



ASX ANNOUNCEMENT

Tuesday 30 September 2008

- **UXA TO ACQUIRE GEOPHYSICAL WIRELINE LOGGING SERVICES BUSINESS AND ASSETS**
- **DEAL GIVES UXA POSITIVE CASH FLOW & PROFITS**
- **ENSURES PROMPT FISSION NEUTRON (PFN) TECHNOLOGY SUPPLY, PFN LOGGING SERVICES AND TOOL MAINTENANCE ARE AVAILABLE COMMERCIALY THROUGHOUT AUSTRALIA**

Uranium Exploration Australia Limited (**ASX: UXA**) has signed a Heads of Agreement regarding its intention to acquire the business and assets of Geoscience Associates Australia Pty Ltd (GAA) (<http://www.geoscience.biz/>), a geophysical logging company located in Mount Barker, South Australia. 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 on coal, throughout Australia since 1971.

GAA was involved with the importation of the original **Prompt Fission Neutron (PFN)** tools and technology into Australia in the late 1990s and has been providing on-going servicing of these tools. PFN is a unique geophysical wire-line logging technology used for the direct measurement of uranium in boreholes.

Recently, GAA has acquired its own PFN tools and currently is the only company offering commercial PFN logging services in Australia. Through GAA's long-standing relationship with the sole commercial **PFN Tool** manufacturer in the western world, Geolnstruments Inc (<http://www.geoinstrumentsinc.com/>), located in the USA, GAA is in the final stages of formalising an exclusive distribution agreement for PFN Technology in Australia.

UXA's decision to acquire the business and assets of GAA is grounded in a firm belief that based on its unique advantages, PFN technology is critical to the overall success of a uranium exploration company and even more critical in the event of discovery of a uranium resource and development using *In situ* Recovery mining technology.

In addition to securing greater access to PFN technology for UXA, the proposed acquisition of GAA by UXA, which is subject to Shareholder approval and suitable financing arrangements, will result in the creation of an enlarged group with unique uranium exploration and general mining industry logging capabilities with greater market diversification and higher cash generating capability.

UXA's Managing Director Patrick Mutz believes this strengthens the position of the Company relative to other grassroots exploration companies and thus provides a lower risk profile for existing Shareholders. "We also believe the Company should have improved access to capital markets due to the increased size and stability of the merged group and positive cash

flow,” he said. “This could also assist in attracting greater investor interest in the Company and therefore promote better liquidity in the Company’s shares.”

While the Board considers there are positive synergies between UXA’s uranium exploration efforts and GAA’s commercial logging services business spread across uranium and non-uranium exploration and development clients, the Directors wish to assure Shareholders that the proposed acquisition will not detract from UXA’s core business focus on uranium exploration.

If the proposed acquisition is completed, following formal contract documentation, GAA will be held as a subsidiary company and will continue to operate independently with regards to the preservation of confidential information of GAA’s clients.

Commercial terms will be disclosed in the Notice of Annual General Meeting to Shareholders following the finalisation of negotiations and signing of a binding agreement.

PFN technology can:

- Eliminate concern of missing uranium in the borehole, irrespective of disequilibrium;
- Provide immediate and fool-proof uranium analysis within the borehole which allows in-field drill programme adjustments to follow identified mineralisation;
- Analyse larger mass of host rock than core samples or drill cuttings;
- Reduce the cost of time-consuming chemical analyses; and
- Eliminate need for core sample collection in initial exploration stages.

For further information regarding PFN technology, refer to UXA’s website at <http://www.uxa.com.au/Announcements/UXAPromptFissionNeutronMarch2007.pdf>.

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