate the potential for more discoveries.

Since listing on the ASX in 2007, Southern Uranium has built a small but experienced team and a portfolio of highly prospective exploration projects throughout Australia. During 2008 and 2009, aerial and ground surveys defined and evaluated targets, enabling the prioritisation of projects.

The Company is now focussed on exploring for iron oxide hosted copper, gold and uranium ("IOCGU" or Olympic Dam style) deposits in the southern Gawler Craton of South Australia and unconformity style uranium deposits in the Northern Territory.

Another key project was added in June 2009 with the grant of the highly prospective Ridgeback tenement in South Australia with potential for more Hillside style discoveries on northern Yorke Peninsula. Yorke Peninsula has emerged as one of Australia's newest exploration destinations and the Ridgeback project has become the Company's highest priority exploration project.

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Southern Uranium has taken the opportunities offered by South Australian and the Northern Territory project areas to diversify its exploration to other prospective commodities. The iron ore potential at Jungle Dam within the East Eyre Peninsula Project area has been elevated to the Company's second priority project, while the Vanadis vanadium prospect at Calvert Hills shows high vanadium grades in extensive and undrilled outcrops.

Southern Uranium is entering an exciting phase as we prepare to drill at four key projects – Ridgeback for copper gold uranium on northern Yorke Peninsula, Jungle Dam for iron ore on Eyre Peninsula, multiple copper gold silver and uranium targets also on Eyre Peninsula and vanadium prospects at Calvert Hills in the Northern Territory.

PRINCIPAL EXPLORATION PROJECTS

Ridgeback Project

Project:	Ridgeback Project (EL4278).
Location:	Northern Yorke Peninsula, South Australia.
Interest:	Southern Uranium 100%.
Targets:	Hillside-style and other IOCGU-related deposit styles along the highly prospective Pine Point Fault Zone.
Status:	A recent gravity survey added six Prominent Hill-style targets close to the two prior Hillside-style magnetic targets that have been awarded collaborative drill funding by the State Government. The proposed drilling of the magnetic targets is delayed while the target package is being reprioritised and access negotiations are expanded to the new targets. Access has been negotiated to one of the magnetic targets and four of the gravity targets thus far.

Exploration Licence 4278 was granted for 1,000km² over the northern Yorke Peninsula along the Pine Point Fault Zone ("PPFZ") in June 2009 and is 100% controlled by Southern Uranium.

The PPFZ hosts the new copper, gold and uranium discoveries at Hillside about 60km south of the tenement. Southern Uranium was primed by its new target models to quickly apply for the ground following announcement of the expanded Hillside discoveries in January 2009.

The grant secures about 30km of the PPFZ with two large targets (Ridgeback targets) identified as magnetic anomalies similar to the Hillside targets. Past drilling, although not testing the targets, shows nearby alteration and copper mineralisation that further enhance the potential of the targets to be associated with IOCGU deposits.

The past drilling also shows relatively thin cover of 200m to 450m that is permissive for the potentially high copper grades being encountered at Hillside and at similar geological environments in the Mount Isa district.

An airborne magnetic survey was completed in late 2009 and confirmed the prospectivity of the magnetic targets as having similar sizes and amplitude to the Hillside magnetic signature. The two magnetic targets are up to 2km long within a 7km long envelope of magnetic anomalism.

Despite the high IOCGU prospectivity of the Ridgeback area, past coverage with gravity data is poor.

The scant gravity data indicated that density anomalies may be associated with the Ridgeback targets so a detailed gravity survey was undertaken in February 2010 over a 200km² area in the southern part of the tenement. The survey data revealed six new targets closely associated with the Ridgeback magnetic targets and other more diffuse magnetic anomalies.

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The aggregated geophysical targets indicate a possible large mineralised system of about 20km in length.

The advances made with new structural models, magnetic and gravity targeting and the re-interpretation of historic drill records are being extended to other parts of the licence area. Another prospective NNE trend was identified on the western side of the tenement parallel to the PPFZ. As the target basement is shallow with no Adelaidean cover along parts of this new trend, Southern Uranium will apply the innovative soil geochemical approach it has developed in similar thinly covered areas of the East Eyre Peninsula project as described below.

Jungle Dam Iron Ore Project

Project:	Jungle Dam Iron Ore Project (within EL3479).
Location:	East Eyre Peninsula, South Australia
Interest:	Southern Uranium 100%.
Targets:	Iron Formation magnetite and related haematite deposits on the southern extensions to the Hercules magnetic trend.
Status:	Scout drilling completed March 2010 – confirmed iron ore potential in the 3km Central Zone and additional airborne magnetic surveying required over additional 11km of prospective strike.

Southern Uranium has identified substantial iron ore potential at its Jungle Dam prospect within its 100% owned Lake Gilles exploration tenement (EL3479) on the Eyre Peninsula in South Australia.

During 2008-2009, SNU drilled the prospect area for IOCGU deposits and located a number of iron-rich zones. The initial Jungle Dam work laid the foundations for SNU's ongoing prime strategy on Eyre Peninsula of IOCGU targeting with soil geochemistry, integrated with geophysical signatures.

A review of the iron ore potential at Jungle Dam was prompted by the desire to diversify its target commodities and the increasing development of iron ore projects and possible new infrastructure on Eyre Peninsula.

The reassessment showed prior drilling by SNU and earlier lead / zinc explorers encountered broad intervals with grades of more than 30% Fe (iron) that are compatible with nearby iron ore resources.

The iron mineralogy of the intersections is variously magnetite, haematite-altered magnetite and goethite.

The intersections coincide with a magnetic trend that extends from the Hercules iron ore deposit into EL3479. Faulted or folded repetitions of the trend offer an aggregate of 14km prospective strike length within the tenement.

The iron ore pedigree of the region is established by OneSteel's Middleback operations and the recent Wilcherry Hill and Hercules discoveries made by Ironclad Mining Limited. The inferred resource at Hercules is reported by Ironclad as 215.6Mt at 27.7% Fe, including 156.6Mt at 23.1% Fe as magnetite, over a drilled strike length of 2.5km (Ironclad Mining Limited ASX Release 22 December 2008 – "Resource Update at Wilcherry Hill and Hercules").

Ironclad has also established a Mining Lease over their Wilcherry Hill magnetite deposits about 20km to the northwest and mining of those deposits is planned to commence in late 2010.

Compared with established iron ore projects in South Australia, the Jungle Dam prospect is well positioned to transport facilities, being about 150km by road west of the proposed loading facility at Port Bonython and the railhead at Port Augusta.

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SNU completed a nine-hole (710m) reverse circulation percussion drilling program during March 2010 which encountered strong haematite mineralisation in some holes in line with the Company's predictions and which demonstrated substantial exploration potential for large iron ore deposits. Significantly, drilling has now intersected oxidised iron formation of 25m to 40m minimum true thickness on three wide-spaced and contiguous sections along 2km of the Central Zone. All holes were drilled at 60 degrees angle to the east. Magnetic mapping shows the Central Zone to have a potential total strike length of 3kms.

Preliminary assays were reported for the four new intersections in the Central Zone including the best intersection of 43m @ 36.7% iron to the bottom of hole JDRC015.

More complete XRF (X-ray Fluorescence) assays were subsequently received for the iron intersections with the following results:-

Jungle Dam Iron Project - Central Zone Intersections (XRF assays)											
Section	Hole		from (m)	to (m)	downhole interval (m)	Fe (%)	Al (%)	Mn (ppm)	P (ppm)	S (%)	Dominant iron mineralogy
6355250N	JDRC009		7	73	66	40.4	3.57	21321	2665	0.08	haematite
			78	98	20	19.8	2.33	1429	1648	0.05	magnetite
6356000N	JDRC012		0	16	16	33.5	3.17	338	2004	0.09	
		incl.	1	9	8	42.9	2.10	268	2888	0.05	haematite
6356000N	JDRC013	&	11	16	5	30.8	4.12	524	1436	0.17	haematite
			22	29	7	26.1	5.09	157	2199	0.14	haematite
6357250N	JDRC014		34	72	38	23.0	1.96	5914	1283	0.10	haematite
			77	112	35	38.8	1.05	11266	2067	0.16	
6357250N	JDRC015	incl.	77	102	25	41.8	1.17	12279	2212	0.16	haematite
		&	102	112	10	31.3	0.75	8732	1707	0.17	magnetite
6357250N	JDRC015		63	106	43	37.4	1.26	4281	2178	0.08	
		incl.	63	87	24	45.9	1.96	4635	2557	0.11	haematite
6357250N	JDRC015	Incl.	69	79	10	54.0	2.10	3521	2264	0.10	haematite
		&	87	106	19	26.7	0.38	3833	1700	0.05	magnetite

Bulk samples have been retained for the entire iron intersections in holes JDRC012, 013, 014 and 015 for proposed metallurgical testing. Some of the magnetite intervals will be tested by Davis Tube Recovery for metallurgical attributes of magnetic separation. The potential for Direct Shipping Ore is demonstrated by the intersection in hole JDRC015 which will require core to be drilled for standard tests on potential haematite iron ore.

It is proposed to do further drilling in the Central Zone with the objective of establishing a resource to Inferred Resource category. This will require about 20 Reverse Circulation Percussion holes on six sections and a diamond tail on one hole to collect a core sample of the haematite blanket for metallurgical test work.

Initial drilling of the other 11km strike with interpreted iron ore potential showed better magnetic resolution of the iron formation is required before further drilling is undertaken.

East Eyre Peninsula Project

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Project:	East Eyre Project
Location:	Eyre Peninsula, South Australia
Interest:	4,009 sq km granted tenements: Southern Uranium 100% and various joint ventures.
Targets:	IOCGU and epithermal silver-gold deposits in the northwest extension of the "Moonta Corridor" across Eyre Peninsula.
Status:	Infill soil sampling of nine target areas is complete with most analyses received and being evaluated. Preliminary assessment shows the infill surveying has advanced the targeting with multiple targets identified within most areas. The highest priority targets are being prepared for aircore drill testing later in 2010.

Tenement	Interest	Status
100% Tenements (EL3479, EL3552, EL3594 EL4257, EL4315 & EL4316).	Southern Uranium 100%	First pass soil sampling and gravity surveying completed. Infill soil sampling of nine selected target areas completed.
Kimba / Caralue Joint Venture Project (EL3644 & EL3645).	Joint Venture with Ellemby Resources. Southern Uranium earning from 51% to 70%.	
Peterlumbo Joint Venture Project (EL4228).	Joint Venture with Mega Hindmarsh Limited. Southern Uranium 75%.	
Yalanda Hill Joint Venture Project (EL3473, EL 4351 & EL4376).	Joint Venture with Eyre Energy Limited. Southern Uranium earning from 40% to 60%.	60% of JV area soil sampled. Access to the remainder is negotiated with soil sampling and gravity surveying to be undertaken.

Southern Uranium is backing its Moonta Corridor targeting concept by applying innovative regional soil geochemistry over 4,000sq km of tenements in eastern Eyre Peninsula region of the Gawler Craton in search for iron oxide hosted copper gold uranium ("IOCGU") deposits.

Contrary to published models that restrict potential for undiscovered IOCGU deposits to the eastern side of the craton, Southern Uranium considers Eyre Peninsula has the right geological attributes for fresh discoveries. There is high potential for IOCGU and other styles of related metal deposits formed during the same Hiltaba mineralising event that formed Olympic Dam 1,600 million years ago.

The Company interprets a northwest corridor of mineralising structures, anomalous source granites and a range of Hiltaba age deposits. The deposits vary in style from the Moonta district across Eyre Peninsula.

- At the southeast end of the corridor in the Moonta district, skarn-style magnetite dominant deposits and regional scale albite alteration are considered to have formed at deep depths similar to IOCGU deposits in the Cloncurry region.
- To the northwest towards the southern margin of the coeval Gawler Range Volcanics, epithermal gold-silver veins and subvolcanic base metal breccias are interpreted to have formed directly beneath the volcanics at shallower depths.

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According to standard IOCGU genetic models, there is therefore good potential for haematitic IOCGU breccias formed at intermediate levels of ore formation in the largely covered central part of the corridor around Kimba.

The shallow but pervasive young cover geology has hindered past exploration on the Eyre Peninsula and initial discoveries of deposits like Menninnie Dam and the Wilcherry Hill iron ore skarn deposits depended on magnetic targeting.

Modern geochemistry using multi-element low-level and partial leach techniques can now penetrate the cover and directly detect the economic metals that Southern Uranium is seeking. Early demonstrations of this tactic were the geochemical discoveries of Telephone Dam lead zinc prospect and the Weednanna gold prospect.

To develop the competitive opportunity presented by the Moonta Corridor model and modern developments in geochemistry, Southern Uranium has put together a large tenement package and is applying blanket soil geochemistry across the ground.

After trial soil surveys at the Jungle Dam prospect showed the selected soil geochemical technique could detect silver and uranium mineralisation, first pass sampling was rolled out at 1km x 1km sampling patterns across 2,400sq km of ground. This showed preliminary indications of anomalies along northwest and north northeast oriented metal trends reflecting mineralising structures as predicted.

This initial success warranted a first infill program at 500m x 500m along the anomalous trends and this firmed up nine target areas of coherent metal anomalies. These anomalies show the expected zoning of large equant copper gold silver +/- uranium anomalies in the Kimba district and NW trending linear silver gold anomalies further north nearer the Gawler Range Volcanics.

These initial successes also justified expanding the program with about another 900km of new tenements acquired largely through joint venture.

Further infill sampling of the nine target areas was recently completed to a 250m x 250m pattern.

The aim is to detail targets for initial testing with aircore drilling scheduled for later in 2010.

Of particular interest is the northwest geochemically anomalous trend extending from Hopcrafts Dam through the Jungle Dam area on to the Nankivel area. New uranium and silver occurrences have already been discovered by preliminary drilling at Nankivel and Jungle Dam. It is feasible that the secondary Mullaquana uranium deposit discovered by another company is derived from a primary uranium source within the same trend.

The large proprietary geochemical database gives Southern Uranium and its joint venture partners a substantial advantage in exploring this large part of the Gawler Craton.

Calvert Hills Joint Venture Project

Project:	Calvert Hills Joint Venture Project (EL24837).
Location:	Northern Territory
Interest:	Joint Venture with Uranium West. Southern Uranium 70%.
Targets:	Westmoreland-style uranium deposits and new Vanadis vanadium discovery.
Status:	Large area of highly vanadium-anomalous outcrop warrants further mapping with a view to drill testing to establish style and depth extent.

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The Calvert Hills Project (EL24837) is located 100km west of the Northern Territory-Queensland border in northern Australia along the interpreted extensions of the prospective Westmoreland rock units ("stratigraphy") and regional structures.

The area has potential for Proterozoic unconformity style uranium deposits with local variants as demonstrated in the Westmoreland Red Tree area. These deposits are hosted in the Westmoreland Conglomerates and Seigal Volcanics, breccias zones and fractured basement rock. The prime targets are reducing boundaries which provide ideal precipitation conditions for uranium transported through the sandstone and conglomerate units.

Initial work carried out by Uranium West comprised a geological assessment of the licence area for its uranium potential and the flying of a fixed wing detailed aeromagnetic / radiometric survey over approximately 50% of the licence area. A TEMPEST airborne electromagnetic survey was conducted over the entire tenement area to map potential uranium traps along structures.

Ground work included detailed geological mapping, rock chip sampling and ground radiometric surveying. The ground and airborne data were integrated to revise the geological framework and select areas to drill for confirmation of the interpreted Westmoreland stratigraphy.

Southern Uranium was successful with an application for collaborative drill funding from the Northern Territory Government toward the 2009 drilling. Drilling was conducted from October to September 2009 on the Big Foot prospect, consisting of four drill holes totalling 1,218m. The program confirmed the presence of covered, highly prospective upper Westmoreland Conglomerate and lower Seigal Volcanics stratigraphy as inferred from geophysical data. The results of the drilling continue to be assessed to formulate follow up exploration for blind uranium targets beneath the thin cover that has hindered past explorers.

During the November 2009 field visit, prospecting of another area of similar geophysical character identified significant outcrops of vanadium and iron mineralisation referred to as the Vanadis Prospect. Representative rock chip sampling and geochemical analysis of a 250m by 250m area of apparent haematite-stockworked clay-altered rock averaged 0.74% V₂O₅ (vanadium pentoxide) and 27.7% Fe (iron). The prospective rocks were mapped over wider 900m by 400m area with portable XRF measurements showing highly anomalous vanadium values comparable to the rock chipped area along the entire 900m axis of stockworked outcrop. Anomalous patterns in magnetic and satellite imagery indicate the mineralised system may be developed over a 2km by 2km area.

Several other vanadium-anomalous areas were identified by prior regional prospecting. These may be associated with large northwest faults defined by the magnetics. The vanadium mineralisation may be associated with uranium as such northwest controls and vanadium associations are evident at Westmoreland.

Competent Person Statement

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by John Anderson (BSc(Hons)Geol) 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. Mr Anderson is a full-time employee of Southern Uranium Limited. He has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activities being undertaken to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Anderson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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5. Effect of issue on SNU

5.1 Financial position

To illustrate the effect of the issue on SNU, the proforma consolidated statement of financial position has been prepared based on the 31 December 2009 balance sheet. The Company's Interim Financial Report for the half-year ended 31 December 2009 was lodged with the ASX on 2 March 2010. The balance sheet as provided shows the effect of the Offer as if the Offer under this Prospectus had been made on 31 December 2009. The proforma assumes that the Offer is fully subscribed and that the Issue costs of approximately \$350,000 are deducted.

The accounting policies adopted in preparation of the proforma consolidated statement of financial position are consistent with the policies adopted and as described in SNU's Interim Financial Report for the half-year ended 31 December 2009. The financial statements for the half-year ended 31 December 2009 were prepared in accordance with the same policies.

	31 December 2009	Share Issue Proceeds	Proforma 31 December 2009
	\$	\$	\$
CURRENT ASSETS			
Cash and cash equivalents	2,963,373	4,250,000	7,213,373
Total Current Assets	2,963,373	4,250,000	7,213,373
NON CURRENT ASSETS			
Exploration and evaluation expenditure	6,651,118		6,651,118
Property plant & equipment	193,754		193,754
Other financial assets	59,455		59,455
Total non Current Assets	6,904,327	-	6,904,327
TOTAL ASSETS	9,867,700	4,250,000	14,117,700
CURRENT LIABILITIES			
Trade and other payables	300,465		300,465
Total Current Liabilities	300,465	-	300,465
TOTAL LIABILITIES	300,465	-	300,465
NET ASSETS	9,567,235	4,250,000	13,817,235
EQUITY			
Issued Capital	14,524,088	4,250,000	18,774,088
Share option reserve	83,700		83,700
Accumulated losses	(5,040,553)		(5,040,553)
TOTAL EQUITY	9,567,235	4,250,000	13,817,235

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5.2 Capital structure

Assuming full subscription under the Prospectus, the share capital structure of SNU immediately following the Issue assuming the Issue is fully subscribed will be as follows:

	Shares
Ordinary Shares on issue at the date of this Prospectus	115,000,000
Maximum number of New Shares under Prospectus	57,500,000
Total:	172,500,000

As at the date of this Prospectus, the Company has options on issue as follows:

No. of Options	Exercise Price \$	Option Details	Expiry Date
2,000,000	0.250	Issued to brokers to the initial float of SNU	03/04/2011
100,000	0.180	Employee options	12/08/2012
100,000	0.184	Employee options	23/09/2012
100,000	0.205	Employee options	01/10/2012

5.3 Equity control and position

Talbot Group Holdings Pty Ltd (“**Talbot**”), CITIC Australia Pty Ltd (“**CITIC**”) hold 14.53% and 14.29% respectively of the issued capital of SNU. Talbot and Citic are associates for the purposes of the Corporations Act takeover provisions and, as a consequence, have a relevant interest in each other's SNU holding.

The Company is advised that the Underwriter has entered into a sub underwriting agreement with CITIC. CITIC have provided notification to the Company that it has obtained approval under the FATA to increase its holding in the Company to up to a 20.75% interest as a consequence of this Offer and participating as a sub-underwriter to the Underwriter.

Details of the current and potential voting power of Talbot Group and CITIC are set out in the table below.

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Holder	Current Holding ¹		Holding upon Completion of Issue after taking up full pro-rata entitlement		Maximum extent of SNU shares under Underwriting and sub-underwriting Agreements if no Shareholder takes up their pro-rata entitlement ²	
	No of SNU Shares	%	No of SNU Shares	%	No of SNU Shares	%
Talbot Group Holdings Pty Ltd	16,706,881	14.53	25,060,322	14.53	25,060,322	14.53
CITIC Australia Pty Ltd	16,428,571	14.29	24,642,857	14.29	32,191,021	20.75 ³ ,
Other Shareholders	81,864,548	71.19	122,796,822	71.19	97,886,108	63.10
Total	115,000,000	100%	172,500,000	100%	155,137,451	100%

6. Risk factors

6.1 Introduction

Activities of SNU, as in any business, are subject to risks which may impact on its future performance. SNU has appropriate actions, systems and safeguards for known risks however; some are outside its control. The principal risk factors are described below.

You should carefully consider the risks and uncertainties set out below and the information contained elsewhere in this Prospectus before you decide whether to accept New Shares.

6.2 Uranium specific risks

SNU is a mineral resources exploration company focused on discovering new and competitive resources, including uranium resources.

Uranium mining in Australia is governed by stringent and complex regulatory regimes imposed by both State and Federal governments. These regimes regulate, among other matters, the exploration, development, production, exports, taxes and royalties, labour standards, occupational health, waste disposal, protection and rehabilitation of the environment, mine reclamation, mine safety, toxic and radioactive substances and native title. Consequently, compliance with these regimes can increase the costs associated with the exploration mining and production of uranium.

In addition, the approvals required to undertake uranium mining are more rigorous than those for the mining of other metals and may impact upon the ability of the Company to mine uranium deposits (if discovered).

¹ Assumes that no further shares in the Company are issued and no options on issue are exercised.

² Talbot and CITIC are associated under the takeover provisions of the Corporations Act and as a consequence have a relevant interest in each other's SNU holding when calculating their voting power in SNU. CITIC and Talbot currently have a combined voting power of 28.82% in SNU. The maximum effect the acquisition of SNU Shares under the Issue by CITIC and Talbot is 35.28% (i.e. Talbot maintaining its holding of 14.53% and CITIC increasing its holding to 20.75%) - as disclosed in the Table above. Refer to Sections 7.4 and 7.5 for further details on the sub-underwriting and FATA approval relating to CITIC's potential holding increase in SNU.

³ Assumes that CITIC increases its shareholding to the maximum level of 20.75% and that the Underwriter's obligations are reduced as a result of CITIC's sub underwriting being less than their commitment of \$1.5 million (18,750,000 New Shares) – refer Section 7.4 (d)

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Should uranium be discovered, there is a risk that the necessary government approvals may not be granted, may be significantly delayed and/or may affect the commercial viability of a project.

In considering this Offer, Shareholders should be aware that changes in government, government policies and legislation could have a material adverse affect on the Company and/or its ability to develop any uranium project.

6.3 General mining risks

An investment in the New Shares should be considered speculative due to the nature of the mining industry generally. Exploration from minerals involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. There can be no assurance that the Company's intended exploration targets will lead to the development of mining operations.

The operations of the Company in developing and commissioning a mine may be affected by a range of factors including the failure to obtain all government approvals (to commence mining), protected grades in exploration, mining and processing, technical difficulties encountered in commissioning and operating plant and equipment, mechanical failure, metallurgical problems which affect extraction rates and costs, adverse weather conditions, industrial and environment accidents, industrial disputes, unexpected shortages or increases in the cost of consumables, spare parts, plant and equipment.

6.4 Share price fluctuations

The market price of the Company's Shares will be subject to varied and often unpredictable influences in the share market. Both domestic and world economic conditions may affect the performance of the Company. Factors such as the level of industrial production, inflation and interest rates impact all commodity prices including minerals.

6.5 Management actions

The Directors of the Company will, to the best of their knowledge, experience and ability (in conjunction with their management) endeavour to anticipate, identify and manage the risks inherent in the activities of the Company, but without assuming any personal liability for same, with the aim of eliminating, avoiding and mitigating the impact of risks on the performance of the Company and its securities.

6.6 Government policy

Changes in relevant taxation, interest rates, other legal, legislative and administrative regimes, and Government policies in Australia, may have an adverse affect on the assets, operations and ultimately the financial performance of the Company and the market price of its securities.

6.7 Native title

The High Court of Australia has recognised traditional native title rights to the land and the Commonwealth and States have passed legislation relating to native title which provides for native title claims to be made. Native title claims may be a risk in respect of future development and exploration activities of the Company.

6.8 Environmental regulations and risks

National and local environmental laws and regulations affect nearly all of the operations of the Company. These laws and regulations set various standards regulating certain aspects of health and environmental quality, provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to remediate current and

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former facilities and locations where operations are or were conducted. The Company will minimise the potential impact of these laws and regulations by taking steps to ensure compliance occurs and, where possible, by carrying appropriate insurance.

Significant liability could be imposed on the Company for damages, clean up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of properties acquired by the Company or non-compliance with environmental laws or regulations.

6.9 Financing

In order to expand its activities the Company will be required to raise additional equity or debt capital in the future. There is no assurance that it will be able to raise capital when it is required or that the terms associated with providing such capital will be satisfactory to the Company.

6.10 Insurance arrangements

The Company intends to maintain insurance within ranges of coverage the Company believes to be consistent with industry practice and having regard to the nature of activities being conducted. No assurance however, can be given that the Company will be able to obtain such insurance coverage at reasonable rates or that any coverage it arranges will be adequate and available to cover any such claims.

6.11 General economic conditions

Any prolonged economic slowdown of the Australian economy as well as fluctuations between the Australian dollar and the currency of countries in which the Company will have operations, may have an adverse impact on financial performance.

7. Additional information

7.1 Transaction specific prospectus

SNU is a disclosing entity and therefore subject to regular reporting and disclosure obligations under the Corporations Act. Under those obligations, SNU is obliged to comply with all applicable continuous disclosure and reporting requirements in the ASX Listing Rules.

This Prospectus is issued under Section 713 of the Corporations Act. This section enables disclosing entities to issue a prospectus in relation to securities in a class of securities which has been quoted by ASX at all times during the 12 months before the date of the Prospectus or options to acquire such securities. Apart from formal matters this Prospectus need only contain information relating to the terms and conditions of the Offer, the effect of the Offer on the Company and the rights and liabilities attaching to the New Shares.

Copies of the documents lodged by SNU with ASIC may be obtained from, or inspected at an office of ASIC.

The Company will provide a copy of any of the following documents, free of charge, to any person who asks for a copy of the document before the Closing Date in relation to this Prospectus:

- (a) audited financial statements for the Company for the year ended 30 June 2009;
- (b) half-yearly financial statements for the Company for the period ending 31 December 2009;

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- (c) any other financial statements lodged in relation to SNU with ASIC and any continuous disclosure notices given by SNU to ASX, in the period starting immediately after lodgement of the half-yearly financial statements of SNU and ending on the date of lodgement of this Prospectus with ASIC being the following announcements:

The above documents can be accessed from the Company's website at www.southernuranium.com.au.

The highest and lowest prices of shares in the Company on the ASX in the 6 month period before the date of this Prospectus and the respective dates of those sales were:

Event	Date	Share Price
High	20 April 2010	\$.0275
Low	10 Feb 2010	\$0.065
Last	4 June 2010	\$0.085

7.2 Rights and liabilities attaching to New Shares

The rights attaching to ownership of the New Shares are set out in the Company's Constitution, a copy of which is available for inspection at the registered office of the Company during business hours. The following is a summary of the principal rights of holders of the New Shares, subject to any special rights attaching to any class of share at a future time. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of the Company's Shareholders.

Voting

At a general meeting of the Company on a show of hands, every member present in person, or by proxy, attorney or representative has one vote and upon a poll, every member present in person, or by proxy, attorney or representative has one vote for every Share held by them.

Dividends

The New Shares will rank equally with all other issued shares in the capital of the Company and will participate in dividend out of profits earned by the Company from time to time. Subject to the rights of holders of shares of any special preferential or qualified rights attaching thereto, the profits of the Company are divisible amongst the holders of Shares in proportion to the Shares held by them irrespective of the amount paid up or credited as paid up thereon. The Directors may from time to time pay to Shareholders such interim dividends as in their judgment the position of the Company justifies.

Transfer of the Shares

Uncertificated System

Transfer of Shares may be effected by an instrument of transfer in accordance with any system recognised by the ASX Listing Rules and effected in accordance with the Securities Clearance House Business Rules approved under the Corporations Act or by an instrument of transfer in any usual form or by another form approved by the Directors or recognised by the Corporations Act or the ASX Listing Rules.

Certificated System

Subject to the Constitution and the Corporations Act, a Shareholder's share may be transferred by instrument in writing in any form authorised by the Corporations Act and the ASX Listing Rules or in any other form authorised by the Corporations Act and the ASX Listing

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Rules or in any other form that the Directors approve. No fee shall be charged by the Company on the transfer of any Shares.

Refusal to Register

The Directors, may, in their absolute discretion, refuse to register any transfer of Share or other securities where permitted to do so by the Corporations Act, the ASX Listing Rules or the SCH Business Rules. The Directors must refuse to register any transfer of Shares or other securities when required to do so by the Corporations Act or the ASX Listing Rules. If the Directors decline to register a transfer, the Company must within 5 business days after the date of lodgement of such transfer give to the lodging party written notice of the refusal and the reasons for it.

Winding up

Upon accepting the Entitlement to New Shares and paying the Acceptance Monies, Shareholders will have no further liability to make payments to the Company in the event of the Company being wound up pursuant to the provisions of the Corporations Act.

Future increases in Capital

The allotment and issue of any new shares is under the control of the Directors. Subject to the Listing Rules, the Company's Constitution and the Corporations Act, the Directors may allot or otherwise dispose of new shares on such terms and conditions as they see fit.

Variation of Rights

At present, the Company has only ordinary shares on issue. If the shares of another class were issued, the rights and privileges attaching to ordinary shares could only be altered with the approval of a resolution passed at a separate general meeting of the holders of ordinary shares by a three quarter majority of such holders or the written consent of the holders of at least three quarters of the ordinary shares.

General Meeting

Each holder of Shares will be entitled to receive notice of and to attend and vote at general meetings of the Company and to receive notices, accounts and other documents required to be furnished to Shareholders under the Company's Constitution, the Corporations Act and the Listing Rules.

For more particular details of the rights attaching to ordinary shares in the Company, investors should refer to the Constitution of the Company.

7.3 Directors' interests

The nature and extent of the interest (if any) that any of the Directors of the Company holds, or held at any time during the last 2 years in:

- (a) The formation or promotion of the Company;
- (b) Property acquired or to be acquired by the company in connection with:
 - (1) its formation or promotion; or
 - (2) the Offer; or
- (c) The Offer,

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is included in the table below.

The table also details the interest of the Directors in the securities of the Company immediately prior to lodgement of the Prospectus with the ASIC. Interest includes those securities held directly and indirectly. The table does not take into account any New Shares the directors may acquire under the Offer.

Director	Number of Shares	Number of Options
Roger Marshall	651,466	Nil
John Alexander Anderson	511,966	Nil
Bruce Foy	750,000	Nil
David Garred Jones	98,095	Nil

Other than as set out in the table above or elsewhere in this Prospectus, no one has paid or agreed to pay any amount, and no one has given or agreed to give any benefit to any director or proposed director:

- (1) to induce them to become, or to qualify as, a Director of the Company; or
- (2) for services provided by a director in connection with:
 - (A) the formation or promotion of the Company; or
 - (B) the Offer.

7.4 Underwriting agreement

SNU has entered into the Underwriting Agreement with Taylor Collison Limited (**the Underwriter**) on 3 June 2010 under which the Underwriter has agreed to underwrite the subscription of up to 43,125,000 New Shares (**Underwritten Amount**).

Set out below is a summary of the material terms of the Underwriting Agreement.

- (a) The Company has agreed to pay the Underwriter an underwriting fee of five (5) per cent of the Underwritten Amount plus an additional management fee of one (1) per cent of the Underwritten Amount.
- (b) The Company has agreed to indemnify the Underwriter, in respect of all costs of and incidental to the Issue, and indemnify the Underwriter and related parties against all liabilities, losses, damages, costs or expenses arising out of the Prospectus and associated documents to the Issue.
- (c) The Underwriter has the right to place further shares in the Company to sub underwriters (**Placement Shares**). The placement of these shares must be completed within 30 days of the notification to the Underwriter of the Shortfall
- (d) The Underwriter has entered into a sub underwriting agreement with SNU major shareholder CITIC Australia Pty Ltd (CITIC). If the Underwriter is restricted from

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calling upon the shortfall from CITIC in order to prevent CITIC from exceeding a 20.75% shareholding in the Company (refer Section 7.5 below), then the Underwriter may reduce the Underwritten Amount by up to \$423,000

- (e) The Underwriting Agreement provides that the Underwriter may terminate its obligations to underwrite the Offer upon the happening of the matters outlined below.

The Underwriter, in its sole discretion, may terminate its obligations under the Underwriting Agreement if:

- (a) **(Documents)**: the Company does not lodge the Prospectus on the lodgement date or the Offer is withdrawn by the Company; or
- (b) **(No Listing Approval)**: listing approval is not granted or, having been granted, is subsequently withdrawn, withheld or qualified; or
- (c) **(Corrective Disclosure)**:
 - (1) the Underwriter, having elected not to exercise its right to terminate its obligations as a result of an occurrence as described in clause (k)(4) below, forms the view on reasonable grounds that a corrective document should be lodged with ASX to comply with the Corporations Act and the Company fails to lodge a corrective document in such form and content and within such time as the Underwriter may reasonably require; or
 - (2) the Company lodges a corrective document without the prior written agreement of the Underwriter; or
- (d) **(Non compliance with disclosure requirements)**: it transpires that the Prospectus does not contain all the information required by the Corporations Act leading to a material adverse effect;
- (e) **(Misleading Documents)**: there is a statement in the Prospectus or an omission that is misleading or deceptive or likely to mislead or deceive leading to a material adverse effect;
- (f) **(Restriction on allotment)**: the Company is prevented from allotting the New Shares within the time required by the Underwriting Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi governmental agency or authority;
- (g) **(ASIC application)**: an application is made by ASIC for an order under section 1324B or any other provision of the Corporations Act in relation to the Offer and that application has not been dismissed or withdrawn;
- (h) **(Takeovers Panel)**: the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel;
- (i) **(Hostilities)**: there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) involving Australia, or a terrorist act is perpetrated on Australia or any diplomatic, military, commercial or political establishment of Australia anywhere in the world leading to a material adverse effect;

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- (j) **(Indictable offence):** a director or senior manager of the Company is charged with an indictable offence leading to a material adverse effect; or
- (k) **(Termination Events):** any of the following events occurs, leading to a material adverse effect:
 - (1) **(Default):** default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking;
 - (2) **(Incorrect or untrue representation):** any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect;
 - (3) **(Contravention of constitution or Act):** a contravention by the Company of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
 - (4) **(Adverse change):** an event occurs which gives rise to a material adverse effect or any adverse change or any development including a prospective adverse change in the assets, liabilities, financial position, trading results, profits, losses, prospects, business or operations of the Company;
 - (5) **(Misleading information):** any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the affairs of the Company is or becomes misleading or deceptive or likely to mislead or deceive;
 - (6) **(Official Quotation qualified):** the official quotation is qualified or conditional leading to a material adverse effect;
 - (7) **(Change in Act or policy):** there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy;
 - (8) **(Prescribed Occurrence):** a prescribed occurrence occurs, comprising:
 - (A) the Company converting all or any of its shares into a larger or smaller number of shares;
 - (B) the Company resolving to reduce its share capital in any way;
 - (C) the Company
 - (i) entering into a buy back agreement; or
 - (ii) resolving to approve the terms of a buy back agreement under section 257D or 257E of the Corporations Act
 - (D) the Company making an issue of, or granting an option to subscribe for, any of its shares or any other securities, or agreeing to make such an issue or grant such an option, other than the issue of securities in accordance with the Rights Issue, any securities issued or granted pursuant to any incentive plan or scheme for the issue of securities to employees or officers of the Company, any securities issued as a result of a pro rata offering to existing shareholders of the Company, any

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securities issued on conversion of convertible securities that are on issue at the date of this Agreement and any securities issued with the prior written consent of the Underwriter;

- (E) the Company issuing, or agreeing to issue, convertible notes;
 - (F) the Company disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property;
 - (G) the Company charging, or agreeing to charge, the whole, or a substantial part, of its business or property;
 - (H) the Company resolving that it be wound up;
 - (I) the appointment of a liquidator or provisional liquidator of the Company;
 - (J) the making of an order by a court for the winding up of the Company;
 - (K) an administrator of the Company, being appointed under section 436A, 436B or 436C of the Corporations Act;
 - (L) the Company executing a deed of company arrangement; or
 - (M) the appointment of a receiver, or a receiver and manager, in relation to the whole, or a substantial part, of the property of the Company;
- (9) **(Suspension of debt payments):** the Company suspends payment of its debts generally;
- (10) **(Event of Insolvency):** an Event of Insolvency occurs in respect of the Company comprising:
- (A) a receiver, manager, receiver and manager, trustee, administrator, controller or similar officer is appointed in respect of a person or any asset of a person;
 - (B) a liquidator or provisional liquidator is appointed in respect of a corporation;
 - (C) any application (not being an application withdrawn or dismissed within seven days) is made to a court for an order, or an order is made, or a meeting is convened, or a resolution is passed, for the purpose of:
 - (i) appointing a person referred to in paragraphs (A) or (B);
 - (ii) winding up a corporation; or
 - (iii) proposing or implementing a scheme of arrangement;
 - (D) any event or conduct occurs which would enable a court to grant a petition, or an order is made, for the bankruptcy of an individual or his estate under any Insolvency Provision;
 - (E) a moratorium of any debts of a person, or an official assignment, or a composition, or an arrangement (formal or informal) with a person's creditors, or any similar proceeding or arrangement by which the assets of a person are subjected conditionally or unconditionally to the

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control of that person's creditors or a trustee, is ordered, declared, or agreed to, or is applied for and the application is not withdrawn or dismissed within seven days;

- (F) a person becomes, or admits in writing that it is, is declared to be, or is deemed under any applicable law to be, insolvent or unable to pay its debts; or
 - (G) any writ of execution, garnishee order, mareva injunction or similar order, attachment, distress or other process is made, levied or issued against or in relation to any asset of a person;
- (11) **(Judgment against the Company):** a judgment in an amount exceeding \$100,000 is obtained against the Company and is not set aside or satisfied within seven days;
 - (12) **(Litigation):** litigation, arbitration, administrative or industrial proceedings are commenced against the Company;
 - (13) **(Board and senior management composition):** there is a change in the composition of the Board or a change in the senior management of the Company before the issue of the New Shares without the prior written consent of the Underwriter;
 - (14) **(Change in shareholdings):** a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to the Company;
 - (15) **(Timetable):** there is a delay in the timetable specified in the Prospectus which is greater than 3 Business Days, without the prior written consent of the Underwriter;
 - (16) **(Force Majeure):** a force majeure affecting the Company's business or any obligation under the Underwriting Agreement lasting in excess of seven days occurs;
 - (17) **(Certain resolutions passed):** the Company passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter;
 - (18) **(Capital Structure):** the Company alters its capital structure in any manner not contemplated by the Prospectus;
 - (19) **(Market Movement):** the S&P Materials index falls by more than 7.5% after the date of execution of the Underwriting Agreement;
 - (20) **(Investigation):** any person is appointed under any legislation in respect of companies to investigate the affairs of the Company;
 - (21) **(Hostilities)** hostilities not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States of America, the United Kingdom

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any member state of the European Union, Indonesia, Japan, Russia or the Peoples Republic of China, or a terrorist act is perpetrated on any of those countries or any diplomatic or political establishment of any of those countries elsewhere in the world, or a national emergency is declared by any of those countries

- (22) **(Adverse Change in Financial Markets)** there occurs any material adverse change or material adverse disruption to the political or economic conditions of financial markets in Australia, the United Kingdom, the United States of America or the international financial markets or any change or development involving a prospective change in national or international political, financial or economic conditions.

7.5 Limitation on foreign ownership

The only limitations under Australian law on the rights of non-Australian residents to hold or vote the shares of an Australian company are set forth in the Foreign Acquisitions and Takeovers Act (**the FATA**). The FATA regulates acquisitions giving rise to ownership of substantial amounts of a company's shares.

The FATA prohibits:

- (a) any natural person not ordinarily resident in Australia; or
- (b) any corporation in which either a natural person not ordinarily resident in Australia or a foreign corporation (as defined in the FATA) holds a substantial interest (defined below); or
- (c) two or more such persons or corporations which hold an aggregate substantial interest (defined below)

from entering into an agreement to acquire shares if, after the acquisition, such person or corporation would hold a substantial interest in a corporation, unless they have first applied in the prescribed form for approval to the acquisition by the Australian Treasurer and have received either an approval or no response by the Australian Treasurer in the 40 days after the application was made.

A holder will be deemed to hold a substantial interest in a corporation if the holder alone or together with any associates (as defined in the FATA) is in a position to control not less than 15 percent of the voting power in the corporation or holds interests in not less than 15% of the issued shares in that corporation. Two or more holders hold an aggregate substantial interest in a corporation if they, together with any associates (as so defined), are in a position to control not less than 40% of the voting power in that corporation or hold not less than 40 % of the issued shares in that corporation.

The Constitution of the Company contains no limitations on a non-resident's right to hold or vote the Company's Shares.

CITIC have provided notification to the Company that it has obtained approval under the FATA to increase its holding in the Company to up to a 20.75% interest as a consequence of this Offer and participating as a sub-underwriter to the Underwriter.

7.6 Subsequent events

There has not arisen, at the date of this Prospectus any item, transaction or event of a material or unusual nature not already disclosed in this Prospectus which is likely, in the opinion of the Directors of the Company to affect substantially:

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- (a) the operations of the Company,
- (b) the results of those operations; or
- (c) the state of affairs of the Company.

7.7 Litigation

The Company is not engaged in any litigation which has or would be likely to have a material adverse effect on either the Company or its business.

7.8 Interests of experts and advisers

This section applies to persons named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, promoters of the Company and stockbrokers or arrangers (but not sub-underwriters) to the Offer (collectively Prescribed Persons).

Other than as set out below or elsewhere in this Prospectus, no Prescribed Person has, or has had in the last 2 years, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired in connection with the formation or promotion of the Company or the Offer; or
- (c) the Offer of New Shares under this Prospectus.

Other than that as set out below or elsewhere in this Prospectus, no benefit has been given or agreed to be given to any Prescribed Person for services provided by a Prescribed Person in connection with the:

- (a) formation or promotion of the Company; or
- (b) offer of New Shares under this Prospectus.

The Underwriter has acted as Underwriter to the Offer, in respect of which it is entitled to receive fees and commission under the Underwriting Agreement as set out in Section 7.4 above.

HopgoodGanim Lawyers has acted as solicitors to the Offer and has performed work in relation to the Prospectus and in relation to preparing the due diligence and verification program and performing due diligence required on legal matters, however, they do not make any statement in this Prospectus. In respect of this work, the Company estimates that it will pay approximately \$30,000 (excluding disbursements and GST) to HopgoodGanim Lawyers. Further amounts may be paid to HopgoodGanim Lawyers in accordance with its normal time based charges.

7.9 Expenses of the offer

All expenses connected with the Offer are being borne by the Company. Total expenses of the Offer are estimated to be in the order of \$350,000.

7.10 Consents and disclaimers

Written consents to the issue of this Prospectus have been given and at the time of this Prospectus have not been withdrawn by the following parties:

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Computershare Investor Services Pty Limited has given and has not withdrawn its consent to be named in this Prospectus as the share registry of the Company in the form and context in which it is named. It has had no involvement in the preparation of any part of this Prospectus other than recording its name as share registrar to the Company. It takes no responsibility for any part of the Prospectus other than the references to its name.

The Underwriter has given and has not withdrawn its consent to be named in this Prospectus as Underwriter in the form and context in which it is named. The Underwriter takes no responsibility for any part of the Prospectus other than references to their name.

HopgoodGanim Lawyers has given and has not withdrawn its consent to be named in this Prospectus as lawyers to the Offer in the form and context in which it is named. It takes no responsibility for any part of the Prospectus other than references to its name.

Grant Thornton has given and has not withdrawn its consent to be named as auditors in the Prospectus in the form and context in which it is named. It takes no responsibility for any part of this Prospectus other than references to its name.

7.11 Competent Person Statement

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by John Anderson (BSc(Hons)Geol) 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. Mr Anderson is a full-time employee of Southern Uranium Limited. He has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activities being undertaken to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Anderson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

7.12 Directors' statement

This Prospectus is issued by Southern Uranium Limited. Each director has consented to the lodgement of the Prospectus with ASIC.

Signed on the date of this Prospectus on behalf of Southern Uranium Limited by



John Anderson
Managing Director

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8. Definitions & glossary

Terms and abbreviations used in this Prospectus have the following meaning:

Acceptance	An acceptance of Entitlements
Acceptance Monies	The Issue Price multiplied by the number of New Shares accepted for
Additional Shares	Those Shares which Eligible Participants may apply for under this Prospectus in excess of their Entitlement, in the event that there is a Shortfall
Applicant	A person who submits an Entitlement and Acceptance Form
ASIC	Australian Securities & Investments Commission
ASX	ASX Limited
ASX Approval	The ASX agreeing to quotation of the New Shares issued under this Prospectus on the official list of the ASX
Board	The board of directors of SNU
Business Day	A day, other than a Saturday or Sunday, on which banks are open for general banking business in Brisbane
Closing Date	The date by which valid acceptances must be received by the Share Registrar being 6 July 2010 or such other date determined by the Board and the Underwriter
Company or SNU	Southern Uranium Limited ACN 115 338 979
Constitution	The Constitution of the Company
Corporations Act	<i>Corporations Act 2001</i> (Cth)
Directors or Board	The board of directors of SNU from time to time
Eligible Participant	A shareholder of the Company that holds shares in the Company on the Record Date
Entitlement and Acceptance Form or Form	An entitlement and acceptance form in the form attached to this Prospectus
Entitlements	The entitlement to accept New Shares under this Prospectus

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Existing Options	All existing options to subscribe for Shares currently on issue as at the date of this Prospectus
Exposure Period	A period commencing on the date of lodgement of a disclosure document with ASIC to provide access to that disclosure document during which the issuer is prevented from accepting applications under that disclosure document
Hard Copy Prospectus	Paper version of this Prospectus
Issue or Offer	The issue of New Shares in accordance with this Prospectus
Issue Price	8 cents for each New Share applied for
Law	The Corporations Act or any relevant and applicable law in Australia
Listing Rules	The official listing rules of the ASX
Material Contracts	The material agreement referred to in this Prospectus namely the Underwriting Agreement
Official List	The official list of entities that ASX has admitted and not removed
Official Quotation	Quotation on the Official List
Online Prospectus	The electronic version of this Prospectus which can be viewed at www.southernuranium.com.au .
Opening Date	The date of commencement of the Offer in respect of the Preference Shares, expected to be 23 June 2010
Option Holders	The holders of the Existing Options
Options	Options on issue in SNU from time to time
Prospectus	This prospectus dated 7 June 2010 as modified or varied by any supplementary prospectus made by the Company and lodged with the ASIC from time to time and any electronic copy of this prospectus and supplementary prospectus
Record Date	16 June 2010
Register	Company register of SNU
Securities	Has the same meaning as in Section 92 of the Corporations Act

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Share Registry	Computershare Investor Services Pty Limited
Shares	The ordinary shares on issue in SNU from time to time
Shareholders	The holders of Shares from time to time
Shortfall	Those New Shares for which the Entitlement lapses and for which, as the context allows, the benefit reverts to other Eligible Participants that have applied for additional New Shares in excess of their Entitlement or to the Underwriter
Underwriter	Taylor Collison Limited ACN 008 172 450 (see Corporate Directory)
Underwriting Agreement	The agreement between the Underwriter and the Company summarised in Section 7.4

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9. Corporate directory

Directors	Solicitors to the Offer	Auditors
Roger Marshall OBE – Non-executive Chairman John Alexander Anderson – Managing Director Bruce Foy – Non-executive Director David Garred Jones - Non-executive Director	HopgoodGanim Lawyers Level 8 Waterfront Place 1 Eagle Street Brisbane QLD 4000	Grant Thornton Ground Floor 102 Adelaide Street Brisbane QLD 4000
Administration and Registered Office	Underwriter	Share Registry
Suite 48, Level 3, Benson House 2 Benson Street Toowong QLD 4066 PO Box 343 Toowong Qld 4066	Taylor Collison Limited Level 16 211 Victoria Square Adelaide SA 5000	Computershare Investor Services Pty Limited GPO Box 1903 Adelaide SA 5001