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Executive Summary
The following is the Annual Report for the Rum Jungle Project, EL 24867, for reporting period 15 March 2008 to 14 March 2009. Uranium West Limited are the current licence holders with Southern Uranium Limited (SNU) as managers for the tenement. In Year 3 work has comprised detailed interpretation of the data from the previous year to highlight drill targets. At the end of 2008 Geoscience Australia (GA) flew an airborne Tempest AEM survey over the Pine Creek Orogen covering the entire Rum Jungle tenement. This survey was originally planned for July 2008 but was subsequently delayed for several months due to extended delays in completing an earlier survey in the Paterson Province in WA. In the meantime, SNU lodged an Application for Collaborative Drilling funding proposal with the NTGS in September 2008 for 1,000m of RC drilling to test prospective structural targets defined from the 2007 field work. This application was advised as unsuccessful in early October 2008. The Rum Jungle portion of the AEM survey was eventually commenced in December 2008, just prior to the onset of the current wet season. The processed data is yet to be received and current expectations are that delivery of the data from the survey will be in approximately 6 weeks (22/05/09). Once received it is expected that the new EM data will further refine targets for RC drill testing later in 2009.

1.0 Introduction
Southern Uranium has entered into a Deed of Assignment with Southern Gold Limited (ASX: SAU) (“Southern Gold”) and Uranium West Pty Ltd (“Uranium West”), a subsidiary of internationally listed Crescent Gold Limited (ASX: CRE, TSX: CRA, FFT: CRE5) (“Crescent”). Under the Agreement Southern Gold has transferred all of its rights, interests and obligations arising from its Heads of Agreement (“HOA”) with Uranium West and Crescent to Southern Uranium. The assigned heads of agreement provides Southern Uranium with the ability to Joint Venture into the Rum Jungle project, EL 24867.

EL 24867 forms part of a project in the Rum Jungle district of the Northern Territory which Crescent Gold Ltd. (Crescent), through its wholly owned subsidiary Uranium West Ltd, is currently exploring for uranium. Southern Uranium Ltd are the operators and have completed compilation and interpretation of most of the historical work done in the area. The first phase of ground work consisted of geological mapping, rock chip sampling and a 23 line kilometre ground scintillometer survey completed in late 2007.
2.0 Location and Access

EL 24867 is located within the Northern Territory’s Rum Jungle Mineral Field, which is situated some 70km south of Darwin. Access to the project area is by sealed highways from Darwin to the small town of Batchelor, population 650; thence via a series of sealed and reasonably well maintained gravel roads (see figure. 1).

Figure.1 – Location of EL 24867

3.0 Land Owner Liaison

Access notifications into private property were managed by Ross McColl from McColl Exploration and Mining Titles Services Pty Ltd, prior to the recent airborne survey and the earlier field work in 2007. Previous landholder liaison was also carried out by the field crew to the following parties;

- Mr. Terry Hawtin (owner of section 1104, Hundred of Goyder),
- Mr Errol Kerle (owner of sections 963 & 981, Hundred of Goyder),
- Jeffrey Colver (owner section 962, Hundred of Goyder) and
- Mandy Barlow, senior geologist and representative for Compass Resources NL (owners of section 2881, Hundred of Goyder)

4.0 Environment

The area experiences a monsoonal climate with a wet season from October to April. Most of the rain falls between December and March, with an annual average rainfall of 1600mm. Temperatures are highest in November and December when the mean temperature is 34°C and minimum is 27°C. The coolest month is July when the average temperature is 30°C and the
minimum is 19°C. The area comprises rolling topography and in places contains dissected lowlands. Vegetation consists of open forest and woodlands dominated by species of Eucalypt, Livistonia, and Pandanus.

5.0 Tenure
EL 24867 was granted on 15th March 2006 with an initial annual expenditure commitment totaling $20,000. The tenement covers an area of 10 sub-blocks.

In October 2006 Crescent Gold exercised its Option with Finching Pty. Ltd. and Mundena Holdings Pty Ltd. to purchase several leases in the Northern Territory for a cost of $550,000. The granted leases, including EL 24867, were transferred into Crescent Gold 100% controlled subsidiary, Uranium West Pty. Ltd.

Under the terms of the HOA and amendments in the Deed of Assignment, the parties have agreed to negotiate a Joint Venture agreement under which Southern Uranium has the right to earn an interest in the project by funding exploration expenditure. Southern Uranium has been appointed as the manager for the Rum Jungle Project. Southern Uranium was required to expend a minimum of $50,000 (initial expenditure) by 31 December 2007 in order to maintain its rights to continue earning an interest in the project and before it can decide to withdraw from the project. Southern Uranium can earn a 50% interest by spending $600,000 (inclusive of the initial expenditure of $50,000) by 31 December 2008. Uranium West can then elect to maintain its interest by matching the expenditure. If Uranium West chooses not to maintain its interest at 50%, Southern Uranium can then earn a further 25% in the respective project by spending a further $400,000 by 30 June 2009. In October 2008, all parties agreed to an extension of the earn-in phases. The first earn-in phase was extended by two-years to 31 December 2010 and for the second earn-in phase was extended until 31 December 2011. All other conditions remained unchanged. Uranium West has the right to maintain its interest at 25% by matching Southern Uranium’s expenditure or it may choose to be diluted to a 10% interest at which time it can convert its interest to a free carried interest. Southern Uranium has the right to purchase the Free Carried Interest at any time for $35,000,000.

6.0 Geology

6.1 Regional Geology
The oldest rocks of the Rum Jungle Mineral Field are schists and ironstones of the Stanley Metamorphics, which were intruded by various granitic phases of the Rum Jungle Complex around 2530Ma (Lally, 2002). These rocks are exposed in two structural domes (Rum Jungle and the Waterhouse Domes) and are unconformably overlain by a sedimentary succession comprising the Manton, Mount Partridge, South Alligator and Finniss River groups of the Pine Creek Orogen, aged between( 2400Ma- 1880ma). Dolerite and gabbro sills of the Zamu Dolerite also intrude these sediments.

Multiple folding and faulting events affected the rocks from 1880 to 1770 Ma. Early northwest orientated thrusts were overprinted by tight to isoclinal north trending folds. Metamorphism has
ranged to upper greenschist facies. Open folding and faulting of the area is believed to be a distant expression of granitic emplacement to the southeast and to the east, and was followed by retrograde metamorphism to lower greenschist facies accompanied by regional-scale, northwest trending strike-slip faulting.

The Golsec Formation unconformably overlies the Mt Partridge Formation, and consists of siltstone, sandstone and hematite-quartz breccia. The Golsec Formation occurs principally around the Waterhouse Dome.

6.2 District Geology
EL 24867 is located across the northwesterly trending unconformable contact between the Archaean Rum Jungle Complex and Palaeoproterozoic sediments. It contains approximately 40% bedrock outcrop. Granites of the Rum Jungle Complex occur in the central, northern and eastern parts of the tenement. The southwestern area contains several outcrops of Palaeoproterozoic Coomalie Dolostone and a minor occurrence of Crater Formation arkosic arenite, interpreted as extending along the contact with the Archaean basement. An isolated outcrop of Mesozoic Petrel Formation sandstone occurs in the south of the tenement area. Broad geological interpretation of the project area is shown in Figure 2.

![Figure 2 - Regional geology interpretation of the project area](image)

7.0 Previous Work
As the original managers of the tenement Uranium West engaged geological consultants Ravensgate Pty Ltd during 2006 to assess the geological potential for uranium mineralisation in EL24867. Ravensgate identified the main target style for uranium mineralisation within the tenure as Proterozoic unconformity-related, where deposits occur proximal to unconformities, generally between fractured, brecciated uranium enriched basement rocks and overlying porous
sediments. Similar occurrences of this type lie near to the project area, (Dysons (U), Whites (U-Cu-Co), Intermediate (Cu-Co) and Browns (Pb-Cu-Co-Ni-Zn) deposits).

Prior to the previous exploration activity on EL 24867 six drill holes were completed by Compass Resources in 1998, targeting hematite quartz breccia zones. No uranium assays were however carried out.

During Year 2 of EL 24867, work was carried out by Southern Uranium and this comprised extensive literature research including a review of the existing JV partner exploration. In addition, a review of existing government airborne geophysical surveys was carried out. Field work by Southern Uranium included detailed geological mapping of the entire tenement area to delineate gossanous areas and prospective structures. Rock chip sampling consisted of thirty one samples (31), analysed for twenty seven (27) elements four (4) acid ICPAES, Pt, Pd, and Au 50g FA ICPMS. No significant uranium anomalies were highlighted although there were subtle signs of base metal mineralisation associated with northeast trending silicified Archaean faults and gossanous, hematite quartz breccias. At the time of the mapping/sampling a ground radiometric survey was conducted using a hand held spectrometer, focused on the unconformity in the southwest and southeastern areas. The survey consisted of 100 metre spaced lines totalling 23 line kilometres with 1,150 spectra collected at 20 metre intervals. Assay values from 5-55ppm uranium were observed over the entire survey area, with highest values along the banks of the East Finniss River.

### 8.0 Exploration Activity

In the current year of the tenement Southern Uranium has assessed the data generated from the previous year, including attempting to use the data generated from the scintillometer / spectrometer traversing to define the prospective unconformity. Indications are that younger sediments could possibly cover the prospective setting and it was decided that the unconformity might best be delineated using EM data. Then following an invitation by Geoscience Australia (GA) for client companies to participate in an airborne Tempest AEM survey in the Pine Creek Orogen, SNU proposed 310 line km for completion covering the entire Rum Jungle tenement. This survey was originally planned to be flown in July 2008 but was subsequently delayed for several months due to delays in completing an earlier GA AEM survey in the Paterson Province in WA. In the meantime, SNU lodged an Application for Collaborative Drilling funding proposal with the NTGS in September 2008 for 1,000m of RC drilling (six provisional hole locations while awaiting the AEM data) to test the prospective northwest trending shear zone (unconformity) and mineralised northeast oriented faults defined from the mapping. This application was advised as unsuccessful in early October 2008. At around this time the survey eventually commenced, however it was not until December 2008, just prior to the onset of the current wet season that the Rum Jungle portion of the survey was actually flown and the results remain pending.
9.0 Annual Expenditure

Total annual expenditure for EL24867 for the period of 15th March 2008 – 14th March 2009 is $45,508.60.

Expenditure for EL 24867 Exploration Program
2008 (Year 3)

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<tr>
<th>Description</th>
<th>Amount</th>
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<td>Salaries</td>
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<tr>
<td>Geological Consulting</td>
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<td><strong>Sub Total</strong></td>
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<tr>
<td>Overheads @ 15%</td>
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<tr>
<td><strong>Total Expenditure</strong></td>
<td><strong>$45,508.60</strong></td>
</tr>
</tbody>
</table>

10.0 Proposed Year 4 Work Program

Work proposed by Southern Uranium for Year 4 of EL 24867 is as follows:

Field work carried out late in 2007 and the resulting synthesis of all the available geological and geophysical data has highlighted provisional RC drilling targets based on the currently available data. It was however expected that well before the third anniversary of the tenement that the Tempest AEM data would be available to either upgrade or downgrade the existing drilling targets. It is anticipated that more detail will be forthcoming from the GA AEM survey, particularly the nature of the northwest trending unconformity surface which is not addressed adequately by the scope of the present data sets, and also to confirm the presence and extent of any prospective crosscutting northeast trending structures which are in part interpreted.

Work proposed by Southern Uranium for Year 4 of EL 24867 is expected to comprise a minimum of three RC drillholes following interpretation of the GA Tempest AEM data when it becomes available. Expenditure for Year 4 is estimated to be $100,000.00.
11.0 Bibliography


