



Uranium Exploration Australia Limited

ABN 65 112 714 397

ASX ANNOUNCEMENT

Thursday, 29 July 2010

Quarterly Activities Report – June 2010

- **CANNING BASIN URANIUM PROJECT EXPANDS - LARGE AIRBORNE RADIOMETRIC ANOMALY AND POTENTIAL COAL RESOURCES AT MUDJALLA**
- **URANINITE NODULES UP TO 13.8% U3O8 IDENTIFIED IN INITIAL ROCK CHIP SAMPLING AT YAMBLA IDENTIFIES; NIOBIUM AND TANTALUM ALSO FOUND**
- **NABARLEK, NT LICENCES RECEIVE MINISTERIAL CONSENT**
- **\$100,000 WA GOVT GRANT RECEIVED TO DRILL TEST FOR URANIUM IN COAL MEASURES IN THE CANNING BASIN**
- **GAA APPOINTS NEW CEO DAVID QUINN**
- **GAA DEVELOPING NEW PFN BUSINESS IN NORTH AMERICA.**

SUMMARY

Uranium Exploration Australia Limited (ASX: UXA) signed a further exploration agreement covering a major airborne radiometric anomaly at Mudjalla in the Canning Basin, WA, with potential for sandstone-hosted uranium as part of its strategy to develop a pipeline of drill-ready uranium projects. The area is also prospective for coal resources and uranium hosted in coal. UXA was awarded a \$100,000 co-funded WA Government exploration grant to drill test for uranium in coal at Myroodah West, which lies immediately west of Mudjalla.

Exploration has commenced at Yambla in the Northern Territory with geochemical sampling across the tenement. Uraninite nodules have been found weathering out of an amphibolites intrusion at Yambla Prospect assaying up to 13.8% U3O8.

Ministerial consent has been received for the grant of two tenements close to the old Nabarlek uranium mine in Arnhem Land. These tenements are part of UXA's joint venture with RIL Australia Pty Ltd. The tenements should now proceed to grant enabling UXA to start an exploration program in September 2010.

David Quinn has been appointed as CEO of UXA's borehole logging subsidiary Geoscience Associates Australia. The founding CEO Dennis Stevens is continuing as a consultant and is seconded to GAA's new USA subsidiary in North America in preparation for expanding GAA's uranium PFN business opportunities in that region.

EXPLORATION

UXA continued its exploration programme across its tenements in Northern Territory (Figure 1). The focus has been identifying and acquiring a new pipeline of drill-ready exploration projects and the grant of the Nabarlek tenements in Northern Territory.

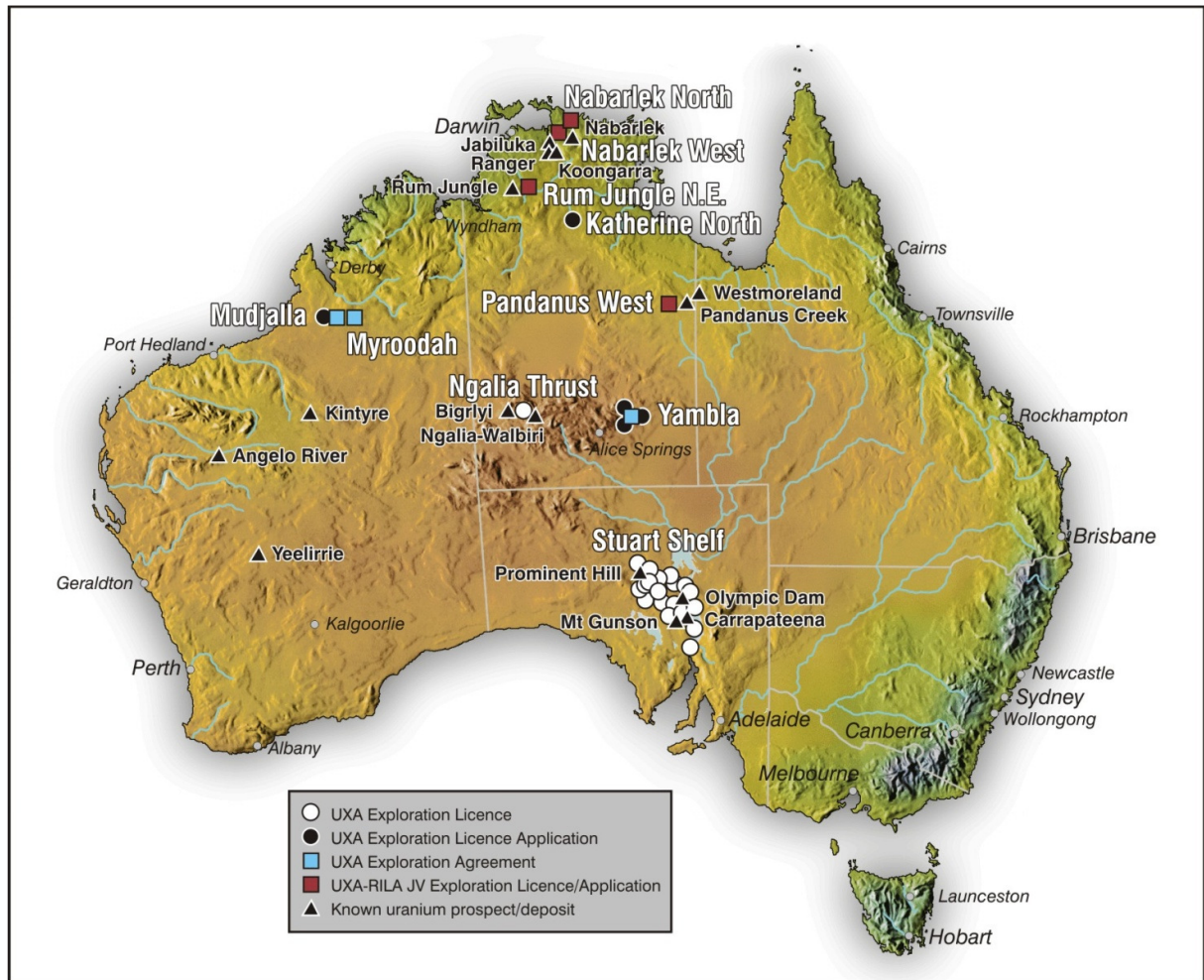


Figure 1. UXA Tenement Location Map

Northern Territory

Yambla Project

Exploration field activities commenced at Yambla, where UXA has rights to acquire a 75% interest in the project from Cullen Exploration (ASX announcement 14 April 2010). The Yambla project lies in the Harts Range, 140km East of Alice Springs, Northern Territory.

UXA has conducted mapping, rock chip sampling and stream sediment sampling throughout the tenement. Initial results of rock chip sampling are very encouraging (Table 1), and geochemical results for 80 of the 120 rock chip samples will be available in the coming weeks.

Uranium was discovered at Yambla by PNC Exploration in 1992, which drilled a number of holes to test radiometric anomalies and outcropping uraninite-rich veins within amphibolite rock. Field work by UXA has identified the presence of 2-3cm diameter uranium-rich (mainly uraninite) nodular concretions in soils weathering from the amphibolite. High uranium values up to 13.8% U_3O_8 have been returned from sampling the nodules. Geochemical assays are presented in Table 1. Mapping indicates that PNC's drilling may have missed the main zone of uranium mineralisation due to the plunge of the mineralised shoot. Additionally, anomalous values up to 2,820 ppm U_3O_8 , have also been returned from epidote-veined and altered amphibolite and secondary ironstone within the amphibolite unit (Table 1) at the Yambla Prospect. UXA will target this area with further geochemical sampling prior to drilling.

Uranium anomalism is also known from outcrops of pegmatite dykes where the presence of Tantalum (Ta) and Niobium (Nb) has been previously documented. At the Swallow-Hof prospect UXA has traced an outcropping zone of pegmatite dykes over a distance of 1.7km and rock chip sampling by UXA has determined the presence of anomalous uranium up to 1,140 ppm U_3O_8 (Table 1). One sample from the pegmatite also returned 305 ppm Tantalum and 375 ppm Niobium which is considered highly anomalous. Further rock chip samples have been collected along this zone for which results have not yet been received.

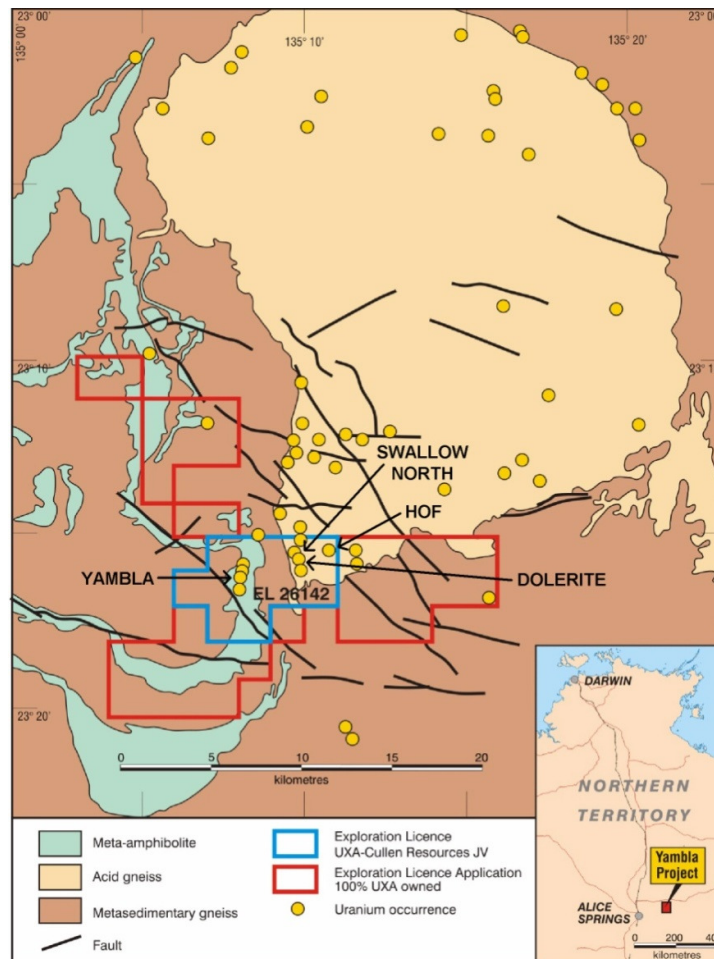


Figure 2. Location of UXA's Yambla Project near Alice Springs NT.

Prospect	Easting_MGA	Northing_MGA	U ₃ O ₈ ppm ¹	U ₃ O ₈ % ²	Description
Yambla	512633	7426508		1.90%	Nodule in soil
Yambla	512650	7426448		13.80%	Nodule in soil
Yambla	512633	7426521		2.27%	Nodule in soil
Yambla	512447	7426215	415		Epidote veined amphibolite
Yambla	512447	7426215	335		Epidote veined amphibolite
Yambla	512703	7426985	2,820		Ironstone alt. amphibolite
Swallow North	515237	7428183	890		Hornblende-plagioclase pegmatite
Swallow North	515232	7428175	1,140		Hornblende-plagioclase pegmatite
Dolerite	515543	7428111	485		Hornblende-plagioclase pegmatite

Table 1. Rock chip sampling geochemical results for uranium.

Samples analysed by AMDEL, Adelaide using press powder XRF: ¹ XRF1, detection limits 4ppm – 1.0% U₃O₈, ² XRF2, detection limits 40ppm – 100% U₃O₈.

Field work is currently focused on mapping and rock chip sampling the known occurrences with plans to target these areas with detailed geochemical surveys, geophysical surveys and drilling later in the year.

Nabarlek North (ELA 24868) and Nabarlek West (ELA 24564)

These tenements form part of UXA's joint venture with RIL Australia Pty Ltd, a subsidiary of Reliance Industries Limited, a Fortune Global 500 company and India's largest private sector company. The tenements are located in close proximity to the old Nabarlek uranium mine in Arnhem Land and share similar geology.

Federal Ministerial Consent has now been received for the grant of the two Nabarlek tenements, and the Northern Land Council has signed the exploration agreement with UXA. It is expected that the Northern Territory Government's granting process will take a further 2 months and based on this timetable UXA expects to commence exploration at Nabarlek in September 2010. UXA plans to fly an airborne geophysical survey at the start of the exploration program.

South Australia

UXA is currently the holder of 13 exploration licences in South Australia, mostly covering the Stuart Shelf region, prospective for iron oxide copper gold (+/- uranium) deposits, or IOCG deposits (e.g. Olympic Dam). UXA is currently in negotiations to farm out this land package in South Australia.

RIL Australia Pty Ltd has withdrawn from the joint venture on three tenements in SA, but still in joint venture with UXA on four projects in NT.

Western Australia

The Company signed an option agreement to acquire an 80% interest in the Mudjalla project located 50km west of UXA's Myroodah project in the Canning Basin, Western Australia.

This is part of UXA's strategy of signing key agreements to build a new pipeline of projects with early drilling potential. The Mudjalla project area contains a large untested radiometric anomaly and is prospective for:

- Sandstone-hosted uranium
- Uranium in coal
- Coal (western extension of the Canning coal field).

Mudjalla Uranium Potential

The Mudjalla project comprises two exploration licence applications (EA4/2000 and EA4/2014) which cover a major radiometric anomaly identified in a recent airborne radiometric survey conducted by the WA Geological Survey. The radiometric anomaly covers an outcrop of the Jurassic Wallal Sandstone unit, similar to the geological setting which hosts uranium mineralisation at UXA's Myroodah exploration project, located 50km to the east of Mudjalla.

Historical exploration records reveal an outcrop rock chip sample returning a uranium value of 170ppm. Drilling conducted in the 1970's, 5km south west of Mudjalla, also returned anomalous uranium values up to 270ppm eU ("eU" denotes uranium concentrations determined by gamma logging) in the Wallal Sandstone demonstrating that uranium mineralisation is widespread within this unit which only rarely outcrops.

An important feature of sandstone hosted uranium is that it may be potentially extracted by low cost, in-situ leach mining methods, similar to that conducted at the Beverley uranium mine in South Australia.

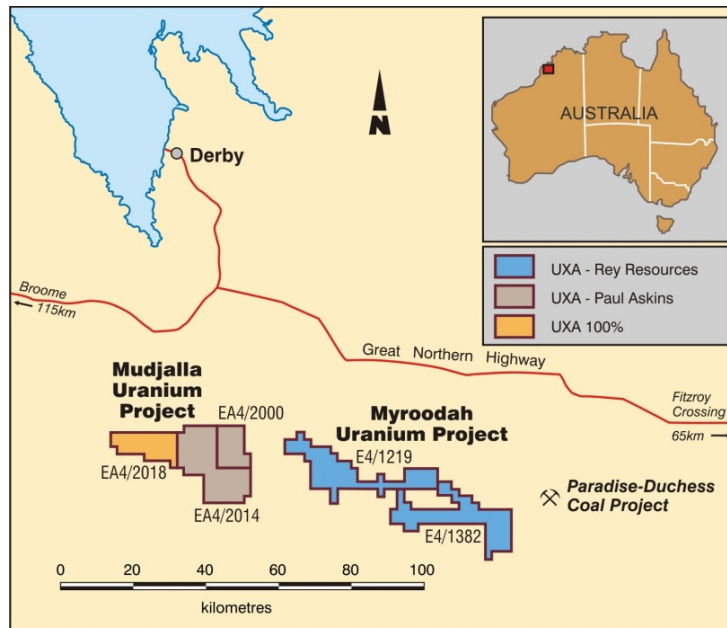


Figure 3. Location of UXA's Canning Basin exploration projects

Mudjalla Coal Potential

The Canning coal field basin is located immediately to the east of the Mudjalla project and is currently being drilled by Rey Resources Ltd which has defined a JORC compliant thermal coal resource of 511MT (source Rey Resources April 10, 2010 Investor Presentation).

Historical data record a 10m drill intersection of coal measures (with a maximum coal seam thickness of 1m) in a hole drilled approximately 500m immediately to the east of EA4/2000 and as the coal strata strike is approximately east-west, it is reasonable to assume that the coal measures extend to the west beneath the Mudjalla project area. UXA intends to investigate the coal resource potential of these tenements as well as exploring for uranium.

Mudjalla Option Agreement (EA4/2000 and EA4/2014)

The principal terms of the Mudjalla Option agreement are:

1. UXA has up to four years to exercise its 80% option interest in the Mudjalla project comprising of two exploration tenements (EA4/2000 and EA4/2014),
2. UXA to pay licence holder Mr Paul Askins reimbursement costs of A\$23,000 and annual option payments totalling A\$240,000 over four years,
3. UXA may exit the agreement at any stage,
4. Should UXA exercise its option to acquire 80%, a sum of A\$820,000 is payable to Mr Paul Askins comprising up to A\$300,000 in UXA shares at UXA's discretion. The balance of the agreement to be settled with cash,
5. Upon exercise of the Option, Mr Paul Askins will have a 20% interest free carried to the completion of a bankable feasibility study.

Myroodah West Project (EA4/2018)

The Myroodah West tenement (100% UXA) lies immediately west of the Mudjalla project area and has similar geology. (UXA has been awarded a grant of A\$100,000 under the WA Government's Co-funded Exploration Program which will be used to drill test for uranium mineralisation within the coal measures beneath the Wallal Sandstone on UXA's 100% owned Myroodah West Project. The tenement lies immediately to the west of the Mudjalla Project and is believed to be underlain by the prospective Wallal Sandstone and the western extension of the Canning coalfield.

Forward Program

Mudjalla (EA4/2000 and EA4/2014) and Myroodah West (EA4/2018)

Testing for uranium and coal at Mudjalla and drilling at Myroodah West will immediately commence once the granting of tenements and final discussions with the traditional owners have been completed. UXA expects this to be finalised in the final quarter of 2010.

BOREHOLE LOGGING BUSINESS

Geoscience Associates Australia Pty Ltd (GAA)

The bore-hole logging business continued to be adversely impacted by very wet weather in Queensland and parts of South Australia during the quarter. In addition the Government's now aborted Resource Super Profits Tax proposal had the effect of delaying the start of many clients' drilling programs, also depressing revenues. With the dryer weather and lessened significance of the mining tax, GAA now has a strong order book for the coming quarter.

Marketing of the prompt fission neutron tool (PFN) at the AusIMM International Uranium Conference in Adelaide and other conferences has been successful in winning a number of new clients for PFN.

David Quinn, who joined GAA earlier in the year as Business Development Manager, has been appointed as CEO of GAA, with effect from 1st August 2010. Dennis Stevens (CEO) has made the decision to retire but will continue to work with GAA on a number of projects in North America. Caleb Ames (formerly General Manager) has been appointed as Chief Geophysicist.

CORPORATE

During the quarter there were 3,240,000 options issued to employees under the Employee Share Options Plan with an exercise price of 20 cents, exercisable on or before 30 June 2013.

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.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

URANIUM EXPLORATION AUSTRALIA LTD

ABN

65 112 714 397

Quarter ended ("current quarter")

JUNE 2010

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date 12 months \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(160)	(1,175)
(b) development	-	-
(c) production	-	-
(d) administration	(1,042)	(2,804)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	25	146
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	(155)	(473)
	(1,332)	(4,306)
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		
1.9 Proceeds from sale of: (a) prospects		
(b) equity investments		
(c) other fixed assets	(1)	(138)
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (acquisitions)	-	(6,420)
	(1)	(6,558)
Net investing cash flows		
1.13 Total operating and investing cash flows (carried forward)	(1,333)	(10,864)

1.13	Total operating and investing cash flows (brought forward)	(1,333)	(10,864)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	8,025
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	2,700
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	10,725
	Net increase (decrease) in cash held	(1,333)	(139)
1.20	Cash at beginning of quarter/year to date	4,021	2,827
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	2,688	2,688

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	119
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 and Managing Director's remuneration

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	2,700	2,700
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,400
4.2 Development	-
4.3 Production	-
4.4 Administration	500
Total	1,900

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	144	215
5.2 Deposits at call	2,444	3,706
5.3 Bank overdraft		-
5.4 Other (provide details)	100	100
Total: cash at end of quarter (item 1.22)	2,688	4,021

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	-	-	-
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 (description)	-	-	-	-
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 +Ordinary securities	182,203,337	182,203,337	-	-
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5 +Convertible debt securities (description)	-	-	-	-
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-	-	-
7.7 Options (description and conversion factor)	505,000 9,500,000 2,780,000 3,240,000	-	<i>Exercise price</i> 17 cents 20 cents 20 cents 20 cents	<i>Expiry date</i> 30 Jun 2011 3 Dec 2014 19 Feb 2013 30 June 2013
7.8 Issued during quarter	3,240,000	-	20 cents	30 June 2013
7.9 Exercised during quarter	-	-	-	-
7.10 Expired during quarter	-	-	-	-
7.11 Debentures (totals only)	-	-		

7.12	Unsecured notes (totals only)	-	-
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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 /does not* (*delete one*) give a true and fair view of the matters disclosed.



Sign here: Date: 29 July 2010
 Company secretary

Print name: Graham Seppelt

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.