# Southern Andes Energy Discovers Additional High Grade Uranium Mineralization on Its Tupuramani Project, Peru

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**Community Agreements in Place for Start of Drilling This Fall**

TORONTO, ONTARIO -- (Marketwire) -- 09/07/11 -- Southern Andes Energy Inc. (TSX VENTURE: SUR), ('Southern Andes' or 'the Company'), is pleased to announce that a recent field exploration program has identified five new zones of high grade uranium mineralization on its Tupuramani project in the Macusani Uranium District, Southeast Peru.

'These new results significantly expand the exploration potential at Tupuramani by adding almost 4 kilometres of strike potential in five targets and all within 3 kilometres of our main Tupuramani discovery,' Nick Tintor, President and CEO of Southern Andes commented.

Highlights from reconnaissance trenching, channel sampling and pitting from these previously untested targets include:

- Pit K-10 on the Micha Michani #2 anomaly assayed 3,118 parts per million ('ppm') (0.32%) U3O8 or 6.24 lbs U3O8 per ton.

- Channel C-9 on the Condorillo #2 anomaly assayed 5,900 ppm (0.59%) U3O8 or 11.8 lbs U3O8 per ton across 1 metre.

- A high of 1.68% U3O8 or 33.6 lbs U3O8 per ton across 0.6 metres in trench T-35 on the Condorillo #1 anomaly.

See the attached map for anomaly locations and the complete set of results in the tables below.

This year's program was designed to follow up the 2010 reconnaissance work which outlined significant high grade uranium mineralization on the main Tupuramani anomaly which is believed to represent the westerly extension of the anomaly underlying the Colibri II-III uranium deposit owned by Macusani Yellowcake Inc. The Colibri II-III deposit has been reported to host NI 43-101 an indicated resource of 5.4 million lbs U3O8 grading 0.027% U3O8 and an inferred resource of 15.1 million lbs U3O8 grading 0.02% U3O8 at a 75 ppm U3O8 cut-off grade, according to information published by Macusani Yellowcake Inc. (See Southern Andes Press Release dated January 20, 2011).

The current program identified widespread uranium mineralization in all five target areas which correlate positively with high surface radiometric anomalies. Uranium mineralization occurs as fine disseminations of autonite and meta-autonite filling randomly oriented sub-vertical fractures and sub- horizontal fractures and disseminated in between fractures in flat lying ash crystal tuffs of the Quenamari Formation.

Results from the program are listed below.

ANOMALY TUPURAMANI # 1 (1)

| Sample | ppm U3O8/metre (2) | Lbs U3O8/s.ton (3) |
|---|---|---|
| Trench T-1: Zone 1 | 870.3/33.5 | 1.74 |
| Trench T-1: Zone 2 | 3624.2/5.3 | 7.25 |
| Trench T-2 | 3191.7/20 | 6.38 |
| Trench T-3 | 3569.4/12 | 7.14 |
| Trench T-4 | 1299.4/15.8 | 2.60 |
| Trench T-5 | 1162.1/1.6 | 2.32 |
| Trench T-6 | 2528.5/4.6 | 5.06 |
| Trench T-7 | 235.5/13.4 | 0.47 |
| Channel C-1 | 980.7/6.1 | 1.96 |

ANOMALY MICHA MICHANI # 2

| Sample | ppm U3O8/metre | Lbs U3O8/s.ton |
|---|---|---|
| Pit K-1 | 2924 | 5.88 |
| Pit K-2 | 1880 | 3.76 |
| Pit K-3 | 818 | 1.64 |
| Pit K-4 | 795 | 1.59 |
| Pit K-6 | 707 | 1.41 |
| Pit K-8 | 1104 | 2.20 |
| Pit K-9 | 294 | 0.58 |
| Pit K-10 | 3118 | 6.24 |
| Pit K-11 | 639 | 1.28 |
| Pit K-12 | 175 | 0.35 |
| Trench T-26 | 1007/1.5 | 2.01 |
| Trench T-27 | 1595/0.9 | 3.19 |
| Trench T-28 | 606.6/3.2 | 1.21 |
| Trench T-29 | 3389.8/1.9 | 6.80 |
| Trench T-30 | 8386/0.5 | 16.77 |
| Trench T-31 | 2328/0.5 | 4.66 |
| Trench T-36 | 507.9/2.5 | 1.02 |
| Trench T-37 | 3765/2.5 | 7.53 |
| Trench T-38 | 1090.3/2.55 | 2.18 |

ANOMALY MICHA MICHANI # 1

| Sample | ppm U3O8/metre | Lbs U3O8/s.ton |
|---|---|---|
| Trench T-9 | 239/1.5 | 0.48 |
| Trench T-10 | 1186.1/0.5 | 2.37 |
| Trench T-11 | 682.4/9.8 | 1.36 |
| Trench T-12 | 651.1/2.85 | 1.30 |
| Channel C-2 | 532.1/2.2 | 1.06 |

ANOMALY CONDORILLO # 1

| Sample | ppm U3O8/metre | Lbs U3O8/s.ton |
|---|---|---|
| Channel C-3 | 1966/0.5 | 3.93 |
| Channel C-12 | 109.6/0.5 | 0.22 |
| Channel C-13 | 399.7/0.5 | 0.80 |
| Channel C-17 | 1235/0.5 | 2.47 |
| Channel C-18 | 195.4/1.85 | 0.39 |
| Channel C-19 | 1100/0.6 | 2.20 |
| Channel C-21 | 1604/0.5 | 3.21 |
| Channel C-22 | 1383/0.5 | 2.77 |
| Trench T-14 | 985/0.6 | 1.97 |
| Trench T-15 | 3158.7/2.95 | 6.32 |
| Trench T-19 | 962/2.95 | 1.92 |
| Trench T-20 | 4301.1/2.6 | 8.60 |
| Trench T-21 | 3552.9/1.2 | 7.11 |
| Trench T-22 | 2048.9/1.40 | 4.10 |
| Trench T-23 | 438.5/3.5 | 0.88 |
| Trench T-32 | 965.1/3.6 | 1.93 |
| Trench T-33 | 406.9/11.35 | 0.81 |
| Trench T-34 | 829/0.5 | 1.66 |
| Trench T-35 | 1.68%/0.6 | 33.6 |
| Trench T-39 | 548/0.70 | 1.10 |
| Trench T-40 | 1743/1.6 | 3.49 |

| | | |
|---|---|---|
| Trench T-41 | 668.8/1.3 | 1.34 |

| ANOMALY CONDORILLO # 2 | | | ANOMALY CONDORILLO # 3 | | |
|---|---|---|---|---|---|
| Sample | ppm U3O8/metre | Lbs U3O8/s.ton | Sample | ppm U3O8/metre | Lbs U3O8/s.ton |
| Channel C-4 | 932/0.5 | 1.86 | Channel C-7 | 1318/0.5 | 2.64 |
| Channel C-5 | 1380/0.6 | 2.76 | Channel C-8 | 662.7/0.5 | 1.33 |
| Channel C-6 | 1219.1/1.1 | 2.44 | Trench T-13A | 225.2/2.2 | 0.45 |
| Channel C-9 | 5900.5/1.0 | 11.80 | Trench T-13B | 234/2.6 | 0.47 |
| Channel C-10 | 1134/0.5 | 2.27 | Trench T-16 | 1899/0.5 | 3.80 |
| Channel C-11 | 820.7/1.1 | 1.64 | Trench T-17 | 648.5/1.0 | 1.30 |
| Channel C-15 | 897/0.6 | 1.79 | Trench T-18 | 204/0.5 | 0.41 |
| Channel C-16 | 1919.2/1.5 | 3.84 | | | |
| Channel C-20 | 2294/2.5 | 4.59 | | | |
| Trench T-25 | 8048/0.6 | 16.10 | | | |

(1) Tupuramani #1 results were previously reported. See press release dated January 20, 2011
(2) Parts per million
(3) Pounds per short ton. One short ton=2,000 lbs or 0.907 metric tonnes

To view the Tupuramani Target Map please visit the following link: http://media3.marketwire.com/docs/southernandes907.jpg.

**Community, Social Relations and Drilling Plans**

The Puno District in Southern Peru experienced a series of major protests last May and June which led to a disruption of services and exploration activities in the region. Despite the seriousness of the protests, Southern Andes Energy has always maintained positive relationships with the communities in our work areas and is pleased to report that the Company has signed Community Agreements with most of the communities in our operating areas. This also includes agreements with local private landowners.

With the signing of all relevant community agreements, the Company has submitted its Declaración de Impacto Ambiental ('DIA') with the Ministry of Energy and Mines and anticipates beginning a drill program in November. The DIA will allow the Company to construct up to 20 drill platforms with an initial 2,000-metre program designed to test all six targets in the Turpuramani project area.

**QC/QA Protocols**

Sampling consists of rock chip samples taken over lengths varying from 0.5 metres to 2.0 metres with each sample weighing approximately 1.5 to 3 kilograms. Assays were performed by CIMM in Lima, Peru, an ISO/IEC 17025 accredited laboratory, using a multi-acid digestion process. Sample preparation was completed by CIMM in Juliaca, Peru. A comprehensive Quality Control and Quality Assurance protocol has been implemented including the insertion of two blanks, two standards and three duplicates for each 100 samples processed.

**Qualified Person**

Mr. Alain Vachon, P.Geo, Southern Andes Vice President Exploration and the Company's Qualified Person as defined by National Instrument 43-101, has reviewed and approved the contents of this press release.

**About Southern Andes Energy Inc.**

Southern Andes Energy Inc. is focused on exploring and developing uranium resources to meet the world's growing demand for clean energy. The Company is the largest landowner in the emerging Macusani Uranium District in Peru with holdings of more than 65,000 hectares of land. The Company owns a 7% equity interest in Macusani Yellowcake Inc., which controls two advanced stage uranium projects in the district and also a 65% interest in Caracara Silver Inc., (TSX VENTURE: CSV) which has been created to advance and develop the Company's extensive silver and zinc projects in Peru.

**Forward-looking Statements**

This news release may contain forward-looking statements that are based on Southern Andes Energy Inc.'s expectations, estimates and projections regarding its business and the economic environment in which it operates. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to control or predict. Therefore, actual outcomes and results may differ materially from those expressed in these forward-looking statements and readers should not place undue reliance on such statements. Statements speak only as of the date on which they are made, and the Company undertakes no obligation to update them publicly to reflect new information or the occurrence of future events or circumstances, unless otherwise required to do so by law.

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