

NEW COPPER GOLD URANIUM DRILL TARGET- OLYMPIC DAM DISTRICT

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By Electronic Lodgement

Company Announcements Office
Australian Stock Exchange Limited
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PERTH WA 6000

ASX Code: *CRE*
TSX Code: *CRA*
FFT Code: *CRE5*

SHARE INFORMATION

ASX Share Price: *A\$0.39*
Issued Shares: *259.2m*
Market Cap: *A\$101.1m*
Options unlisted: *50.9m*

FULLY DILUTED BASIS

Shares: *310.1m*
Cash on dilution: *A\$12.7m*

RESOURCES

Indicated: *0.95m ozs*
20.1mt
1.5g/t
Inferred: *0.48m ozs*
10.4mt
1.4g/t

RESERVES

Probable: *0.40m ozs*
7.6mt
1.7g/t

RESOURCE

Market Cap/oz: *A\$71/oz*

RESERVE

Market Cap/oz: *A\$253/oz*

CONTACT DETAILS

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- **Newly identified gravity target in Prominent Hill - Olympic Dam - Carrapateena corridor**
- **Previous WMC drill hole intersected 129m of mineralised magnetite - rich body – next to new target**
- **Potential copper gold uranium in untested haematite zone of iron oxide system**

Southern Uranium and Crescent Gold's first gravity survey has defined a high-priority copper gold uranium target next to Western Mining Corporation's ("WMC") CSD-1, drilled in 1980 to test a nearby magnetic anomaly. Southern Uranium is operating the Cocky Swamp Joint Venture with Crescent Gold Limited, located 60 km south of Olympic Dam. The gravity anomaly is interpreted to be generated by a large dense source with potential for iron oxide copper gold uranium ("IOCGU") mineralisation, a target style best exemplified by the giant Olympic Dam mine.

The Cocky Swamp JV (Exploration Licence 3603) lies within the corridor of deposits extending from Prominent Hill in the northwest through Olympic Dam to the recent Carrapateena discovery in the southeast (Fig 1). Cocky Swamp is located within the same prospective geological province as Olympic Dam (Fig 2) and is near:-

- a) other IOCGU deposits such as Acropolis and Oak Dam (held by WMC's owner BHP Billiton);
- b) intersecting northwest and southwest structures and
- c) the base of the Gawler Range Volcanics, the geological setting observed at Olympic Dam and Prominent Hill. The recent Carrapateena results reported by Teck Cominco provide further encouragement for drilling IOCGU targets in the Gawler Craton.

The common signature for IOCGU deposits is a gravity anomaly caused by the dense iron oxide, haematite, which hosts the economic copper gold uranium mineralization at Olympic Dam. In IOCGU deposits there is often an adjacent magnetic anomaly associated with the magnetite-rich part of the iron oxide system that does not contain economic amounts of metals.

Figure 1 - Regional Geology Plan (after PIRSA)

Cocky Swamp project location within the Olympic Dam corridor of IOCGU deposits.

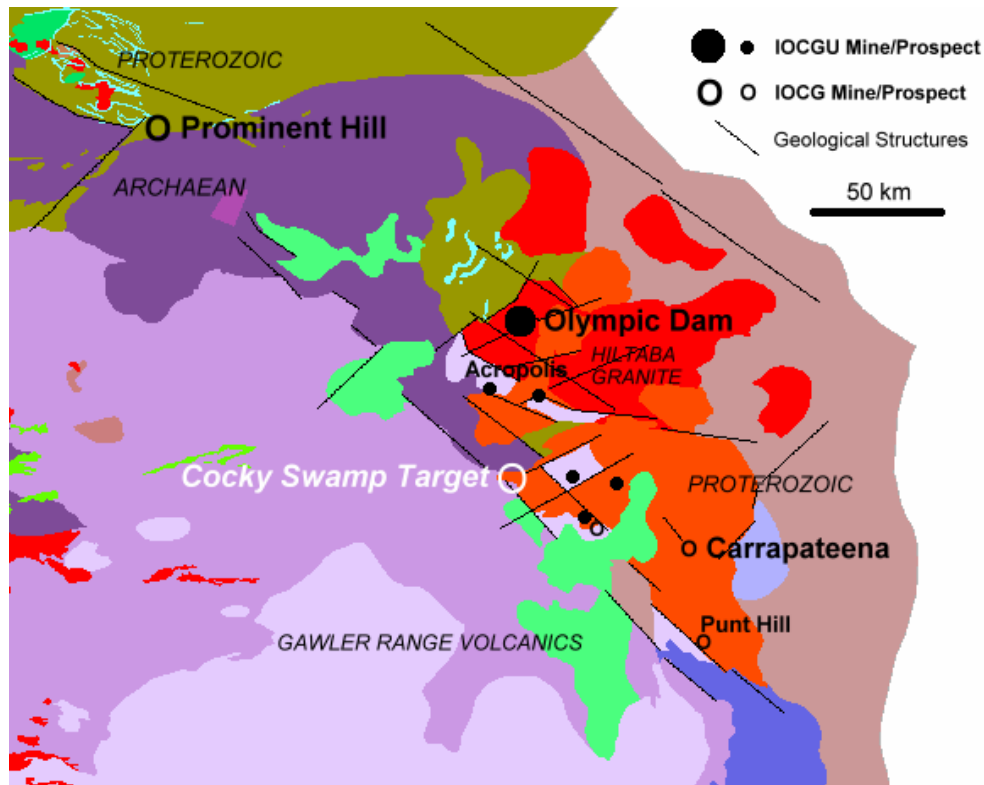
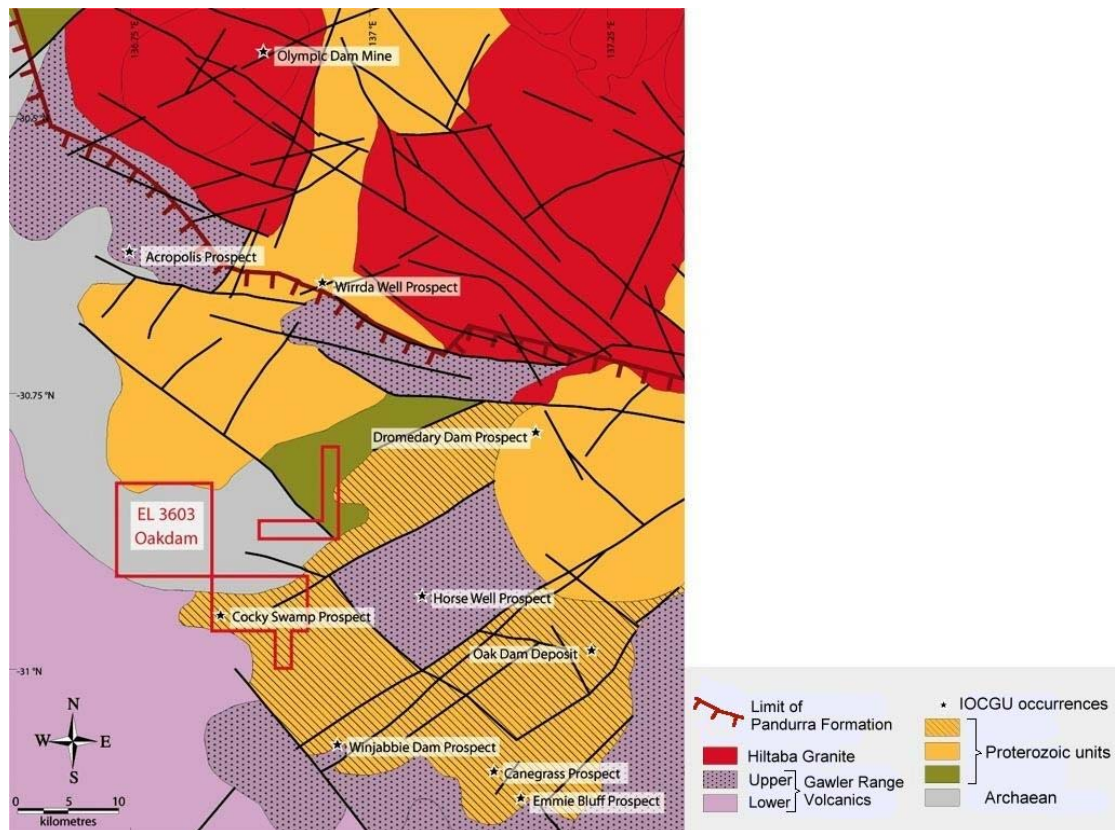


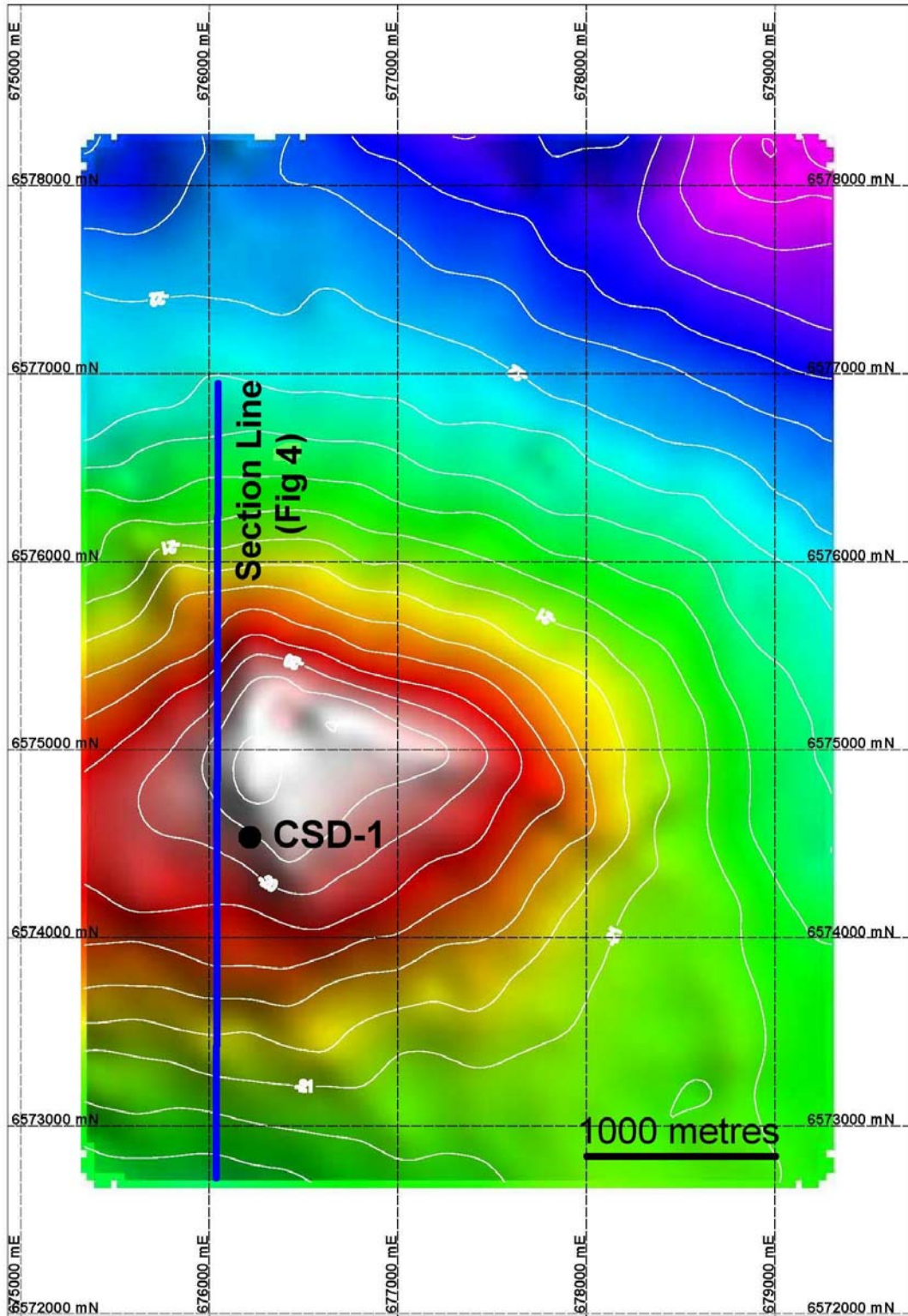
Figure 2 – Interpreted Geology (PIRSA), Olympic Dam IOCGU District

Location of the Cocky Swamp IOCGU prospect within the Joint Venture tenure.



The gravity detailing on a 250 x 250 metre pattern by Southern Uranium has defined a 2 milligal gravity anomaly (Fig 3).

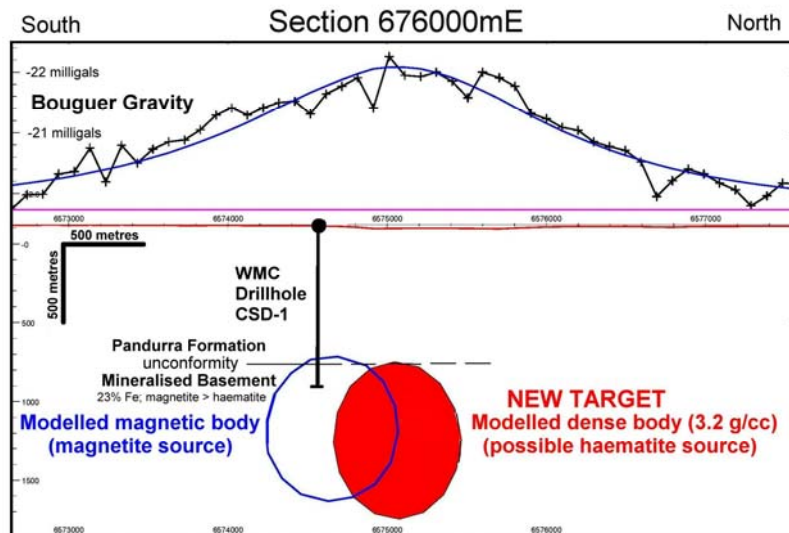
Figure 3 – Cocky Swamp Gravity Target - Preliminary Image of recent survey data
 Showing the locations of prior drillhole CSD-1 and section trace modelled below.



This anomaly has been modelled to have a diameter of about 800 metres, a density of 3.2 g/cc that is appropriate for an iron oxide source and a 850m depth to top, that is consistent with the geology intersected in CSD-1 (Fig 4).

Figure 4 – Preliminary Modelled Gravity Section

Showing interpreted new IOCGU target.



The 1980 drillhole CSD-1 tested a magnetic target centred 400 metres south of the modelled gravity target (Fig 4). The hole intersected magnetite-rich skarn overprinted by sporadic haematite copper gold mineralization throughout the length of the basement intersection from 865 metres beneath the unconformity with the overlying Pandurra Formation conglomerates (Fig 5A) to the end of hole at 994 metres. WMC reported the disseminated mineralization with high-value copper minerals, chalcocite and bornite, in the upper part of the intersected basement (Fig 5B) and as chalcopyrite at lower levels (Fig 5D), a mineral zoning common to IOCGU deposits in the region.

Figure 5 – Photographs of CSD-1 core

A Unconformity

Basal haematitic conglomerate of the Pandurra Formation overlying iron-altered basement



B Upper Copper Mineralisation

Disseminated chalcocite and bornite in the upper part of the basement oxidising to green copper carbonates.

**C Haematite alteration**

Steely haematite replacing and brecciating magnetite skarn

**D Lower copper mineralisation**

Quartz haematite chalcopyrite vein cutting earlier magnetite-altered basement.



Incomplete core assays by WMC returned individual sample values of up to 1.05% copper, 0.65g/t gold, 6 g/t silver and 34 parts per million U₃O₈ with the best copper intersection of 4 metres at 0.54% Cu. Although visual estimates of the unsampled core confirm similarly mineralized intervals, a program of core assaying has been initiated to investigate other IOCGU geochemical attributes. The extensive mineralization in the magnetite zone intersected by CSD-1 is very encouraging for the adjacent less magnetic but dense gravity target to be the mineralised haematite zone of a large IOCGU system.

The potential for the overlying Pandurra Formation to host unconformity sandstone uranium will also be evaluated. The geological setting is prospective for groundwater to redistribute uranium from the uranium-rich basement high in the Olympic Dam area into the sandstones of the deeper parts of the basin containing the Pandurra Formation. Downhole gamma logging of CSD-1 by WMC showed narrow peaks to 350 counts per second in the lower 200m of the Pandurra Formation that may be anomalous whereas the basement logs showed rare peaks to 700 cps in a background of 80 to 250 cps.

The Joint Venturers propose to drill test the new Cocky Swamp gravity target with a 1,000 metre vertical diamond core hole at the earliest opportunity. Crescent Gold may earn to 50% equity in EL 3603 by funding exploration. Access and drill contract negotiations will commence immediately. The target is situated within the Woomera Prohibited Area requiring additional access permits from federal agencies.

Southern Uranium is pleased with the results of its first gravity survey after listing and will continue as planned with the gravity detailing and drilling of at least seven other targets selected with the same successful exploration model.

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The information in this report has been compiled by John Anderson (BSc(Hons)Geol) as a full-time employee of Southern Uranium and 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. As a Competent Person, he has a minimum of 5 years relevant experience in the style of mineralisation and types of activities being reported and has given written consent to the above report in the form and context in which it appears.