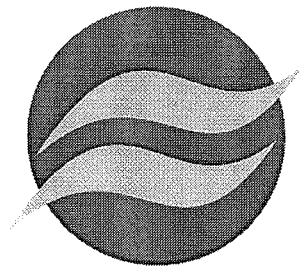

Uranium Exploration Australia Limited
ABN 65 112 714 397



Half Year Financial Report

31 December 2006

URANIUM EXPLORATION AUSTRALIA LIMITED

COMPANY DIRECTORY

Directors

Neill Arthur
Chairman

Patrick Mutz
Managing Director

Stephen Gemell
Non Executive Director

Barry Dawes
Non Executive Director

Ian Mutton
Non Executive Director

David Hawley
Non Executive Director

Company Secretary

Kevin Lynn

Australian Business Number

65 112 714 397

Registered Office

313 Payneham Road
Royston Park, SA 5070
Tel: +61 (08) 8363 7970
Fax: +61 (08) 8363 7963
E-mail Address: info@uxa.com.au
Website: www.uxa.com.au

Share Registry

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

Auditors

KPMG
10 Shelley Street
Sydney NSW 2000

Company's Solicitor

Peter Kemp Solicitors
Level 7
60 Castlereagh Street
Sydney NSW 2000

Bank

National Australia Bank Limited
345 George Street
Sydney NSW 2000

URANIUM EXPLORATION AUSTRALIA LIMITED

DIRECTORS' REPORT

The Directors present their report together with the financial report for the half-year ended 31 December 2006 and the review report thereon.

Directors

The Directors of Uranium Exploration Australia Limited during the financial period and up to the date of this report are:

Neill Arthur (Chairman)
Patrick Mutz (Managing Director) (Appointed 29 January 2007)
Stephen Gemell (Non Executive Director)
Barry Dawes (Non-Executive Director)
Ian Mutton (Non-Executive Director)
David Hawley (Non-Executive Director)

Principal Activities

Uranium Exploration Australia Limited was established to explore for, locate and develop commercial grade uranium mineralisation and associated copper, gold and silver. The initial focus is on exploration in key target areas in Australia. More particularly, the Company aims to: -

- Locate new commercial uranium deposits in its project areas where there may also be copper, gold and silver.
- Collect available past geological, geophysical, geochemical, geomorphological and exploration data, whether this be from commercial, government, university research or private contractor source.
- Generate multi-layered digital databases applying state-of-the-art and in-house software on both specific (drill) and continuous (geophysical) data sets for each EL and ELA.
- Locate future drill targets using geochemical and other sampling techniques.
- Drill the high priority zones and feed results back into the model to refine further exploration strategy.

The principal activity of the Company during the financial period was exploration for uranium.

Review of Operations

During the period under review, the Company continued exploration on its Mineral Tenements, spending \$1,577,114. The loss after income tax amounted for the half year amounted to \$572,470 (Dec 2006 – loss \$153,604).

The Company has 22 Mining Tenements, exploration licences (ELs) and exploration licence applications (ELAs); all 100% owned by UXA. Directors consider that these tenements have potential for containing economic deposits of uranium and other mineralisation. Of these:

- All eight South Australian ELs and five ELAs are proximate to the world's largest known uranium deposit at Olympic Dam (EL 3428, EL 3470, EL 3430, EL 3679, EL 3429, EL 3431, EL 3432, EL 3494, ELA 320/06, ELA 430/06, ELA 431/06, ELA 432/06, and ELA 433/06)
- Three of the eight South Australian ELs are close to the recently discovered copper-gold deposit of Carrapateena, and two ELs and one ELA are located near the \$775 million development of Prominent Hill.
- Two ELs in Western Australia (E36/546 and E52/1835) are located near known uranium deposits (Yeelirrie and Kintyre). E36/546 contains previously drilled uranium mineralisation.
- One EL and five ELAs are located in the Northern Territory. The ELAs are located proximate to the known uranium deposits of Pandanus Creek, Rum Jungle, Katherine, and Nabarlek (EL 24566, ELA 24564, ELA 24565, ELA 24577, ELA 24586, and ELA 24868).
- One EL in New South Wales (EL 6498) encompasses radioactive granites with the potential for rare earth elements (REE), as well as potential for copper and gold mineralisation.

URANIUM EXPLORATION AUSTRALIA LIMITED

DIRECTORS' REPORT

Company

The Company's Board has broad corporate and commercial knowledge in the resources and energy industries and management has considerable experience relevant to locating new uranium mineralisation. During the period, the Company strengthened its management team with the appointment in November 2006 of Mr Patrick Mutz as Chief Executive Officer of the Company. On 29 January 2007, Mr Mutz joined the Board and was appointed to the position of Managing Director.

With South Australia emerging as a key center for exploration and mining development in Australia and the South Australian State Government being openly supportive of uranium exploration and mining, the Company made the decision to relocate its head office to Adelaide. The registered office was changed 1 March 2007. This will facilitate the Company's access to scarce exploration, mining and laboratory services in the State where the Company has focused its initial exploration and has the majority of its tenements

Exploration

The Company's focus was on exploration in Australian geological provinces containing some of the world's largest uranium mines and exploration areas, where over 50% of world's lowest cost recoverable uranium resources are located. During the period, the Company completed a 3,345 metre drilling program with holes drilled on the Prominent Hill South, Glenside and Winjabbie Exploration Licences (EL's). Aboriginal heritage clearance surveys and data compilation work were conducted on the Company's other South Australian Mining Tenements.

The Company's first round of drilling during April and May 2006 saw four holes drilled in the Sloane Hill area which indicated that the area may be anomalous in silver and tungsten at relatively shallow depths. The majority of the second round drilling in the Sloane Hill area was conducted to further investigate the anomalous silver and tungsten reported from the first round drilling. Ten holes were completed on EL 3429. Results from the second round of drilling confirmed that although there was greater than world background levels of silver detected, the area was not anomalous for silver.

Following a comprehensive review of drill data and geophysics analysed to date, and assessment and recommendation of new refined exploration strategies the Board has approved a 20,000 meter drill program to be completed predominantly on its South Australian Tenements over the next 18 months. The Directors are confident that having tenements in provinces containing some of the world's largest uranium mines and exploration areas and a team strengthened by Mr. Patrick Mutz that success should come with sound geological model, persistence, and focus.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs in the Company during the half year.

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 5 and forms part of the directors' report for the half-year ended 31 December 2006.

This report is made in accordance with a resolution of the directors.



**Neill Arthur
Chairman**

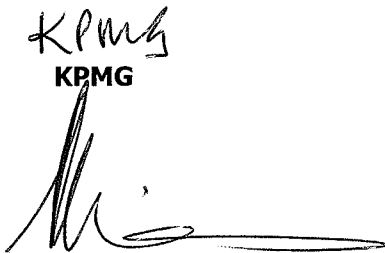
Sydney, 14 March 2007



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 review for the financial period ended 31 December 2006 there have been:

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


KPMG
KPMG
E Elias
Partner

Sydney, 14 March 2007

URANIUM EXPLORATION AUSTRALIA LIMITED
CONDENSED INTERIM INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2006

	Note	31 Dec 06 \$	31 Dec 05 \$
Interest income		<u>65,770</u>	<u>17,722</u>
Operating costs:			
ASX / Registry Expenses		(38,850)	(57,757)
Office Expenses		(131,318)	(24,919)
Professional Services		(49,348)	(70,068)
Depreciation Expense		(20,402)	(486)
Advertising / Promotions Expenses		(13,486)	(4,583)
Other expenses		(384,836)	(13,513)
Total expenses		<u>(638,240)</u>	<u>(171,326)</u>
Loss before income tax		<u>(572,470)</u>	<u>(153,604)</u>
Income tax expense		-	-
Loss for the period		<u>(572,470)</u>	<u>(153,604)</u>
Basic and diluted earnings per share - cents		<u>(0.009)</u>	<u>(0.004)</u>

The income statement is to be read in conjunction with the condensed notes to the interim financial report set out on pages 10 to 17.

URANIUM EXPLORATION AUSTRALIA LIMITED

CONDENSED INTERIM BALANCE SHEET

AS AT 31 DECEMBER 2006

	Note	31 Dec 06 \$	30 Jun 06 \$
CURRENT ASSETS			
Cash and cash equivalents		1,600,621	4,245,163
Trade and other receivables		527,185	342,892
TOTAL CURRENT ASSETS		<u>2,127,806</u>	<u>4,588,055</u>
NON-CURRENT ASSETS			
Other non- current assets		20,130	30,447
Property, plant and equipment		109,948	102,693
Exploration and evaluation expenditure		2,724,442	1,137,009
TOTAL NON-CURRENT ASSETS		<u>2,854,520</u>	<u>1,270,149</u>
TOTAL ASSETS		<u>4,982,325</u>	<u>5,858,204</u>
CURRENT LIABILITIES			
Trade and other payables		153,738	475,647
TOTAL CURRENT LIABILITIES		<u>153,738</u>	<u>475,647</u>
TOTAL LIABILITIES		<u>153,738</u>	<u>475,647</u>
NET ASSETS		<u>4,828,587</u>	<u>5,382,557</u>
EQUITY			
Issued capital	5	5,995,139	5,976,638
Accumulated losses		(1,166,551)	(594,081)
TOTAL EQUITY		<u>4,828,587</u>	<u>5,382,557</u>

The balance sheet is to be read in conjunction with the condensed notes to the interim financial report set out on pages 10 to 17.

URANIUM EXPLORATION AUSTRALIA LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2006

	Half year ended 31 Dec 06 \$	Half year ended 31 Dec 05 \$
Cash flows from operating activities		
Cash payments to suppliers	(1,124,041)	(140,559)
Interest received	65,770	17,722
Net cash flows operating activities	<u>(1,058,271)</u>	<u>(122,837)</u>
Cash flows from investing activities		
Payments for exploration and evaluation expenditure	(1,577,114)	(204,964)
Payments for property, plant & equipment	(27,657)	(1,940)
Net cash flows investing activities	<u>(1,604,771)</u>	<u>(203,024)</u>
Cash flows from financing activities		
Proceeds from issue of shares	18,500	6,160,000
Capital raising costs	-	(470,667)
Net cash flows from financing activities	<u>18,500</u>	<u>5,689,333</u>
Net increase in cash and cash equivalents	(2,644,542)	5,363,472
Cash and cash equivalents at beginning of period	4,245,163	102,141
Cash and cash equivalents at end of period	<u>1,600,621</u>	<u>5,465,613</u>

The cash flow statement should be read in conjunction with the accompanying notes on pages 10 to 17.

URANIUM EXPLORATION AUSTRALIA LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2006

	Issued Capital \$	Accumulated Losses \$	Reserves \$	Total \$
As at 1 July 2006	5,976,638	(594,081)	-	5,382,557
Loss for the period	-	(572,470)	-	(572,470)
Issue of shares	18,500	-	-	18,500
As at 31 December 2006	5,995,138	(1,166,551)	-	4,828,587

*The statement of changes in equity should be read in conjunction
with the accompanying notes on pages 10 to 17.*

URANIUM EXPLORATION AUSTRALIA LIMITED
CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2006

Note 1

Uranium Exploration Australia Limited (the "Company") is a company domiciled in Australia. The condensed interim financial report of the Company is for the six months ended 31 December 2006.

(a) Statement of compliance

The interim financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, AASB 134 Interim Financial Reports and the Corporations Act 2001.

The interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the consolidated entity as at and for the year ended 30 June 2006.

This interim financial report was approved by the Board of Directors on 15 March 2007.

(b) Significant accounting policies

The accounting policies applied by the company in this interim financial report are the same as those applied by the company in its financial report as at and for the year ended 30 June 2006.

c) Estimates

The preparation of the interim 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 expense. Actual results may differ from these estimates.

In preparing this interim financial report, the significant judgements made by management in applying the entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2006.

Note 2: Segment Reporting

The company operates entirely in Australia and predominantly in the field of mineral exploration with particular emphasis on uranium, including base and precious metals found on its tenements. There are therefore no geographical or business segments to report on.

Note 3: Contingent Liabilities and Contingent Assets

The company does not have any contingent assets or liabilities.

URANIUM EXPLORATION AUSTRALIA LIMITED
CONDENSED NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2006

Note 4: Events Subsequent to Reporting Date

There has been no matters or circumstances that have arisen since 31 December 2005 that has significantly affected or may significantly affect:

- (a) the company's operations in future years; or
- (b) the results of those operations in future years; or
- (c) the company's state of affairs in future years.

Note 5: Issued Capital

	No. Shares	No. Options
Ordinary shares at 1 July 2006	64,222,500	45,472,500
Conversion of Options	92,500	(92,500)
Ordinary shares at 31 December 2006	64,315,000	45,380,000

URANIUM EXPLORATION AUSTRALIA LIMITED

DIRECTORS' DECLARATION

In the opinion of the Directors of Uranium Exploration Australia Limited:

1. the financial statements and notes set out on pages 6 to 11 are in accordance with the Corporations Act 2001 including:
 - (a) give a true and fair view of the financial position of the company as at 31 December 2006 and of its performance, as represented by the results of its operations and cash flows for the half year ended on that date; and
 - (b) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Dated at Sydney on 14 March 2006.



.....
Neill Arthur
Chairman



INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF URANIUM EXPLORATION AUSTRALIA LIMITED

Report on the Financial Report

We have reviewed the accompanying interim financial report of Uranium Exploration Australia Limited, which comprises the interim balance sheet as at 31 December 2006, income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a description of accounting policies, other selected explanatory notes 1 to 5 and the directors' declaration set out on page 12.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the interim financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the interim 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2006 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Uranium Exploration Australia Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

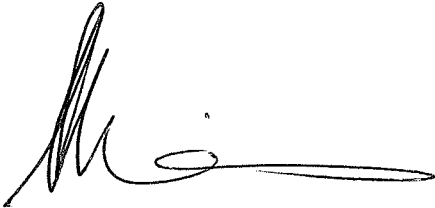
A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Uranium Exploration Australia Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001.

KPMG.
KPMG



E Elias
Partner
Sydney, 14 March, 2007