



Date: 18th May 2010

Assays confirm iron ore potential at Jungle Dam, South Australia

- Assays for recent drilling have confirmed extended shallow iron ore potential in 3km long central target zone
- Best intersection of **43m @ 36.7% iron** to bottom of hole
- Airborne magnetic survey planned to better define another 11km of strike potential for further drill testing.

Southern Uranium Limited (ASX Code: SNU) has received preliminary assays for the Jungle Dam drilling completed on March 31, 2010 that confirm the potential for shallow and extensive iron ore mineralisation at Jungle Dam on South Australia's Eyre Peninsula.

Managing Director Mr John Anderson said the new drill assays had further encouraged Southern Uranium to extend its iron ore exploration activity at Jungle Dam.

"We have now gathered enough information to interpret potential for an extensive haematite and goethite blanket of 30 to 45 per cent iron starting within 10m of the surface and extending down to 70m depth and up to 45m horizontal width in places," Mr Anderson said ¹.

"Below the haematite, the fresh magnetite iron formation is returning assays of about 20 to 30 per cent iron also over substantial horizontal widths."

The Jungle Dam prospect is held 100 per cent by Southern Uranium under tenement EL3479 approximately 40km north of Kimba on the Eyre Peninsula of South Australia.

Mr Anderson said the substantial iron intersections had been achieved in the Central Zone as predicted from visual logging of the drill holes.

"The iron intersections confirm the potential for shallow and extensive iron ore mineralisation within the 3km long Central Zone and encourage further exploration of the other target zones delineated by magnetics as aggregating into another 11km of strike potential."

The prospect lies on a magnetic trend extending south of the Hercules iron ore deposit and is interpreted to be hosted in the same iron formation stratigraphy as the Middleback Formation at the One Steel operations about 50km to the southeast of Jungle Dam.

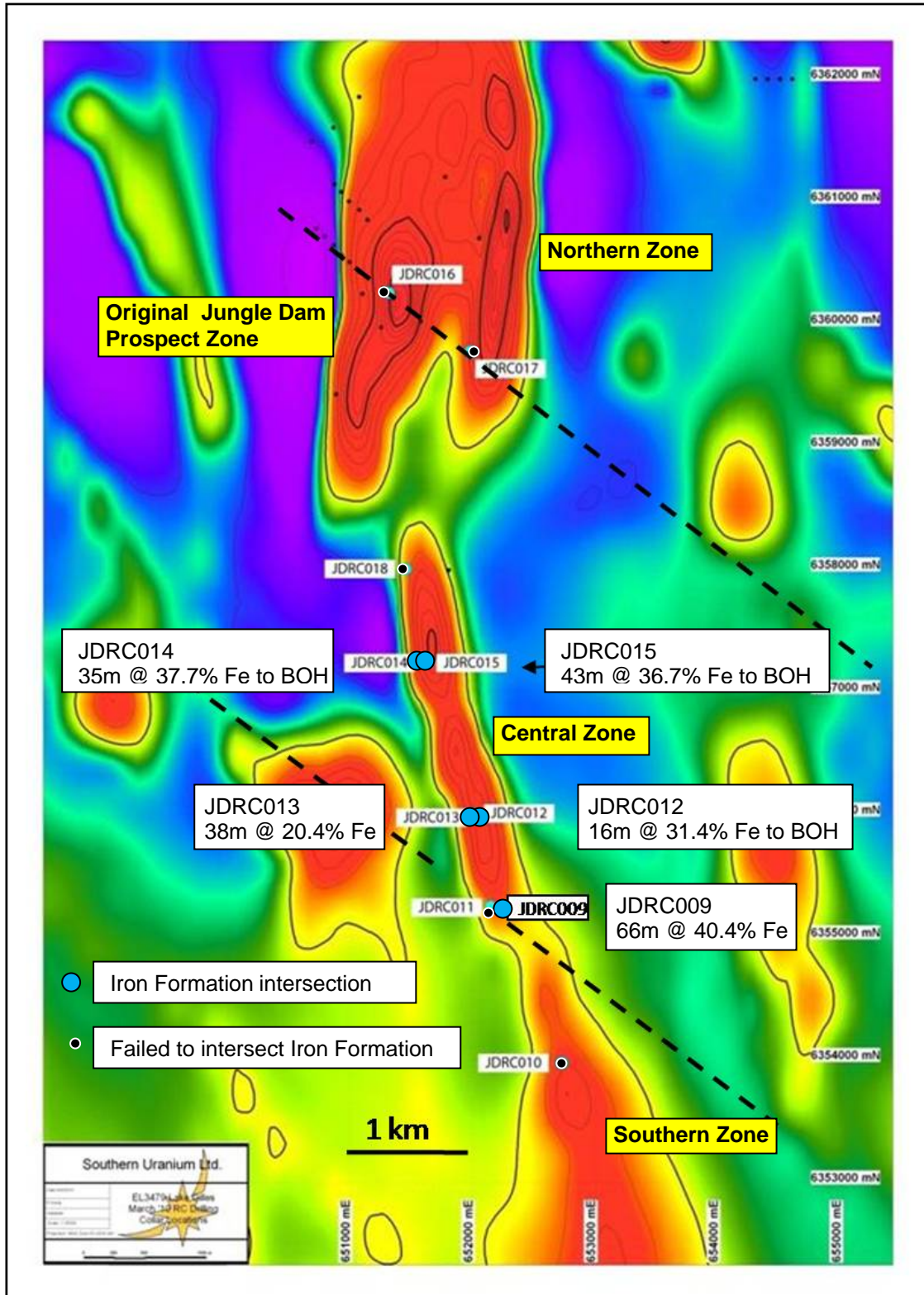
Jungle Dam is one of the closest iron ore prospects to the proposed shipping infrastructure at Port Bonython.

The visual results of the drilling completed on 31 March were reported on 14 April, 2010 in an ASX release headed: "Drilling upgrades haematite potential at Jungle Dam iron ore prospect".

1. The potential quantity and grade of the exploration targets are conceptual in nature, there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

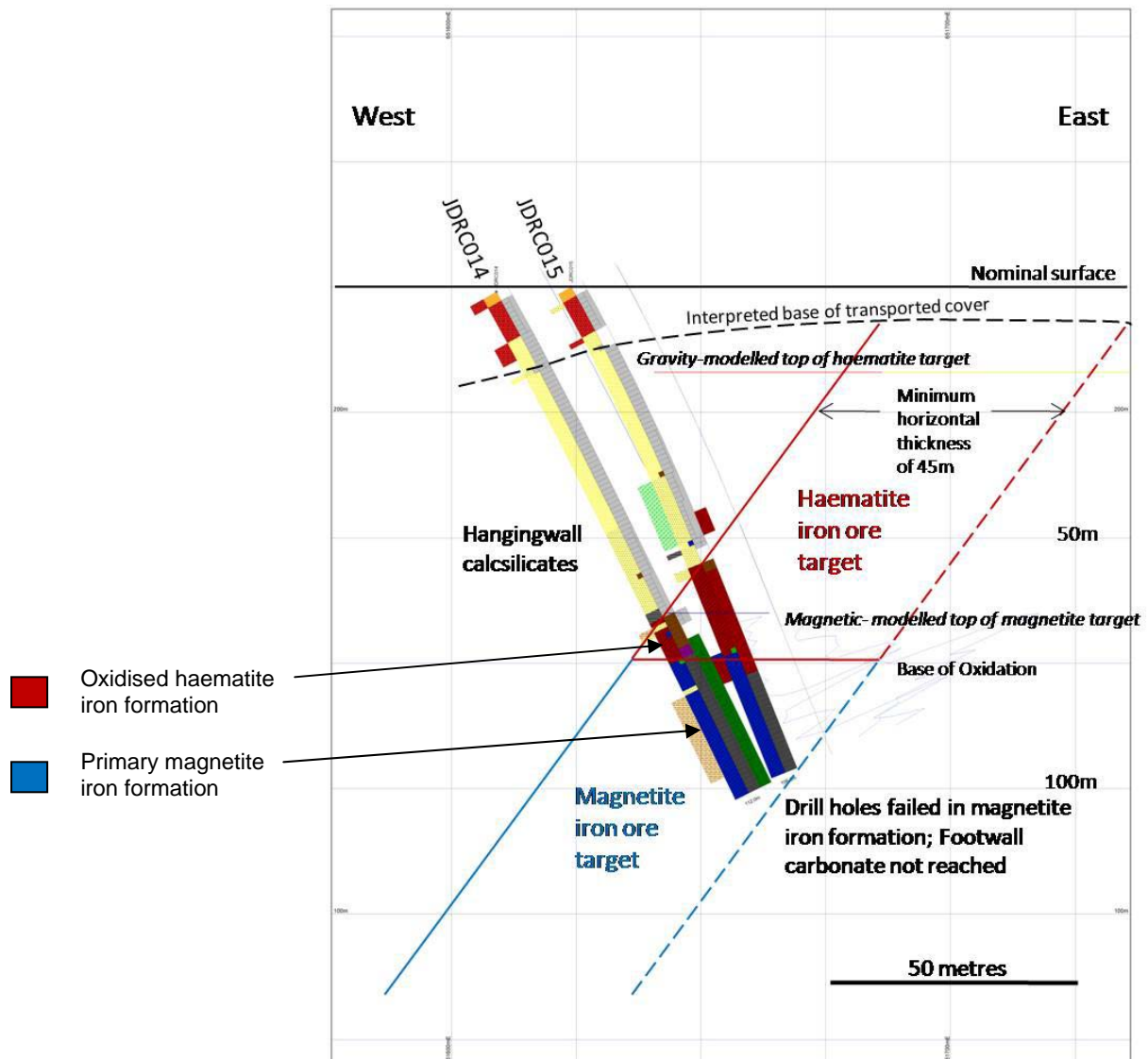
The drilling successfully intersected the predicted iron formation in the Central Zone on two new sections that extended the iron potential by two kilometres from the initial intersection in JDRC009 at the south end of the 3km long Central Zone (Figure 1).

Figure 1: Location of recent drilling on magnetic image showing prospective iron ore target zones, interpreted northwest faults and iron intersections in the Central Zone including holes that did not pass through lower limit of iron formation at bottom of hole (BOH) (Magnetic image: reduced to pole total magnetic intensity)



New drill holes JDRC012 and 013 intersected iron formation on section 6356000mN and drill holes JDRC0014 and 015 intersected the visually best iron intervals on section 6357250mN. Hole JDRC0012 was a short hole abandoned due to collapsing cavities and redrilled to target depth by JDRC013. Hole JDRC015 was a redrill of JDRC014 with both holes intersecting substantial widths of iron formation, but both were abandoned without reaching the eastern margin of the iron-rich section (Figure 2).

Figure 2: Section 6357250mN:- Iron intersections and interpreted target potential.



The iron intersections in holes JDRC014 and 015 were visually estimated to be comparable to the intersection in JDRC009 of 62m @ 36.8% iron established by preliminary Induced Coupled Plasma (ICP) analytical techniques. Subsequent re-analyses of the JDRC009 samples with the X-Ray Fluorescence (XRF) technique that gives a more complete reading of the iron content, revised the JDRC009 intersection upwards to 66m @ 40.4% iron (see Table 1 below).

Preliminary ICP assays of the recent drilling have been received. These confirm the high iron intersections in drill holes JDRC012, 013, 014 and 015 (Table 1). The best intersection of **43m @ 36.7% Fe** in hole JDRC015 comprises a partial intersection of the overlying haematite blanket continuing downhole into an incomplete intersection of the underlying magnetite iron formation, so the iron-rich section may extend further to the east than the intersection (Figure 2).

Table 1 - Jungle Dam Iron Ore Project - Central Zone Intersections										
		Fe (%)	Al (%)	Mn (ppm)	P (ppm)	S (%)	From (m)	To (m)	Downhole interval (m)	Dominant iron oxide mineral
JDR012		31.4	3.21	326	1959	0.09	0	16 BOH	16*	
	incl.	40.9	2.19	251	2815	0.05	1	9	8*	haematite
	&	28.0	4.13	516	1422	0.17	11	16 BOH	5*	haematite
JDR013		23.6	4.98	153	2019	0.13	22	29	7*	haematite
	&	20.4	1.95	5710	1247	0.10	34	72	38*	haematite
JDR014		37.7	1.06	10952	2101	0.17	77	112 BOH	35*	
	incl.	40.1	1.16	11804	2216	0.17	77	102	25*	haematite
	&	31.7	0.81	8822	1812	0.19	102	112 BOH	10*	magnetite
JDR015		36.7	1.31	4453	2253	0.09	63	106 BOH	43*	
	incl.	44.3	2.01	4984	2665	0.12	63	87	24*	haematite
	&	27.0	0.42	3783	1731	0.05	87	106 BOH	19*	magnetite
JDR009		40.4	3.57	21321	2665	0.08	7	73	66**	haematite
	&	19.8	2.33	1429	1648	0.05	78	98	20**	magnetite

*Samples assayed using a 4-acid digest/ICP analysis. **Intervals 69-71m & 83-84m assayed by 4-acid digest/ICP; all other assays by XRF.
BOH – Interval to bottom of hole.

The new intersection intervals have been resubmitted for confirmation by XRF analysis that is expected to raise the iron grades slightly as the technique did for JDR009.

As previously reported, another 11km of strike potential is yet to be initially drill tested (Figure 1). The discovery of weakly outcropping iron formation and iron-rich surface lag in the Central Zone showed more targeting information can be gained from detailed mapping.

A program of detailed airborne magnetic surveying and outcrop/regolith mapping is being planned for the entire prospective area to better position future drill tests along the 14km of strike potential. Further drilling will be particularly directed to areas where interpreted northwest faults intersect the iron formation and enhance the iron grades.

For further information contact:

Mr John Anderson
Managing Director
Southern Uranium Limited
Phone: 07 3870 0357

Richard Owen
Principal Consultant, Three Plus Pty Ltd
Phone: 07 3503 5700
Mobile: 0412-869-937

Competent Person Statement: The information in this report that relates to Exploration Results 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.