

CORPORATE GOVERNANCE

Introduction

UXA was formed in January 2005 for the express purpose of applying for various exploration licences (ELAs) with a view to exploring primarily for uranium and associated copper and gold in Australia.

As at the date of this Prospectus, and as stated elsewhere in this Prospectus, UXA has lodged 16 applications for ELAs and seven of those applications have been the subject of offers as exploration licences (ELs).

The next phase of activity for UXA is to conduct exploration on the ELs when granted. The future of UXA thereafter will depend entirely on what, if any, results are achieved by that exploration.

Accordingly the framework for the corporate governance of UXA reflects the present small size of UXA and the fact that it does not intend, in the near future, to conduct a business other than exploration. The framework for corporate governance recognises the accountability of the Board of UXA to its investors and other interested parties.

The Board proposes to enhance the framework for corporate governance as the future activity of UXA becomes clearer.

The Board

The Board is the governing body of UXA. Its powers are set out in the Constitution of UXA which was adopted by resolution of the Members on 21 June 2005. That Constitution replaced the earlier “replaceable rules” which applied to UXA from its incorporation until 21 June 2005. The Constitution of UXA will continue to be reviewed by the Board as the future of UXA becomes clearer. Any changes to the Constitution will, of course, be subject to adoption and approval by Members of UXA at a general meeting.

The Board is responsible for the overall corporate governance of UXA. This includes setting and periodically reviewing the strategic direction, monitoring the achievements and financial performance of UXA and deciding on key policy positions for UXA to take on behalf of its members. It is intended that the Board will meet on a regular basis and as required by the activities of UXA. During the fiscal year ending 30 June 2005, eleven meetings of the Board were held.

Composition of the Board

The Board of UXA currently comprises the Executive Chairman; Mr Neill Arthur, the Managing Director; Mr Patrick Mutz, and four Non-Executive Directors; Barry Dawes, Ian Mutton, Steve Gemell and David Hawley.

It is considered that the Directors possess a broad range of skills, qualifications and industry experience.

The Constitution provides for the process of appointment of Directors and the appointment of a Chairman and the appointment of a Managing Director. The Constitution also provides for the convening of and proceedings at Board Meetings. In addition to those provisions, all available information in connection with items to be discussed at each meeting of the Board shall be provided to each Director prior to that meeting giving each Director a reasonable opportunity to consider the information so as to make an informed contribution to the Board discussion and resolutions.

The Constitution provides that a quorum at a Board Meeting is to be determined by the Directors from time to time but unless otherwise determined is two (2).

UXA presently has no employees. **Board Committees**

In light of the current activities and size of UXA, it is not presently considered necessary for Committees of Board Members to be formed but this situation will be kept under constant review by the Board. If it is considered that the functioning of the Board will be assisted by the appointment of Committees, such Committees will then be established.

Independent Advice

Each Director has the right to seek independent legal and other professional advice concerning any aspect of UXA's operations or undertakings in order to fulfil their duties and responsibilities as Directors.

Such advice can be sought at UXA's expense with the prior approval of the Board.

Audit

In light of the current activities and size of UXA, as disclosed in the audited accounts of UXA contained in this Prospectus for the year ended 30 June 2005, it is not considered necessary at this stage to form an Audit and/or Compliance Committee. Liaison with the auditors and considerations of compliance issues will be undertaken in the first instance by the Executive Chairman or Company Secretary and considered by the Board itself.

Remuneration

Non-executive Directors are each to be paid a fee, monthly, totalling \$30,000 per annum (exclusive of GST) as and from the date UXA is accepted for listing on ASX.

Executive Directors will not be paid Directors' fees pro tem, but will be paid consulting fees on a per diem basis.

In due course the Executive Chairman's role may become non-executive as UXA develops in which case an appropriate annual fee will be negotiated.

The total of all Directors' fees in any one financial year will not exceed \$150,000 without approval by the Members. The level of individual director's fees within the approved total is determined by the Board. 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 2005, 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, and Mr Dawes, the Director who is also a Director of Martin Place Securities Pty Limited.

The Board and Executive Directors

The Board is responsible for the appointment and contract with the Executive Chairman, the Managing Director and senior employees (when appointed) reporting directly to the Executive Chairman. The Executive Chairman and the Managing Director lead the organisation. They develop a business strategy in collaboration with one another and implement it once it is approved by the Board.

The Executive Chairman and the Managing Director are also 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 Executive Chairman is the primary spokesperson for UXA and the lead person in its key relationships with Government, ASX and other organisations. The Managing Director will primarily focus on the management of exploration programmes, technical reporting and any future joint ventures.

Under the Constitution of UXA, the Directors may confer upon either or both the Executive Chairman and/or 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 will determine the performance goals and remuneration of the Executive Chairman and the Managing Director. Their remuneration consists of per diem fees. In due course, if the Board decides that either role should be a salaried position, such salary shall comprise a salary and an at-risk component. The amount of the latter will be set by the Board on such advice as the Board may wish to take and the amount will reflect the performance of the Executive Chairman and/or the Managing Director against pre-determined goals.

Adherence to ethical standards

The Board has resolved to be bound by a Code of Conduct modelled on that published for the Australian Institute of Company Directors (see website: www.companydirectors.com.au).

Good Corporate Governance and Best Practice

The Board has resolved to follow the essential Corporate Governance Principles and best practice recommendations made by the ASX Corporate Governance Council and to observe the guidelines for notices of meeting and disclosure attachments to those principles as published by the ASX Corporate Governance Council in March 2003 and as amended from time to time.

Trading and Securities

The Board has resolved to adopt a policy binding on all Directors from time to time, and their associates, as defined in the *Corporations Act 2001*, relating to trading in the securities issued by UXA. That policy prohibits Directors and their Associates from trading in the securities issued by UXA during a period of 14 days before and 7 days after:-

- the publication of the annual accounts of UXA; and
- before and after announcements made to ASX in accordance with the continuance disclosure obligation of UXA.

The policy further obliges each Director to discuss with the Executive Chairman (or in the case of the Executive Chairman himself, with a non-executive Director of UXA) any trade in the securities of UXA contemplated by that Director or the Executive Chairman.

The Policy also provides that no Director may trade in the securities issued by UXA if he or she is in possession of information that may have a material impact on the price of the securities issued by UXA if it were publicly known.

Escrow

Pursuant to the Listing Rules of ASX, securities issued to the Directors of UXA or their Associates prior to or pursuant to this Prospectus are escrowed by individual agreements.

Securities in UXA purchased by a Director or any Associate of a Director on market after the listing of the securities pursuant to this Prospectus are not so subject to escrow but remain subject to the board's policy as stated above.

Conflicts of Interest

The policy adopted by the Board, as described above, requires each Director to declare any conflict or potential conflict of interest in relation to any matter the subject of deliberation

by the Board. A register of conflict declarations is to be maintained by the Company Secretary of UXA. In Board discussions concerning any item in which a Director has or may have a conflict, that Director may not participate in the discussion or resolution regarding that item.

Continuous Disclosure

UXA is aware of the legal and other responsibilities arising under the *Corporations Act 2001* and the ASX Listing Rules to keep the market fully informed on a continuing basis.

The Board has adopted a policy which establishes procedures to ensure that each Director is aware of and fulfils his or her obligations in relation to the timely disclosure of material price sensitive information. All relevant information provided to the ASX will, apart from being published by the ASX, be posted promptly on to the website of UXA (www.uxa.com.au) in compliance with the continuous disclosure requirements as above.