



# UXA Resources Limited

ABN 65 112 714 397

07 October 2011

The Manager  
Company Announcements Office  
Australian Securities Exchange  
20 Bridge Street  
SYDNEY NSW 2000

## ASX ANNOUNCEMENT

### Issue of A\$1.0 million Convertible Note: Appendix 3B

UXA Resources Limited (ASX:UXA) is pleased to announce that it has issued a convertible note for A\$1.0 million to US based La Jolla Cove Investors Inc (La Jolla Cove).

This follows UXA's agreement with La Jolla Cove for two convertible notes totalling A\$2.5 million (ASX release 30 September 2011). The key funding agreements for both convertible notes have now been signed by both parties and all the conditions precedent for the first note of A\$1.0 million have been met.

The A\$1.0 million note has been issued by UXA and the first monthly draw down amount of A\$250,000 has been received from La Jolla Cove.

UXA's Managing Director, Dr Russell Penney said, "the issue of the convertible note will ensure that the company has sufficient funds to undertake the planned Phase 2 drilling program at the Dome 5 zinc-lead-silver project in New South Wales. It is a very welcome investment in the company at a time of such uncertainty in the capital markets. It is a low cost way of funding our exploration program compared to alternative funding arrangements and provides additional scope to advance the company's diverse project pipeline that offers near term exploration upside. The notes are unsecured with no restriction on further debt or capital raisings."

La Jolla Cove Investors is excited to partner with and provide capital to UXA Resources. Rob Litz, Director at La Jolla Cove Investors, stated "we're highly impressed by UXA Resources' experienced management, diverse portfolio including zinc, copper, gold and uranium, well-known JV partners, and international cash flow positive logging business. Given the current climate, we believe the market is undervaluing the assets of the company and see a great opportunity here."

Issue of the second note and its subsequent conversion is subject to UXA receiving the approval of shareholders, which it intends to do at the Annual General Meeting of shareholders to be held in November 2011.

Please find enclosed an Appendix 3B for the issue of the A\$1.0 million convertible note to La Jolla Cove.

***For further information, contact.***



**Russell Penney  
Managing Director.**

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**About UXA Resources Limited**

UXA Resources Limited (ASX:UXA) is a diversified explorer that has assembled a pipeline of highly prospective tenements throughout Australia, targeting the discovery of base metals (copper-gold, lead-zinc-silver) coal and uranium deposits, all located within world class mining provinces and close to existing infrastructure. UXA has formed strategic joint venture agreements with significant partners which provide additional capital and scope to accelerate the company's major exploration programs.

UXA is also the 100% owner of GAA Wireline, a borehole logging business that provides UXA with another revenue stream channelled towards exploration. GAA have several long term USA and Australian based service contracts covering the coal, coal seam gas, iron ore and uranium sectors. GAA owns the exclusive rights to PFN technology, a unique borehole logging tool that provides immediate uranium analysis in the field and was used in the Beverley and the Four Mile uranium discoveries in South Australia.

In New South Wales and South Australia, UXA has signed an option agreement with Teck Australia Pty Ltd (a wholly owned subsidiary the major Canadian mining company Teck Resources Ltd) and has completed 2,650m infill and step out drilling at the Dome 5 zinc-silver-lead prospect, located 50km from Broken Hill and in close proximity to the main railway corridor. In addition to the original 5 hole discovery made in 2007 by Teck and PlatSearch NL, UXA's drilling has identified a significant zone of Mississippi Valley Type (MVT) mineralisation.

In South Australia, UXA's Joint Venture with Straits Resources Limited allows Straits to explore nine of UXA's Stuart Shelf tenements for IOCG(U) deposits, a region that host the world class Olympic Dam, Prominent Hill and Carapateena deposits. Straits has the right to earn a 70% interest in the tenements by spending \$10 million on exploration over seven years.

In the Northern Territory, UXA is the operator of the Nabarlek and Pandanus West joint venture with RIL Australia Pty Ltd, a subsidiary of Reliance Industries Limited, one of India's largest private sector companies. Following successful airborne geophysical surveys and the recent U40 uranium discovery located within 280m of UXA's Nabarlek North tenement, a major drilling program is currently underway targeting unconformity style uranium.

In Western Australia, UXA has assembled five tenements and formed agreements with Rey Resources Ltd to explore for sandstone hosted uranium and P. Askins to explore for coal and uranium. The project area is located immediately west of the Canning coal field basin, south east of Derby and close to a major sealed highway. Two of the licences cover major radiometric anomalies and UXA was awarded a grant of \$100,000 by the WA Government to co-fund exploration for uranium.

More information on UXA can be found on our website at [www.uxa.com.au](http://www.uxa.com.au)

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**Appendix 3B**  
***New issue announcement,***  
***application for quotation of additional securities***  
***and agreement***

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 24/10/2005.

Name of entity

UXA Resources Limited

ABN

65 112 714 397

We (the entity) give ASX the following information.

***Part 1 - All issues***

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |   |   |
|---|---|---|
| 1 | +Class of +securities issued or to be issued  | Convertible Note  |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued   | One convertible note with a face value of \$1.0 million   |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion). | Convertible in whole or in part into ordinary fully paid shares at the election of the holder at any time at the lesser of \$0.25 or 80% of the 3 lowest volume weighted average prices in the preceding 21 days prior to the election to convert, subject to a floor price of \$0.015 at which UXA can refuse conversion and may redeem the note. If not converted, the note is repayable by 30 September 2015 |

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+ See chapter 19 for defined terms.

Appendix 3B  
New issue announcement

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<p>4 Do the <sup>+</sup>securities rank equally in all respects from the date of allotment with an existing <sup>+</sup>class of quoted <sup>+</sup>securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	<p>Shares issued as a result of the conversion of the convertible notes will rank equally with ordinary fully paid shares as from the date of allotment of the shares.</p>				
<p>5 Issue price or consideration</p>	<p>\$1,000,000 for one convertible note, payable in monthly draw downs of \$250,000</p>				
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>To advance exploration on the Company's exploration leases in NSW, SA, NT and WA and for working capital purposes</p>				
<p>7 Dates of entering <sup>+</sup>securities into uncertificated holdings or despatch of certificates.</p>	<p>30 September 2011</p>				
<p>8 Number and <sup>+</sup>class of all <sup>+</sup>securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th data-bbox="670 1400 981 1444">Number</th> <th data-bbox="981 1400 1268 1444"><sup>+</sup>Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="670 1444 981 1666">373,955,326</td> <td data-bbox="981 1444 1268 1666">Listed fully paid ordinary shares</td> </tr> </tbody> </table>	Number	<sup>+</sup> Class	373,955,326	Listed fully paid ordinary shares
Number	<sup>+</sup> Class				
373,955,326	Listed fully paid ordinary shares				

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+ See chapter 19 for defined terms.

	Number	+Class	
9	Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	9,500,000	Unlisted Options at an exercise price of 20 cents per share, expiring 4 December 2014
		2,730,000	Unlisted Options at an exercise price of 20 cents per share, expiring 19 February 2013
		1,350,000	Unlisted Options at an exercise price of 20 cents per share, expiring 30 June 2013
		3,075,000	Unlisted options at an exercise price of 4 cents per share expiring on 7 October 2012
		1	Convertible Notes: \$1,000,000, 30 September 2015
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A	

**Part 2 - Bonus issue or pro rata issue**

- |    |  |  |
|----|--|--|
| 11 | Is security holder approval required?            |  |
| 12 | Is the issue renounceable or non-renounceable?   |  |
| 13 | Ratio in which the +securities will be offered   |  |
| 14 | +Class of +securities to which the offer relates |  |
| 15 | +Record date to determine entitlements           |  |

+ See chapter 19 for defined terms.

Appendix 3B  
New issue announcement

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- 16 Will holdings on different registers (or sub-registers) be aggregated for calculating entitlements?
- 17 Policy for deciding entitlements in relation to fractions
- 18 Names of countries in which the entity has <sup>+</sup>security holders who will not be sent new issue documents  
Note: Security holders must be told how their entitlements are to be dealt with.  
Cross reference: rule 7.7.
- 19 Closing date for receipt of acceptances or renunciations
- 20 Names of any underwriters
- 21 Amount of any underwriting fee or commission
- 22 Names of any brokers to the issue
- 23 Fee or commission payable to the broker to the issue
- 24 Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of <sup>+</sup>security holders
- 25 If the issue is contingent on <sup>+</sup>security holders' approval, the date of the meeting
- 26 Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled
- 27 If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders
- 28 Date rights trading will begin (if applicable)

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+ See chapter 19 for defined terms.

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29	Date rights trading will end (if applicable)	
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	
32	How do +security holders dispose of their entitlements (except by sale through a broker)?	
33	+Despatch date	

### **Part 3 - Quotation of securities**

*You need only complete this section if you are applying for quotation of securities*

34 Type of securities  
(tick one)

(a)  Securities described in Part 1

(b)  All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

### **Entities that have ticked box 34(a)**

#### **Additional securities forming a new class of securities**

*(If the additional securities do not form a new class, go to 43)*

*Tick to indicate you are providing the information or documents*

35  If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36  If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories  
1 - 1,000  
1,001 - 5,000  
5,001 - 10,000  
10,001 - 100,000  
100,001 and over

37  A copy of any trust deed for the additional +securities

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+ See chapter 19 for defined terms.

**Entities that have ticked box 34(b)**

38	Number of securities for which +quotation is sought		
39	Class of +securities for which quotation is sought		
40	Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?  If the additional securities do not rank equally, please state: <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>		
41	Reason for request for quotation now  Example: In the case of restricted securities, end of restriction period (if issued upon conversion of another security, clearly identify that other security)		
42	Number and +class of all +securities quoted on ASX ( <i>including</i> the securities in clause 38)	Number	+Class

**Quotation agreement**

- 1 +Quotation of our additional +securities is in ASX's absolute discretion.  
ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
  - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
  - There is no reason why those +securities should not be granted +quotation.

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+ See chapter 19 for defined terms.

- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the +securities to be quoted, it has been provided at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here: .....  
(Company Secretary)

Date: 7 October 2011

Print name: Graham Seppelt

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+ See chapter 19 for defined terms.