



ASX ANNOUNCEMENT

Wednesday, 31 January 2007

December 2006 Quarterly Report

- **UXA completes second round of reconnaissance drilling in South Australia**
- **Anomalous lead and zinc identified on Winjabbie tenement (EL 3432)**
- **Low grade lead, zinc, copper and uranium intercepts on Prominent Hill South (EL 3429)**
- **Priority on potential silver target lowered following latest drilling results**

Corporate

During the Quarter, Uranium Exploration Australia Limited (ASX:UXA) appointed Mr Patrick Mutz as Chief Executive Officer of the Company. UXA announced Mr Mutz's appointment as its Managing Director on 29 January 2007.

Patrick has over 28 years' international uranium exploration, mining and processing experience in the USA, Australia and Germany. Most recently, Patrick served as Managing Director of Operations for Heathgate Resources in South Australia, which owns and operates Australia's only and the world's largest in situ leach uranium mine and which discovered the recently announced Four Mile deposit. Patrick joined UXA on 27 November 2006.

With South Australia rapidly becoming one of the most active centres of exploration and mining development in Australia and the South Australian State Government being openly supportive of uranium exploration and mining, UXA made the decision to relocate its head office to Adelaide. A South Australian location will facilitate UXA's access to scarce exploration, mining and laboratory services in the State where UXA has focused its initial exploration and has the majority of its tenements. The office relocation is scheduled for the first quarter of 2007.

Exploration

South Australia

During the Quarter, UXA completed a 3,345 metre drilling program (second round drilling) on 4 December 2006 with holes drilled on the Prominent Hill South, Glenside and Winjabbie Exploration Licences (EL's). Details of the holes drilled are presented in the following table:

Hole ID	Exploration Licence		Drilling Type				Total (m)
	No	Name	Diamond	Rotary Mud	Aircore	RC	
SH5	3429	Prominent Hill South	147.3				147.3
SH5R*	3429	Prominent Hill South	171.3	179.8			351.1
SH6	3429	Prominent Hill South	126.9	173.5			300.4
SH7	3429	Prominent Hill South	601.1	203.8			804.9
SH8	3429	Prominent Hill South	63.9	167.4			231.3
SH9	3429	Prominent Hill South			72.0		72.0
SH10	3429	Prominent Hill South			96.0		96.0

Hole ID	Exploration Licence		Drilling Type				Total (m)
	No	Name	Diamond	Rotary Mud	Aircore	RC	
SH11	3429	Prominent Hill South			82.0		82.0
SH12	3429	Prominent Hill South			116.0		116.0
LH1	3429	Prominent Hill South	260.2	139.6			399.8
BG1	3432	Winjabbie	371.5				371.5
HD1	3470	Glenside	81.0			220.0	301.0
SH1 Twin	3429	Prominent Hill South			72.0		72.0
		Totals	1,823.2	864.1	438.0	220.0	3,345.3

*Redrill

Aboriginal heritage clearance surveys and data compilation work were conducted on UXA's other South Australian tenements.

Prominent Hill South (EL 3429)

UXA's first round of drilling during April and May 2006 saw four holes drilled in the Sloane Hill area (SH-1, SH-2, SH-3, and SH-4) totalling 391.3 metres RC and 400.3 metres DDH core. Initial results of SH-1 and SH-2 indicated the area may be anomalous in silver and tungsten at relatively shallow depths.

Assay results from the second round of drilling for Sloane Hill drill hole SH-7 included two metres of 900 ppm zinc at a depth of 108 metres, two metres of 68 ppm uranium at a depth of 508 metres and six metres averaging 2.5% manganese, 220 ppm lead and 70 ppm zinc at a depth of 800 metres.

Assay results from the Laurel Hill area (LH-1) included a ten metre interval containing 2.9 ppm silver, 890 ppm copper, 8.2% iron, 5200 ppm manganese and 180 ppm zinc at a depth of 100 metres.

The geology and geophysics of the SH-7 and LH-1 areas will be reassessed to determine whether follow-up drilling is warranted and to assess their priority relative to other drill targets.

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 during the Quarter (SH-5 through SH-12 inclusive, SH-1 Twin and LH-1).

Assay results from the additional holes in the Sloane Hill area indicated a maximum silver grade of 2.2 ppm in SH-6. The maximum silver assay in SH-7 was 0.87 ppm and 0.48 ppm in SH-8. All other assays were less than 0.2 ppm with most at or near world background. The highest silver assay in SH-1 Twin was 0.16 ppm; it did not verify the silver assay reported for SH-1 in the first round of drilling.

Investigations into the metallurgical composition of one drill bit reported to be similar to that used in drilling SH-2 during the first round of drilling revealed it contained silver which may have been in part consumed during drilling. UXA now believes some similar drill bits may have been used in the drilling of parts of SH-1.

UXA concludes that, while a number of samples from the Sloane Hill drill holes contain silver in concentration greater than world background levels for silver, the low concentrations and sparse appearance within the new drill holes make it insufficiently encouraging to continue to pursue this area for silver at this time.

First round drilling sites were rehabilitated during the Quarter.

Glenside (EL 3470)

UXA drilled an exploration hole at the Hardy's Dam site (HD-1) to a total depth of 301 metres (RC drilled to 220 metres followed by a diamond core tail of 81 metres). The samples were tested by scintillometer and spectrometer and assayed. Assay results for samples down to 200 metres indicated no significant mineralisation intercepts. Analysis of samples of core from 221 metres to 301 metres (bottom of hole) have not yet been received. Preliminary interpretations for this hole indicated the hole intersected Corrabeena Sandstone to 276 metres followed by Tregolana Shale to the bottom of the hole.

Winjabbie (EL 3432)

During the Quarter, UXA diamond-drilled one hole in EL 3432 at its Broken Ground site (BG-1) to a total depth of 371.5 metres. Assay results indicated 20 metres averaging 127 ppm copper, 4,047 ppm manganese, 236 ppm lead and 710 ppm zinc from a depth of 350 metres to the bottom of the hole. Core logging indicated this hole intersected faulted (inclined) sediments to 50 metres including shale to 48 metres; greywacke from 48 to 55 metres; shale and sandstone from 55 to 88 metres, shale from 88 to 153.5 metres, followed by a dolomite horizon with sulphide veins to the end of the hole. The geology and geophysics for this area will be reassessed to determine how these assay results fit potential mineralisation models and to formulate a plan for follow-on drilling in the area.

Oak Dam North East (EL 3494)

Preliminary reconnaissance sampling and mapping was conducted on the tenement during the Quarter and two drill sites prepared in anticipation of drilling. The drilling program for the tenement was suspended due to time constraints and drill rig availability. These two sites are being reassessed to determine their priority in future drilling programs.

Griffen Well (EL 3431)

UXA drilled an RC hole to 96 metres (SC-1) at "The Scrape" Prospect during the first round of drilling. Samples were analysed by scintillometer and spectrometer and assayed. The drill hole did not achieve target depth. Results received did not indicate any further attention was warranted for the Scrape Prospect.

No additional work was performed on this tenement during the Quarter.

Playford (EL 3430)

UXA drilled a RC hole (PE-1) to a depth of 140m during the first round of drilling. Samples were analysed by scintillometer and spectrometer and sent for assay. No significant mineralisation was detected.

No additional work was performed on this tenement during the Quarter.

Roxby Downs West (EL 3428)

Further Aboriginal heritage clearance surveys of the Bambridge Well site were completed during the Quarter following a request by the landowner that the proposed drill hole be relocated. An Environmental Assessment Report was compiled and in-house geologists undertook data and map compilation work.

Planned drilling on the tenement was postponed until a drill rig with greater capability could be sourced.

Playford South East (EL 3679)

The tenement was granted to UXA during the Quarter on 18 December 2006 pursuant to Exploration Licence Application No 123/06. Plans are being formulated for a program of work on this tenement for 2007.

Northern Territory**Ngaliá Thrust (EL 24566)**

Analysis of the preliminary reconnaissance sampling and mapping on the surface secondary uranium-iron veins identified in granite on this tenement continued during the Quarter. Additional field work is expected to commence in the first half of 2007.

UXA awaits the granting of five other ELs in the Northern Territory, which will be conditional upon successful negotiations with the Traditional Owners and Northern Land Council.

New South Wales**Gulgong / Ulan South (EL 6498)**

Preliminary data collection and mapping commenced following a review of published airborne survey radiometric anomalies. Follow-on field studies are being planned for 2007.

Western Australia

Angelo River North (E52/1835) and Yeelirrie South East (E36/546)

Preliminary data collection and mapping commenced following the granting of the Angelo River North tenement on 2 August 2006 and the Yeelirrie South East tenement on 8 October 2006.

Field work and a drilling program are being planned for 2007.

For further information contact:

Patrick Mutz
Managing Director

Tel: +61 (02) 8404 2800 Email: info@uxa.com.au
Or visit the website: www.uxa.com.au

ABOUT UXA Strategy and Focus

UXA's focus is on securing and exploring tenements in Australia that have the potential to yield commercial deposits of uranium, gold, silver and copper.

UXA lodged 22 Exploration Licence Applications (ELAs) in areas prospective for uranium and/or associated precious and base metals in South Australia, Western Australia, the Northern Territory and New South Wales. Of these ELAs:

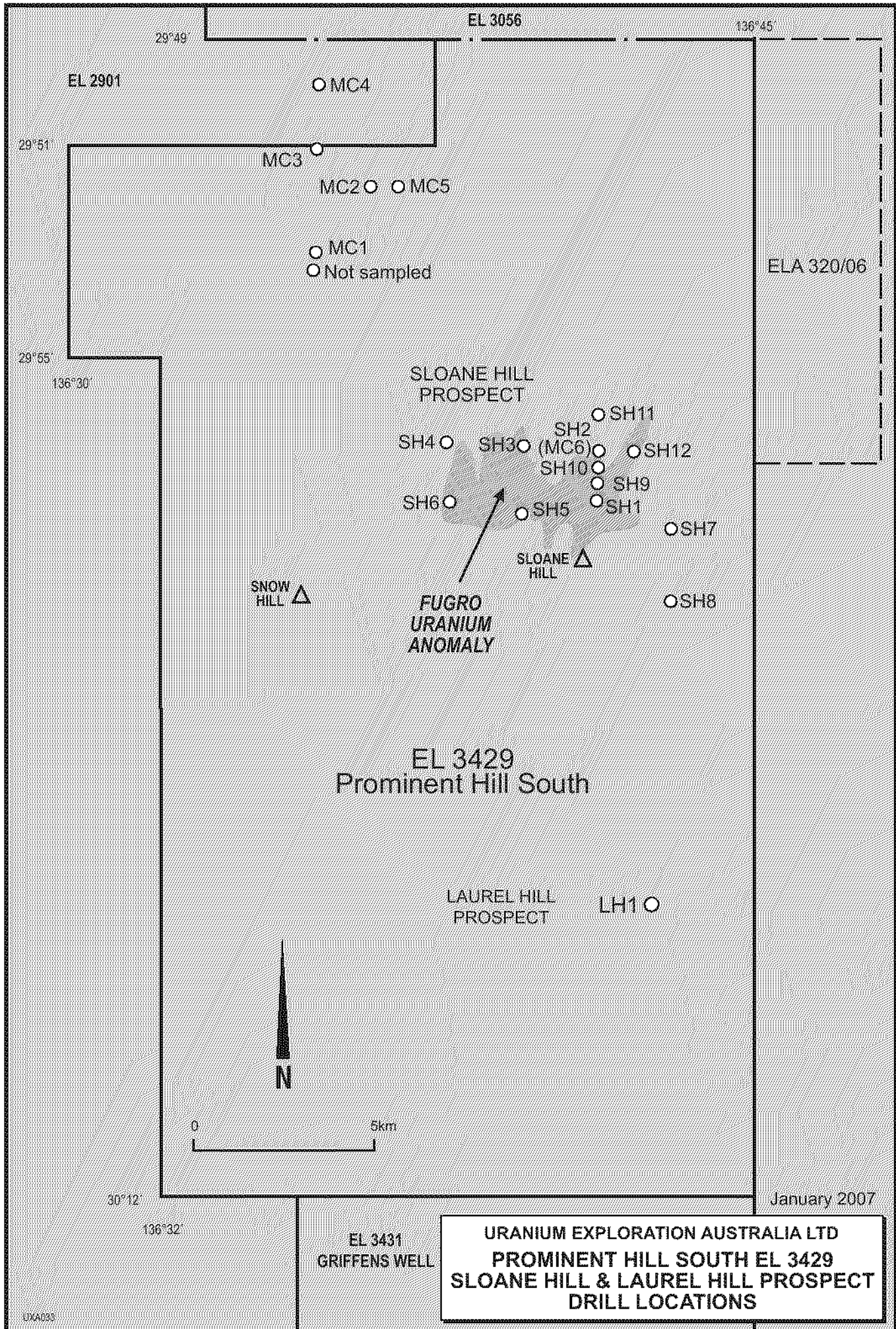
- All thirteen South Australian tenements (eight ELs and five ELA's) are proximate to the world's largest known uranium, copper and gold deposit at Olympic Dam, South Australia.*
- Three of the South Australian tenements are close to the recent gold/copper discoveries at Prominent Hill and Carrapateena.*
- The EL granted in New South Wales (EL 6498) is in an area which is prospective for gold, copper and rare earths.*
- Previous drilling by other parties has revealed uranium mineralisation at UXA's ELAs of Yeelirree South East (WA) and Katherine North (NT). UXA plans to conduct further exploration to better define this mineralisation at the earliest possible date consistent with UXA's geologists being able to access the ground once ELs are granted and other access agreements are implemented.*

JORC Compliance Statement

Technical information in this report is based on information compiled by Mr. David Hawley who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Hawley has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which the Company is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ("JORC"). Mr. Hawley consents to the inclusion in this release of the information developed by him in the form and context in which it appears.

UXA TENEMENT SCHEDULE

Tenement			Status	Date			Area	
Number	State	Name		Application	Granted	Expiry	Hectares	Blocks
EL 6498	New South Wales	Gulgong / Ulan South	Granted	21/03/2005	4/01/2006	3/01/2008	26910	93
EL 24564	Northern Territory	Nabarlek West	Application	2/02/2005	-	-	8388	25
EL 24565	Northern Territory	Pandanus West	Application	2/02/2005	-	-	98800	305
EL 24566	Northern Territory	Ngalia Thrust	Granted	2/02/2005	21/10/2005	20/10/2011	24150	76
EL 24577	Northern Territory	Katherine North	Application	2/02/2005	-	-	22270	75
EL 24586	Northern Territory	Rum Jungle North East	Application	14/02/2005	-	-	3500	13
EL 24868	Northern Territory	Nabarlek North	Application	19/08/2005	-	-	22440	73
EL 3428	South Australia	Roxby Downs West	Granted	21/02/2005	20/10/2005	19/10/2007	34800	118
EL 3429	South Australia	Prominent Hill South	Granted	14/04/2005	20/10/2005	19/10/2008	87600	295
EL 3430	South Australia	Playford	Granted	14/04/2005	20/10/2005	19/10/2008	28500	96
EL 3431	South Australia	Griffen Well	Granted	19/04/2005	20/10/2005	19/10/2007	62200	210
EL 3432	South Australia	Winjabbie	Granted	19/04/2005	20/10/2005	19/10/2008	53900	204
EL 3470	South Australia	Glenside	Renewal applied for and pending	23/06/2005	5/12/2005	4/12/2006	35400	120
EL 3494	South Australia	Oak Dam North East	Renewal applied for and pending	2/03/2005	18/01/2006	17/01/2007	79200	269
EL 3679	South Australia	Playford South East	Granted	15/03/2006	18/12/2006	17/12/2007	47700	161
ELA 320/06	South Australia	Sloane's Hill East	Application	28/06/2006	-	-	7200	24
ELA 430/06	South Australia	Mount Morgan East	Application	11/09/2006	-	-	65290	219
ELA 431/06	South Australia	Twin Hill	Application	11/09/2006	-	-	92490	310
ELA 432/06	South Australia	Porter Hill	Application	11/09/2006	-	-	59010	198
ELA 433/06	South Australia	Chinaman Hat Hill	Application	11/09/2006	-	-	83650	281
E36/546	Western Australia	Yeelirrie South East	Granted	4/02/2005	8/10/2006	7/10/2011	17055	56
E52/1835	Western Australia	Angelo River North	Granted	16/02/2005	2/08/2006	1/08/2011	18860	60



URANIUM EXPLORATION AUSTRALIA LTD
PROMINENT HILL SOUTH EL 3429
SLOANE HILL & LAUREL HILL PROSPECT
DRILL LOCATIONS

