



ASX ANNOUNCEMENT

Friday, 30 January 2009

Quarterly Activities Report – December 2008

- **UXA SIGNS BINDING AGREEMENT TO ACQUIRE THE ASSETS AND BUSINESS OF THE GEOPHYSICAL LOGGING COMPANY GEOSCIENCE ASSOCIATES AUSTRALIA PTY LTD**
- **DRILLING COMPLETED AT CRYSTAL CREEK IN NORTHERN TERRITORY WITH ANOMALOUS GAMMA AND PFN LOG RESPONSES BEING FOLLOWED UP WITH GEOCHEMICAL ANALYSES**

SUMMARY

Uranium Exploration Australia Limited (**ASX: UXA**) signed a binding Agreement to acquire the business and assets of Geoscience Associates Australia Pty Ltd (GAA) (<http://www.geoscience.biz/>), a geophysical logging company located in Mount Barker, South Australia. GAA holds an exclusive distribution licence for Prompt Fission Neutron (PFN) tools and technology in Australia and is the only company in Australia offering commercial PFN logging services.

UXA completed a 1,014 metre drilling program at Crystal Creek (Ngalia Thrust EL 24566) in Northern Territory to test airborne radiometric and rock chip sample anomalies. Anomalous gamma and PFN log responses were in all of the logged holes which are being followed up with geochemical analyses.

ACQUISITION OF GEOSCIENCE ASSOCIATES AUSTRALIA PTY LTD

On 21 November 2008, UXA signed a binding Heads of Agreement to acquire the business and assets of Geoscience Associates Australia Pty Ltd. The Agreement was signed following unanimous shareholder approval at the company's AGM on 20 November 2008.

The purchase price payable at settlement under the Agreement for the Assets and Business of GAA is (subject to working capital adjustments) \$6,400,000 payable with a combination of UXA cash, vendor financing, bank financing and UXA shares as outlined in the Notice of Meeting for UXA's Annual General Meeting of Shareholders held on 20 November 2008. Financial closing of the acquisition, which is dependent on the funding arrangements including bank financing, is now expected to take place in February.

About GAA

GAA is a geophysical logging company, based in Mount Barker, South Australia, that has been providing a full range of commercial wire-line logging services to the mining and exploration sectors, principally focused on uranium and more recently on coal and coal-seam gas. The business has operated successfully throughout Australia since 1971.

Benefits of Acquisition

(a) Increase scale:

UXA will become a significant provider of logging services and tools for the uranium and coal exploration and mining industries in Australia, through its interests in the Assets and Business of GAA, whilst continuing to maintain its central focus on uranium exploration. This may provide a lower risk profile for the Company than is currently the case.

(b) Financial Stability

The Acquisition will create an enlarged group with unique uranium logging and exploration capabilities with greater market diversification and higher cash generating capability. It therefore strengthens the position of the Company and may provide a lower risk profile for existing Shareholders.

(c) Financial Security

The Acquisition is anticipated to enhance the financial security of the Company by providing additional cash and equity capacity to meet its ongoing funding requirements. It is anticipated that bank debt incurred will be fully repaid from the ongoing cash flows from the GAA business, with no planned call on UXA's cash reserves after closing. Repayment of UXA's \$1m cash is projected within 3 years of completion of the acquisition.

(d) Risk Diversification

The Company will have access to geophysical wire-line logging equipment together with interests in a wider range of proprietary and other technologies and industry know-how for the treatment of a range of logging tasks and monitoring of drill holes. This reduces the Company's exposure to its sole exploration focus. This will be especially important in the event of discovery or involvement through acquisition, joint venture or merger with a uranium resource and the development of In Situ Recovery (ISR) mining technology.

(e) Enhanced Technical and Management Capability

As part of the acquisition of the assets and business of GAA, the Company will acquire GAA's current management team, significantly enhancing its technical and management capability. The larger scale of operations, diversity of opportunities and improved financial stability should also make the Company a more attractive employment opportunity, improving the prospects of recruiting necessary employees with the skills required to continue to develop the business. The current confidentiality of GAA's client information will be strictly adhered to and no information about individual client work will be provided by GAA to UXA.

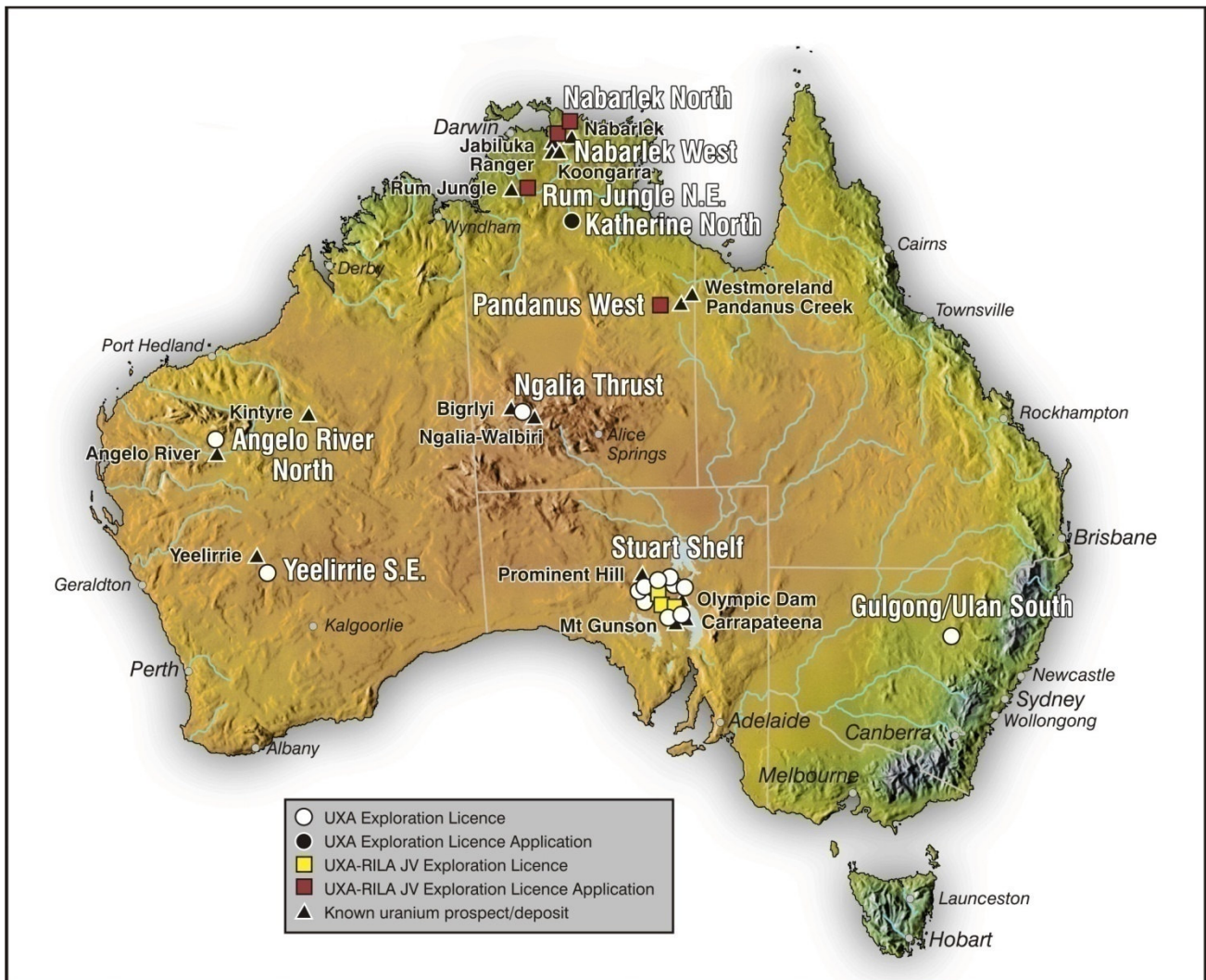
(f) Improved Access to Capital and Debt Markets

The Company should have improved access to capital markets due to the increased size and stability of the merged group. This could also assist in attracting greater investor interest in the Company and therefore promote better liquidity in the Company's shares.

EXPLORATION

UXA continued its exploration programme across its tenements in South Australia, Western Australia and Northern Territory (Figure 1). Defence Department access restrictions into the Woomera Prohibited Area (WPA) have had a significant impact on exploration activities on a number of UXA's and other companies' exploration licences in South Australia as outlined in the September 2008 Quarterly Report.

Figure 1
UXA Tenement Location Map



Northern Territory

Ngalia Thrust (EL 24566)

This licence is 100% owned by UXA, and covers an area of granite intrusions forming the basement to the Eclipse Sandstone that hosts Energy Metal's Bigrlyi uranium prospect, 30km to the west.

A first stage diamond drilling program was completed at Crystal Creek totalling 9 holes for 1,014metres in December 2008. The drill program was designed to investigate surface anomalism in rock chip samples and spectrometer surveys within an area of altered granite.

The prompt fission neutron tool (PFN) was used to log seven of the boreholes and has returned gamma and PFN peaks in all 7 holes. The anomalous zones are currently being sampled for follow up geochemistry and petrography. Based on the PFN logs, elevated uranium values appear to be associated with pink – red, possibly potassic and iron altered, granite.

Re-evaluation of the data for the Annie Springs magnetic anomaly concluded that there was insufficient technical justification to drill this anomaly.

Pandanus West (ELA 24565), Rum Jungle NE (ELA 24586), Katherine North (ELA 24577), Nabarlek North (ELA 24868) and Nabarlek West (ELA 24564)

UXA continues to work with the Northern Land Council (NLC) to expedite the granting of these five licence applications in the Northern Territory.

Western Australia

Yeelirrie South East (EL 36/546)

This EL is 100% owned by UXA. It covers an area of approximately 171 km² and is located approximately 50 km southeast of BHP Billiton's Yeelirrie uranium deposit, which has an Indicated Resource of 52,500 tonnes U₃O₈ and is considered the world's largest calcrete hosted uranium deposit. It was discovered by Western Mining Corporation (WMC) in 1972.

Radiometric surveys over EL 36/546 highlight several radiometric anomalies in the northern and southern areas of this tenement.

In August 2008, following a successful heritage clearance survey, UXA conducted a 1,297m drilling programme designed to investigate the potential for calcrete and subsurface soil hosted uranium mineralisation similar in style to the Yeelirrie uranium deposit.

Geochemical analyses of 1,646 samples collected from the drilling program were received and returned a number of zones anomalous in vanadium and nickel. There was no uranium anomalism in the holes. The vanadium and nickel anomalies occur within a near surface iron stained horizon and possibly reflects the presence of weathered mafic or ultramafic rocks in the Archaen basement below. The best vanadium and nickel intersections include 3m @ 486ppm V from 4m depth, and 25m @ 115ppm V including 19m @ 114ppm Ni from 7m depth.

South Australia

Playford (EL 3430) and Playford South East (EL 3679)

These licences are subject to a Farm-in and Joint Venture Agreement with RIL (Australia) and are 51% owned by UXA.

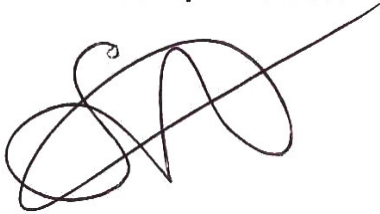
Previously UXA reported on geochemical analyses of core from UXA's drill hole 08PD04c indicating a broad zone of uranium mineralisation from 616m to 631m depth averaging 113ppm in a pebble conglomerate horizon in the Pandurra Formation. These samples came from 1m core collected for every alternate metre. Subsequent infill sampling returned no anomalous values. An investigation conducted by UXA and UXA's external laboratory service provider, AMDEL has concluded that the original geochemical assay report was incorrect, and AMDEL has acknowledged that the incorrect assays were a result of human error. The repeat sampling of the original samples returned no significant uranium values and consequently the anomaly in the Pandurra Formation, as originally reported, does not exist.

CORPORATE

Appointment of New Managing Director

In December 2008, Dr Russell Penney joined the Board of UXA as Managing Director. Dr Penney replaces Mr Patrick Mutz who resigned with effect 30 November 2008.

For further information contact:



Russell Penney
Managing Director
URANIUM EXPLORATION AUSTRALIA LIMITED

Tel: +61 8 8363 7970
Email: info@uxa.com.au
Website: www.uxa.com.au
Media: Farrington +612 9332 4448

JORC Compliance Statement

Technical Information in this report is based on information compiled by Mr Simon Powell who is employed by Uranium Exploration Australia Limited and who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Powell has sufficient exploration experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he 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 2004"). Mr Powell consents to the inclusion in this release of the matters based on his information in the form and context in which it appears.

UXA listed on the ASX in November 2005 and was established to explore for, locate and develop commercial grade uranium mineralisation and associated copper and gold. UXA has 17 exploration licences (ELs) and 5 exploration licence applications (ELAs) located in South Australia, Western Australia, Northern Territory, and New South Wales. These exploration tenements cover approximately 9,800 km² and are predominantly located in areas of known mineral deposits.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

URANIUM EXPLORATION AUSTRALIA LIMITED

ABN

65 112 714 397

Quarter ended ("current quarter")

DEC 08

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 mths to Dec 08) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(672)	(1,225)
(b) development	-	-
(c) production	-	-
(d) administration	(593)	(971)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	80	193
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	17	13
	(1,168)	(1,990)
Net Operating Cash Flows		
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	28	(193)
1.9 Proceeds from sale of:		
(a) prospects (UXA-RILA JV)	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
	28	(193)
Net investing cash flows		
1.13 Total operating and investing cash flows (carried forward)	(1,140)	(2,183)

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,140)	(2,183)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (share proceeds paid in advance)	-	-
Net financing cash flows		-	-
Net increase (decrease) in cash held		(1,140)	(2,183)
1.20	Cash at beginning of quarter/year to date	5,209	6,252
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	4,069	4,069

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	51
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Non Executive Directors' Fees

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	25
4.2 Development	-
Total	25

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	67	60
5.2 Deposits at call	6,185	4,009
5.3 Bank overdraft	-	-
5.4 Other	-	-
Total: cash at end of quarter (item 1.22)	6,252	4,069

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	EL3429	-	100%	0%
6.2 Interests in mining tenements acquired or increased	-	-	-	-

Issued and quoted securities at end of current quarter

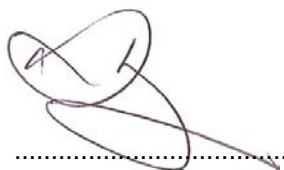
Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>	-	-	-	-
7.2 Changes during quarter	-	-	-	-
(a) Increases through issues				
(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 +Ordinary securities	88,802,623	88,802,623	-	-
7.4 Changes during quarter				
(a) Increases through issues				
(b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>	-	-	-	-
7.6 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through securities matured, converted	-	-	-	-
7.7 Options <i>(description and conversion factor)</i>	-	-	Exercise price	Expiry date
7.8 Issued during quarter				
7.9 Exercised during quarter				-
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>	-	-		
7.12 Unsecured notes <i>(totals only)</i>	-	-		

Compliance statement

1 This statement has been prepared under accounting policies, which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement does ~~not~~ give a true and fair view of the matters disclosed.



Sign here: Date: 28 December 2008
(Company Secretary)

Print name: Kevin Lynn

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities.** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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