



**Uranium Exploration  
Australia Limited**

ABN 65 112 714 397

**Uranium Exploration Australia Limited**

ABN 65 112 714 397

**Half Year Financial Report**

**31 December 2007**

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**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](mailto:info@uxa.com.au)  
Website: [www.uxa.com.au](http://www.uxa.com.au)

**Share Registry**

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

**Auditors**

KPMG  
151 Pirie Street,  
Adelaide SA 5000

**Company's Solicitor**

Finlaysons Lawyers  
81 Flinders Street  
Adelaide SA 5000

**Bank**

National Australia Bank Limited  
255 George Street  
Sydney NSW 2000

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## **URANIUM EXPLORATION AUSTRALIA LIMITED**

### **DIRECTORS' REPORT**

The Directors present their report together with the financial report for the six months ended 31 December 2007 and the auditor's review report thereon.

#### **Directors**

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

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)

#### **Principal Activities**

Uranium Exploration Australia Limited (UXA) 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 Exploration Licence (EL) and Exploration Licence Application (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 \$2,364,000 (Dec 2006 - \$1,577,000). The loss after income tax for the half year amounted to \$881,000 (Dec 2006 – loss \$572,000).

UXA was granted four additional ELs in South Australia (SA) in July 2007. This increased UXA's total EL holding in South Australia to 7,367 square kilometres, positioning the company as the largest EL holder within 150 kilometres of BHPB's Olympic Dam Mine on the Stuart Shelf.

#### **Discovery**

An airborne radiometric survey conducted in October 2007 across EL 24577 – Ngalia Thrust in the Northern Territory (NT) identified several areas of anomalous radioactivity across the tenement. Subsequent field investigations in December 2007 led to the discovery of anomalous surface uranium associated with highly bleached and potentially altered granite in the northeast corner of the tenement, in an area dubbed Crystal Creek. The area is being investigated for evidence of a regional fault and alteration system that could potentially host significant uranium mineralisation. A detailed programme of geological mapping and geochemical sampling is being planned. Heritage clearance surveys are being scheduled and a drilling programme is being designed.

#### **New Joint Venture**

UXA entered into a Farm-in and Joint Venture Agreement with RIL Australia Pty Ltd (RILA), a subsidiary of Reliance Industries Limited (RIL) of India. RIL is a Fortune Global 500 Company and the largest private sector company in India with interests in oil and gas exploration and production, including petroleum refining, petrochemicals and marketing.

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## **URANIUM EXPLORATION AUSTRALIA LIMITED**

### **DIRECTORS' REPORT**

The Farm-in Agreement was signed on 7 December 2007 and was conditional on Foreign Investment Review Board (FIRB) approval under the Foreign Acquisitions and Takeovers Act 1975 (Commonwealth of Australia) which was granted in January 2008. The Agreement was also conditional upon Ministerial consent pursuant to section 83 of the Mining Act 1971 of the State of South Australia which was also obtained in January 2008 for the SA ELs, and Ministerial approval and registration pursuant to section 173 of the Mining Act of the Northern Territory for the NT ELs.

Under the terms of the Farm-in Agreement, RILA received a 49% interest in four of UXA's exploration licences in South Australia and will receive a 49% interest in four of UXA's exploration licence applications in the Northern Territory (following grant to EL status). In exchange, UXA received cash considerations in January 2008 totalling \$3.45 million, being \$1.15 million as payment for prior exploration data and \$2.3 million earn-in to be applied towards UXA's share of future exploration expenditure. In addition, RILA will contribute its 49% share of future exploration expenditures. The Farm-in was retroactive to 1 July 2007 and RILA will reimburse UXA 49% of exploration expenditures incurred on the subject tenements between 1 July 2007 and 31 January 2008.

#### **Existing Joint Ventures**

UXA's joint venture partner, Newcrest Operations Limited ("Newcrest"), launched its exploration programme on EL 3494 - Oak Dam North East in South Australia and completed the first phase of detailed gravity surveys across the entire EL as part of its minimum \$3 million exploration expenditure across four years to earn 75% interest in the tenement. By end of December 2007 Newcrest completed the second phase of detailed gravity surveys across areas of interest identified in the first phase of surveying finalised in August 2007. Newcrest anticipates a selection of possible drill sites will be completed before the end of March 2008.

At the end of November 2007, UXA withdrew from the Option and Joint Venture Agreement with Rosscraft Minerals regarding EL 3013 – Marcollat in South Australia. UXA's initial investigations indicated the prospectivity for uranium on Marcollat was low and consequently the tenement did not fit with UXA's principal focus as a uranium explorer.

#### **Prompt Fission Neutron Technology**

As a consequence of the Strategic Alliance Agreement between UXA and Geoscience Associates Australia (GAA), UXA has been informed that third-generation prompt fission neutron (PFN) tools to be used for commercial operation have arrived in Australia in late November 2007. The tools will be fitted to newly constructed wire-line logging trucks and will be ready for commercial use in January 2008.

#### **Exploration**

By period end the Company had successfully completed a total of 6,267 metres of a planned 20,000 metre drilling programme across its exploration licences in South Australia, Western Australia, Northern Territory and New South Wales.

UXA continued its third campaign of drilling on its South Australian exploration licences (ELs). The total number of metres drilled was less than planned due to difficulties with drill rig availability.

In July 2007, three additional holes were drilled on EL 3431 – Griffen Well. In August 2007, one hole was drilled on EL 3429 – Prominent Hill South, under the auspices of the South Australian Plan for Accelerated Exploration (PACE) drilling partnership initiative and a grant of \$50,000 awarded to UXA in December 2006. In September 2007, a single hole was also drilled on EL 3430 – Playford.

UXA also completed numerous geophysical surveys across several of its tenements during the reporting period, for the purpose of identifying potential drilling targets. Detailed, ground-based gravity surveys were completed on EL 3428 – Roxby Downs West, EL 3432 – Winjabbie and EL 3470 – Glenside in South Australia. In addition, airborne radiometric and magnetic surveys were conducted across EL 36/546 – Yeelirrie South East and EL 52/1835 Angelo River North in Western Australia in August 2007, as well as across EL 24566 – Ngalia Thrust in the Northern Territory in October 2007.

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## **URANIUM EXPLORATION AUSTRALIA LIMITED**

### **DIRECTORS' REPORT**

Processing and interpretation of data obtained from in-fill gravity surveys conducted in the first quarter on EL 3430 - Playford and EL 3679 - Playford South East in South Australia, identified a high intensity gravity target located on the common border of these adjoining ELs. This iron-oxide, copper, gold, uranium (IOCGU) target has been designated TPG8 and has a gravity signature of 2.0 mGal at a modelled depth of 900 metres. TPG8 is located approximately midway and on a line between the Olympic Dam Mine and Prominent Hill Mine developments.

During the second quarter, the Company further expanded its exploration activities to include additional work on its exploration licences outside of South Australia. In addition to processing the geophysical survey data collected during the first quarter, field work was conducted on EL 36/546 - Yeelirrie South East in Western Australia, EL 6498 – Gulgong/Ulan South in New South Wales, and EL 24566 – Ngalia Thrust in Northern Territory.

#### **Corporate**

In July 2007, Uranium Exploration Australia Limited (ASX:UXA) issued an additional 6.26 million shares at \$0.35 per share (raising \$2.2 million) as part of the underwriting of the Shareholder Participation Plan (SPP) which closed in June 2007 and placements to sophisticated shareholders. Funds raised from the SPP and placements were used to fund the expanded exploration programme which commenced in June 2007.

UXA embarked on a marketing campaign through road shows in Sydney and Melbourne in July 2007. The road shows were designed to raise the profile of the Company with institutional investment firms, analysts and media representatives. In addition, UXA sponsored a marketing booth at this year's 'Excellence in Mining and Exploration' conference in Sydney in September 2007 and the 'Mines and Money' Conference in London in November 2007, with the Managing Director also presenting to the delegates.

During the period, the Company further strengthened its management team with the appointment of Mr Simon Powell as its Exploration Manager in July 2007 and Mr David Godfrey as Accountant and Assistant Company Secretary in September 2007.

The Company conducted its 2007 Annual General Meeting on 27 November 2007 at the Amora Jamison Hotel on Jamison Street, Sydney. All six resolutions presented at the meeting were approved.

#### **Significant Changes in the State of Affairs**

There were no significant changes in the state of affairs in the Company during the half year other than as described above.

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

The lead auditor's independence declaration is set out on page 6 and forms part of the directors' report for the six months ended 31 December 2007.

#### **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 made in accordance with a resolution of the directors.**



**Neill Arthur**  
**Chairman**

Sydney, 11 March 2008



*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 half-year ended 31 December 2007, 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

*Derek Meates*  
Derek Meates  
Partner

Adelaide

11 March 2008

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**URANIUM EXPLORATION AUSTRALIA LIMITED**

**INTERIM INCOME STATEMENT**

**FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

|                                              | 31 Dec 07<br>\$'000 | 31 Dec 06<br>\$'000 |
|----------------------------------------------|---------------------|---------------------|
| Revenue                                      |                     |                     |
| Interest income                              | <u>214</u>          | <u>66</u>           |
| Operating costs:                             |                     |                     |
| Professional Fees                            | (63)                | (49)                |
| ASX / Registry Expenses                      | (38)                | (39)                |
| Depreciation Expense                         | (29)                | (20)                |
| Printing & Communications                    | (50)                | (21)                |
| Insurance                                    | (46)                | (41)                |
| Employee related expenses                    | (382)               | (180)               |
| Advertising / Promotions Expenses            | (141)               | (14)                |
| Travel                                       | (19)                | (37)                |
| Office Expenses                              | (57)                | (131)               |
| Exploration expenditure written off          | (158)               | (107)               |
| Other Expenses                               | (112)               | -                   |
| Total expenses                               | <u>(1095)</u>       | <u>(638)</u>        |
| Loss before income tax                       | <u>(881)</u>        | <u>(572)</u>        |
| Income tax expense                           | -                   | -                   |
| Loss for the period                          | <u>(881)</u>        | <u>(572)</u>        |
| Basic and diluted earnings per share - cents | <u>(0.010)</u>      | <u>(0.009)</u>      |

*The income statement should be read in conjunction with the accompanying notes on pages 11 to 13.*

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**URANIUM EXPLORATION AUSTRALIA LIMITED**

**INTERIM BALANCE SHEET**

**AS AT 31 DECEMBER 2007**

|                                        | Note | 31 Dec 07<br>\$'000 | 30 Jun 07<br>\$'000 |
|----------------------------------------|------|---------------------|---------------------|
| <b>CURRENT ASSETS</b>                  |      |                     |                     |
| Cash and cash equivalents              |      | 5,378               | 6,636               |
| Trade and other receivables            |      | 187                 | 119                 |
| <b>TOTAL CURRENT ASSETS</b>            |      | <b>5,565</b>        | <b>6,755</b>        |
| <b>NON-CURRENT ASSETS</b>              |      |                     |                     |
| Other non-current assets               |      | 76                  | 73                  |
| Property, plant and equipment          |      | 123                 | 115                 |
| Exploration and evaluation expenditure | 5    | 5,769               | 3,564               |
| <b>TOTAL NON-CURRENT ASSETS</b>        |      | <b>5,968</b>        | <b>3,752</b>        |
| <b>TOTAL ASSETS</b>                    |      | <b>11,533</b>       | <b>10,507</b>       |
| <b>CURRENT LIABILITIES</b>             |      |                     |                     |
| Trade and other payables               |      | 559                 | 765                 |
| <b>TOTAL CURRENT LIABILITIES</b>       |      | <b>559</b>          | <b>765</b>          |
| <b>TOTAL LIABILITIES</b>               |      | <b>559</b>          | <b>765</b>          |
| <b>NET ASSETS</b>                      |      | <b>10,974</b>       | <b>9,742</b>        |
| <b>EQUITY</b>                          |      |                     |                     |
| Issued capital                         | 6    | 13,865              | 11,752              |
| Reserves                               |      | 312                 | 312                 |
| Accumulated losses                     |      | (3,203)             | (2,322)             |
| <b>TOTAL EQUITY</b>                    |      | <b>10,974</b>       | <b>9,742</b>        |

*The balance sheet should be read in conjunction with the accompanying notes on pages 11 to 13.*

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**URANIUM EXPLORATION AUSTRALIA LIMITED**

**INTERIM CASH FLOW STATEMENT**

**FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

|                                                      | <b>Half year<br/>ended<br/>31 Dec 07<br/>\$'000</b> | <b>Half year<br/>ended<br/>31 Dec 06<br/>\$'000</b> |
|------------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|
| <b>Cash flows from operating activities</b>          |                                                     |                                                     |
| Cash payments to suppliers and employees             | (842)                                               | (1,124)                                             |
| Interest received                                    | 214                                                 | 66                                                  |
| <b>Net cash used in operating activities</b>         | <b>(628)</b>                                        | <b>(1,058)</b>                                      |
| <b>Cash flows from investing activities</b>          |                                                     |                                                     |
| Payments for exploration and evaluation expenditure  | (2,363)                                             | (1,577)                                             |
| Payments for property, plant & equipment             | (40)                                                | (28)                                                |
| <b>Net cash used in investing activities</b>         | <b>(2,403)</b>                                      | <b>(1,605)</b>                                      |
| <b>Cash flows from financing activities</b>          |                                                     |                                                     |
| Proceeds from issue of share capital                 | 1,773                                               | 19                                                  |
| <b>Net cash from financing activities</b>            | <b>1,773</b>                                        | <b>19</b>                                           |
| <b>Net increase in cash and cash equivalents</b>     | <b>(1,258)</b>                                      | <b>(2,644)</b>                                      |
| <b>Cash and cash equivalents at 1 July 2007</b>      | <b>6,636</b>                                        | <b>4,245</b>                                        |
| <b>Cash and cash equivalents at 31 December 2007</b> | <b>5,378</b>                                        | <b>1,601</b>                                        |

*The cash flow statement should be read in conjunction with the accompanying notes on pages 11 to 13.*

**URANIUM EXPLORATION AUSTRALIA LIMITED**  
**INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

|                               | Issued<br>Capital<br>\$'000 | Accumulated<br>Losses<br>\$'000 | Reserves<br>\$'000 | Total<br>\$'000 |
|-------------------------------|-----------------------------|---------------------------------|--------------------|-----------------|
| <b>As at 1 July 2007</b>      | 11,752                      | (2,322)                         | 312                | 9,742           |
| <b>Loss for the period</b>    | -                           | (881)                           | -                  | (881)           |
| <b>Issue of shares</b>        | 2,208                       | -                               | -                  | 2,208           |
| <b>Share issue costs</b>      | (95)                        | -                               | -                  | (95)            |
| <b>As at 31 December 2007</b> | 13,865                      | (3,203)                         | 312                | 10,974          |

*The statement of changes in equity should be read in conjunction*

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*with the accompanying notes on pages 11 to 13.*  
**URANIUM EXPLORATION AUSTRALIA LIMITED**  
**CONDENSED NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

**Note 1: Reporting entity**

Uranium Exploration Australia Limited is a company domiciled in Australia. The interim financial report of the Company is for the six months ended 31 December 2007.

**(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 Reporting* 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 2007. Copies of the 2007 Annual Report are available upon request from the Company's registered office.

This interim financial report was approved by the Board of Directors on 11 March 2008.

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) 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 2007. None of the accounting standards available for early adoption have been early adopted, as none are expected to have a significant impact on the Company.

**(c) Going concern**

The interim 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 31 December 2007 the Company has net assets of \$11.0m and the directors believe the Company has sufficient cash (\$5.4m) to pay its debts as and when they fall due and to fund near term exploration and corporate activities.

**(d) 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 2007.

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**URANIUM EXPLORATION AUSTRALIA LIMITED**  
**CONDENSED NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

**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.

**Note 4: Events Subsequent to Reporting Date**

A Farm-in Agreement with RIL (Australia) Pty Ltd was signed on 7 December 2007 and was conditional on Foreign Investment Review Board (FIRB) approval under the Foreign Acquisitions and Takeovers Act 1975 (Commonwealth of Australia) which was granted in January 2008. The Agreement was also conditional upon Ministerial consent pursuant to section 83 of the Mining Act 1971 of the State of South Australia which was also obtained in January 2008 for the SA ELs, and Ministerial approval and registration pursuant to section 173 of the Mining Act of the Northern Territory for the NT ELs.

Under the terms of the Farm-in Agreement, RILA received a 49% interest in four of UXA's exploration licences in South Australia and will receive a 49% interest in four of UXA's exploration licence applications in the Northern Territory (following grant to EL status). In exchange, UXA received cash considerations in January 2008 totalling \$3.45 million, being \$1.15 million as payment for prior exploration data and \$2.3 million earn-in to be applied towards UXA's share of future exploration expenditure. In addition, RILA will contribute its 49% share of future exploration expenditures. The Farm-in was retroactive to 1 July 2007 and RILA will reimburse UXA 49% of exploration expenditures incurred on the subject tenements between 1 July 2007 and 31 January 2008.

Otherwise there have been no matters or circumstances that have arisen since 31 December 2007 that have 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: Exploration and Evaluation Expenditure**

|                                   | <b>Half year ended<br/>31 Dec 07<br/>\$'000</b> |
|-----------------------------------|-------------------------------------------------|
| Balance at beginning of period    | 3,564                                           |
| Expenditure in the period         | 2,363                                           |
| Amortisation in the period        | -                                               |
| Amounts written off in the period | (158)                                           |
| Balance at end of period          | <u><u>5,769</u></u>                             |

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**URANIUM EXPLORATION AUSTRALIA LIMITED**  
**CONDENSED NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

Exploration and evaluation costs, including the costs of acquiring Exploration Licences, are capitalized as either tangible or intangible exploration and evaluation assets on an area of interest basis.

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.

**Note 6: Issued Capital**

|                             | <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         | -                  |
| Share options exercised     | 90,000            | 18            | (90,000)           |
| Balance at 31 December 2007 | <b>88,249,323</b> | <b>13,865</b> | <b>43,557,069</b>  |

During the period an additional 4.29 million shares were issued (at \$0.35 per share) as part of the underwriting of the Shareholder Participation Plan (SPP) which closed in June 2007, and 1.97 million shares issued (at \$0.35 per share) in placements to sophisticated shareholders. No options were granted during the period.

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**URANIUM EXPLORATION AUSTRALIA LIMITED**

**DIRECTORS' DECLARATION**

In the opinion of the Directors of Uranium Exploration Australia Limited ("the Company"):

1. the financial statements and notes set out on pages 7 to 13 are 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 2007 and of its performance for the six months ended on that date; and
  - (b) complying with Australian 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 this 11th day of March 2008.



.....  
**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 half-year financial report of Uranium Exploration Australia Limited, which comprises the interim balance sheet as at 31 December 2007, income statement, statement of changes in equity and cash flow statement for the half-year period ended on that date, a description of accounting policies and other explanatory notes 1 to 6 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 half-year financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year 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 a conclusion on the half-year 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 half-year 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 2007 and its performance for the half-year period 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 a half-year 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 half-year 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 2007 and of its performance for the half-year period ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001.

*KPMG*  
KPMG

  
Derek Meates  
Partner

Adelaide

11 March 2008