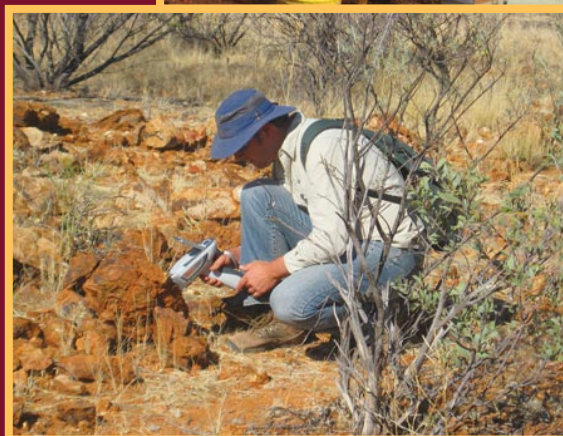




# Uranium Exploration Australia Limited

ABN 65 112 714 397

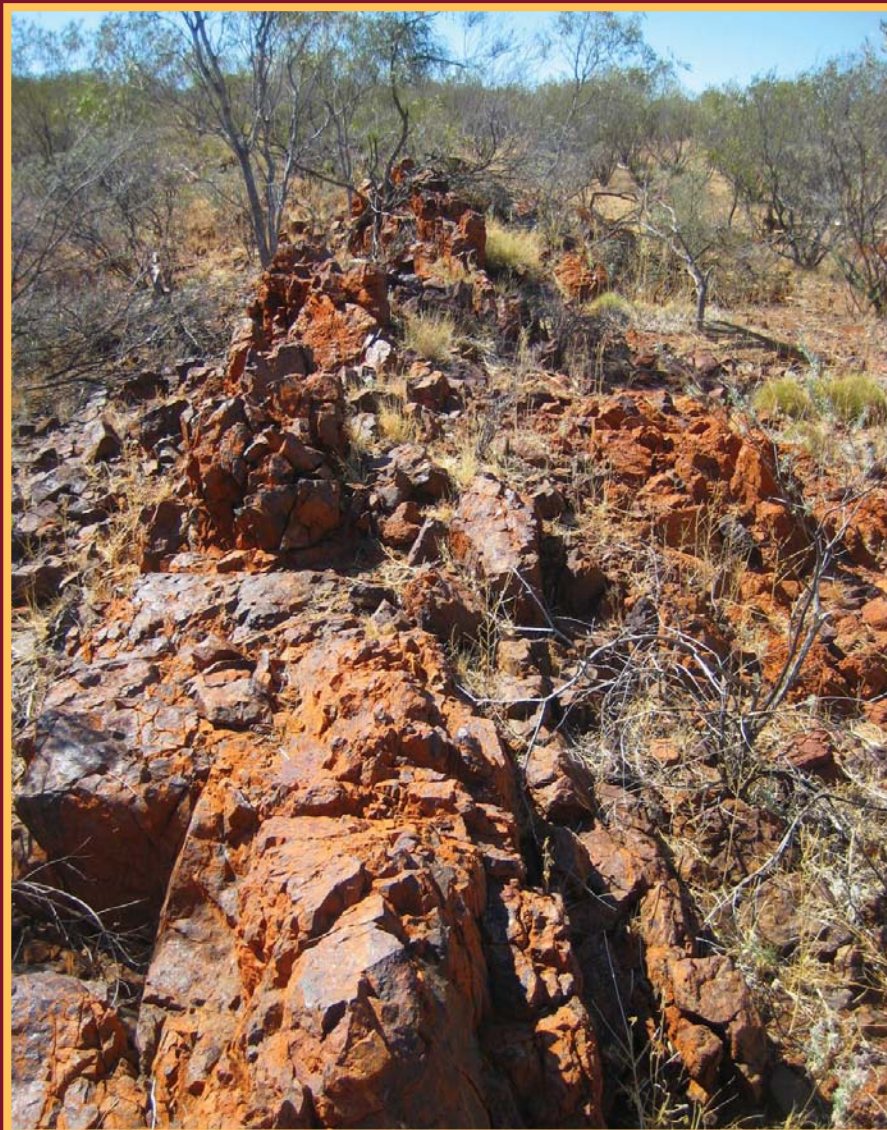


## 2009 Annual Report

# Corporate profile

Uranium Exploration Australia Limited (UXA) was established to explore for, locate and develop commercial grade uranium mineralisation and associated copper and gold. UXA listed on the Australian Securities Exchange in November 2005 (ASX: UXA). The Company's initial focus is on exploration in key target areas in Australia.

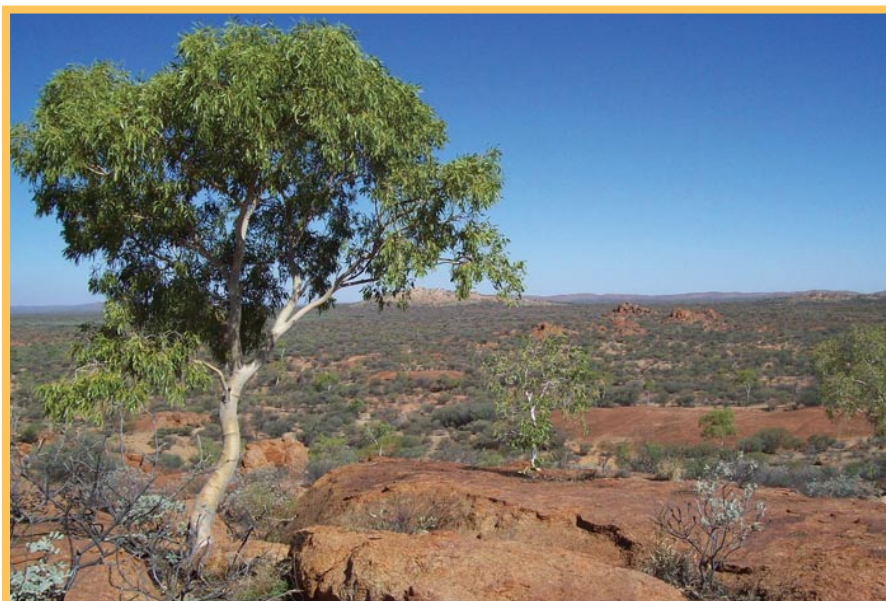
UXA's exploration strategy includes development of new and evolving exploration models using available geological, geophysical, geochemical, geomorphological, drilling and analytical data resources from commercial, government, university, or private contractor sources, and augmented with UXA's own geological interpretations, detailed geophysical surveys, and drilling program information.





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## 2009 Annual Report

# 2009 highlights

## UXA SIGNS DEAL TO ACQUIRE GEOPHYSICAL BOREHOLE LOGGING SERVICE. GAA IS THE SOLE PROVIDER OF PFN TECHNOLOGY IN AUSTRALIA

In August 2009 UXA announced the signing of an agreement to purchase the assets and business of Geoscience Associates (Australia) Pty Ltd (GAA), a long established borehole logging company based in Mount Barker, South Australia. GAA provides geophysical borehole logging services, principally to the uranium mining and exploration industry and the coal and coal seam gas industry in Australia. GAA also has the sole rights to market the Prompt Fission Neutron (PFN) device, a specialised borehole tool which directly measures the content of uranium in boreholes. The acquisition has been completed on 1st October 2009.

## NEW DISCOVERY OF OUTCROPPING URANIUM MINERALISATION AT CRYSTAL CREEK IN THE NORTHERN TERRITORY

Field work during the year identified a 3km long zone of outcropping uranium mineralisation at the Company's 100% owned Crystal Creek Project (Ngalia Thrust EL 24566) in Northern Territory. The uranium mineralisation is in a fault zone within altered granite. The structure can be traced for a distance of at least 3km and is up to 12m in width. Uranium appears to be associated with ironstone and grades, defined by laboratory XRF analyses, are highly variable from trace up to 4,170 ppm  $U_3O_8$ . A major exploration program is under way to follow-up this discovery.

## SEVEN NEW EXPLORATION LICENCES APPLIED FOR IN SOUTH AUSTRALIA OVER NEWLY DEFINED SHALLOW GEOPHYSICAL ANOMALIES FOR OLYMPIC DAM STYLE TARGETS

The Company has applied for seven new exploration licences in South Australia in areas of potential for haematite breccia complex deposits (Olympic Dam style deposits). The applications cover newly defined coincident magnetic and gravity geophysical anomalies in area of moderate to thin cover sediments.

## SUCCESSFUL CAPITAL RAISING

Subsequent to year end the Company announced the placement of 52,600,000 shares to sophisticated investors to raise \$5.26 million. The placement was oversubscribed and subject to scale back. The Company also announced a Share Purchase Plan to existing shareholders, which closed on 16 September 2009 and raised a further \$3.4 million. The capital raised has been used to complete the acquisition of GAA and towards exploration and working capital.

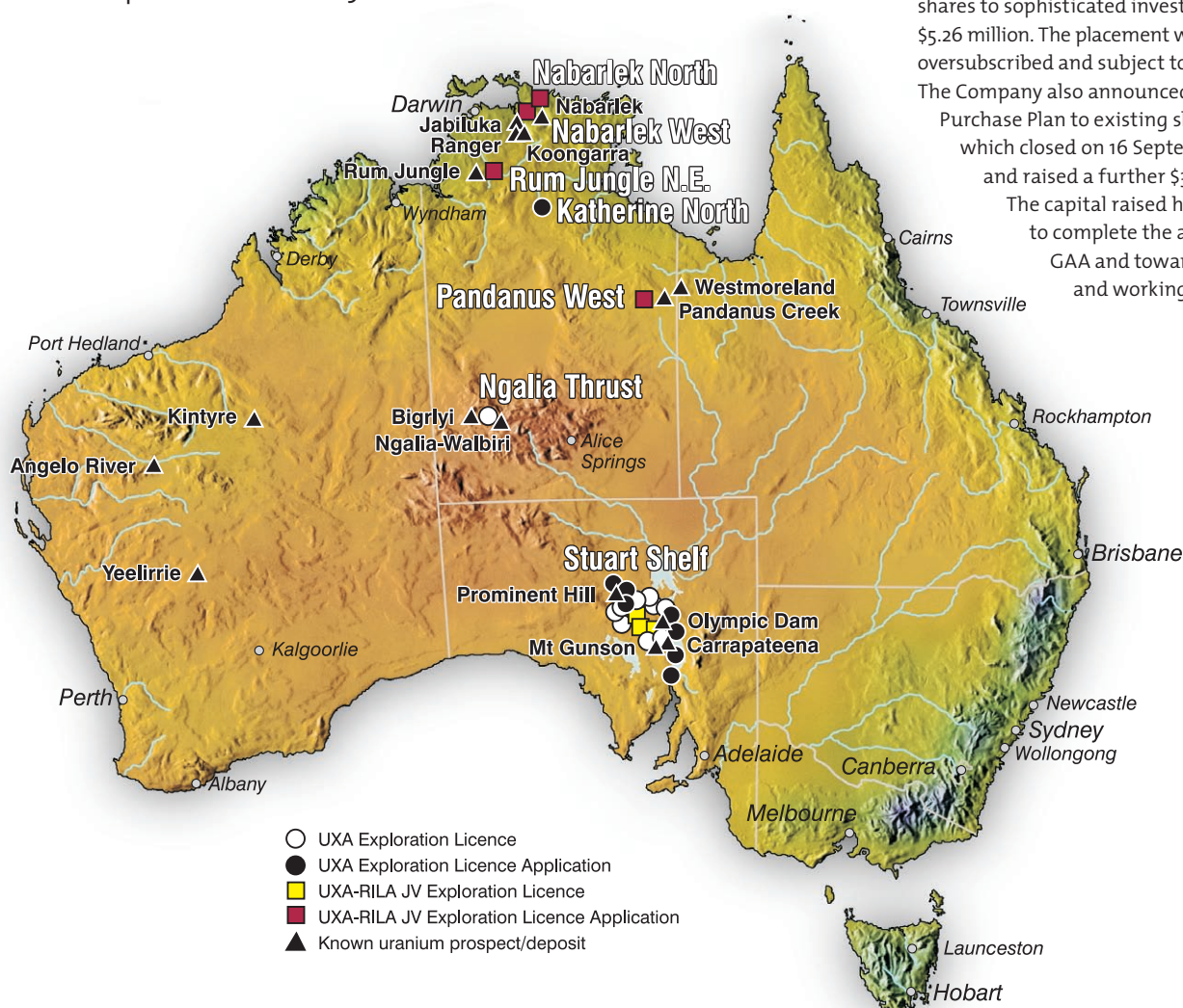


Figure 1. Location of the UXA's exploration projects in Australia.

# Chairman's review

Dear Shareholder,

The past year has been one of change for UXA. We have faced exploration challenges in South Australia, been rewarded with a discovery in Northern Territory and moved to acquire a profitable and complimentary business to strengthen the company.

Dr Russell Penney joined UXA in December 2008 as the new Managing Director, replacing Patrick Mutz who has gone on to work with Alliance Resources to help develop the Four Mile uranium discovery in South Australia. We thank Patrick for his past efforts with UXA and welcome Dr Penney who brings a wealth of discovery experience in exploration both in Australia and overseas.

In South Australia drilling has shown that many areas on our ground holdings on the Stuart Shelf are too deep to make an economic discovery and restrictions imposed on exploration within the Defence Department's Woomera Prohibited Area (WPA) have delayed exploration. We have responded by re-positioning ourselves, relinquishing some tenements and applying for new ones outside the WPA, where there are already defined geophysical targets in areas where we believe the depth to prospective rocks is shallower.

We have squarely faced the risks associated with grass roots exploration and diversified our strategy through the acquisition of Geoscience Associates (Australia) Pty Ltd (GAA), a well established cash positive and profitable borehole logging company with a long history of work in the uranium and coal sectors in Australia. GAA will bring the benefits of a cash flow and increased scale to the Company, helping to position ourselves as a preferred partner for new exploration joint ventures and acquisitions in the future. It is important that shareholders realize that despite this acquisition of a services industry company we maintain a strong and unwavering vision to discover an economic uranium deposit.

Our exploration efforts in Northern Territory have been rewarded this year with the discovery of an outcropping 3,000m long zone of uranium mineralisation at Crystal Creek on our granted Ngalia Thrust exploration licence about 350km from Alice Springs. Though it is early days, and drilling has yet to take place, we are greatly encouraged by the apparently large scale of this mineralising system. Meanwhile, further north we have accelerated our efforts in negotiations with the Northern Land Council to move towards the granting of our five ELAs in Arnhem Land and at Pandanus Creek near the Queensland border.

The uranium industry has remained strong through the global recession, reflecting the underlying fundamentals recognized in many countries, that an investment in nuclear generating capacity is one of the best ways of ensuring a significant reduction in green house gas emissions for the future. The uranium spot price has come down from the giddy heights of hedge fund driven speculation in 2007, but remains strong at around \$50/lb, well above the long term \$10/lb experienced throughout the 1990's. Interestingly the long term contract price, which reflects most of the mined uranium sold to power stations in the world, has stayed stronger at around \$70/lb.

The company has faced and come through the global financial crisis and been able to ensure funding unlike many other exploration companies. This is due in no small part to the excellent management and technical team under Russell Penny and a credit to their sustained efforts under great pressure for which the board is most grateful.

We look forward to turning the Ngalia Thrust discovery into a significant project over the coming year and to finally beginning exploration on the five Northern Territory licences when granted.

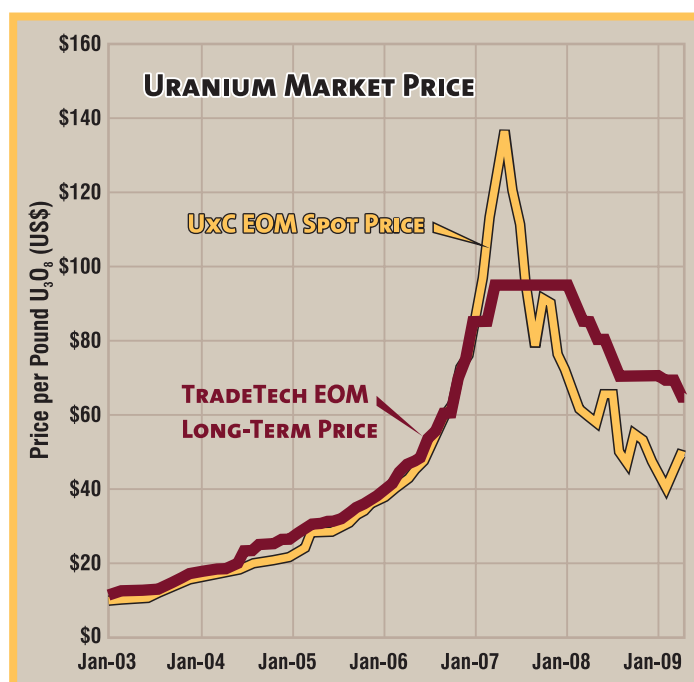
Yours faithfully

Neill Arthur  
Chairman



Neill Arthur – Chairman

Sources: The Ux Consulting Company LLC (UxC); <http://www.uxc.com>  
TradeTech Uranium.Info;  
<http://www.uranium.info>





# Corporate strategy

**UXA was established to explore for, locate and develop commercial grade uranium mineralisation and any associated base or precious metal mineralisation. The Company has to date focused on exploring on its significant ground holdings in two of Australia's world class uranium provinces in South Australia and Northern Territory.**

During the year the Company has revised its corporate strategy, to mitigate the risks of purely grass roots exploration and sought to diversify its activities through:

- Purchase of a complementary cash flow business, Geoscience Associates (Australia) Pty Ltd, a long established borehole logging business based in Mount Barker, South Australia.
- Evaluation of more advanced uranium exploration projects, for farm-in or outright purchase. The Company is continuously evaluating project submittals in Australia and overseas.
- Continuous assessment of exploration results from existing projects, some tenements have been relinquished and others applied for in South Australia.

The Company is conducting a technical and strategic review of its tenement holdings in South Australia. The loss of access by many exploration companies in the Woomera Prohibited Area (WPA) has also highlighted some of the risks in exploring for haematite breccia complex (IOCGU or Olympic Dam style) deposits on the Stuart Shelf. UXA has relinquished four tenements where the depth to potential mineralised basement is perceived to be too deep (up to 1,200m deep), and coincidentally these tenements are also in the WPA. The Company has applied for seven new exploration licences on the Stuart Shelf where the depth to basement may be much shallower. These new areas have defined geophysical anomalies which may represent early drill targets for haematite breccia complex deposits, of which Olympic Dam is the type example.

In the Northern Territory the Company has accelerated negotiations with the Northern Land Council to advance the granting of the Company's four tenements in Arnhem Land and its Pandanus West (ELA 24565) tenement near the Queensland border. Pandanus West is prospective for unconformity related or shallow sandstone type uranium mineralisation in an area of strong airborne radiometric anomalism. The Company's Arnhem Land tenements are prospective for unconformity related uranium deposits, similar to the Ranger uranium mine in Northern Territory.

UXA's tenement holdings are principally in the uranium-friendly Northern Territory and South Australia, with heavy bias towards areas prospective for world class haematite breccia complex and unconformity related deposits, which make up over 75% of Australia's known uranium resources.



*Geoscience Associates (Australia) Pty Ltd (GAA) operational in the field.*

UXA Project Areas	Uranium Target Type	Type example (Australia)	Target Type % of known uranium resources	
			Australia <sup>1</sup>	World <sup>2</sup>
Stuart Shelf, South Australia	Haematite breccia complex	Olympic Dam Mine (SA)	65.5%	20.8%
Arnhem Land, Northern Territory	Unconformity-related	Ranger Mine (NT) Rudall River (WA)	20.4%	14.4%
Ngalia Thrust, Northern Territory	Intrusive	Crocker Well (SA)	0.3%	4.7%
Pandanus West, Northern Territory	Unconformity-related Sandstone type	Ranger Mine (NT) Beverly Mine (SA)	6.7% 6.7%	14.4% 25.2%

Sources: 1; AGSO 2007.

2; OECD Nuclear Energy Agency & the International Atomic Energy Agency 2008

## ACQUISITION OF GEOSCIENCE ASSOCIATES (AUSTRALIA) PTY LTD

The Company signed a binding agreement to purchase the assets and business of Geoscience Associates (Australia) Pty Ltd (GAA), a geophysical borehole logging company located in Mount Barker, South Australia. Financial closing of the transaction occurred on 1st October 2009.

GAA has been providing a full range of commercial wire-line logging services to the mining and exploration sectors, principally focused on uranium and more recently also on coal and coal seam gas, throughout Australia since 1971. GAA is the sole distributor for Prompt Fission Neutron (PFN) technology in Australia and the only provider of commercial PFN logging services in Australia. The acquisition includes management and a team of highly skilled professionals with a broad range of borehole logging expertise. GAA will be held as a subsidiary company and will continue to operate independently with regard to the preservation of confidential information of GAA's clients.

The purchase price payable under the agreement for the acquisition of GAA is \$5 million (subject to asset register adjustments), payable in cash at settlement, together with five million UXA shares to be issued at settlement. The Company has funded the acquisition with a combination of funds raised through the issue of new shares and bank financing.

### BENEFITS OF GAA ACQUISITION

The board believes that the acquisition of GAA represents a significant step forward in the development of the Company, complementing its existing uranium exploration projects with a profitable, widely based service business. The benefits include:

#### INCREASED SCALE:

Following acquisition UXA will have a stronger balance sheet and access to an ongoing earnings stream.

### BUSINESS DIVERSIFICATION

The Company will benefit from the addition of a complementary and profitable business to its existing exploration business.

### ENHANCED TECHNICAL AND MANAGEMENT CAPABILITY

As part of the acquisition, GAA's current management team, will join the Company, significantly enhancing its technical and management capability.

### IMPROVED ACCESS TO CAPITAL AND DEBT MARKETS

The Company should have improved access to capital markets due to the increased size and stability of the merged group. This could also assist in attracting greater investor interest in the Company and therefore promote better liquidity in the Company's shares.

In March 2009 the Company announced the termination of an earlier agreement to purchase the business and assets of GAA, as bank financing previously offered could not then be secured on terms acceptable to the Company. The successful Placement and approval of bank financing have ensured that this transaction will now be completed.

Following the completion of the acquisition of GAA, UXA will continue to focus on uranium exploration and GAA will continue to operate independently as a services company. GAA will provide UXA with on-going cash flow to help support its exploration activities.

### PROMPT FISSION NEUTRON (PFN) TECHNOLOGY

GAA is the sole provider of Prompt Fission Neutron (PFN) technology in Australia, through an exclusive licensing arrangement with the manufacturer in the United States of America.

The PFN is an important tool for the uranium exploration and mining industry in Australia as it overcomes the problem of "disequilibrium" which is present in many uranium deposits. Conventional borehole logging technology for uranium uses gamma logging. However, the gamma logging tool measures gamma radiation

that is largely emitted by the daughter products of the natural radioactive decay of  $U_{238}$ , principally isotopes of bismuth and lead. In the near surface environment these elements are easily removed by chemical action, wherever water can permeate, and be deposited away from the uranium in the rock – so that the gamma tool gives a false reading of how much uranium is present, which can either be too little or too much. The PFN device overcomes this problem of "disequilibrium" by directly measuring the concentration of the isotope  $U_{235}$ , which is in constant ratio with other uranium isotopes in the rock (principally  $U_{238}$ ). The PFN tool is a neutron emitting device which measures the prompt (epithermal) and delayed (thermal) neutrons from the fission of  $U_{235}$ . PFN also has the operational advantage of giving immediate results, without having to wait for geochemical assays. The tool has been used extensively in the development of a number of uranium deposits in South Australia and North America. A significant contract to use PFN has recently been secured by GAA at a major known Australian uranium project.



GAA owned geophysical borehole logging truck showing the Prompt Fission Neutron (PFN) logging tool

# Review of operations

## EXPLORATION

UXA continued its exploration programme across its tenements in South Australia and Northern Territory. The Company's recent focus has been on field work at Ngalia Thrust (Crystal Creek discovery) in Northern Territory and project generation work leading to seven new tenement applications in South Australia.

## JOINT VENTURE WITH RELIANCE INDUSTRIES (AUSTRALIA) LIMITED

In December 2007, UXA entered into a Farm-in and Joint Venture agreement with RIL Australia Pty Ltd (RILA), a subsidiary of Reliance Industries Limited, the largest private sector company in India. Under the terms of this agreement RILA earned 49% interest in four of UXA's South Australian EL's (3430, 3679, 3428 and 3470) and the rights to 49% interest in four of UXA's Northern Territory tenements (ELA's 24868, 24564, 24565 and 24586) upon grant to EL status for the cash consideration of \$3.45 million and plans to spend up to \$9.5 million as its share of exploration across the succeeding three years to December 2010.

Through calendar 2008 an aggressive exploration program was pursued on the four tenements in South Australia. As no significant mineralisation has been discovered to date and the targets are deep one of the four tenements (Roxby Downs West EL 3428) was relinquished by mutual agreement with RILA. The remaining South Australian tenements are currently under review and focus has turned to the Northern Territory where UXA is in negotiation with Northern Lands Council concerning the grant of tenements.

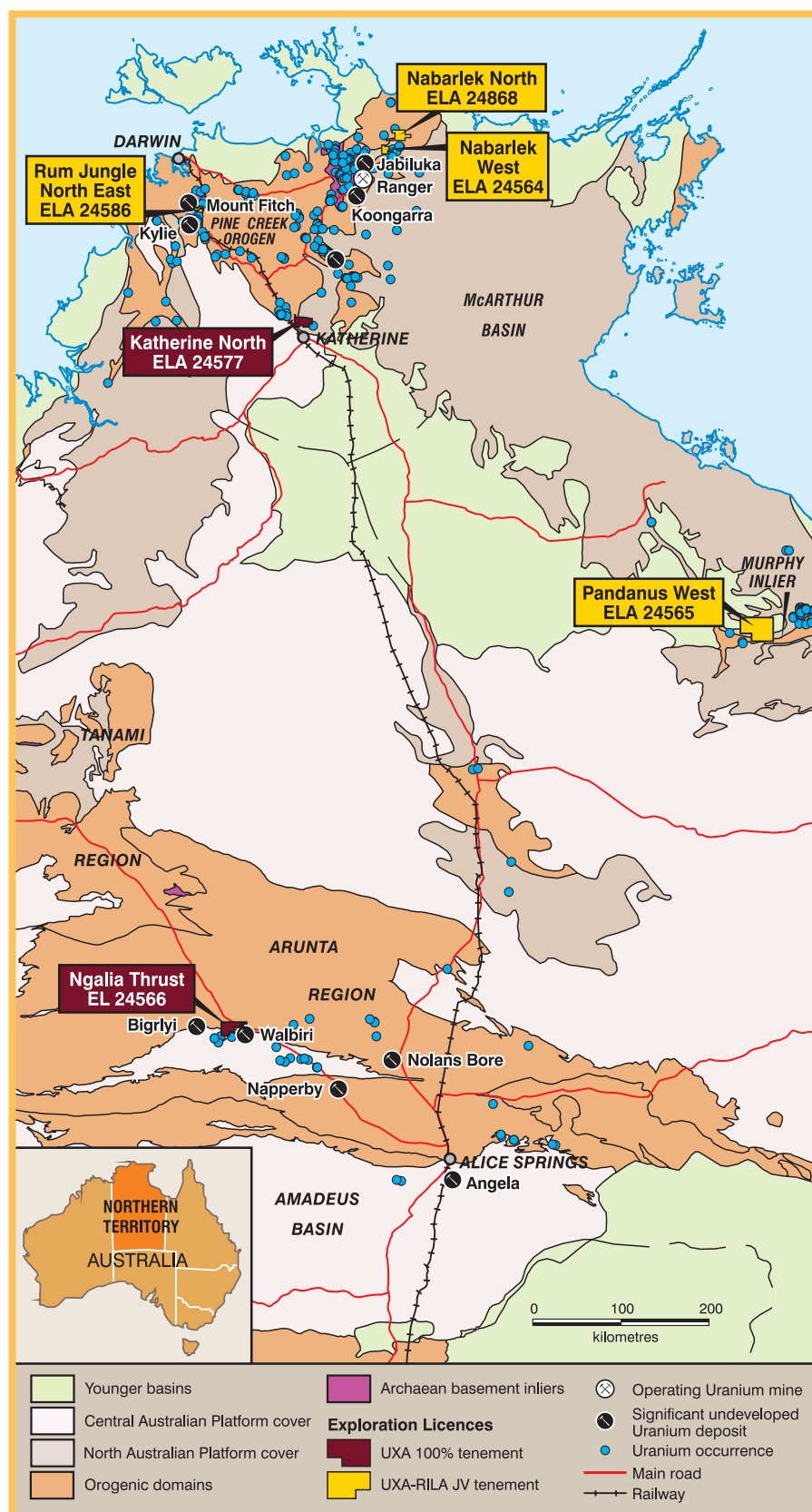


Figure 2. Location of the UXA's exploration projects in the Northern Territory, Australia.



## NORTHERN TERRITORY

The Company holds one granted exploration licence (Ngalia Thrust) and five exploration licence applications in Northern Territory. Of the five applications, four are part of the Joint Venture with RILA (Figure 2).

During the year field activities focused on exploration at Ngalia Thrust, where a uranium discovery has been made at Crystal Creek in July 2009, subsequent to year end. Negotiations have been held with the Northern Lands Council over agreements to enable the granting of the exploration licence applications in Arnhem Land and Pandanus West near the Queensland border.

### NGALIA THRUST (EL 24566)

This licence is 100% owned by UXA, and covers an area of granite intrusions forming the basement to the Eclipse Sandstone (Ngalia Basin) that hosts Energy Metals' Bigirlyi uranium deposit, 30km to the west (Figure 3).

An airborne radiometric survey flown in 2007 identified two anomalies (Anomaly A and Anomaly B). In late 2008, UXA drilled at Anomaly A which discovered some narrow zones of uranium mineralisation (best 1m @ 208 ppm  $U_3O_8$ ). The new discovery is at Anomaly B which lies 3km north of Anomaly A and shows up particularly strongly in the plot of  $U_2/Th$  (Figure 4).

### ANOMALY B

Geological mapping in July 2009, subsequent to year end, has identified radiometric Anomaly B to be due to an East Northeast striking uranium bearing fault zone within greisenised (altered) granite of the Southwark Granite Suite, part of the Arunta Inlier. The structure can be traced for a distance in excess of 3,000m and varies in width from 30cm to 12m, averaging 3m. Uranium appears to be associated with ironstone and grades are highly variable from trace up to 4,172 ppm  $U_3O_8$ . At surface, uranium mineralisation is poddy along strike and highly variable across strike.

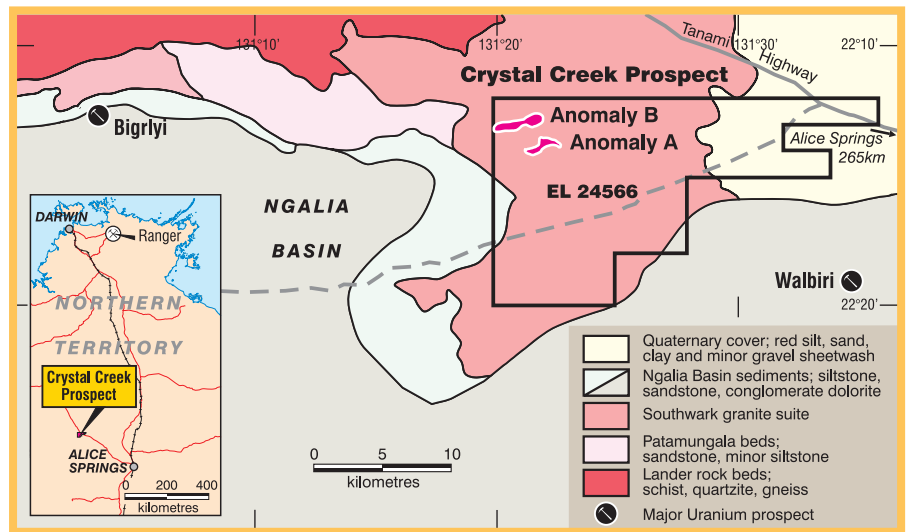


Figure 3. Crystal Creek Uranium Prospect location map

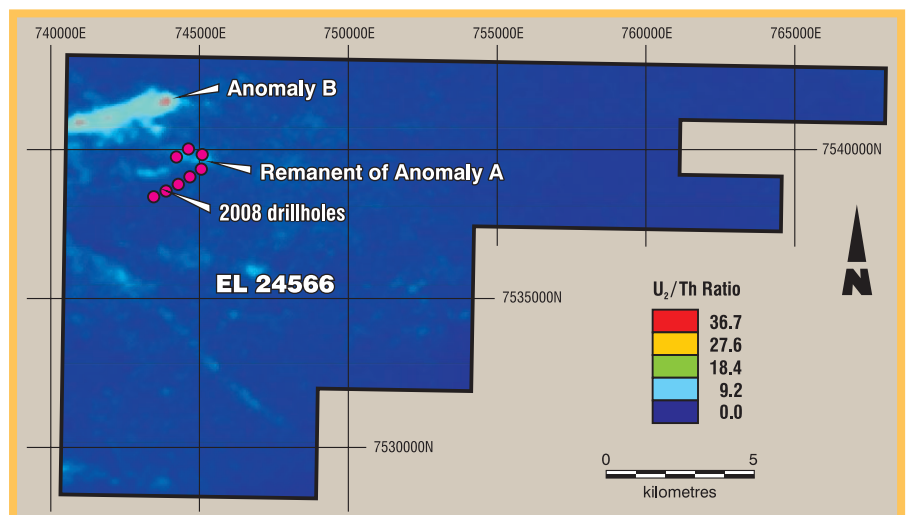


Figure 4. Airborne radiometric image, Ngalia Thrust,  $U_2/Th$  ratio.

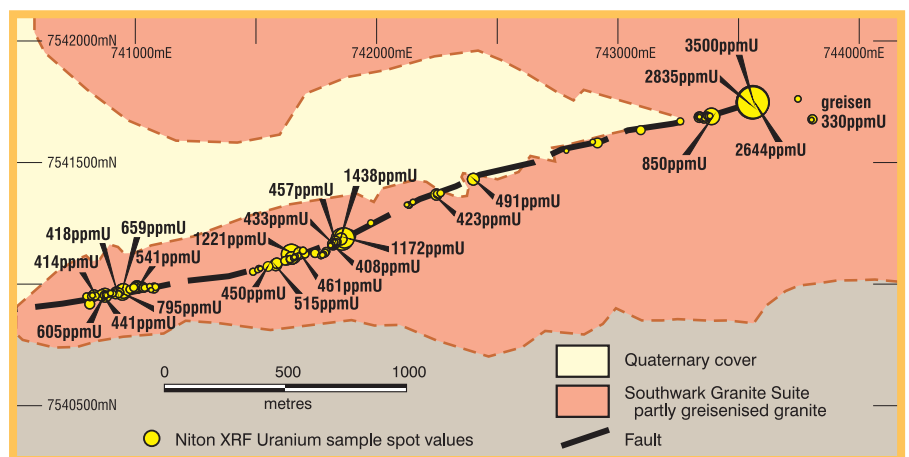


Figure 5. Plan of Niton XRF readings at Anomaly B, Crystal Creek.

## Review of operations

Sample location	Easting	Northing	XRF U Niton (ppm)	Lab XRF U (ppm)	XRF Th Niton (ppm)	Lab XRF Th (ppm)
83001	743801	7541681	311 (± 61)	80	b.d	15
83002	744018	7541726	30 (± 18)	75	b.d	15
83003	743244	7541397	b.d	60	b.d	25
83004	743801	7541681	311 (± 61)	50	b.d	15
83005	743340	7541697	202 (± 57)	90	64 (± 33)	20
83006	743558	7541753	3500 (± 209)	4000	b.d	20
83007	743441	7541716	374 (± 71)	215	b.d	15
83008	743368	7541692	350 (± 57)	55	b.d	15
83009	743558	7541753	2644 (± 174)	3600	61 (± 40)	15
83010	743356	7541685	262 (± 80)	145	b.d	15
83011	741864	7541191	1438 (± 140)	700	b.d	15
83012	743441	7541716	374 (± 71)	115	b.d	25
83016	743356	7541685	262 (± 80)	130	b.d	20
83017	742814	7541575	b.d	45	b.d	15
83018	740827	7540888	b.d	25	b.d	20
83019	743340	7541697	130 (± 42)	110	39 (± 23)	20
83020	743397	7541695	b.d	25	b.d	20
83021	740781	7540934	b.d	130	b.d	5
83022	741959	7541237	b.d	105	b.d	15
83024	740785	7540909	b.d	50	b.d	25
83025	741864	7541191	457 (± 76)	550	b.d	15
83026	741864	7541191	457 (± 76)	600	b.d	5

b.d. = below detection limit

Table 1. Laboratory XRF and Niton XRF uranium and thorium values from Anomaly B at Crystal Creek.



Greisenised granite at Anomaly B, Crystal Creek, showing characteristic miarolites (vughs).

Uranium values were measured in the field using an appropriately calibrated portable Niton XL3t XRF unit. Values tabulated (Table 1, Figure 5) are the maximum uranium values recorded for any single location (point). Scintillometer and XRF readings were taken at 185 points along the structure. Of these 96 points recorded XRF uranium values of between 100 ppm U and 500 ppm U and 12 points recorded values between 500 ppm U and 3,500 ppm U (4,120 ppm U<sub>3</sub>O<sub>8</sub>).

Laboratory analyses of whole rock chip samples collected at Anomaly B confirm values of uranium up to 4,000 ppm U (4,172 ppm U<sub>3</sub>O<sub>8</sub>). These samples have been crushed and analysed by XRF in a commercial laboratory. Although a direct correlation cannot be made between the reported uranium values made by the portable Niton XL3t XRF unit and the laboratory XRF values which are determined from much larger rock samples, they both provide a strong confirmation of the presence of uranium in outcrop and also indicate that thorium values are low (Table 1).

The company has embarked on an aggressive exploration program to be completed within 2009. A soil sampling field program has recently been completed, with the samples sent to a commercial laboratory for chemical analyses.

Geological mapping has shown that the greisenised (altered) granite which occurs adjacent to the mineralised structure also has strong surface uranium values, up to 600 ppm U (portable XRF determination).

Petrological and further geochemical studies are being conducted on selected samples to investigate uranium mineralogy.

A high resolution airborne magnetic and radiometric survey has been contracted to UTS Geophysics and was completed in late August. The highly detailed survey will help to map uranium distribution and possible different alteration phases in the surrounding greisenised granite.

A heritage survey is currently being conducted by the Central Land Council in preparation for drilling activities. It is anticipated that a RC percussion drilling program will commence in November 2009.



## **ANOMALY A**

Following heritage clearance surveys a first stage diamond drilling program was completed at Crystal Creek, Anomaly A, in December 2008, totalling 9 holes for 1,014 metres. The drill program was designed to investigate surface anomalism in rock chip samples and spectrometer surveys within an area of altered granite.

PFN and gamma tools were used to log seven of the drill holes and returned gamma and PFN peaks in all 7 holes. The anomalous zones were sampled in one metre intervals and the samples submitted to Genalysis Laboratories. Anomalous uranium and vanadium values, up to 208 ppm  $U_3O_8$  and 373 ppm V, were returned. The elevated uranium values are associated with clay, iron and pink – red, possibly potassic altered granite. Elevated values of Rare Earth Elements, Cerium (up to 516 ppm), Lanthanum (up to 159 ppm) and Neodymium (up to 229 ppm) were also recorded from some samples.

## **ANNIE SPRINGS**

Field mapping and re-logging of a previous explorers' drill core was undertaken. Drill core from drill hole AS001, previously drilled by Rio Tinto in the late 1990's, was retrieved from the Department of Primary Industry Fishery & Mining's core library for inspection. AS001 was located on the Annie Spring magnetic anomaly and comprises megacrystic granite with occasional mafic xenoliths in contact with banded iron formation (BIF) at a depth of ~112m. The BIF comprises coarse and fine laminated magnetite bands with lighter coloured siliceous layers. Banding displays some primary sedimentary structures such as slump folding. Patchy pyrite occurs concordant with banding but also shows overprinting relationships in places.

## **PANDANUS WEST (ELA 24565), RUM JUNGLE NE (ELA 24586), KATHERINE NORTH (ELA 24577), NABARLEK NORTH (ELA 24868) AND NABARLEK WEST (ELA 24564)**

UXA has continued to work with the Northern Land Council (NLC) to expedite the granting of these five licence applications in the Northern Territory. A country meeting was held concerning Katherine North where an application for exploration was turned down. However negotiations are continuing and further country meetings are planned.



*Outcropping Uraniferous lode at Anomaly B, Crystal Creek, Northern Territory.*



# Review of operations

## SOUTH AUSTRALIA

In South Australia the Company holds nine granted exploration licences and seven applications (Figure 6). Three of the granted exploration licences are part of the joint venture with RILA. During the year the Company relinquished four exploration licences that had been downgraded by exploration activities.

## EXPLORATION TARGETS

In South Australia the Company is exploring in the Stuart Shelf area for haematite breccia complex deposits of which the Olympic Dam mine is the type example. During the year Oz Minerals' Prominent Hill Copper Gold mine, also an haematite breccia complex deposit on the Stuart Shelf, started production. In most places on the Stuart Shelf the rocks which host the haematite breccia complex deposits are buried under varying thicknesses of later sediments. In some extreme cases, where the Carriewerloo Basin overlies the Gawler Craton, the depth to prospective horizon may be in excess of 1,000 metres in depth. Because of the "blind" nature of the targeted haematite

breccia complex deposits on the Stuart Shelf, geophysics (principally gravity and magnetics) has been extensively used to define drill targets. Olympic Dam, Prominent Hill and Carrapateena were all discovered in this way.

The Company is currently undertaking a review of all of its tenement holdings in the area, including the recent exploration licence applications, paying particular attention to modelling the depth to basement.

## WOOMERA PROHIBITED AREA

In August 2008 UXA was informed by the Director of the Woomera Test Facility, that access to three tenements EL's 3863 (in part), 3430 and 3679, was to be denied, a right which the Defence Department is entitled to exercise in the Woomera Prohibited Area (WPA). In September 2008 UXA received a further letter from Defence effectively stating that new access deeds will not be granted after the expiry dates of the current deeds, which in the case of UXA was in April 2009. Discussions have been held with the Department of Primary Industries and Resources SA (PIRSA) concerning the state of affairs but no satisfactory resolution has yet been reached. UXA is one of many companies now denied access in the WPA. The following tenements are either wholly or partially within the WPA and affected by the denial of access:

- EL 3863 Mount Morgan (100% UXA) - partly
- EL 3432 Winjabbe, (100% UXA) – partly
- EL 3430 Playford (51% UXA, 49% RILA)
- EL 3679 Playford S.E. (51% UXA, 49% RILA)

During the year UXA relinquished four other tenements (EL's 3751, 3428, 3429 and 3431) within the WPA.

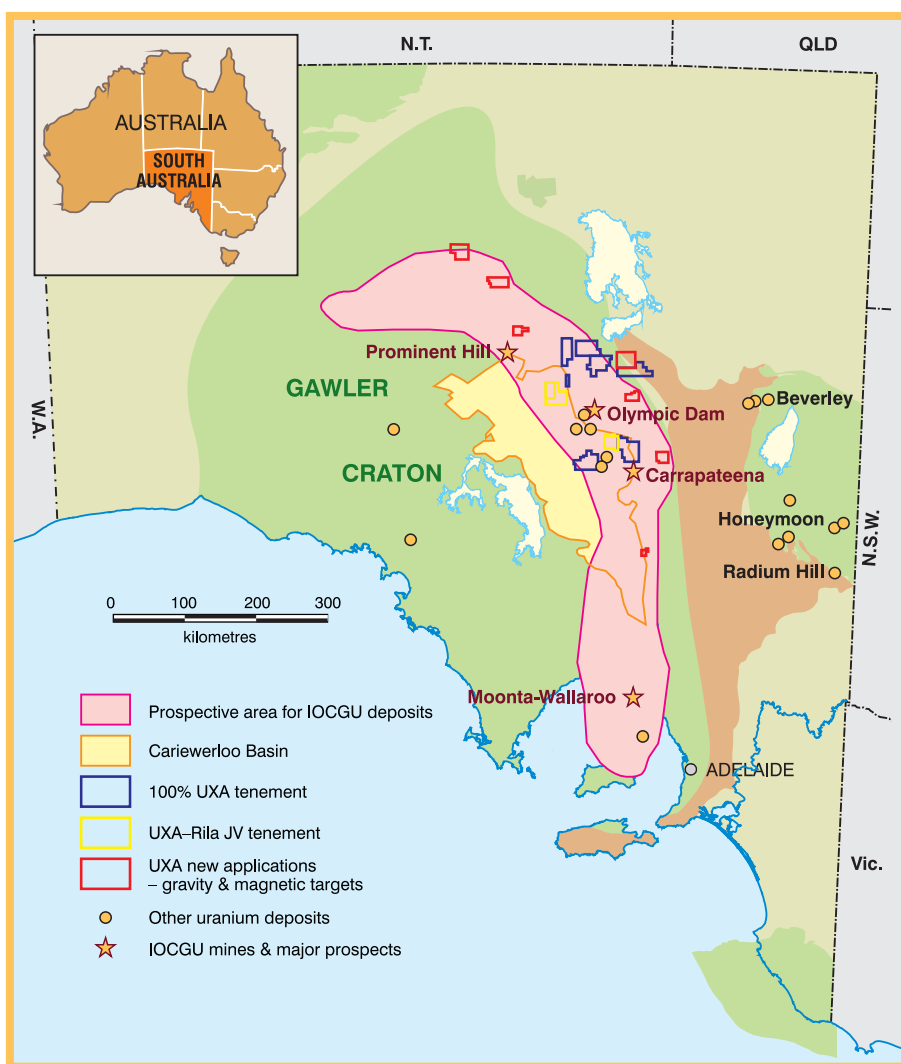


Figure 6. South Australia: IOCGU deposits, prospective areas and UXA tenements.

### WINJABBIE (EL 3432)

This licence is 100% owned by UXA. It is located approximately 69 km south of BHP Billiton's Olympic Dam copper-gold-uranium-silver mine, 57 km west of the Carrapateena copper-gold prospect and 45 km north-northwest of the Mount Gunson copper mine on the highly prospective Stuart Shelf in the Gawler Craton.

Exploration by UXA in 2007 included the drilling of two deep diamond drill holes, testing geophysical targets. Copper mineralisation was encountered in drill hole 07WJ01 from 825m depth including a 42m interval grading 0.34%. This mineralisation is similar to that found by earlier explorers in the area in drill holes SAE 11 and WJD 1 (Figure 7).

The WPA covers the western half of this licence, but the known copper mineralisation lies outside this. The significance of this mineralisation is currently being reviewed as part of UXA's broader review of its Stuart Shelf projects.

### PORTER HILL (EL 3865)

This licence is 100% owned by UXA. A gravity survey was completed by Daishat Surveys in July 2008. A total of 1,271 stations were collected at 100-800m grid spacing. Extensive processing and interpretation work has been carried out on the acquired data including calculating terrain corrections to account for gravitational effects due to steeper topography, and merging the data with the 2007 PIRSA Northern Olympic Domain gravity survey. Various types of processing techniques have been performed to account for the spatial variations of the gravity stations and enhance data at all frequencies, including residual computations.

The prospectivity of the Porter Hill tenement is currently being reviewed as part of UXA's broader review of its Stuart Shelf projects.

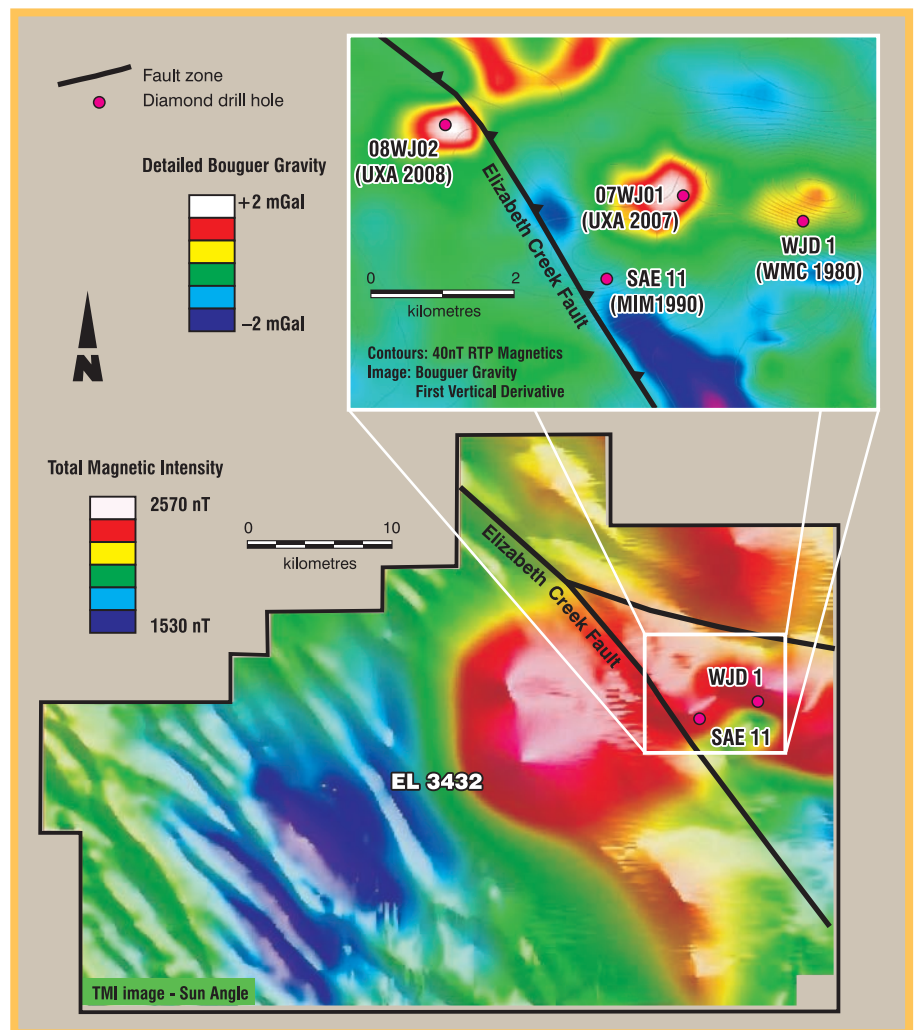


Figure 7. Winjabbie EL 3432, geophysics and drilling

# Review of operations

## GLENSIDE (EL3470), UXA 51%, RILA 49%

Two magneto-telluric (MT) surveys were undertaken and completed in the South West corner of the Glenside tenement. The surveys were designed to build up a three dimensional picture of an area of significant local faulting. Additional gravity data was also collected at 100m spaced infill gravity stations positioned along the length of the magneto-telluric test line, from a total of 145 gravity stations.

The interpretation of the first magneto-telluric (MT) survey data indicated a weak conductive zone however further data collected in the second survey showed the conductive zone is most likely related to a NE-SW trending fault with enhanced fracture-type porosity and resultant conductivity. The anomalies are weak and are not expected to be due to mineralisation.

## PLAYFORD (EL 3430) AND PLAYFORD SOUTH EAST (EL 3679)

These licences are subject to a Farm-in and Joint Venture Agreement with RIL (Australia) Limited (RILA) and are 51% owned by UXA.

In 2008 UXA reported on geochemical analyses of core from UXA's drill hole 08PDO4c indicating a broad zone of uranium mineralisation from 616m to 631m depth averaging 113ppm  $U_3O_8$  in a pebble conglomerate horizon in the Pandurra Formation. These samples came from 1m core collected for every alternate metre. Subsequent infill sampling returned no anomalous values. An investigation conducted by UXA and UXA's external laboratory service provider has concluded that the original geochemical assay report was incorrect, and the laboratory has

acknowledged that the incorrect assays were a result of human error. The repeat sampling of the original samples returned no significant uranium values and consequently the anomaly in the Pandurra Formation, as originally reported, does not exist.

No field work has been conducted on the tenement during the year because of the unresolved access issues within the WPA.

## ROXBYS DOWNS SOUTH (EL3428), UXA 51%, RILA 49%

This tenement, part of the joint venture with Reliance Industries (Australia) Limited, has been relinquished as previous exploration by UXA has determined that the depth to basement with potential host to a target haematite breccia complex orebody, is unacceptably deep at over 1,100m deep rendering any potential discovery uneconomic. There are no remaining untested geophysical targets and the tenement lies within the WPA.

## PROMINENT HILL SOUTH (EL3429), SLOANE HILL EAST (EL3751) AND GRIFFEN WELL (EL3431)

These three tenements have been relinquished as previous exploration by UXA has determined that the depth to basement, potential host to a target haematite breccia complex orebody, is unacceptably deep at up to 1,200m rendering any potential discovery uneconomic. These tenements were also within the WPA.

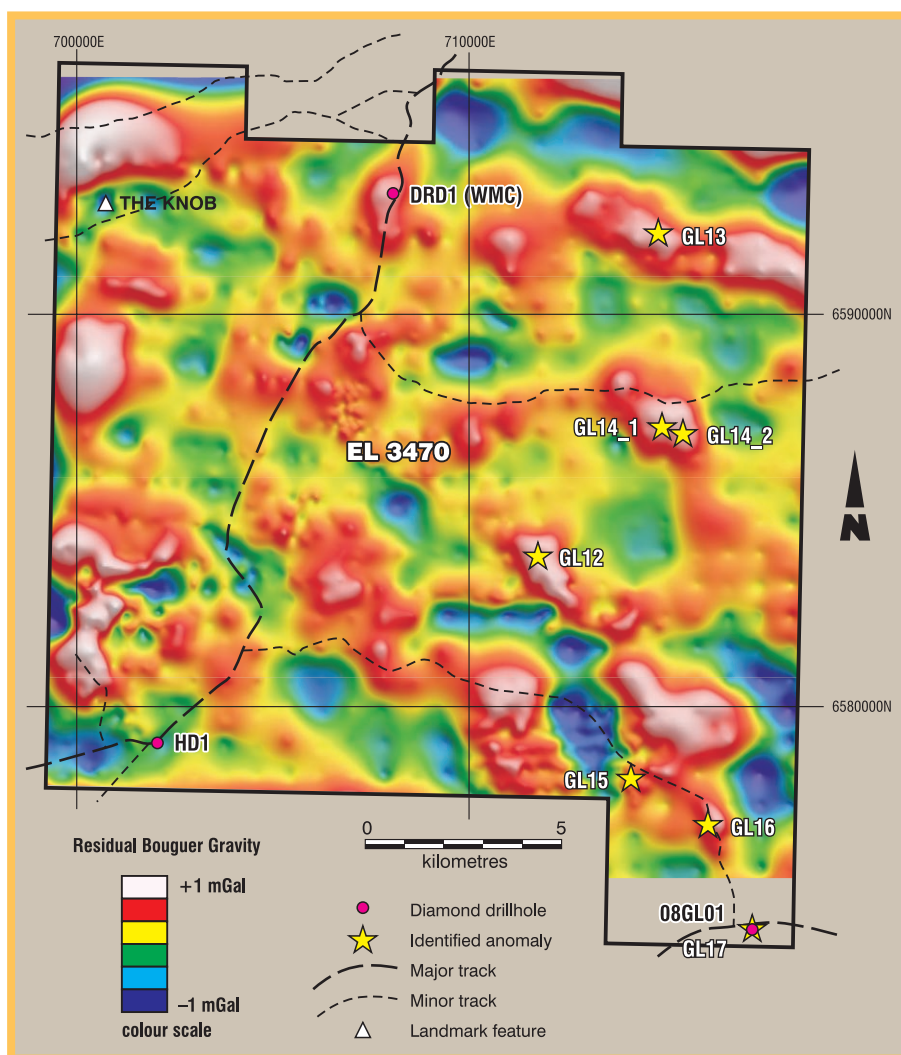


Figure 8. Glenside residual gravity and exploration targets.



## PROJECT GENERATION

Based on data provided by the Department of Primary Industries & Resources South Australia (PIRSA), the Company has identified several coincident magnetic and gravity anomalies on the Stuart Shelf as potentially prospective for haematite breccia complex deposits and has acted quickly to acquire exploration rights covering these anomalies. Seven new exploration licence applications have been submitted spanning the eastern margin of the Stuart Shelf from north of Prominent Hill to Port Augusta in areas where the cover rocks are believed to be shallower (Table 2).

The Company is conducting a review of open file data on these tenements as part of a technical review of all of its Stuart Shelf projects.

ELA Number	Name	Holder	Area km <sup>2</sup>	Date
170/09	Three Hills	UXA 100%	965	16/6/09
176/09	Mount Barry	UXA 100%	542	18/6/09
177/09	Decaray Hill	UXA 100%	276	18/6/09
178/09	Halifax Hill	UXA 100%	113	18/6/09
181/09	Lake Torrens East	UXA 100%	87	18/6/09
182/09	Lake Torrens	UXA 100%	206	18/6/09
183/09	Nantilla	UXA 100%	52	18/6/09

Table 2. Stuart Shelf Exploration Licence Applications

## WESTERN AUSTRALIA

### YEELIRRIE SOUTH EAST (EL 36/546)

This EL is 100% owned by UXA. It covers an area of approximately 171 km<sup>2</sup> and is located approximately 50 km southeast of BHP Billiton's Yeelirrie uranium deposit, which has an Indicated Resource of 52,500 tonnes U<sub>3</sub>O<sub>8</sub> and is considered to be one of the world's largest calcrete hosted uranium deposit. It was discovered by Western Mining Corporation (WMC) in 1972.

Radiometric surveys over EL 36/546 highlight several radiometric anomalies in the northern and southern areas of this tenement.

In August 2008, following a successful heritage clearance survey, UXA conducted a 1,297m drilling programme designed to investigate the potential for surficial calcrete and subsurface soil hosted uranium mineralisation similar in style to the Yeelirrie uranium deposit.

Geochemical analyses of 1,646 samples collected from the drilling program were received and returned a number of zones anomalous in vanadium and nickel. There was no uranium anomalism in the holes. The vanadium and nickel anomalies occur within a near surface iron stained horizon and possibly reflects the presence of weathered mafic or ultramafic rocks in the Archaen basement below. The best vanadium and nickel intersections include 3m @ 486ppm V from 4m depth, and 25m @ 115ppm V including 19m @ 114ppm Ni from 7m depth.

A joint venture partner is sought to continue exploration on this tenement.

### ANGELO RIVER NORTH (EL 52/1835)

The tenement has been relinquished as there has been no encouragement from field work conducted in previous years by UXA.

## NEW SOUTH WALES

### GULGONG – ULAN SOUTH (EL 6498)

The EL is 100% owned by UXA and is located 20km north of Mudgee. The tenement is underlain by Ordovician and Silurian sediments and volcanic and Carboniferous granite intrusions in an area of old alluvial gold workings. It is prospective for Cu-Au sulphide mineralisation, and contains an untested EM conductivity anomaly over a magnetic anomaly. The Company is seeking a joint venture partner to further exploration on this tenement.

### JORC COMPLIANCE STATEMENT

Technical Information in this report is based on information compiled by Mr Simon Powell who is employed by Uranium Exploration Australia Limited and who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Powell has sufficient exploration experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking 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' ("JORC 2004"). Mr Powell consents to the inclusion in this release of the matters based on his information in the form and context in which it appears.

# Review of operations

## Details of all Tenements currently held

NUMBER	EXPLORATION LICENCE		STATUS	DATE		EXPIRY	AREA KM <sup>2</sup>
	STATE	NAME		APPLICATION	GRANTED		
EL 3430	SOUTH AUSTRALIA	PLAYFORD	GRANTED	14/04/2005	20/10/2005	19/10/2010	285
EL 3432	SOUTH AUSTRALIA	WINJABBIE	GRANTED	19/04/2005	20/10/2005	19/10/2010	539
EL 3470	SOUTH AUSTRALIA	GLENSIDE	GRANTED	23/06/2005	5/12/2005	4/12/2010	354
EL 3494	SOUTH AUSTRALIA	OAK DAM NORTH EAST	GRANTED	2/03/2005	18/01/2006	17/01/2010	792
EL 3679	SOUTH AUSTRALIA	PLAYFORD SOUTH EAST	GRANTED	15/03/2006	18/12/2006	17/12/2009	477
EL 3863	SOUTH AUSTRALIA	MOUNT MORGAN EAST	RENEWAL PENDING	11/09/2006	30/07/2007	29/07/2009	477
EL 3864	SOUTH AUSTRALIA	TWIN HILL	RENEWAL PENDING	11/09/2006	30/07/2007	29/07/2009	668
EL 3865	SOUTH AUSTRALIA	PORTER HILL	RENEWAL PENDING	11/09/2006	30/07/2007	29/07/2009	590
EL 3866	SOUTH AUSTRALIA	CHINAMAN HAT HILL	RENEWAL PENDING	11/09/2006	30/07/2007	29/07/2009	610
ELA 170/09	SOUTH AUSTRALIA	THREE HILLS	APPLICATION	16/06/2009	–	–	965
ELA 176/09	SOUTH AUSTRALIA	MOUNT BARRY	APPLICATION	18/06/2009	–	–	542
ELA 177/09	SOUTH AUSTRALIA	DEEARAY HILL	APPLICATION	18/06/2009	–	–	276
ELA 178/09	SOUTH AUSTRALIA	HALIFAX HILL	APPLICATION	18/06/2009	–	–	113
ELA 181/09	SOUTH AUSTRALIA	LAKE TORRENS EAST	APPLICATION	18/06/2009	–	–	87
ELA 182/09	SOUTH AUSTRALIA	LAKE TORRENS	APPLICATION	18/06/2009	–	–	206
ELA 183/09	SOUTH AUSTRALIA	NANTILLA	APPLICATION	18/06/2009	–	–	52
SUB-TOTAL							7,033
EL 24564	NORTHERN TERRITORY	NABARLEK WEST	APPLICATION EXTENDED	2/02/2005	–	–	84
EL 24565	NORTHERN TERRITORY	PANDANUS WEST	APPLICATION	2/02/2005	–	–	988
EL 24566	NORTHERN TERRITORY	NGALIA THRUST	GRANTED	2/02/2005	21/10/2005	20/10/2011	242
EL 24577	NORTHERN TERRITORY	KATHERINE NORTH	APPLICATION DEFERRED	2/02/2005	–	–	223
EL 24586	NORTHERN TERRITORY	RUM JUNGLE NORTH EAST	APPLICATION DEFERRED	14/02/2005	–	–	35
EL 24868	NORTHERN TERRITORY	NABARLEK NORTH	APPLICATION EXTENDED	19/08/2005	–	–	224
SUB-TOTAL							1,796
E36/546	WESTERN AUSTRALIA	YEELIRRIE SOUTH EAST	GRANTED	4/02/2005	8/10/2006	7/10/2011	170
E52/1835	WESTERN AUSTRALIA	ANGELO RIVER NORTH	SURRENDERED	16/02/2005	2/08/2006	1/08/2011	188
SUB-TOTAL							358
EL 6498	NEW SOUTH WALES	GULGONG / ULAN SOUTH	GRANTED	21/03/2005	4/01/2006	3/01/2010	269
SUB-TOTAL							269
GRAND TOTAL							9,456





*Example of outcrop at Ngalia Thrust, Northern Territory.*



# Directors' report

**The Directors present their report together with the financial report of Uranium Exploration Australia Limited ("UXA") for the year ended 30 June 2009 and the auditor's report thereon.**



Neill Arthur



Russell Penney



Barry Dawes



Stephen Gemell



David Hawley



Ian Mutton

## 1. DIRECTORS

The Directors at any time during or since the end of the financial year are:

### Neill Fleming Arthur

#### Chairman

*Eur Ing BE Chem.(Hons), FAusIMM, C Eng, FICHe, FAICD*

Age 66

Neill is a Director of The Australasian Institute of Mining and Metallurgy (The AusIMM); Chairman of Granite Power Limited; Chairman of Metallum Resources PLC (UK); until March 2006, Director of Superior Coal Limited; formerly CEO of ASX 200 listed and unlisted organisations in Australia and overseas; currently or formerly advisor on energy and infrastructure issues to a number of government bodies in Australia and overseas; and a professional mentor.

Neill was appointed as a Director and Chairman of the Board on 17 February 2005.

*Other listed company Directorships held during past 3 years: Nil*

### Stephen Russell Penney

#### Managing Director

*BA, PhD, FAusIMM*

Age 56

Dr. Russell Penney was appointed Managing Director of the company, effective as of 3 December 2008.

Previous to this appointment, Dr Penney was Executive Director and Chief Executive Officer of NGM Resources Limited (ASX: NGM), a diversified mineral exploration company with a focus on uranium and base metals.

Dr Penney has a PhD in geology and a BA from Trinity College Dublin University and has conducted research at Oxford and Melbourne Universities.

Dr Penney has worked for a number of larger mining companies including Placer Dome (now part of Barrick Gold), Pasminco (later becoming Zinifex), BP Minerals and CSIRO Exploration and Mining.

*Other listed company Directorships held during past 3 years: NGM Resources Limited*

### Barry John Dawes

#### Non-Executive Director

*BSc, FAusIMM(CP), MSDIA*

Age 59

Barry is the founder and Managing Director of Martin Place Securities Pty Limited, established in 2000 as a boutique investment firm specialising in the resource industry and corporate finance. He is also a director of Superior Coal Limited and Sino Coal Limited.

Barry was appointed as a Director on 31 January 2005 and is a member of the Remuneration Committee.

*Other listed company Directorships held during past 3 years: Nil*

### Stephen Geoffrey Gemell

#### Non-Executive Director

*BE Mining (Hons), FAusIMM(CP), MAIME, MMICA*

Age 55

Stephen is a consulting mining engineer with more than 30 years experience in the mining industry, both in Australia and overseas. He has previously held senior operating roles including CEO positions, and executive and non-executive Directorships in ASX-listed mining companies and unlisted mine operators or joint venturers.

Stephen was appointed as a Director on 1 March 2005 and is a member of the Audit and Remuneration Committees.

*Other listed company Directorships held during past 3 years:*

*Allstate Explorations NL (until 2007)*

*Central West Gold NL (Chairman, until 2006)*

*Cluff Resources Pacific NL (Chairman, until 2008)*

### David Leslie Hawley

#### Non Executive Director

*BA (Hons), GradDip EnvSt, FAIE, MAIG, MAusIMM, MEPLA of NSW, MAWA, MGSA*

Age 64

David has had over 40 years experience in the energy and minerals exploration industry, with 15 years as a listed resource company director and 15 years as a uranium geologist. He is also a director of Granite Power Limited.

David was appointed as a Director on 31 January 2005 and is a member of the Audit Committee.

*Other listed company directorships held during past 3 years: Nil*

### Ian McLeay Mutton

#### Non-Executive Director

Age 61

Ian is a lawyer with a background in competition and product liability laws, spending a decade with the Commonwealth Crown Solicitor on secondment to the (then) Trade Practices Commission. Ian has spent the past decade devising and implementing competition law and product liability related governance and training programmes for companies in Australia, New Zealand and Europe. Ian currently sits on boards of emerging listed and unlisted Australian and UK companies engaged in the energy, exploration, finance, technology, minerals, oil and gas sectors.

Ian was appointed as a Director on 6 September 2005 and is Chairman of the Audit and Remuneration Committees.

*Other listed company Directorships held during past 3 years:*

*Australian Biodiesel Group Limited (current)*

*Sinovus Mining Limited (current)*

### Patrick Roy Mutz

Mr Patrick Mutz resigned as Managing Director effective 3 December 2008.

## 2. COMPANY SECRETARIES

### Kevin Lynn

CA, FAICD, FFin

Mr Kevin Lynn was appointed as Company Secretary on 6 September 2005. Mr Lynn has previously held Board and senior finance positions and is currently Company Secretary for several listed companies.

Mr David Godfrey resigned as Joint Company Secretary 31 October 2008.

## 3. COMPANY PARTICULARS

UXA is incorporated in Australia. The address of the registered office and principal place of business is:

313 Payneham Road  
Royston Park SA 5070  
Australia

Phone: +61 8 8363 7970  
Fax: +61 8 8363 7963  
Email: [info@uxa.com.au](mailto:info@uxa.com.au)  
Web: [www.uxa.com.au](http://www.uxa.com.au)

## 4. PRINCIPAL ACTIVITIES

UXA was established to explore for, locate and develop commercial grade uranium mineralisation and any associated base or precious metal mineralisation. The Company has to date focused on exploring on its significant ground holdings in two of Australia's world class uranium provinces in South Australia and Northern Territory.

During the year the Company has revised its corporate strategy, to mitigate the risks of purely grass roots exploration and sought to diversify its activities through:

- Purchase of a cash flow business, Geoscience Associates (Australia) Pty Ltd, (GAA) a long established borehole logging business based in Mount Barker, South Australia;
- Evaluation of more advanced uranium exploration projects, for farm-in or outright purchase. The Company is continuously evaluating project submittals;
- Continuous assessment of exploration results from existing projects, some tenements have been relinquished and others applied for in South Australia.

## 5. REVIEW AND RESULT OF OPERATIONS AND STATE OF AFFAIRS

The loss after income tax amounted to \$5,928,150 (2008: \$3,080,439).

UXA's board and management team has broad corporate and commercial knowledge in the resources and energy industries and management has considerable experience in locating new uranium mineralisation. UXA's focus is on exploration in Australian geological provinces containing some of the world's largest uranium mines and exploration areas, where over 50% of the world's lowest cost recoverable uranium resources are located. Further information is included in the Review of Operations set out in the Annual Report.

## 6. DIVIDENDS

No dividends were paid or declared by UXA since the end of the previous financial year and no dividend is recommended for the current year (2008: nil).

## 7. EVENTS SUBSEQUENT TO REPORTING DATE

- Signed a Purchase of Business Agreement for the proposed acquisition of the business and assets of Geoscience Associates (Australia) Pty Ltd (GAA), subject to shareholder approval and suitable finance arrangements. GAA provides borehole wire-line logging services to the uranium and coal industries throughout Australia and is the only provider of commercial Prompt Fission Neutron (PFN) logging services in Australia;
- A placement which raised \$5.26 million to fund working capital and assist with the acquisition of the business and assets of Geoscience Associates (Australia) Pty Ltd. A share purchase plan to existing shareholders was also completed, raising \$3.4 million;
- A 3,000 metre long outcropping zone of uranium mineralisation was discovered at Crystal Creek, Ngalia Thrust, in the Northern territory.

Other than the matters discussed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of material and unusual nature likely, in the opinion of the Directors of UXA, to affect significantly the operations of UXA, the results of those operations, or the state of affairs of UXA, in future financial years.

## 8. LIKELY DEVELOPMENTS

Information on likely developments is included in the Review of Operations set out in the Annual Report.

## 9. ENVIRONMENTAL REGULATION

The UXA project areas are located on ELs issued by the Department of Mineral Resources (NSW), Department of Primary Industries South Australia (SA), Department of Industry and Resources (WA) and Department of Primary Industries, Fisheries and Mines (NT) and operate under environmental licences issued by the Environmental Protection Authority. These licences require the preparation of an annual Environmental Management report as well as periodic rehabilitation reports as exploration proceeds.

UXA has a statutory obligation to protect the environment in areas in which it was and is exploring. During the reporting period, UXA did not fail to meet its obligations pursuant to any environmental legislation.

# Directors' report

## 10. CORPORATE GOVERNANCE STATEMENT

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors support and have adhered to the principles of good corporate governance. UXA's corporate governance statement follows the financial report.

### 10.1 The Board and Executive Directors

The Board is responsible for the appointment and contract with the Managing Director. The Managing Director leads the organisation and develops a business strategy and budget in collaboration with the Board and implements them, once approved by the Board.

The Managing Director is responsible for the internal work culture of UXA, for the employment of staff and consultants and for overall financial and operational management and control. The Managing Director is the primary spokesperson for UXA and the lead person in its key relationships with Government, ASX and other organizations whilst focusing on the management of exploration programs, technical reporting and any future joint ventures and commercial opportunities.

Under the Constitution of UXA, the Directors may confer upon the Managing Director any of the powers exercisable by the Directors upon such terms and conditions and with any restrictions as they see fit. Likewise, the Directors may at any time revoke, withdraw, alter or vary all or any of those powers. The Board determines the performance goals and remuneration of the Managing Director.

### 10.2 Meetings of Directors

The above table sets out the number of meetings of UXA's Directors during the year ended 30 June 2009 and the number of meetings attended by each Director. There were no formal remuneration committee meetings held during the year. All remuneration decisions were made by the full Board.

	AUDIT COMMITTEE		BOARD	
	ELIGIBLE	ATTENDED	ELIGIBLE	ATTENDED
NEILL ARTHUR			10	9
DAVID HAWLEY	3	2	10	10
BARRY DAWES			10	9
STEPHEN GEMELL	3	3	10	9
IAN MUTTON	3	3	10	10
RUSSELL PENNEY			5	5
PATRICK MUTZ			5	5

### 10.3 Share options

#### Options issued/exercised/expired in the current financial year

No options were issued during the year. There are 505,000 unlisted options granted to employees, other than the Managing Director, under an approved Employee Share Option Plan (ESOP). The ESOP options have an exercise price of 17 cents and expire on 30 June 2011.

At each anniversary of commencement of employment UXA will issue Dr Penney up to 1,000,000 options. The number of options will be determined according to the relative performance of UXA shares against a basket of uranium explorer shares (to be determined) over the year prior to the anniversary date. The options will have an expiry date of two years and will be at an exercise price 20% higher than the average ordinary share price over the first 20 day trading period in the year prior to the anniversary date. The arrangement to issue options to Dr Penney is subject to shareholder approval.

#### Total outstanding options at the date of this report

UNLISTED OPTIONS	EXERCISABLE AT 17 CENTS ON OR BEFORE 30 JUNE 2011	505,000
<b>TOTAL OPTIONS ON ISSUE</b>		<b>505,000</b>

### 10.4 Non-audit services

The auditor, KPMG, has not undertaken any non-audit services. Any future non-audit services are to be referred to the Chairman of the Audit Committee for approval.

Details of the amounts paid or payable to the auditor for audit and non-audit services provided during the year are set out below.

AUDIT SERVICES	2009 \$	2008 \$
REMUNERATION FOR AUDIT AND REVIEW OF 2009 FINANCIAL REPORTS UNDER THE CORPORATIONS ACT 2001	35,000	33,500

### 10.5 Remuneration report - Audited

#### 10.5.1 Principles of compensation

The Chairman, Managing Director and the non-executive Directors together have the authority and responsibility for directing and controlling the activities of the Company and are therefore considered key management personnel. The Company has not appointed any other key management personnel who participate in making decisions affecting the whole or a substantial part of the business of the Company or its financial standing.

Remuneration levels of the Board and Managing Director are approved by the Board. In doing so, the Board seeks to retain the professional services of Directors as it requires, at reasonable market rates, and seeks external advice and market comparisons where necessary. The Board delegates the review and determination of appropriate remuneration levels of staff to the Managing Director.

Remuneration of the Managing Director and staff is determined with reference to prevailing industry standards and is set with the aim of attracting and retaining the best possible calibre of employees.



The Managing Director entered into an Employment Agreement with the Company dated 27 October 2008 at a salary of \$256,881 (exclusive of GST or superannuation). The Agreement has no fixed term and may be terminated by either party on six months written notice.

Non-executive Directors are each paid a fee, monthly, totalling \$30,000 per annum (exclusive of GST or superannuation) and the non-executive Chairman is paid a fee of 1.5 times that of a non-executive Director. Executive Directors are not paid Directors' fees. No performance-based bonuses or option-based remuneration was made to Directors. Members of the Audit Committee are paid an additional fee of \$5,000 per annum (exclusive of GST or superannuation).

The total of all Directors' fees, exclusive of consulting fees, GST or superannuation, in any one financial year will not exceed \$300,000 without approval by the Members. The level of individual Director's fees within the approved total is determined by the Board. Upon retirement, a non-executive director may be entitled to a retirement benefit based on their total fees over the prior three years in accordance with the Corporations Act 2001. In due course, one or more of the Directors may become salaried employees, depending on the way in which the activities of UXA develop. In the event that such Director(s) become salaried employees, their remuneration will be inclusive of any Directors' fees.

No Director of UXA has received or has become entitled to receive a benefit from

UXA during or since the end of the financial year 30 June 2009, because of a contract with:

- that Director; or
- a firm of which the Director is a member; or
- an entity in which the Director has a substantial financial interest; or
- an entity controlled by UXA; or
- a company related to UXA at the time any contract was made or when the Director received or became entitled to receive a benefit,

except for Mr Hawley, in respect of payments to Geoplan Services Pty Limited, a company controlled by him, Mr Mutton, in respect of payments to Crafers Connect Pty Limited, a company controlled by him and Mr Dawes, who is also a Director of Martin Place Securities Pty Limited, Mr Gemell, in respect of payments to Gemell Mining Engineers, and Mr Arthur for professional services (refer table below/overleaf).

#### 10.5.2 Directors' and executive officers' remuneration, 2009

	SHORT-TERM			POST-EMPLOYMENT	SHARE-BASED PAYMENTS	VALUE OF OPTIONS AS PROPORTION OF REMUNERATION	
	SALARY	FEES AND COMMISSIONS	TOTAL	SUPER-ANNUATION BENEFITS	OPTIONS	TOTAL	
2009	\$	\$	\$	\$	\$	\$	%
N ARTHUR	45,000	5,520	50,520	4,050	—	54,570	—
R PENNEY	146,110	—	146,110	13,149	15,000 <sup>(1)</sup>	174,259	9%
B DAWES	30,000	—	30,000	2,700	—	32,700	—
S GEMELL	35,000	4,050	39,050	3,150	—	42,200	—
D HAWLEY	35,000	—	35,000	3,150	—	38,150	—
I MUTTON	35,000	—	35,000	3,150	—	38,150	—
P MUTZ	175,750	—	175,750	15,817	—	191,567	—
<b>TOTAL</b>	<b>501,860</b>	<b>9,570</b>	<b>511,430</b>	<b>45,166</b>	<b>15,000</b>	<b>571,596</b>	<b>—</b>

Notes

(1) The Company has estimated using a Black Scholes model that the expense will be in the range of \$0 to \$80,000 depending on the number of options (if any) issued. An estimate of the fair value of the options of \$15,000 has been expensed for the period.

#### Key management personnel remuneration, 2009

	SHORT-TERM			POST-EMPLOYMENT	SHARE-BASED PAYMENTS	VALUE OF OPTIONS AS PROPORTION OF REMUNERATION	
	SALARY	FEES AND COMMISSIONS	TOTAL	SUPER-ANNUATION BENEFITS	OPTIONS	TOTAL	
2009	\$	\$	\$	\$	\$	\$	%
S POWELL	170,625	—	170,625	15,356	6,062	192,043	3%
A WHITE	62,500	—	62,500	5,625	—	68,125	—
D GODFREY	46,770	—	46,770	4,209	—	50,979	—
<b>TOTAL</b>	<b>279,895</b>	<b>—</b>	<b>279,895</b>	<b>25,190</b>	<b>6,062</b>	<b>311,147</b>	<b>—</b>

# Directors' report

## Directors' and executive officers' remuneration, 2008

	SHORT-TERM			POST-EMPLOYMENT	SHARE-BASED PAYMENTS	VALUE OF OPTIONS AS PROPORTION OF REMUNERATION	
	SALARY	FEES AND COMMISSIONS	TOTAL	SUPER-ANNUATION BENEFITS	OPTIONS	TOTAL	%
<b>2008</b>	\$	\$	\$	\$	\$	\$	%
N ARTHUR	45,000	450	45,450	4,050	—	49,500	—
P MUTZ	350,000	—	350,000	31,500	—	381,500	—
B DAWES	30,000	34,540 <sup>(1)</sup>	64,540	2,700	—	67,240	—
S GEMELL	35,000	9,950	44,950	3,150	—	48,100	—
D HAWLEY	35,000	—	35,000	3,150	—	38,150	—
I MUTTON	35,000	2,400	37,400	3,150	—	40,550	—
<b>TOTAL</b>	<b>530,000</b>	<b>47,340</b>	<b>577,340</b>	<b>47,700</b>	<b>—</b>	<b>625,040</b>	<b>—</b>

Notes

(1) Underwriting fee paid to Martin Place Securities Pty Ltd.

## Key management personnel remuneration, 2008

	SHORT-TERM			POST-EMPLOYMENT	SHARE-BASED PAYMENTS	VALUE OF OPTIONS AS PROPORTION OF REMUNERATION	
	SALARY	FEES AND COMMISSIONS	TOTAL	SUPER-ANNUATION BENEFITS	OPTIONS	TOTAL	%
<b>2008</b>	\$	\$	\$	\$	\$	\$	%
S POWELL	145,038	—	145,038	12,738	—	157,776	—
D GODFREY	79,335	—	79,335	7,005	—	86,340	—
<b>TOTAL</b>	<b>244,373</b>	<b>—</b>	<b>244,373</b>	<b>19,743</b>	<b>—</b>	<b>264,116</b>	<b>—</b>

### 10.5.3 Options granted as part of remuneration

No option-based remuneration or bonuses were paid to the Directors during the year.

### 10.5.4 Performance income as a proportion of total remuneration

No performance-based bonuses have been paid to Directors or executives during the financial year.

It is the intent of the board to include performance bonuses as part of remuneration packages in the future.

## 11. DIRECTORS' INTERESTS

### Ordinary shares

	HELD AT 1 JULY 2008	PURCHASES	RECEIVED ON EXERCISE OF OPTIONS	SALES	HELD AT 30 JUNE 2009
N ARTHUR	2,114,286	—	—	—	2,114,286
R PENNEY	—	—	—	—	—
B DAWES	5,965,716	—	—	—	5,965,716
S GEMELL	714,286	—	—	—	714,286
D HAWLEY	10,000,000	—	—	—	10,000,000
I MUTTON	114,286	—	—	—	114,286
P MUTZ	24,286	—	—	—	24,286
<b>TOTAL</b>	<b>18,932,860</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>18,932,860</b>

## Options over ordinary shares

	HELD AT 1 JULY 2008	GRANTED AS COMPENSATION	(EXERCISED/ EXPIRED) PURCHASED	HELD AT 30 JUNE 2009	VESTED DURING THE YEAR	VESTED AND EXERCISABLE AT 30 JUNE 2009
N ARTHUR	—	—	—	—	—	—
R PENNEY	—	—	—	—	—	—
B DAWES	—	—	—	—	—	—
S GEMELL	—	—	—	—	—	—
D HAWLEY	—	—	—	—	—	—
I MUTTON	—	—	—	—	—	—
P MUTZ	—	—	—	—	—	—
<b>TOTAL</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

At each anniversary of commencement of employment UXA will issue Dr Penney up to 1,000,000 options. The number of options will be determined according to the relative performance of UXA shares against a basket of uranium explorer shares (to be determined) over the year prior to the anniversary date. The options will have an expiry date of two years and will be at an exercise price of 20% higher than the average ordinary share price over the first 20 day trading period in the year prior to the anniversary date. The arrangement to issue the options to Dr Penney is subject to shareholder approval.

## 12. DIRECTORS' AND OFFICERS' INDEMNIFICATION

During the financial year, UXA paid premiums of \$17,875 to insure the Directors and Officers of UXA.

UXA has agreed to indemnify and keep indemnified the Directors and Officers of UXA against all liabilities incurred by the Directors or Officers as a Director or Officer of UXA and all legal expenses incurred by the Directors or Officers as a Director or Officer of UXA.

The indemnity applies to the extent and in the amount that the Directors or Officers are not indemnified under any other indemnity, including an indemnity contained in any insurance policy taken out by UXA, under the general law or otherwise.

The indemnity does not extend to any liability:

- to UXA or a related body corporate of UXA; or
- arising out of conduct of the Directors or Officers involving a lack of good faith; or
- which was incurred prior to January 2005 and which is in respect of any negligence, default, breach of duty or breach of trust of which the Directors or Officers may be guilty in relation to UXA or related body corporate.

## 13. PROCEEDINGS ON BEHALF OF UXA

No person has applied for leave of Court under section 237 of the Corporations Act 2001 to bring proceedings on behalf of UXA or intervene in any proceedings to which UXA is a party for the purpose of taking responsibility on behalf of UXA for all or any part of those proceedings.

UXA was not a party to any such proceedings during the year.

## 14. LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

The lead auditor's independence declaration is set out on page 22 and forms part of the Directors' Report for the year ended 30 June 2009.

## 15. ROUNDING OFF

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This Report is signed in accordance with a resolution of the Directors.



Neill F Arthur  
Director

14 September 2009



# Lead auditor's independence declaration

UNDER SECTION 307C OF THE CORPORATIONS ACT 2001



**To: the Directors of Uranium Exploration Australia Limited**

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2009 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink that reads 'KPMG'.

KPMG

A handwritten signature in black ink that reads 'Derek Meates'.

**Derek Meates**  
*Partner*

Adelaide  
14 September 2009

# Financial statements

## INCOME STATEMENT

for the year ended 30 June 2009

		2009	2008
	NOTE	\$'000	\$'000
REVENUE – JOINT VENTURE MANAGEMENT FEES		17	127
OTHER INCOME	4	–	1,529
EMPLOYEE RELATED EXPENSES		(802)	(751)
DIRECTORS' FEES		(180)	(180)
DEPRECIATION EXPENSE	11	(140)	(65)
EXPLORATION AND EVALUATION WRITE DOWN	12	(4,079)	(3,204)
PROFESSIONAL FEES		(377)	(208)
ASX / REGISTRY FEES		(33)	(79)
PRINTING AND COMMUNICATIONS		(44)	(74)
INSURANCE		(110)	(115)
ADVERTISING / PROMOTIONS EXPENSES		(164)	(233)
TRAVEL		(29)	(31)
OFFICE EXPENSES		(57)	(135)
SHARE OPTION EXPENSE	16	(25)	(9)
OTHER EXPENSES		(178)	(103)
<b>TOTAL EXPENSES</b>		<b>(6,218)</b>	<b>(5,187)</b>
FINANCIAL INCOME – INTEREST EARNED		273	451
FINANCIAL EXPENSES		–	–
<b>NET FINANCING INCOME</b>		<b>273</b>	<b>451</b>
<b>LOSS BEFORE INCOME TAX</b>		<b>(5,928)</b>	<b>(3,080)</b>
INCOME TAX EXPENSE	7	–	–
<b>LOSS FOR THE YEAR</b>	17	<b>(5,928)</b>	<b>(3,080)</b>

## EARNINGS PER SHARE FOR LOSS ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF UX:

BASIC AND DILUTED EARNINGS (CENTS) PER SHARE	23	(0.07)	(0.03)
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## STATEMENT OF RECOGNISED INCOME AND EXPENSE for the year ended 30 June 2009

		2009	2008
	NOTE	\$'000	\$'000
INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY		–	–
LOSS FOR THE YEAR	17	(5,928)	(3,080)
TOTAL RECOGNISED INCOME AND EXPENSE FOR THE YEAR	17	(5,928)	(3,080)

The income statement and statement of recognised income and expense are to be read in conjunction with the notes to the financial statements set out on pages 26 to 38.

# Financial statements

## BALANCE SHEET as at 30 June 2009

### ASSETS

		2009	2008
	NOTE	\$'000	\$'000
CASH AND CASH EQUIVALENTS	9	2,827	6,252
TRADE AND OTHER RECEIVABLES	10	119	138
<b>TOTAL CURRENT ASSETS</b>		<b>2,946</b>	<b>6,390</b>
TRADE AND OTHER RECEIVABLES	10	63	24
PROPERTY, PLANT AND EQUIPMENT	11	226	106
EXPLORATION AND EVALUATION ASSETS	12	1,551	4,159
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,840</b>	<b>4,289</b>
<b>TOTAL ASSETS</b>		<b>4,786</b>	<b>10,679</b>

### LIABILITIES

CURRENT LIABILITIES:			
TRADE AND OTHER PAYABLES	13	136	94
EMPLOYEE ENTITLEMENTS	14	36	68
<b>TOTAL CURRENT LIABILITIES</b>		<b>172</b>	<b>162</b>
NON-CURRENT LIABILITIES:			
DEFERRED INCOME	4	1,622	1,622
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,622</b>	<b>1,622</b>
<b>TOTAL LIABILITIES</b>		<b>1,794</b>	<b>1,784</b>
<b>NET ASSETS</b>		<b>2,992</b>	<b>8,895</b>

### EQUITY

SHARE CAPITAL	15	13,976	13,976
RESERVES	16	346	321
ACCUMULATED LOSSES	17	(11,330)	(5,402)
<b>TOTAL EQUITY</b>	<b>17</b>	<b>2,992</b>	<b>8,895</b>

The balance sheet is to be read in conjunction with the notes to the financial statements set out on pages 26 to 38.



## STATEMENT OF CASH FLOWS for the year ended 30 June 2009

### CASH FLOWS FROM OPERATING ACTIVITIES

CASH PAID TO SUPPLIERS AND EMPLOYEES	(1,972)	(2,275)
INTEREST RECEIVED	273	451
INTEREST PAID	–	–
OTHER	17	177
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(1,682)</b>	<b>(1,647)</b>

### CASH FLOWS FROM INVESTING ACTIVITIES

PAYMENTS FOR EXPLORATION AND EVALUATION EXPENDITURE	(1,470)	(4,064)
PAYMENTS FOR PROPERTY, PLANT AND EQUIPMENT	(233)	(55)
PROCEEDS FROM THE DISPOSAL OF TENEMENTS, PROPERTY, PLANT AND EQUIPMENT	–	3,450
REFUND/PAYMENT OF DEPOSITS	40	(49)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(1,743)</b>	<b>(620)</b>

### CASH FLOWS FROM FINANCING ACTIVITIES

PROCEEDS RECEIVED FROM ISSUE OF SHARE CAPITAL	–	1,883
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>–</b>	<b>1,883</b>
<b>NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS HELD</b>	<b>(3,425)</b>	<b>(384)</b>
<b>CASH AND CASH EQUIVALENTS AT 1 JULY 2008</b>	<b>6,252</b>	<b>6,636</b>
<b>CASH AND CASH EQUIVALENTS AT THE END 30 JUNE 2009</b>	<b>2,827</b>	<b>6,252</b>

The statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 26 to 38.

# Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2009

## 1. REPORTING ENTITY

UXA is a company domiciled in Australia. The address of UXA's registered office is 313 Payneham Road, Royston Park SA 5070.

## 2. BASIS OF PREPARATION

### (a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ("AASBs") (including Australian Interpretations) adopted by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001. The financial report also complies with the International Financial Reporting Standards (IFRS) and Interpretations adopted by the International Accounting Standards Board.

The financial statements were approved by the Board of Directors on 14 September 2009.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

### (b) Functional and presentation currency

The financial report is presented in Australian dollars, which is UXA's functional currency.

### (c) Basis of measurement

UXA's financial statements have been prepared on the historical cost basis.

### (d) Use of estimates and judgement

The preparation of a financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Key sources of estimation and uncertainty relate to the recoverability of exploration and evaluation assets (refer Note 3(g)).

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

### (e) Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. As at 30 June 2009 the Company has net assets of \$3 million and the directors believe the Company has sufficient cash of \$2.8m (\$1.1 million excluding funds restricted to expenditure on joint venture tenements to the extent that exploration continues) together with funds raised via a recent placement of \$1.3 million (Tranche 1) and an expected further \$3.7 million (Tranche 2), a share purchase plan expected to raise between \$1 million and \$2 million and a proposed bank facility to pay its debts as and when they fall due and to fund near term anticipated exploration, corporate activities and the proposed GAA acquisition.

It is the intention of the Directors to continue to explore the Company's areas of interest for which rights of tenure are current. In order to achieve this, further cash injections by way of debt or equity may be necessary. Subject to market conditions, the Directors consider that UXA could raise cash by way of equity or debt to fund anticipated activities. The Directors will take the appropriate action to ensure these funds are available as and when they are required.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The following standards and amendments have been identified as those which may impact the Company in the period of initial application. They are available for early adoption at 30 June 2009, but have not been applied in preparing this financial report.

Revised AASB 3 Business Combinations changes the application of acquisition accounting for business combinations and the accounting for non-controlling (minority) interests. Key changes include: the immediate expensing of all transaction costs; measurement of contingent consideration at acquisition date with subsequent changes through the income statement; measurement of non-controlling (minority) interests at full fair value or the proportionate share of the fair value of the underlying net assets; guidance on issues such as reacquired rights and vendor indemnities; and the inclusion of combinations by contract alone and those involving mutuals. The revised standard becomes mandatory for the Company's 30 June 2010 financial statements. The Company has not yet determined the potential effect of the revised standard on the Company's financial report.

AASB 8 Operating Segments introduces the "management approach" to segment reporting. AASB 8, which becomes mandatory for the Company's 30 June 2010 financial statements, will require the disclosure of segment information based on the internal reports regularly reviewed by the Company's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them. Currently, the Company presents segment information in respect of its business and geographical segments (see Note 8). The Company will assess how segment information is presented under the management approach in the lead up to the year ended 30 June 2010.

Revised AASB 101 Presentation of Financial Statements introduces as a financial statement (formerly "primary" statement) the "statement of comprehensive income". The revised standard does not change the recognition, measurement or disclosure of transactions and events that are required by other AASBs. The revised AASB 101 will become mandatory for the Company's 30 June 2010 financial statements. The Company has not yet determined the potential effect of the revised standard on the Company's disclosures.

AASB 2008-1 Amendments to Australian Accounting Standards – Share-based Payment: Vesting Conditions and Cancellations changes the measurement of share-based payments that contain non-vesting conditions. AASB 2008-1 becomes mandatory for the Company's 30 June 2010 financial statements. The Company has not yet determined the potential effect of the amending standard on the Company's financial report.

None of the other accounting standards available for early adoption have been early adopted, as none are expected to have a significant impact on the Company.

The accounting policies set out below have been applied consistently to all periods presented in the financial report.

### **(a) Financial income and expenses**

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses comprise interest expense on borrowings. All borrowing costs are recognised in profit or loss using the effective interest method.

### **(b) Goods and services tax**

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

### **(c) Taxation**

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### **(d) Share capital**

#### ***Ordinary shares***

Incremental costs directly attributable to issue of ordinary shares and share options are recognised as a deduction from equity, net of any related income tax benefit.

### **(e) Property, plant and equipment**

Items of property, plant and equipment are measured on the cost basis less accumulated depreciation and any impairment losses recognised.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the item and are recognised within Other Income in profit and loss.

#### ***Subsequent costs***

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to UXA and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

#### ***Depreciation***

All non-current assets have limited useful lives and are depreciated using the straight line method over their estimated useful lives. Assets are depreciated from the date they are available for use.

Depreciation rates, residual values and methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only. Depreciation is expensed, except to the extent that they are included in the carrying amount of another asset as an allocation of production overheads. The estimated useful life used for plant and equipment (office furniture and equipment, computer hardware and software) is 3 years.



# Notes to the financial statements

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

### (f) Impairment

#### *Financial assets*

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred profit or loss.

#### *Non-financial assets*

The carrying amounts of UXA's non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from the other assets and groups. Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

#### *Calculation of recoverable amount*

The recoverable amount of assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

### (g) Exploration and evaluation assets

Exploration and evaluation costs, including the costs of acquiring licences, initially are capitalised as either tangible or intangible exploration and evaluation assets on an area of interest basis. When a licence is relinquished the related costs are recognised in profit or loss immediately. Costs incurred before UXA has obtained the legal rights to explore an area are recognised in the income statement.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

- (i) the expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
- (ii) activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount (see impairment accounting policy (f)). For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

The recoverability of the carrying amounts of exploration and evaluation assets is dependent on successful development and commercial exploitation or alternatively, sale of the respective area of interest.

### (h) Employee benefits

#### *Defined contribution superannuation funds*

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in profit or loss when they are due.

#### *Short-term benefits*

Liabilities for employee benefits for wages, salaries and annual leave represent present obligations resulting from employees' services provided to reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that UXA expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax. Non-accumulating non-monetary benefits, such as medical care, housing, cars and free or subsidised goods and services, are expensed based on the net marginal cost to UXA as the benefits are taken by the employees.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if UXA has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### **Long-term benefits**

The Company does not currently have a provision for Long Service Leave on the basis that no employee has more than three years employment service. The Company will reassess the need for such a provision on an annual basis.

### **(i) Share-based payments**

The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The amount recognised is adjusted to reflect the actual number of share options that vest, except for those that fail to vest due to market conditions not being met.

Further details of share based payments transactions are described in Note 15.

### **(j) Earnings per share**

UXA presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary Shareholders of UXA by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary Shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

### **(k) Segment reporting**

A segment is a distinguishable component of UXA that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. UXA's primary format for segment reporting is based on business segments.

### **(l) Joint ventures**

The interests of UXA in unincorporated joint ventures and jointly controlled assets are brought to account by recognising in its financial statements its share of jointly controlled assets, jointly incurred liabilities and expenses and its share of income that it earns from the sale of goods or services by the joint venture.

### **(m) Revenue and income**

Management fee revenue is recognised as the service is provided to the customer (joint venture partner) and is determined on the basis of expenditure by the joint venture as per the agreements between the joint venture parties. Deferred income in relation to funds received from joint venture partners, representing the Company's share of future joint venture funding requirements, is recognised as income as the related expenditure is incurred by the joint venture.

Gains and losses on disposal of an item of property, plant and equipment, and exploration and evaluation assets are determined by comparing the proceeds from disposal with the carrying amount of the item and are recognised within Other Income in profit and loss.

### **(n) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with maturities of three months or less. Cash assets are carried at face value of the amounts deposited or drawn.

### **(o) Trade and other receivables**

Trade and other receivables are recognised at cost and carried at original invoice amount less allowances for impairment losses.

### **(p) Trade and other payables**

Liabilities are recognised at their amortised cost for amounts to be paid in the future for goods or services received. Trade accounts payable are normally settled within 60 days.

### **(q) Lease payments**

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

# Notes to the financial statements

## 4. OTHER INCOME

PACE GRANT FOR EXPLORATION  
GAIN ON SALE OF DATA TO RILA  
DEFERRED INCOME – RILA

	2009	2008
	\$'000	\$'000
	–	50
	–	802
	–	677
	–	1,529

A payment of \$2.3m was received from RILA in January 2008 to acquire an ongoing 49% interest in the JV tenements. Under the Joint Venture arrangements, the Company must undertake to apply the \$2.3m in meeting its 51% share of joint venture expenditure, to the extent that exploration continues on the JV tenements. For accounting purposes, the cash receipt has been treated as deferred income, to be recognised as income as the related expenditure is incurred by the joint venture. At 30 June 2008, \$677,000 had been recognised based on underlying JV expenditure, as shown above.

The balance of Deferred Income at 30 June 2009 is \$1.6m and there was no movement during the year as no cash calls were made during the period.

## 5. JOINTLY CONTROLLED ASSETS AND LIABILITIES

The Company's share of jointly controlled assets and liabilities in relation to the UXA-RILA Joint Venture at year end consists of the following amounts that have been brought to account in the financial statements.

CASH AND CASH EQUIVALENTS  
TRADE AND OTHER RECEIVABLES  
PROPERTY, PLANT AND EQUIPMENT  
EXPLORATION AND EVALUATION ASSETS  
TRADE AND OTHER PAYABLES

NOTE	2009	2008
	\$'000	\$'000
9	1,726	*1,717
10	–	8
11	–	1
12	282	522
13	38	25

\* cash is restricted to funding the Company's share of joint venture exploration activity.

## 6. AUDITOR'S REMUNERATION

### AUDITORS OF UXA – KPMG AUSTRALIA

AUDIT AND REVIEW OF THE FINANCIAL REPORTS

	2009	2008
	\$'000	\$'000
	35	33



## 7. TAXATION

CURRENT TAX EXPENSE
DEFERRED TAX EXPENSE
TOTAL INCOME TAX EXPENSE

2009	2008
\$'000	\$'000
-	-
-	-
-	-

### (a) Income tax expense

#### RECONCILIATION BETWEEN TAX EXPENSE AND PRE-TAX ACCOUNTING LOSS

INCOME TAX BENEFIT CALCULATED AT 30% ON PRE-TAX LOSS	(1,778)	(924)
DECREASE IN INCOME TAX BENEFIT DUE TO:		
CURRENT AND DEFERRED TAX BENEFITS NOT BROUGHT TO ACCOUNT	1,778	924

#### TOTAL INCOME TAX EXPENSE

-	-
---	---

### (b) Deferred tax assets and liabilities

A deferred tax asset representing accumulated tax losses has been recognised to the extent of deferred tax liabilities (\$0.4m) which relate primarily to capitalised exploration and evaluation assets. The resultant impact on tax expense for the year is nil.

#### DEFERRED TAX ASSET NOT TAKEN TO ACCOUNT

TAX LOSSES NOT TAKEN TO ACCOUNT

2,961	1,678
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The potential income tax benefit in UXA arising from tax losses has not been recognised as an asset because it is not probable that future taxable profit will be available against which UXA can utilise benefits there from.

## 8. SEGMENT REPORTING

UXA is involved in the exploration for uranium in Australia.

## 9. CASH AND CASH EQUIVALENTS

#### CASH AND CASH EQUIVALENTS

*2,827	6,252
--------	-------

\* includes \$1,726,000 relating to the UXA-RILA joint venture, which is restricted (refer Notes 4 and 5).

## 10. TRADE AND OTHER RECEIVABLES

#### CURRENT

PREPAYMENTS	36	74
OTHER DEBTORS	83	64
	119	138

#### Non-CURRENT

DEPOSITS PAID	63	24
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# Notes to the financial statements

2009	2008
\$'000	\$'000

## 11. PROPERTY, PLANT AND EQUIPMENT

### OFFICE FURNITURE AND EQUIPMENT

<b>COST</b>		
BALANCE AT BEGINNING OF YEAR	229	174
ACQUISITIONS	233	59
ADJUSTMENTS	28	–
DISPOSALS	(6)	(4)
BALANCE AT END OF YEAR	484	229
<b>ACCUMULATED DEPRECIATION</b>		
BALANCE AT BEGINNING OF YEAR	123	58
DEPRECIATION CHARGE FOR THE YEAR	140	65
DISPOSALS	(5)	65
BALANCE AT END OF YEAR	258	123
<b>CARRYING AMOUNTS</b>		
AT BEGINNING OF YEAR	106	115
AT END OF YEAR	226	106

## 12. EXPLORATION AND EVALUATION

<b>COST</b>		
BALANCE AT BEGINNING OF YEAR	4,159	3,564
EXPENDITURE IN THE PERIOD	1,471	4,476
INTEREST IN EXPLORATION ASSETS DISPOSED OF (REFER NOTE 4)	–	(348)
REIMBURSEMENTS - JV PARTNER	–	(329)
AMOUNTS WRITTEN OFF IN THE PERIOD	(4,079)	(3,204)
BALANCE AT END OF YEAR	1,551	4,159

Exploration and evaluation expenditure written off relates to the Playford, Winjabbe, Oak Dam, Playford South East, Mt Morgan East, Twin Hill, Porter Hill, Chinaman Hat Hill, Yeelirrie SE, Angelo River North, Gulgong / Ulan South, Roxby Downs West tenements. Balance at year end includes \$282,000 representing the Company's 51% share of exploration and evaluation assets of the UXA-RILA joint venture (refer Note 5).

## 13. TRADE AND OTHER PAYABLES

TRADE PAYABLES	136	79
OTHER PAYABLES AND ACCRUALS	–	15
	136	94

## 14. EMPLOYEE BENEFITS

LIABILITY FOR ANNUAL LEAVE	36	68
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## 15. SHARE CAPITAL

### 2009

	<i>NUMBER OF SHARES</i>	<i>\$'000</i>	<i>NUMBER OF OPTIONS</i>
BALANCE AT 1 JULY 2008	88,802,623	13,976	1,270,000
ISSUE OF ORDINARY SHARES	–	–	–
ISSUE OF ESOP OPTIONS	–	–	–
SHARE OPTIONS EXERCISED	–	–	–
SHARE OPTIONS EXPIRED	–	–	(765,000)
BALANCE AT 30 JUNE 2009	<b>88,802,623</b>	<b>13,976</b>	<b>505,000</b>

### 2008

BALANCE AT 1 JULY 2008	81,899,895	11,752	43,647,069
ISSUE OF ORDINARY SHARES	6,259,428	2,095	–
ISSUE OF ESOP OPTIONS	–	–	1,270,000
SHARE OPTIONS EXERCISED	643,300	129	(643,300)
SHARE OPTIONS EXPIRED	–	–	(43,003,769)
BALANCE AT 30 JUNE 2008	<b>88,802,623</b>	<b>13,976</b>	<b>1,270,000</b>

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at Shareholder meetings.

In the event of winding up of UXA, ordinary Shareholders rank after creditors and are fully entitled to any proceeds of liquidation.

### Options issued to Employees

There are 505,000 unlisted options granted to employees (other than the Managing Director) under an approved Employee Share Option Plan. The options vest 50% after one year of employment and 50% after two years employment. The fair value of options issued to employees was calculated at the date of grant using a Black-Scholes option-pricing model. The value disclosed in Note 16 includes the total of the fair value of the options that vested in the period.

The following factors and assumptions were used in determining the fair value of options on grant date: 6.5% interest rate, 50% volatility, share price 13 cents, strike price 17 cents, expiry date 30 June 2011. On the basis of these assumptions, each one of the options exercisable at 17 cents is valued at approximately 4 cents.

At each anniversary of commencement of employment UXA will issue Dr Penney up to 1,000,000 options. The number of options will be determined according to the relative performance of UXA shares against a basket of uranium explorer shares (to be determined) over the year prior to the anniversary date. The options will have an expiry date of two years and will be at an exercise price 20% higher than the average ordinary share price over the first 20 day trading period in the year prior to the anniversary date. The arrangement to issue the options to Dr Penney is subject to shareholder approval. The value disclosed in Note 16 includes the estimate of the fair value of the options for Dr Penney for the year.

## 16. RESERVES

### EQUITY COMPENSATION RESERVE

	<i>2009 \$'000</i>	<i>2008 \$'000</i>
BALANCE AT BEGINNING OF YEAR	321	312
OPTIONS EXPENSE FOR THE YEAR	25	9
BALANCE AT END OF YEAR	<b>346</b>	<b>321</b>

# Notes to the financial statements

## 17. EQUITY RECONCILIATIONS

### ACCUMULATED LOSSES

	2009	2008
	\$'000	\$'000
ACCUMULATED LOSSES AT BEGINNING OF YEAR	(5,402)	(2,322)
LOSS FOR THE YEAR	(5,928)	(3,080)
ACCUMULATED LOSSES AT END OF YEAR	(11,330)	(5,402)

### TOTAL EQUITY RECONCILIATION

TOTAL EQUITY AT BEGINNING OF YEAR	8,895	9,742
SHARE CAPITAL ISSUED DURING THE YEAR	–	2,224
MOVEMENT IN EQUITY COMPENSATION RESERVE	25	9
LOSS FOR THE YEAR	(5,928)	(3,080)
TOTAL EQUITY AT END OF YEAR	2,992	8,895

## 18. OPERATING LEASES

### LEASES AS LESSEE

NON-CANCELLABLE OPERATING LEASE RENTALS ARE PAYABLE AS FOLLOWS:

LESS THAN ONE YEAR	–	46
BETWEEN ONE YEAR AND FIVE YEARS	–	73
	–	119

Operating lease expense for the year ended 30 June 2009 was \$27,038 (2008: \$116,881). Expiry of this agreement occurred in January and was rent for company premises. Total rent paid for the year was \$47,335.

## 19. RELATED PARTIES

### Key management personnel

The following were key management personnel of UXA at all times during the year:

#### DIRECTORS

N ARTHUR	CHAIRMAN – NON EXECUTIVE
R PENNEY	MANAGING DIRECTOR (APPOINTED 3 DECEMBER 2008)
P MUTZ	MANAGING DIRECTOR (RESIGNED 3 DECEMBER 2008)
B DAWES	DIRECTOR – NON-EXECUTIVE
S GEMELL	DIRECTOR – NON-EXECUTIVE
D HAWLEY	DIRECTOR – NON-EXECUTIVE
I MUTTON	DIRECTOR – NON-EXECUTIVE

#### MANAGEMENT

S POWELL	EXPLORATION MANAGER
A WHITE	CHIEF FINANCIAL OFFICER (APPOINTED 2 FEBRUARY 2009)
D GODFREY	CHIEF FINANCIAL OFFICER (RESIGNED 31 OCTOBER 2008)

### Summary of compensation

	2009	2008
	\$'000	\$'000
SHORT-TERM EMPLOYEE BENEFITS	791	822
OTHER LONG TERM BENEFITS	–	–
POST-EMPLOYMENT BENEFITS	71	67
TERMINATION BENEFITS	–	–
SHARE-BASED PAYMENTS	21	–
TOTAL	883	889



UXA has not employed any executive officers, other than Directors, who were involved in, concerned in, or who took part in the management of UXA's affairs. No loans were made to any key management personnel during the period. Details of the nature and amount of the remuneration of each Director and any key management personnel are set out in the Directors' Report.

Short term benefits in the table above includes the following payments made for consulting and other services to related entities of the following Directors:

<i>DIRECTOR</i>	<i>TRANSACTION</i>	<i>2009</i>	<i>2008</i>
		<i>\$'000</i>	<i>\$'000</i>
N ARTHUR	PROFESSIONAL SERVICES	6	–
B DAWES	UNDERWRITING FEE PAID TO MARTIN PLACE SECURITIES PTY LTD	–	35
S GEMELL	PROFESSIONAL SERVICES	4	10
D HAWLEY	PROFESSIONAL SERVICES	–	–
I MUTTON	PROFESSIONAL SERVICES	–	2
<b>TOTAL</b>		<b>10</b>	<b>47</b>

All transactions were on normal commercial terms. No other Key Management Personnel transactions occurred during the year.

### Options over ordinary shares

The movement during the reporting period in the number of options over ordinary shares in Uranium Exploration Australia Limited held directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	<i>HELD AT 1 JULY 2008</i>	<i>GRANTED AS COMPENSATION</i>	<i>(EXERCISED/ EXPIRED) PURCHASED</i>	<i>HELD AT 30 JUNE 2009</i>	<i>VESTED DURING THE YEAR</i>	<i>VESTED AND EXERCISABLE AT 30 JUNE 2009</i>
<b>DIRECTORS</b>						
N ARTHUR	–	–	–	–	–	–
R PENNEY	–	–	–	–	–	–
P MUTZ	–	–	–	–	–	–
B DAWES	–	–	–	–	–	–
S GEMELL	–	–	–	–	–	–
D HAWLEY	–	–	–	–	–	–
I MUTTON	–	–	–	–	–	–
<b>TOTAL</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

At each anniversary of commencement of employment UXA will issue Dr Penney up to 1,000,000 options. The number of options will be determined according to the relative performance of UXA shares against a basket of uranium explorer shares (to be determined) over the year prior to the anniversary date. The options will have an expiry date of two years and will be at an exercise price 20% higher than the average ordinary share price over the first 20 day trading period in the year prior to the anniversary date. The arrangement to issue the options to Dr Penney is subject to shareholder approval.

	<i>HELD AT 1 JULY 2007</i>	<i>GRANTED AS COMPENSATION</i>	<i>(EXERCISED/ EXPIRED) PURCHASED</i>	<i>HELD AT 30 JUNE 2008</i>	<i>VESTED DURING THE YEAR</i>	<i>VESTED AND EXERCISABLE AT 30 JUNE 2008</i>
<b>DIRECTORS</b>						
N ARTHUR	2,100,000	–	(2,100,000)	–	–	–
P MUTZ	1,170,000	–	(1,170,000)	–	–	–
B DAWES	5,950,000	–	(5,950,000)	–	–	–
S GEMELL	675,000	–	(675,000)	–	–	–
D HAWLEY	10,000,000	–	(10,000,000)	–	–	–
I MUTTON	500,000	–	(500,000)	–	–	–
<b>TOTAL</b>	<b>20,395,000</b>	<b>–</b>	<b>(20,395,000)</b>	<b>–</b>	<b>–</b>	<b>–</b>

All listed options expired and lapsed on 31 March 2008.

# Notes to the financial statements

## 19. RELATED PARTIES (CONTINUED)

### Ordinary shares

The movement during the reporting period in the number of ordinary shares in Uranium Exploration Australia Limited held directly, indirectly or beneficially, by each key management person, including their related parties is as follows:

	<i>HELD AT 1 JULY 2008</i>	<i>PURCHASES</i>	<i>RECEIVED ON EXERCISE OF OPTIONS</i>	<i>SALES</i>	<i>HELD AT 30 JUNE 2009</i>
<b>DIRECTORS</b>					
N ARTHUR	2,114,286	—	—	—	2,114,286
R PENNEY	—	—	—	—	—
P MUTZ	24,286	—	—	—	24,286
B DAWES	5,965,716	—	—	—	5,965,716
S GEMELL	714,286	—	—	—	714,286
D HAWLEY	10,000,000	—	—	—	10,000,000
I MUTTON	114,286	—	—	—	114,286
<b>TOTAL</b>	<b>18,932,860</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>18,932,860</b>

	<i>HELD AT 1 JULY 2007</i>	<i>PURCHASES</i>	<i>RECEIVED ON EXERCISE OF OPTIONS</i>	<i>SALES</i>	<i>HELD AT 30 JUNE 2008</i>
<b>DIRECTORS</b>					
N ARTHUR	2,114,286	—	—	—	2,114,286
P MUTZ	24,286	—	—	—	24,286
B DAWES	5,965,716	—	—	—	5,965,716
S GEMELL	714,286	—	—	—	714,286
D HAWLEY	10,000,000	—	—	—	10,000,000
I MUTTON	114,286	—	—	—	114,286
<b>TOTAL</b>	<b>18,932,860</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>18,932,860</b>

<i>2009</i>	<i>2008</i>
<i>\$'000</i>	<i>\$'000</i>

## 20. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

LOSS FOR THE YEAR	(5,928)	(3,080)
ADJUSTMENTS FOR:		
DEFERRED INCOME	—	(677)
SHARE BASED PAYMENT EXPENSES	25	9
DEPRECIATION	140	65
REALLOCATION OF COSTS TO FIXED ASSETS FROM CORPORATE COSTS	(28)	—
EXPLORATION EXPENDITURE WRITTEN OFF	4,079	3,204
GAIN ON SALE OF TENEMENT INTERESTS	—	(802)
OPERATING PROFIT/(LOSS) BEFORE CHANGES IN WORKING CAPITAL AND PROVISIONS	(1,712)	(1,281)
CHANGE IN TRADE AND OTHER RECEIVABLES	19	(19)
CHANGE IN TRADE AND OTHER PAYABLES/PROVISIONS	11	(347)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(1,682)</b>	<b>(1,647)</b>

## 21. FINANCIAL RISK MANAGEMENT

The Company has no financial risk arising from financial instruments, other than cash and term deposits. Exposure to credit and interest rate risks arise in the normal course of UXA's business. Trade payables (\$136,000) are all payable within two months.

### (a) Interest rate risk

UXA has an exposure to future interest rates on investments as a result of changes in market interest rates. A 1% movement in interest rates would have a \$28,273 impact on interest earned for the year, based on the closing level of cash held. UXA does not use derivatives to mitigate these exposures.

In respect of income earning financial assets and interest bearing financial liabilities, the following table indicates the periods in which they mature or, if earlier, reprice.

	6 MONTHS OR LESS
	\$
<b>2009</b>	
<b>VARIABLE RATE INSTRUMENTS</b>	
CASH AND CASH EQUIVALENTS	2,827
<b>NET FINANCIAL ASSETS</b>	<b>2,827</b>
<b>2008</b>	
<b>VARIABLE RATE INSTRUMENTS</b>	
CASH AND CASH EQUIVALENTS	6,252
<b>NET FINANCIAL ASSETS</b>	<b>6,252</b>

### (b) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security in respect of recognised financial assets, is the carrying amount as disclosed in the balance sheet and notes to the financial statements.

### (c) Fair values

The net fair values of the financial assets and financial liabilities approximate their carrying values.

No financial assets and financial liabilities are readily traded on organised markets. All financial liabilities (payables) are expected to be settled within two months of balance date.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements.

### (d) Capital management

The Board's aim is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future activities and development of the Company's business. There were no changes to UXA's approach to capital management during the year. The Board regularly monitors the utilisation of cash reserves and exploration and evaluation expenditures.

## 22. CAPITAL AND OTHER COMMITMENTS

### Exploration expenditure commitments

In order to maintain current rights of tenure to exploration ELs, UXA is required to perform minimum exploration work to meet the minimum expenditure requirements specified by various State governments. These obligations are subject to renegotiation when application for a mining lease is made and at other times. For the ELs held at year end, the aggregate minimum expenditure requirement per annum is \$1,206,500.

# Notes to the financial statements

## 23. EARNINGS PER SHARE

BASIC AND DILUTED EARNINGS PER SHARE

2009	2008
CENTS	CENTS
(0.07)	(0.03)

### BASIC EARNINGS PER SHARE

The calculation of basic earnings per share at 30 June 2009 was based on the loss attributable to ordinary Shareholders of \$5,928,150 (2008: \$3,080,439) and a weighted average number of ordinary shares outstanding of 88,298,619 (2008: 88,298,619), calculated as follows:

2009	2008
NUMBER	NUMBER

### WEIGHTED AVERAGE NUMBER OF SHARES

WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES USED AS THE DENOMINATOR IN CALCULATING BASIC EARNINGS PER SHARE

88,802,623	88,298,619
------------	------------

30 JUNE 2009	30 JUNE 2008
\$'000	\$'000

### RECONCILIATION OF EARNINGS USED IN CALCULATING EARNINGS PER SHARE

NET LOSS FOR THE YEAR

(5,928)	(3,080)
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### DILUTED EARNINGS PER SHARE

The calculation of diluted earnings per share at 30 June 2009 was based on the same numbers as basic earnings per share as shown above. The outstanding share options, while on issue, were not considered to be potential ordinary shares for the year ended 30 June 2009 or 30 June 2008 as they were anti-dilutive.

## 24. EVENTS SUBSEQUENT TO THE BALANCE DATE

In August 2009, UXA announced:

- A capital-raising of \$5 million via a placement at 10 cents per share together with a share purchase plan at the same price, which raised a further \$3.4 million. Funds raised will be used for exploration programmes, working capital and funding the acquisition of Geoscience Associates (Australia) Pty Ltd (GAA)
- The acquisition of the assets and business of GAA, subject to shareholder approval and suitable financing arrangements. GAA provides borehole wire-line logging services to the uranium and coal industries throughout Australia and is the sole distributor for PFN technology in Australia and the only provider of commercial PFN logging services in Australia. The proposed acquisition will be funded by a combination of cash, shares, and bank finance.

Other than the matters discussed above, there have been no items, transactions or events of material and unusual nature requiring adjustment to, or disclosure in, the 30 June 2009 financial statements.



# Director's declaration

1. In the opinion of the Directors of Uranium Exploration Australia Limited ("UXA"):
  - (a) the financial statements and notes set out on pages 23 to 38, and the Remuneration Report in the Directors' Report on pages 16 to 21, are in accordance with the Corporations Act 2001, including:
    - (i) giving a true and fair view of UXA's financial position as at 30 June 2009 and of its performance, for the financial year ended on that date; and
    - (ii) complying with Accounting Standards in Australia (including Australian Accounting Interpretations) and the Corporations Regulations 2001; and
  - (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2(a);
  - (c) there are reasonable grounds to believe that UXA will be able to pay its debts as and when they become due and payable.
2. The Directors have been given the declarations required by section 295A of the Corporations Act 2001 from the Chief Executive Officer and the Chief Financial Officer for the financial year ended 30 June 2009.

Dated at Sydney this 14th day of September 2009.

Signed in accordance with a resolution of the Directors.



Neill F Arthur  
*Director*

# Independent auditor's report

TO THE MEMBERS OF URANIUM EXPLORATION AUSTRALIA LIMITED



## Report on the financial report

We have audited the accompanying financial report of Uranium Exploration Australia Limited (the Company), which comprises the balance sheet as at 30 June 2009, and the income statement, statement of recognised income and expense and cash flow statement for the year ended on that date, a description of significant accounting policies and other explanatory notes 1 to 24 and the directors' declaration.

## *Directors' responsibility for the financial report*

The Directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 2(a), the Directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

## *Auditor's responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001 and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Company's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Independence*

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

### *Auditor's opinion*

In our opinion:

(a) the financial report of Uranium Exploration Australia Limited is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2009 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

### *Report on the remuneration report*

We have audited the Remuneration Report included in section 10.5 of the Directors' Report for the year ended 30 June 2009. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

### *Auditor's opinion*

In our opinion, the remuneration report of Uranium Exploration Australia Limited for the year ended 30 June 2009, complies with section 300A of the Corporations Act 2001.



**KPMG**



**Derek Meates**

*Partner*

Adelaide, 14 September 2009

# Corporate governance statement

## TO THE MEMBERS OF URANIUM EXPLORATION AUSTRALIA LIMITED

### STATEMENT

Uranium Exploration Australia Limited ("Company") has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this statement. Commensurate with the spirit of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations ("Principles & Recommendations"), the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. Where, after due consideration, the Company's corporate governance practices depart from a recommendation, the Board has offered full disclosure and reason for the adoption of its own practice, in compliance with the "if not, why not" regime.

### DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES

#### SUMMARY STATEMENT

	ASX P&R <sup>1</sup>	IF NOT, WHY NOT <sup>2</sup>
RECOMMENDATION 1.1	✓	
RECOMMENDATION 1.2	✓	
RECOMMENDATION 1.3 <sup>3</sup>	N/A	N/A
RECOMMENDATION 2.1		✓
RECOMMENDATION 2.2	✓	
RECOMMENDATION 2.3	✓	
RECOMMENDATION 2.4		✓
RECOMMENDATION 2.5	✓	
RECOMMENDATION 2.6 <sup>3</sup>	N/A	N/A
RECOMMENDATION 3.1	✓	
RECOMMENDATION 3.2	✓	
RECOMMENDATION 3.3 <sup>3</sup>	N/A	N/A
RECOMMENDATION 4.1		✓
RECOMMENDATION 4.2		✓
RECOMMENDATION 4.3	✓	
RECOMMENDATION 4.4 <sup>3</sup>	N/A	N/A
RECOMMENDATION 5.1	✓	
RECOMMENDATION 5.2 <sup>3</sup>	N/A	N/A
RECOMMENDATION 6.1	✓	
RECOMMENDATION 6.2 <sup>3</sup>	N/A	N/A
RECOMMENDATION 7.1	✓	
RECOMMENDATION 7.2	✓	
RECOMMENDATION 7.3	✓	
RECOMMENDATION 7.4 <sup>3</sup>	N/A	N/A
RECOMMENDATION 8.1		✓
RECOMMENDATION 8.2	✓	
RECOMMENDATION 8.3 <sup>3</sup>	N/A	N/A

<sup>1</sup> Indicates where the Company has followed the Principles & Recommendations.

<sup>2</sup> Indicates where the Company has provided "if not, why not" disclosure.

<sup>3</sup> Indicates an information based recommendation. Information based recommendations are not adopted or reported against using "if not, why not" disclosure – information required is either provided or it is not.

### WEBSITE DISCLOSURES

Further information about the Company's charters, policies and procedures may be found at the Company's website at [www.uxa.com.au](http://www.uxa.com.au) under the section marked Corporate Governance. A list of the charters, policies and procedures which are referred to in this Corporate Governance Statement, together with the Recommendations to which they relate, are set out below.

CHARTERS	RECOMMENDATION(s)
BOARD	1.3
AUDIT COMMITTEE	4.4
NOMINATION COMMITTEE	2.6
REMUNERATION COMMITTEE	8.3
POLICIES AND PROCEDURES	RECOMMENDATION(s)
POLICY AND PROCEDURE FOR SELECTION AND (RE)APPOINTMENT OF DIRECTORS	2.6
PROCESS FOR PERFORMANCE EVALUATION	1.2, 2.5
POLICY ON ASSESSING THE INDEPENDENCE OF DIRECTORS	2.6
POLICY FOR TRADING IN COMPANY SECURITIES (SUMMARY)	3.2, 3.3
CODE OF CONDUCT (SUMMARY)	3.1, 3.3
POLICY ON CONTINUOUS DISCLOSURE (SUMMARY)	5.1, 5.2
PROCEDURE FOR SELECTION, APPOINTMENT AND ROTATION OF EXTERNAL AUDITOR	4.4
SHAREHOLDER COMMUNICATION POLICY	6.1, 6.2
RISK MANAGEMENT POLICY (SUMMARY)	7.1, 7.4

### DISCLOSURE – PRINCIPLES & RECOMMENDATIONS

The Company reports below on how it has followed (or otherwise departed from) each of the Principles & Recommendations during the 2008/2009 financial year ("Reporting Period").

#### PRINCIPLE 1.

#### LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

##### Recommendation 1.1:

Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.

##### Disclosure:

The Company has established the functions reserved to the Board and has set out these functions in its Board Charter.

The Board is collectively responsible for promoting the success of the Company by:

- overseeing the Company, including its control and accountability systems;
- appointing the chief executive officer, or equivalent, for a period and on terms as the directors see fit and, where appropriate, removing the chief executive officer, or equivalent;
- ratifying the appointment and, where appropriate, the removal of senior executives, including the chief financial officer and the company secretary;



- (d) evaluating the performance of senior executives;
- (e) ensuring the Company's Policy and Procedure for Selection and (Re)Appointment of Directors is reviewed in accordance with the Company's Nomination Committee Charter;
- (f) approving the Company's policies on risk oversight and management, internal compliance and control, Code of Conduct, and legal compliance;
- (g) satisfying itself that senior management has developed and implemented a sound system of risk management and internal control in relation to financial reporting risks and reviewed the effectiveness of the operation of that system;
- (h) assessing the effectiveness of senior management's implementation of systems for managing material business risk including the making of additional enquiries and to request assurances regarding the management of material business risk, as appropriate;
- (i) monitoring, reviewing and challenging senior management's performance and implementation of strategy;
- (j) ensuring appropriate resources are available to senior management;
- (k) approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures;
- (l) approving the annual budget of the Company;
- (m) monitoring the financial performance of the Company;
- (n) ensuring the integrity of the Company's financial (with the assistance of the Audit Committee, if applicable) and other reporting through approval and monitoring;
- (o) providing overall corporate governance of the Company, including conducting regular reviews of the balance of responsibilities within the Company to ensure division of functions remain appropriate to the needs of the Company;
- (p) appointing the external auditor (where applicable, based on recommendations of the Audit Committee) and the appointment of a new external auditor when any vacancy arises, provided that any appointment made by the Board must be ratified by shareholders at the next annual general meeting of the Company;
- (q) engaging with the Company's external auditors and Audit Committee (where there is a separate Audit Committee);
- (r) monitoring compliance with all of the Company's legal obligations, such as those obligations relating to the environment, native title, cultural heritage and occupational health and safety; and
- (s) make regular assessment of whether each non-executive director is independent in accordance with the Company's Policy on Assessing the Independence of Directors.

The Board may not delegate its overall responsibility for the matters listed above. However, it may delegate to senior management the responsibility of the day-to-day activities in fulfilling the Board's responsibility provided those matters do not exceed the Materiality Threshold as defined below.

The Company has established the functions delegated to senior executives and has set out these functions in its Board Charter. Senior executives are responsible for supporting the Managing Director and to assist the Managing Director in implementing the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

Senior executives are responsible for reporting all matters which fall within the Company's materiality thresholds at first instance to the Managing Director or, if the matter concerns the Managing Director, then directly to the Chair or the lead independent director, as appropriate.

### **Recommendation 1.2:**

Companies should disclose the process for evaluating the performance of senior executives.

#### **Disclosure:**

The Board is responsible for evaluating the senior executives. The Board reviews the senior executives on an ongoing informal basis.

### **Recommendation 1.3:**

Companies should provide the information indicated in the Guide to reporting on Principle 1.

#### **Disclosure:**

During the Reporting Period the performance evaluation of senior executives took place in accordance with the process disclosed at Recommendation 1.2.

## **PRINCIPLE 2.**

### **STRUCTURE THE BOARD TO ADD VALUE**

#### **Recommendation 2.1:**

A majority of the Board should be independent directors.

#### **Disclosure:**

The independent directors of the Board are Neill Arthur, Barry Dawes, Stephen Gemell, Ian Mutton and David Hawley. The non-independent director of the Board is Russell Penney.

#### **Disclosure:**

During the Reporting Period the majority of directors were independent in accordance with the Recommendation 1.2.

#### **Recommendation 2.2:**

The Chair should be an independent director.

#### **Disclosure:**

The independent Chair of the Board is Neill Arthur.

#### **Recommendation 2.3:**

The roles of the Chair and Chief Executive Officer should not be exercised by the same individual.

#### **Disclosure:**

The Managing Director is Russell Penney who is not Chair of the Board.

# Corporate governance statement

## Recommendation 2.4:

The Board should establish a Nomination Committee.

### Notification of Departure:

The Company has established a separate Nomination Committee.

### Explanation for Departure:

Given the current size and composition of the Company, the Board believes that there would be no efficiencies gained by conducting a separate Nomination Committee Meetings. Accordingly, the Board performed the role of Nomination Committee. Items that are usually required to be discussed by a Nomination Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Nomination Committee it carries out those functions which are delegated in the Company's Nomination Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of Nomination Committee by ensuring the director with conflicting interests is not party to the relevant discussions.

## Recommendation 2.5:

Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.

### Disclosure:

The Chair is responsible for evaluation of the Board and when deemed appropriate, Board Committees and individual directors. The Board, in its capacity as the Nomination Committee, is responsible for evaluating the Managing Director.

These evaluations are performed on an ongoing informal basis.

## Recommendation 2.6:

Companies should provide the information indicated in the Guide to reporting on Principle 2.

### Disclosure:

#### Skills, Experience, Expertise and Term of Office of each Director

A profile of each director containing their skills, experience, expertise and term of office is set out in the Directors' Report.

#### Identification of Independent Directors

The independent directors of the Company are Neill Arthur, Barry Dawes, Stephen Gemell, Ian Mutton and David Hawley. These directors are independent as they are non-executive directors who are not members of management and who are free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgment.

Independence is measured having regard to the relationships listed in Box 2.1 of the Principles & Recommendations and the Company's materiality thresholds. The materiality thresholds are set out below.

#### Company's Materiality Thresholds

The Board has agreed on the following guidelines for assessing the materiality of matters, as set out in the Company's Board Charter:

#### Materiality – Quantitative

##### Balance sheet items

Balance sheet items are material if they have a value of more than 10% of pro-forma net asset.

##### Profit and loss items

Profit and loss items are material if they will have an impact on the current year operating result of 10% or more.

#### Materiality – Qualitative

Items are also material if:

- (a) they impact on the reputation of the Company;
- (b) they involve a breach of legislation or may potentially breach legislation;
- (c) they are outside the ordinary course of business;
- (d) they could affect the Company's rights to its assets;
- (e) if accumulated they would trigger the quantitative tests;
- (f) they involve a contingent liability that would have a probable effect of 10% or more on balance sheet or profit and loss items; or
- (g) they will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 10%.

#### Material Contracts

Contracts will be considered material if:

- (a) they are outside the ordinary course of business;
- (b) they contain exceptionally onerous provisions in the opinion of the Board;
- (c) they impact on income or distribution in excess of the quantitative tests;
- (d) any default, should it occur may trigger any of the quantitative or qualitative tests;
- (e) they are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost of such a quantum, triggering any of the quantitative tests;
- (f) they contain or trigger change of control provisions;
- (g) they are between or for the benefit of related parties; or
- (h) they otherwise trigger the quantitative tests.

Any matter which falls within the above guidelines is a matter which triggers the materiality threshold ("Materiality Threshold").

#### Statement concerning availability of Independent Professional Advice

The Board acknowledges the need for independent judgement on all Board decisions, irrespective of each individual director's independence.

To assist directors with independent judgement, it is the Board's Policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval for incurring such expense from the Chair, the Company will pay the reasonable expenses associated with obtaining such advice.

### **Nomination Matters**

The full Board carries out the role of the Nomination Committee. The full Board did not officially convene as a Nomination Committee during the Reporting Period, however nomination related discussions occurred from time to time during the year as required. To assist the Board to fulfil its function as the Nomination Committee, it has adopted a Nomination Committee Charter.

The explanation for departure set out under Recommendation 2.4 above explains how the functions of the Nomination Committee are performed.

### **Performance Evaluation**

During the Reporting Period an evaluation of the Board, Board committees and individual directors did occur in accordance with the disclosed process at Recommendation 2.5.

### **Selection and (Re) Appointment of Directors**

In determining candidates for the Board, the Nomination Committee (or equivalent) follows a prescribed procedure whereby it considers the balance of independent directors on the Board as well as the skills and qualifications of potential candidates that will best enhance the Board's effectiveness.

### **Disclosure:**

The Board recognises that Board renewal is critical to performance and the impact of Board tenure on succession planning. One third of the Board of Directors retire in each year in accordance with the Company's Constitution. Re-appointment of directors is not automatic.

## **PRINCIPLE 3.**

### **PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING**

#### **Recommendation 3.1:**

Companies should establish a Code of Conduct and disclose the code or a summary of the code as to the practices necessary to maintain confidence in the company's integrity, the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

### **Disclosure:**

The Company has established a Code of Conduct as to the practices necessary to maintain confidence in the Company's integrity, practices necessary to take into account their legal obligations and the expectations of their stakeholders and responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

#### **Recommendation 3.2:**

Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.

### **Disclosure:**

The Company has established a policy concerning trading in the Company's securities by directors, senior executives and employees.

### **Recommendation 3.3:**

Companies should provide the information indicated in the Guide to reporting on Principle 3.

### **Disclosure:**

Please refer to the section above marked Website Disclosures.

## **PRINCIPLE 4.**

### **SAFEGUARD INTEGRITY IN FINANCIAL REPORTING**

#### **Recommendation 4.1 and 4.2:**

The Board should establish an Audit Committee and the Audit Committee should be structured so that it:

- consists only of non-executive directors
- consists of a majority of independent directors
- is chaired by an independent Chair, who is not Chair of the Board
- has at least three members.

### **Recommendation 4.3:**

The Audit Committee should have a formal charter.

### **Disclosure:**

The Company has adopted an Audit Committee Charter.

### **Recommendation 4.4:**

Companies should provide the information indicated in the Guide to reporting on Principle 4.

### **Disclosure:**

The Audit Committee, held two meetings during the Reporting Period.

Details of each of the director's qualifications are set out in the Directors' Report. All members of the Board consider themselves to be financially literate and have industry knowledge.

The Company has established procedures for the selection, appointment and rotation of its external auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee (or its equivalent). Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit Committee (or its equivalent) and any recommendations are made to the Board.

# Corporate governance statement

## **PRINCIPLE 5.**

### **MAKE TIMELY AND BALANCED DISCLOSURE**

#### **Recommendation 5.1:**

Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

#### **Disclosure:**

The Company has established written policies designed to ensure compliance with ASX Listing Rule disclosure and accountability at a senior executive level for that compliance.

#### **Recommendation 5.2:**

Companies should provide the information indicated in the Guide to reporting on Principle 5.

#### **Disclosure:**

Please refer to the section above marked Website Disclosures.

## **PRINCIPLE 6.**

### **RESPECT THE RIGHTS OF SHAREHOLDERS**

#### **Recommendation 6.1:**

Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

#### **Disclosure:**

The Company has designed a communications policy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings.

#### **Recommendation 6.2:**

Companies should provide the information indicated in the Guide to reporting on Principle 6.

#### **Disclosure:**

Please refer to the section above marked Website Disclosures.

## **PRINCIPLE 7.**

### **RECOGNISE AND MANAGE RISK**

#### **Recommendation 7.1:**

Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

#### **Disclosure:**

The Board has adopted a Risk Management Policy, which sets out the Company's risk profile. Under the Policy, the Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Under the Policy, the Board delegates day-to-day management of risk to the Chief Executive Officer, who is responsible for identifying, assessing, monitoring and managing risks. The Chief Executive Officer is also responsible for updating the Company's material business risks to reflect any material changes, with the approval of the Board. As part of the Company's risk management system, the Managing Director is required to report on the progress of, and on all matters associated with, risk management on a regular basis. The Managing Director is to report to the Board as to the effectiveness of the Company's management of its material business risks, at least annually.

In fulfilling the duties of risk management, the Chief Executive Officer/Managing Director may have unrestricted access to Company employees, contractors and records and may obtain independent expert advice on any matter they believe appropriate, with the prior approval of the Board.

In addition, the following risk management measures have been adopted by the Board to manage the Company's material business risks:

- the Board has established authority limits for management which, if exceeded, will require prior Board approval;
- the Board has adopted a compliance procedure for the purpose of ensuring compliance with the Company's continuous disclosure obligations; and
- the Board has adopted a corporate governance manual which contains other policies to assist the Company to establish and maintain its governance practices.

On 14 September 2009 the Board resolved to review, formalise and document the management of its material business risks and expects to implement this system in the second quarter of the 2009/2010 financial year. This system is expected to include the preparation of a risk register by management to identify the Company's material business risks and risk management strategies for these risks. In addition, the process of management of material business risks will be allocated to members of senior management. The risk register will be reviewed quarterly and updated, as required.

#### **Recommendation 7.2:**

The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.

#### **Disclosure:**

The Board has required management to design, implement and maintain risk management and internal control systems to manage the Company's material business risks. The Board also requires management to report to it confirming that those risks are being managed effectively. Further, the Board has received a report from management as to the effectiveness of the Company's management of its material business risks.



### **Recommendation 7.3:**

The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

#### **Disclosure:**

The Managing Director and the Chief Financial Officer have provided a declaration to the Board in accordance with section 295A of the Corporations Act and have assured the Board that such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial risk.

### **Recommendation 7.4:**

Companies should provide the information indicated in the Guide to reporting on Principle 7.

#### **Disclosure:**

The Board has received the report from management under Recommendation 7.2.

The Board has received the assurance from the Managing Director and the Chief Financial Officer under Recommendation 7.3.

## **PRINCIPLE 8.**

### **REMUNERATE FAIRLY AND RESPONSIBLY**

#### **Recommendation 8.1:**

The Board should establish a Remuneration Committee.

#### **Disclosure:**

The Board has established a remuneration Committee, the majority of whom are independent directors.

#### **Recommendation 8.2:**

Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

#### **Disclosure:**

Non-executive directors are remunerated at a fixed fee for time, commitment and responsibilities. Remuneration for non-executive directors is not linked to individual performance.

Executives are offered a competitive level of base pay at market rates and are reviewed annually to ensure market competitiveness.

### **Recommendation 8.3:**

Companies should provide the information indicated in the Guide to reporting on Principle 8.

#### **Disclosure:**

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms of part of the Directors' Report.

The full Board, in its capacity as the Remuneration Committee, met during the Reporting Period. To assist the Board to fulfil its function as the Remuneration Committee, it has adopted a Remuneration Committee Charter.

The explanation for departure set out under Recommendation 8.1 above explains how the functions of the Remuneration Committee are performed.

There are no termination or retirement benefits for non-executive directors (other than for superannuation).

The Company's Remuneration Policy includes a statement of the Company's policy on prohibiting transactions in associated products which limit the risk of participating in unvested entitlements under any equity based remuneration schemes.

# Shareholder information

AS AT 25 SEPTEMBER 2009

## DISTRIBUTION OF SHAREHOLDERS

CATEGORY OF HOLDING	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES	PERCENTAGE %
1 – 1,000	134	22,718	0.01
1,001 – 5,000	473	1,335,775	0.76
5,001 – 10,000	336	2,882,672	1.64
10,001 – 100,000	913	34,049,093	19.40
100,001 SHARES AND OVER	330	137,263,079	78.19
	<b>2,186</b>	<b>175,553,337</b>	<b>100.00</b>

## TWENTY LARGEST SHAREHOLDERS

RANK	SHAREHOLDER	NUMBER OF SHARES	PERCENTAGE %
1	AYRES INVESTMENTS PTY LTD	10,000,000	5.70
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	6,454,414	3.68
3	ANZ NOMINEES LIMITED	4,608,381	2.63
4	H H SUTTON NOMINEES PTY LTD	3,950,000	2.25
5	MARTIN PLACE SECURITIES STAFF SUPERANNUATION FUND PTY LTD	3,923,573	2.23
6	SAMPENSION	3,000,000	1.71
7	NATIONAL NOMINEES LIMITED	2,742,125	1.56
8	LINK TRADERS (AUST) PTY LTD	2,500,000	1.42
9	CHINA WEST INTERNATIONAL HOLDINGS LIMITED	2,435,000	1.39
10	MR NEILL FLEMING ARTHUR + MRS GAYNOR JOY ARTHUR	2,114,286	1.20
11	CHINA WEST INTERNATIONAL HOLDINGS LIMITED	2,000,000	1.14
12	WHITTINGHAM SECURITIES PTY LIMITED	2,000,000	1.14
13	STOLIGOR PTY LTD	1,800,000	1.03
14	LEFTONE NOMINEES PTY LTD	1,500,000	0.85
15	MR PHILLIP JOHN COULSON	1,350,000	0.77
16	MR THE BAO VU	1,302,715	0.74
17	G&G STEELWORKS PTY LTD	1,283,786	0.73
18	VIVALDO INDUSTRIES	1,200,000	0.68
19	FELDKIRCHEN PTY LTD	1,050,000	0.60
20	EGNSINVEST	1,000,000	0.57
<b>TOTAL TOP 20 SHAREHOLDERS</b>		<b>56,214,280</b>	<b>32.02</b>
<b>TOTAL REMAINING SHAREHOLDERS BALANCE</b>		<b>119,339,057</b>	<b>67.98</b>
<b>TOTAL SHARES</b>		<b>175,553,337</b>	<b>100.00</b>

## VOTING RIGHTS

### At a general meeting of Shareholders:

- (a) On a show of hands, each person who is a member or sole proxy has one vote.
- (b) On a poll, each Shareholder is entitled to one vote for each fully paid share.

# Corporate directory

## DIRECTORS

Neill Arthur (*Chairman*)  
Russell Penney (*Managing Director*)  
Barry Dawes (*Non-Executive Director*)  
Stephen Gemell (*Non-Executive Director*)  
David Hawley (*Non-Executive Director*)  
Ian Mutton (*Non-Executive Director*)

## SECRETARY

Kevin Lynn

## AUSTRALIAN BUSINESS NUMBER

65 112 714 397

## REGISTERED OFFICE

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## WEBSITE

[www.uxa.com.au](http://www.uxa.com.au)

## AUDITOR

KPMG  
151 Pirie Street  
Adelaide SA 5000

## COMPANY'S SOLICITOR

Finlaysons Lawyers  
81 Flinders Street  
Adelaide SA 5000

## BANK

National Australia Bank Limited  
Adelaide East Business Banking Centre  
33 Rundle Street  
Kent Town SA 5067

## SHARE REGISTRAR

Computershare Investor Services Pty Ltd  
Level 3  
60 Carrington Street  
Sydney NSW 2000



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