



**Uranium Exploration  
Australia Limited**

ABN 65 112 714 397

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## **FINANCIAL STATEMENTS**

**30 June 2009**

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# Uranium Exploration Australia Limited

## 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.

### 1. Directors

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

<b>Name and qualifications</b>	<b>Experience, special responsibilities and other director relationships</b>
<p>Neill Fleming Arthur Age 66 Chairman <i>Eur Ing</i> BE Chem.(Hons), FAusIMM, C Eng, FICHe, FAICD</p>	<p>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.</p> <p>Neill was appointed as a Director and Chairman of the Board on 17 February 2005.</p> <p>Other listed company Directorships held during past 3 years: Nil</p>
<p>Stephen Russell Penney (Appointed 3 December 2008) Age 56 Managing Director BA, PhD, FAusIMM,</p>	<p>Dr. Russell Penney was appointed Managing Director of the company, effective as of 3 December 2008.</p> <p>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.</p> <p>During his 4 years at NGM, Dr Penney led the team that acquired and advanced uranium and nickel exploration projects in three African nations. Dr Penney has a PhD in geology and a BA from Trinity College Dublin University and has conducted research at Oxford and Melbourne Universities.</p> <p>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.</p> <p>Other listed company Directorships held during past 3 years: Nil</p>

# Uranium Exploration Australia Limited

## Directors' report (continued)

### 1. Directors (continued)

Name and qualifications	Experience, special responsibilities and other director relationships
<p>David Leslie Hawley Age 64</p> <p>Non Executive Director</p> <p>BA (Hons), GradDip EnvSt, FAIE, MAIG, MAusIMM, MEPLA of NSW, MAWA, MGSA</p>	<p>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.</p> <p>David was appointed as a Director on 31 January 2005 and is a member of the Audit Committee.</p> <p>Other listed company Directorships held during past 3 years: Nil</p>
<p>Stephen Geoffrey Gemell Age 55</p> <p>Non-Executive Director</p> <p>BE Mining (Hons), FAusIMM(CP), MAIME, MMICA</p>	<p>Stephen is consulting mining engineer who has had 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.</p> <p>Stephen was appointed as a Director on 1 March 2005 and is a member of the Audit and Remuneration Committees.</p> <p>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)</p>
<p>Barry John Dawes Age 59</p> <p>Non-Executive Director</p> <p>BSc, FAusIMM(CP), MSDIA</p>	<p>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.</p> <p>Barry was appointed as a Director on 31 January 2005 and is a member of the Remuneration Committee.</p> <p>Other listed company Directorships held during past 3 years: Nil</p>

# Uranium Exploration Australia Limited

## Directors' report (continued)

### 1. Directors (continued)

<p>Ian McLeay Mutton Age 61 Non-Executive Director</p>	<p>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.</p> <p>Ian was appointed as a Director on 6 September 2005 and is Chairman of the Audit and Remuneration Committees.</p> <p>Other listed company Directorships held during past 3 years:</p> <p>Australian Biodiesel Group Limited (current) Sinovus Mining Limited (current)</p>
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Mr Patrick Mutz resigned as Managing Director effective 3 December 2008.

### 2. Company Secretary

Kevin Lynn CA, FAICD, FFin

Mr Kevin Lynn was appointed as Secretary on 6 September 2005 and held office for the entire year. Mr Lynn has previously held Board and senior finance positions and is currently Secretary of 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)

# Uranium Exploration Australia Limited

## Directors' report (continued)

### **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:

1. Purchase of a cash flow business, Geoscience Associates (Australia) Limited, a long established borehole logging business based in Mount Barker, South Australia.
2. Evaluation of more advanced uranium exploration projects, for farm-in or outright purchase. The Company is continuously evaluating project submittals.
3. 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 (2007: 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 to raise \$5 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 is also underway.

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.

# Uranium Exploration Australia Limited

## Directors' report (continued)

### 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.

### 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 following 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

# Uranium Exploration Australia Limited

## Directors' report (continued)

### 10. Corporate governance statement (continued)

#### 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.

	2009	2008
<i>Audit services</i>	\$	\$
Remuneration for audit and review of 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.

# Uranium Exploration Australia Limited

## Directors' report (continued)

### 10. Corporate governance statement (continued)

#### 10.5.1 Principles of compensation (continued)

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).

# Uranium Exploration Australia Limited

## Directors' report (continued)

### 10. Corporate governance statement (continued)

#### 10.5 Remuneration report (continued)

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

###### Directors

	Short-term			Post - employment	Share – based payments	Total	Value of options as proportion of remuner- ation %
	Salary	Fees and commissions	Total	Super- annuation benefits	Options		
<b>2009</b>	\$	\$		\$	\$	\$	
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

	Short-term			Post - employment	Share – based payments	Total	Value of options as proportion of remuner- ation %
	Salary	Fees and commissions	Total	Super- annuation benefits	Options		
<b>2009</b>	\$	\$		\$	\$	\$	
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>

# Uranium Exploration Australia Limited

## Directors' report (continued)

### 10. Corporate governance statement (continued)

#### 10.5 Remuneration report (continued)

##### 10.5.2 Director's and executive officer's remuneration (continued)

#### Directors

	Short-term			Post - employment	Share – based payments	Total	Value of options as proportion of remuner- ation %
	Salary	Fees and commissions	Total	Super- annuation benefits	Options		
<b>2008</b>	<b>\$</b>	<b>\$</b>		<b>\$</b>	<b>\$</b>	<b>\$</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

	Short-term			Post - employment	Share – based payments	Total	Value of options as proportion of remuner- ation %
	Salary	Fees and commissions	Total	Super- annuation benefits	Options		
<b>2008</b>	<b>\$</b>	<b>\$</b>		<b>\$</b>	<b>\$</b>	<b>\$</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.

# Uranium Exploration Australia Limited

## Directors' report (continued)

### 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>18,932,860</b>

#### Options over ordinary shares

	Held at 1 July 2008	Granted as compen- sation	Exercised/ Lapsed/ purchased	Held at 30 June 2009	Vested during the year	Vested and exercisable at 30 June 2009
N Arthur	-	-	-	-	-	-
P Mutz	-	-	-	-	-	-
B Dawes	-	-	-	-	-	-
S Gemell	-	-	-	-	-	-
D Hawley	-	-	-	-	-	-
I Mutton	-	-	-	-	-	-
R Penney	-	-	-	-	-	-
<b>Total</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.

# Uranium Exploration Australia Limited

## Directors' report (continued)

### **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 14 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.

*KPMG*  
KPMG

  
Derek Meates  
*Partner*

Adelaide

14 September 2009

# Uranium Exploration Australia Limited

## Income statement

For the year ended 30 June 2009

	Note	2009 \$'000	2008 \$'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		<u>(178)</u>	<u>(103)</u>
<b>Total Expenses</b>		<b><u>(6,218)</u></b>	<b><u>(5,187)</u></b>
Financial income – interest earned		273	451
Financial expenses		<u>-</u>	<u>-</u>
<b>Net financing income</b>		<b><u>273</u></b>	<b><u>451</u></b>
<b>Loss before income tax</b>		<b>(5,928)</b>	<b>(3,080)</b>
Income tax expense	7	<u>-</u>	<u>-</u>
<b>Loss for the year</b>	17	<b><u>(5,928)</u></b>	<b><u>(3,080)</u></b>
<b>Earnings per share for loss attributable to ordinary equity holders of UXA:</b>			
Basic and diluted earnings (cents) per share	23	<u>(0.07)</u>	<u>(0.03)</u>

The income statement is to be read in conjunction with the notes to the financial statements set out on pages 19 to 37.

# Uranium Exploration Australia Limited

## Statement of recognised income and expense

**For the year ended 30 June 2009**

	Note	2009 \$'000	2008 \$'000
Income and expense recognised directly in equity		-	-
Loss for the year	17	<u>(5,928)</u>	<u>(3,080)</u>
Total recognised income and expense for the year	17	<u>(5,928)</u>	<u>(3,080)</u>

The statement of recognised income and expense is to be read in conjunction with the notes to the financial statements set out on pages 19 to 37.

# Uranium Exploration Australia Limited

## Balance sheet

As at 30 June 2009

	Note	2009 \$'000	2008 \$'000
<b>Assets</b>			
Cash and cash equivalents	9	2,827	6,252
Trade and other receivables	10	<u>119</u>	<u>138</u>
<b>Total current assets</b>		<u>2,946</u>	<u>6,390</u>
Trade and other receivables	10	63	24
Property, plant and equipment	11	226	106
Exploration and evaluation assets	12	<u>1,551</u>	<u>4,159</u>
<b>Total non-current assets</b>		<u>1,840</u>	<u>4,289</u>
<b>Total assets</b>		<u>4,786</u>	<u>10,679</u>
<b>Liabilities</b>			
Current Liabilities:			
Trade and other payables	13	136	94
Employee entitlements	14	<u>36</u>	<u>68</u>
<b>Total current liabilities</b>		<u>172</u>	<u>162</u>
Non-current liabilities:			
Deferred income	4	<u>1,622</u>	<u>1,622</u>
<b>Total non-current liabilities</b>		<u>1,622</u>	<u>1,622</u>
<b>Total liabilities</b>		<u>1,794</u>	<u>1,784</u>
<b>Net assets</b>		<u>2,992</u>	<u>8,895</u>
<b>Equity</b>			
Share capital	15	13,976	13,976
Reserves	16	346	321
Accumulated losses	17	<u>(11,330)</u>	<u>(5,402)</u>
<b>Total equity</b>	17	<u>2,992</u>	<u>8,895</u>

The balance sheet is to be read in conjunction with the notes to the financial statements set out on pages 19 to 37.

# Uranium Exploration Australia Limited

## Statement of cash flows

For the year ended 30 June 2009

	2009 \$'000	2008 \$'000
<b>Cash flows from operating activities</b>		
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>
	20	
<b>Cash flows from investing activities</b>		
Payments for exploration and evaluation expenditure	(1,470)	(4,064)
Payments for property, plant & 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>
<b>Cash flows from financing activities</b>		
Proceeds 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 30 June 2009</b>	<b>2,827</b>	<b>6,252</b>
	9	

The statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 19 to 37.

# Uranium Exploration Australia Limited

## 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.

# Uranium Exploration Australia Limited

## Notes to the financial statements

**For the year ended 30 June 2009**

### **2. Basis of preparation (cont.)**

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 review 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.

# Uranium Exploration Australia Limited

## Notes to the financial statements

**For the year ended 30 June 2009**

### **3. Significant accounting policies (continued)**

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.

# Uranium Exploration Australia Limited

## Notes to the financial statements

For the year ended 30 June 2009

### 3. Significant accounting policies (continued)

#### (c) Taxation (continued)

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.

# Uranium Exploration Australia Limited

## Notes to the financial statements

For the year ended 30 June 2009

### 3. Significant accounting policies (continued)

#### (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.

# Uranium Exploration Australia Limited

## Notes to the financial statements

For the year ended 30 June 2009

### 3. Significant accounting policies (continued)

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 other wise 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.

# Uranium Exploration Australia Limited

## Notes to the financial statements

For the year ended 30 June 2009

### **3. Significant accounting policies (continued)**

#### **(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.

# Uranium Exploration Australia Limited

## Notes to the financial statements

For the year ended 30 June 2009

### 3. Significant accounting policies (continued)

#### (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.

### 4. Other income

	<b>2009</b> <b>\$'000</b>	<b>2008</b> <b>\$'000</b>
PACE Grant for exploration	-	50
Gain on sale of data to RILA	-	802
Deferred income – RILA	-	677
	-	<b>1,529</b>

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.

# Uranium Exploration Australia Limited

## Notes to the financial statements

For the year ended 30 June 2009

### 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.

	Note	2009 \$'000	2008 \$'000
Cash and cash equivalents*	9	1,726	1,717
Trade and other receivables	10	-	8
Property, plant and equipment	11	-	1
Exploration and evaluation assets	12	282	522
Trade and other payables	13	38	25

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

	2009 \$'000	2008 \$'000
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### 6. Auditor's remuneration

Auditors of UXA – KPMG Australia

Audit and review of the financial reports	<u>35</u>	<u>33</u>
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### 7. Taxation

Current tax expense	-	-
Deferred tax expense	<u>-</u>	<u>-</u>
Total income tax expense	<u>-</u>	<u>-</u>

#### (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	<u>1,778</u>	<u>924</u>
Total income tax expense	<u>-</u>	<u>-</u>

# Uranium Exploration Australia Limited

## Notes to the financial statements

For the year ended 30 June 2009

### 7. Taxation (continued)

#### (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.

	2009 \$'000	2008 \$'000
<b><i>Deferred tax asset not taken to account</i></b>		
Tax losses not taken to account	<u>2,961</u>	<u>1,678</u>

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

<b>Cash and cash equivalents</b>	<u>*2,827</u>	<u>6,252</u>
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\* 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	<u>83</u>	<u>64</u>
	<u>119</u>	<u>138</u>

#### Non-current

Deposits paid	<u>63</u>	<u>24</u>
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# Uranium Exploration Australia Limited

## Notes to the financial statements

For the year ended 30 June 2009

	2009 \$'000	2008 \$'000
<b>11. Property, plant and equipment</b>		
<i>Office furniture and equipment</i>		
<b>Cost</b>		
Balance at beginning of year	229	174
Acquisitions	233	59
Adjustments	28	-
Disposals	<u>(6)</u>	<u>(4)</u>
Balance at end of year	<u>484</u>	<u>229</u>
<b>Accumulated depreciation</b>		
Balance at beginning of year	123	58
Depreciation charge for the year	140	65
Disposals	<u>(5)</u>	<u>65</u>
Balance at end of year	<u>258</u>	<u>123</u>
<b>Carrying amounts</b>		
At beginning of year	<u>106</u>	<u>115</u>
At end of year	<u>226</u>	<u>106</u>
<b>12. Exploration and evaluation</b>		
<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	<u>(4,079)</u>	<u>(3,204)</u>
Balance at end of year	<u>1,551</u>	<u>4,159</u>
Exploration and evaluation expenditure written off relates to the Playford, Winjabbie, 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).		
<b>13. Trade and other payables</b>		
Trade payables	136	79
Other payables and accruals	<u>-</u>	<u>15</u>
	<u>136</u>	<u>94</u>
<b>14. Employee benefits</b>		
Liability for annual leave	<u>36</u>	<u>68</u>

# Uranium Exploration Australia Limited

## Notes to the financial statements

For the year ended 30 June 2009

### 15. Share capital

<b>2009</b>	<b>No. Shares</b>	<b>\$'000</b>	<b>No. Options</b>
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>

  

<b>2008</b>	<b>No. Shares</b>	<b>\$'000</b>	<b>No. Options</b>
Balance at 1 July 2007	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.

# Uranium Exploration Australia Limited

## Notes to the financial statements

For the year ended 30 June 2009

	2009 \$'000	2008 \$'000
<b>16. Reserves</b>		
<b>Equity compensation reserve</b>		
Balance at beginning of year	321	312
Options expense for the year	<u>25</u>	<u>9</u>
Balance at end of year	<u><u>346</u></u>	<u><u>321</u></u>
<b>17. Equity reconciliations</b>		
<b><i>Accumulated losses</i></b>		
Accumulated losses at beginning of year	(5,402)	(2,322)
Loss for the year	<u>(5,928)</u>	<u>(3,080)</u>
Accumulated losses at end of year	<u><u>(11,330)</u></u>	<u><u>(5,402)</u></u>
<b><i>Total equity reconciliation</i></b>		
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	<u>(5,928)</u>	<u>(3,080)</u>
Total equity at end of year	<u><u>2,992</u></u>	<u><u>8,895</u></u>
<b>18. Operating leases</b>		
<b>Leases as lessee</b>		
Non-cancellable operating lease rentals are payable as follows:		
Less than one	-	46
Between one year and five years	<u>-</u>	<u>73</u>
	<u>-</u>	<u>119</u>

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:

<b>Directors</b>	
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

# Uranium Exploration Australia Limited

## Notes to the financial statements

For the year ended 30 June 2009

### 19. Related parties (continued)

Key Management Personnel	
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 \$'000	2008 \$'000
Short-term employee benefits	791	822
Other long term benefits	-	-
Post-employment benefits	71	67
Termination benefits	-	-
Share-based payments	21	-
<b>Total</b>	<b>883</b>	<b>889</b>

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:

Director	Transaction	2009 \$'000	2008 \$'000
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.

# Uranium Exploration Australia Limited

## Notes to the financial statements

For the year ended 30 June 2009

### 19. Related parties (continued)

#### 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:

	Held at 1 July 2008	Granted as compen- sation	(Exercised/ Expired) Purchased	Held at 30 June 2009	Vested during the year	Vested and exercisable at 30 June 2009
<b>Directors</b>						
N Arthur	-	-	-	-	-	-
R Penney	-	-	-	-	-	-
P Mutz	-	-	-	-	-	-
B Dawes	-	-	-	-	-	-
S Gemell	-	-	-	-	-	-
D Hawley	-	-	-	-	-	-
I Mutton	-	-	-	-	-	-
<b>Total</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.

	Held at 1 July 2007	Granted as compen- sation	(Exercised/ Expired) Purchased	Held at 30 June 2008	Vested during the year	Vested and exercisable at 30 June 2008
<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>(20,395,000)</b>	-	-	-

*All listed options expired and lapsed on 31 March 2008.*

# Uranium Exploration Australia Limited

## Notes to the financial statements

For the year ended 30 June 2009

### 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:

	Held at 1 July 2008	Purchases	Received on exercise of options	Sales	Held at 30 June 2009
<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>18,932,860</b>

	Held at 1 July 2007	Purchases	Received on exercise of options	Sales	Held at 30 June 2008
<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>18,932,860</b>

# Uranium Exploration Australia Limited

## Notes to the financial statements

For the year ended 30 June 2009

	2009 \$'000	2008 \$'000
<b>20. Reconciliation of cash flows from operating activities</b>		
Loss for the year	(5,928)	(3,080)
Adjustments for:		
Deferred income	-	(677)
Share based payment expense	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	<u>-</u>	<u>(802)</u>
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	<u>11</u>	<u>(347)</u>
Net cash used in operating activities	<u>(1,682)</u>	<u>(1,647)</u>

### 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.

	<b>6 months or less</b>
<b>2009</b>	
<b>Variable rate instruments</b>	<b>\$</b>
Cash and cash equivalents	<u>2,827</u>
<b>Net financial assets</b>	<u>2,827</u>
<b>2008</b>	
<b>Variable rate instruments</b>	<b>\$</b>
Cash and cash equivalents	<u>6,252</u>
<b>Net financial assets</b>	<u>6,252</u>

# Uranium Exploration Australia Limited

## Notes to the financial statements

For the year ended 30 June 2009

### 21. Financial risk management (continued)

#### (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.

# Uranium Exploration Australia Limited

## Notes to the financial statements

For the year ended 30 June 2009

### 23. Earnings per share

	2009 Cents	2008 Cents
Basic and diluted earnings per share	(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 Number	2008 Number
<b>Weighted average number of shares</b>		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	<u>88,802,623</u>	<u>88,298,619</u>
	30 June 2009 \$'000	30 June 2008 \$'000
<b>Reconciliation of earnings used in calculating earnings per share</b>		
Net loss for the year	<u>(5,928)</u>	<u>(3,080)</u>

#### 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, expected to raise a further \$2million. 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.

# Uranium Exploration Australia Limited

## Directors' declaration

1. In the opinion of the Directors of Uranium Exploration Australia Limited ("UXA"):
  - (a) the financial statements and notes set out on pages 15 to 37, and the Remuneration Report in the Directors' Report on pages 8 to 11, 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 14<sup>th</sup> 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*

KPMG

Derek Meates  
*Partner*

Adelaide

14 September 2009

# Uranium Exploration Australia Limited

## Corporate Directory

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<b>Directors</b>	Neill Arthur ( <i>Chairman</i> ) Russell Penney ( <i>Managing Director</i> ) Barry Dawes ( <i>Non-Executive Director</i> ) Stephen Gemell ( <i>Non-Executive Director</i> ) David Hawley ( <i>Non-Executive Director</i> ) Ian Mutton ( <i>Non-Executive Director</i> )
<b>Secretary</b>	Kevin Lynn
<b>Australian Business No.</b>	65 112 714 397
<b>Registered Office</b>	313 Payneham Road, Royston Park SA 5070 Australia Phone: +61 8 8363 7970 Fax: +61 8 8363 7963 Email: <a href="mailto:info@uxa.com.au">info@uxa.com.au</a>
<b>Website</b>	Web: <a href="http://www.uxa.com.au">www.uxa.com.au</a>
<b>Auditor</b>	KPMG 151 Pirie Street Adelaide SA 5000
<b>Company's Solicitor</b>	Finlaysons Lawyers 81 Flinders Street Adelaide SA 5000
<b>Bank</b>	National Australia Bank Limited Adelaide East Business Banking Centre 33 Rundle Street Kent Town SA 5067
<b>Share Registrar</b>	Computershare Investor Services Pty Ltd Level 3 60 Carrington Street Sydney NSW 2000