



Date: 17<sup>th</sup> March 2010

## Early start to drilling of upgraded Jungle Dam iron ore targets on Eyre Peninsula

- **New gravity survey and geophysical modelling refine iron ore targets over 14km of prospective strike.**
- **Drilling company contracted to start reverse circulation percussion (“RCP”) drilling next week ahead of schedule.**

Southern Uranium Limited (ASX Code: SNU) has upgraded the iron ore targets at Jungle Dam on Eyre Peninsula in South Australia (Figure 1) with new gravity surveying and geophysical modelling. Scheduled drill testing has been brought forward and will now start next week.

Managing Director John Anderson said Southern Uranium had initially planned to undertake RCP and aircore drilling to test a number of iron ore target scenarios during April-May this year.

“We now believe the modelled targets are situated within the same geological sequence that hosts the Middleback iron ore deposits near Whyalla,” Mr Anderson said.

“The quality of the upgraded iron ore targets at Jungle Dam encouraged Southern Uranium to bring the drilling forward. We are planning to drill at least six holes to an average depth of 150 metres.”

Mr Anderson said a contractor had been secured to commence the RCP drill testing next week.

“The drilling aims to establish the thicknesses of iron zones on selected sections, provide initial confirmation of strike potential and obtain samples for metallurgical investigations,” he said.

As previously announced by Southern Uranium (ASX Release dated 17<sup>th</sup> February 2010: “Significant iron ore potential identified on Eyre Peninsula”), the Company recognised iron ore potential over a 14km prospective strike length at Jungle Dam.

The prospect lies within covered extensions to the magnetic trend hosting the Hercules iron ore deposit to the north. Limited prior drilling of base metals and uranium targets intersected wide intervals of +30% iron grades. The prospect is secured by the Company’s 100 percent-owned Exploration Licence 3479.

Since that announcement, Southern Uranium has:

- Verified the high iron intersections of the Company’s prior drilling by re-analysing the drill sample pulps with industry standard XRF techniques for iron ore assays; and
- Carried out a more detailed gravity survey of the northern part of the prospect to match the level of gravity surveying of the southern part.

The improved gravity data (Figure 2) was integrated with the magnetic data to enable revised modelling of the iron ore targets by geophysics consultants AsIs International.

This confirmed and refined the target positions to enable more confident positioning of the proposed drill holes as indicated on Figure 2.

Magnetite iron ore targets are defined by semi-coincident magnetic and gravity anomalies in three 2 to 3km long zones - at the original Jungle Dam base metals prospect, in a northern zone and a southern zone.

The best prospect for high-grade haematite development is in the 4km long central zone, where non-magnetic high density bodies are modelled as secondary haematite targets overlying deeper primary magnetite deposits (e.g. Section 6356000N - Figure 3).

A broad high gravity - low magnetic signature to the east of the central zone is likely to be response due to a moderately dense dolomite carbonate unit as intersected in prior drill hole JDRC008. Although the dolomite carbonate unit is not prospective for iron ore, it confirms the Jungle Dam targets are in the same geological sequence that hosts the Middleback iron ore deposits near Whyalla.

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**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.*

***Southern Uranium Limited is a uranium, copper and gold focussed resources company with a strong platform of active exploration properties and drill targets in pedigree belts of Australia.***

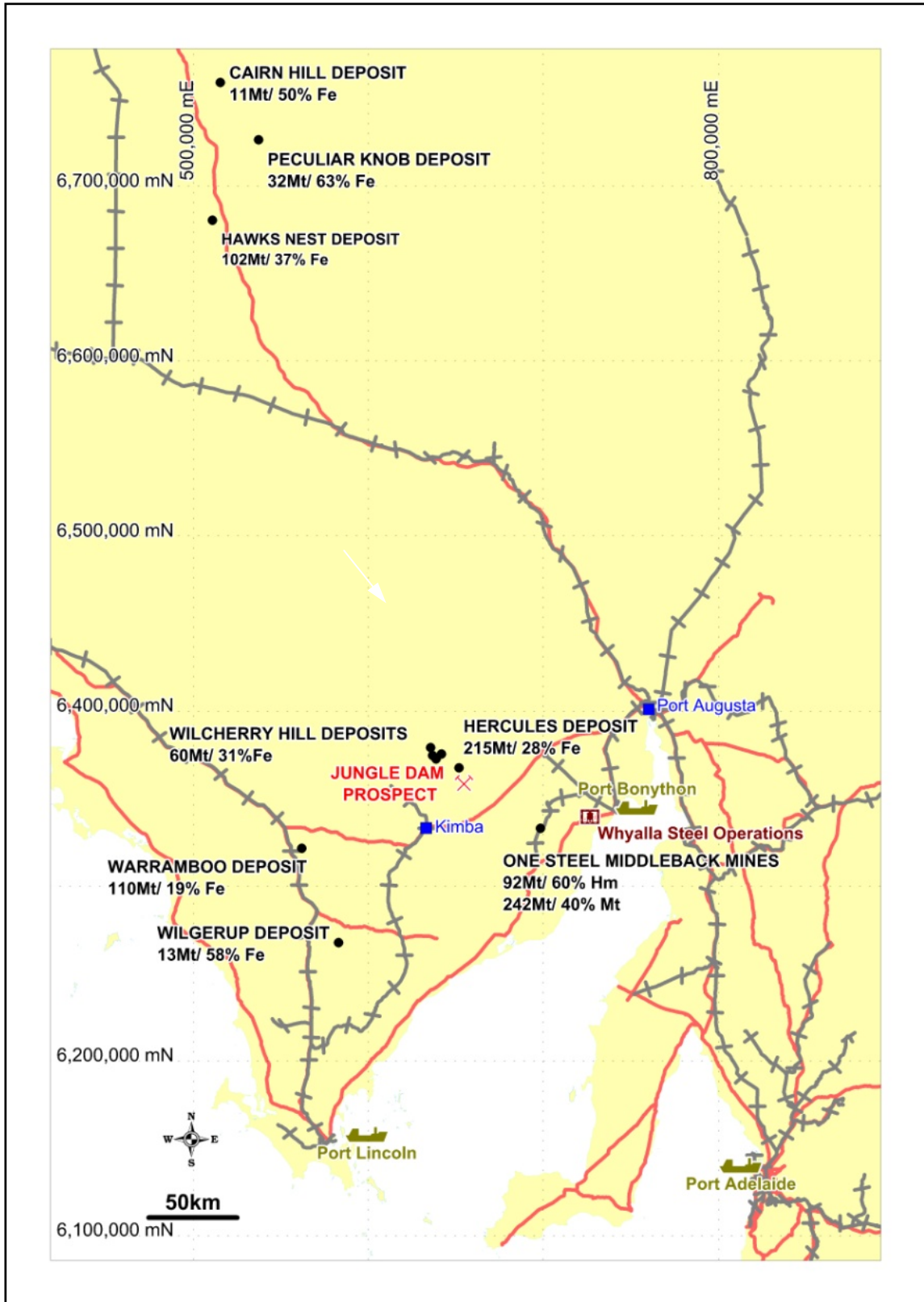
***The Company is also advancing iron and vanadium opportunities it has identified within its project areas.***

***Southern Uranium aims to grow into a major explorer and developer by discovering new large resources that will compete for the anticipated shortfalls in global metal supply.***

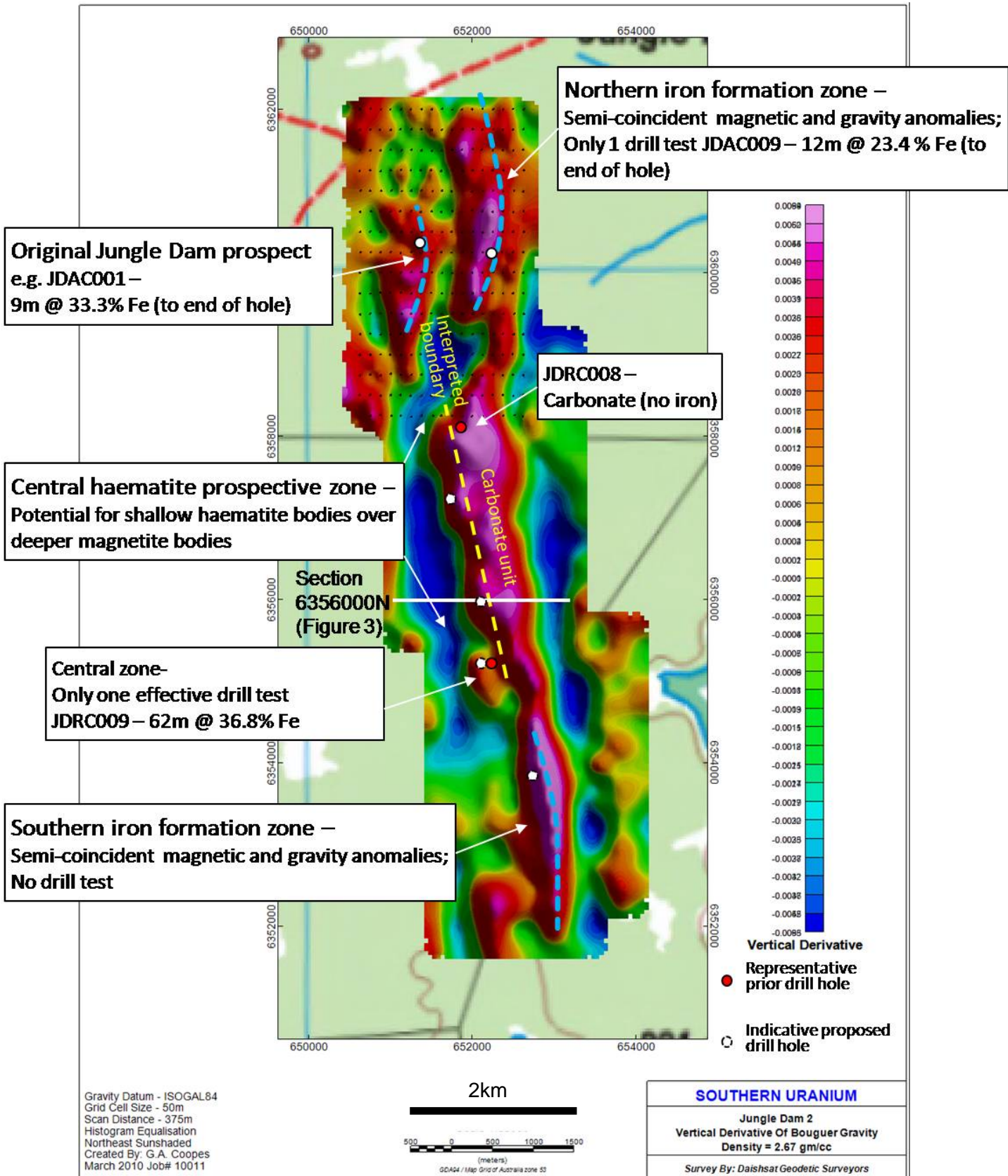


Southern Uranium

**Figure 1:** Regional Plan showing the location of the Jungle Dam iron ore prospect in relation to established SA iron ore projects and transport infrastructure. (Resource figures from PIRSA website)



**Figure 2:** New gravity image, Jungle Dam - showing re-interpreted iron ore targets relative to selected prior drilling and indicative planned drilling (Image: Vertical derivative of Bouguer Gravity)



**Figure 3:** Section 6356000N, Jungle Dam - Example of integrated magnetic and gravity modelling to discriminate primary magnetite targets (magnetic and dense), overlying secondary haematite targets (dense and non-magnetic) and non-prospective dolomite carbonate unit (moderately dense and non-magnetic).

