



UXA Resources Limited

ABN 65 112 714 397

Results for Announcement to the Market

APPENDIX 4D HALF YEAR INFORMATION GIVEN TO ASX UNDER LISTING RULE 4.2A

Name of entity	UXA Resources Limited
ABN	65 112 714 397
Half year ended	31 December 2011
Previous corresponding period	31 December 2010

The information contained in this report should be read in conjunction with the most recent annual financial report and other announcements.

Contents	Item
Results for announcement to the market	1.
Net tangible assets per ordinary share	2.
Details of entities over which control has been gained	3.
Details of associates and joint venture entities	4.
Dividends	5.
Accounting standards	6.
Audit disputes or qualifications	7.

1. RESULTS FOR ANNOUNCEMENT TO THE MARKET

Revenue from ordinary activities	up	51%	To	\$'000 2,285
Loss from ordinary activities after income tax attributable to members	down	11%	to	1,637
Total comprehensive loss attributable to members	down	9%	to	1,773

Dividends per share	Amount per share	Franked amount per share at 100% tax
Final – FY 2010	Nil cents	Nil cents
Interim – FY 2011	Nil cents	Nil cents

Record date for determining entitlements to dividends: N/A

Payment date for dividend: N/A

2. NET TANGIBLE ASSETS PER ORDINARY SHARE (NTA backing)

Current period	Previous corresponding period
1.1 cents	1.8 cents

3. DETAILS OF CONTROLLED ENTITIES

3.1 Control gained over entities during the period Nil

3.2 Loss of control of entities during the period Nil

4. DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

4.1 Equity accounted Associates and Joint Venture Entities Nil

5. DIVIDENDS

No dividends have been declared for the half year ended 31 December 2011 or for the previous corresponding period.

6. ACCOUNTING STANDARDS

AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Interpretations have been used in compiling the information in this Appendix 4D.

7. AUDITING STATUS

The Half Year Interim Financial Report has been reviewed.

8. AUDIT DISPUTES OR QUALIFICATIONS

There are no audit disputes or qualifications.



**UXA Resources
Limited**

ABN 65 112 714 397

UXA Resources Limited

ABN 65 112 714 397

Half Year Financial Report

31 December 2011

CONTENTS

Directors' Report	2
1. Directors	2
2. Principal Activities	2
3. Review of Operations	2
4. Exploration	3
5. Borehole Logging Business	11
6. Corporate	12
7. Lead Auditor's independence declaration	13
8. Rounding Off	13
9. Events Subsequent to Balance Date	13
Condensed consolidated interim statement of comprehensive income	15
Condensed consolidated interim balance sheet	16
Condensed consolidated interim statement of cash flows	17
Condensed consolidated statement of changes in equity	18
1. <i>Reporting entity</i>	19
2. <i>Statement of compliance</i>	19
3. <i>Significant accounting policies</i>	19
4. <i>Operating Segments</i>	20
5. <i>Contingent Liabilities and Contingent Assets</i>	21
6. <i>Seasonality of operations</i>	21
7. <i>Exploration and Evaluation Expenditure</i>	21
8. <i>Property, Plant And Equipment</i>	21
9. <i>Intangible Assets</i>	22
10. <i>Issued Capital</i>	22
11. <i>Loans and Borrowings</i>	23
12. <i>Related Parties</i>	24
13. <i>Directors fees</i>	24
14. <i>Events Subsequent to Balance Date</i>	24
Directors' declaration	25
Independent auditor's review report to the members of UXA Resources Limited	26
Company Directory	28

Directors' Report

The Directors of UXA Resources Limited ("UXA") and of the Group, being the company and its subsidiaries present their report together with the consolidated financial report for the six months ended 31 December 2011 and the review report thereon.

1. DIRECTORS

The Directors of UXA at any time during or since the end of the interim period are:

- Neill Arthur (Non-Executive Chairman)
- Russell Penney (Managing Director)
- David Hawley (Non-Executive Director)
- Ian Mutton (Non-Executive Director)
- Steve Gemell (Non-Executive Director – retired 14 December 2011)

2. PRINCIPAL ACTIVITIES

UXA is a diversified explorer for uranium, base and precious metals and owns a revenue generating business, GAA Wireline which provides geophysical wireline logging services to clients in the resources industry in both Australia and the United States of America. The company has a three-pronged strategy to deliver growth and increase shareholder value, via:

1. Development of its flagship assets, the Mundi Plains – Junction Dam zinc-lead-silver project in NSW and the Nabarlek and Pandanus West project in NT;
2. Retained exposure to advanced exploration projects via strategic joint ventures, such as the Stuart Shelf Project with Straits Resources Ltd; and
3. Expanding markets for its 100%-owned GAA Wireline borehole logging business, which has exclusive global rights to the increasingly utilised PFN technology

As a testament to the quality of UXA's exploration portfolio, the company has attracted several highly regarded strategic partners from among the world's most renowned and prominent resources companies, including Reliance Industries of India, and Teck Resources of Canada, as well as ASX-listed Straits Resources. These partners provide additional capital, scope and expertise to accelerate UXA's major exploration programs.

3. REVIEW OF OPERATIONS

During the period under review, UXA continued exploration on its mineral tenements, spending \$0.68 million (Dec 2010 \$0.54 million) on exploration and evaluation expenditure. Drill programs completed during the reporting period included 2,308m of percussion drilling and 727m of mud-rotary and diamond drilling. GAA Wireline increased its contract activity, recovering from the damaging floods of 2010-11 which severely restricted Australian revenue during that period, to post a 51% increase in revenue to \$2.3 million (Dec 2010 \$1.5 million). GAA's new US wireline logging business, which specialises in PFN logging, contributed strongly to GAA Wireline's cash flow with steady logging revenues from long-term contracts. The loss before income tax for the half year amounted to \$1.8 million (Dec 2010 – loss \$2.0 million).

UXA at 31 December 2011 held nine granted ELs in South Australia, part of UXA's joint venture with Straits Resources Ltd, four granted ELs in Northern Territory in joint venture with RIL Australia Pty Ltd and one granted EL in Western Australia. UXA also has rights to earn an interest in six granted ELs in New South Wales and one in South Australia, part of UXA's option agreement with Teck Australia Pty Ltd. In Western Australia UXA also holds rights to earn an interest in a further 3 granted ELs in the Canning Basin. In total UXA holds exploration rights to approximately 6,388 km² of granted tenements in four states and territories and has a further ten ELs under application across Australia.

4. EXPLORATION

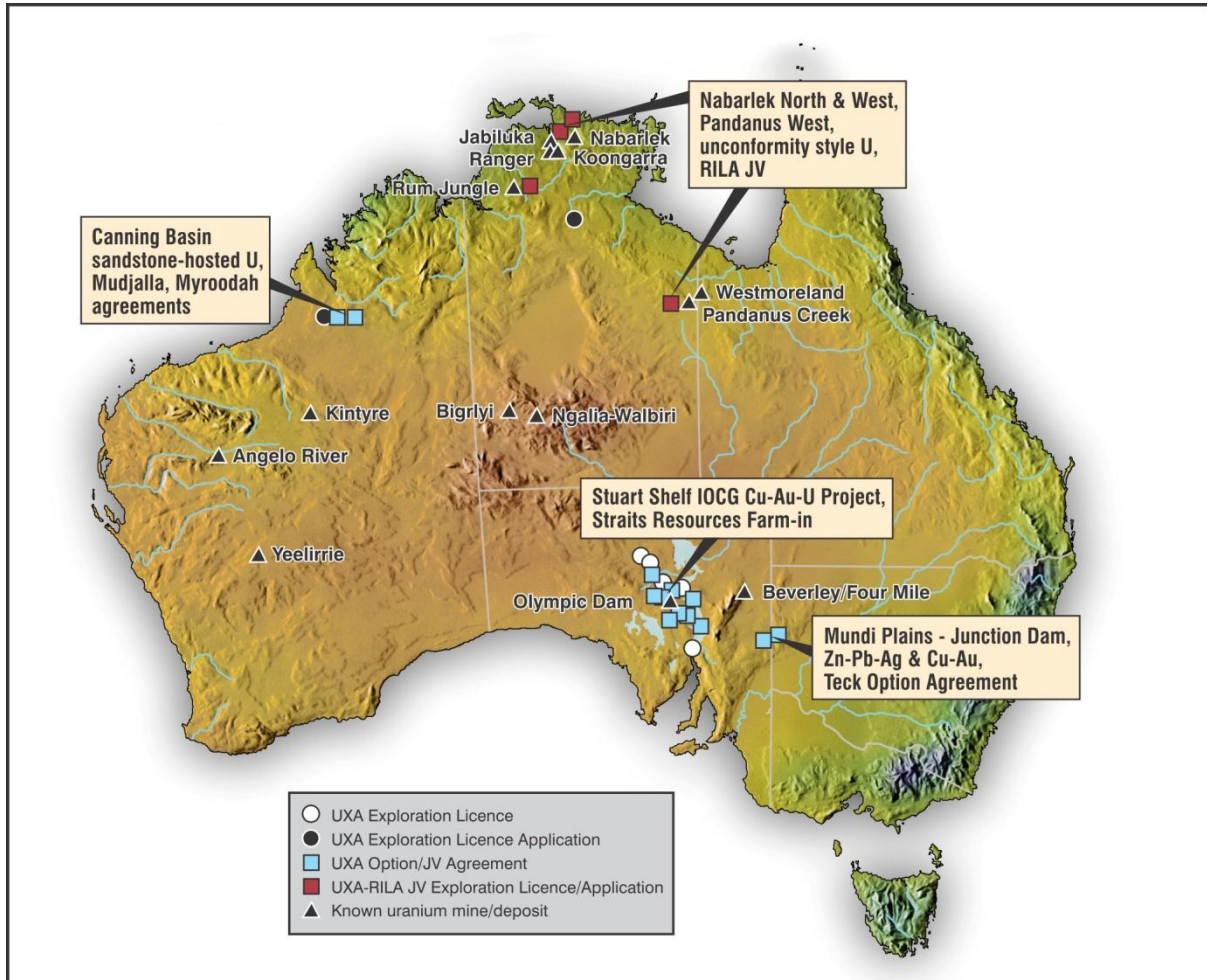


Figure 1. UXA Project Location Map

South Australia and New South Wales

Teck Option Agreement, Mundi Plains and Junction Dam

Dome 5 Zinc-Lead-Silver, New South Wales

The Company commenced an 8 hole, 2,800m mud rotary and diamond drill program at the Dome 5 zinc-lead-silver prospect, located 50km northwest of Broken Hill on the Mundi Plains, NSW. Drilling is expected to continue through February 2012 with results available in March 2012.

This drilling program is following up on previous high grade zinc-lead-silver drill intersections which defined a **500m wide zone of higher grade mineralisation** which is open to both the west and southeast (Figure 2). The best intersection is in drill hole DF12 which intersected **3.0m** of high grade sphalerite and galena mineralisation grading **15.8% Pb + Zn and 63 ppm Ag from 315.0m**. A second zone of mineralisation, 5m below the high grade zone, returned 1.29m grading 6.88% Pb + Zn and 20 ppm Ag from 322.76m².

UXA Resources Limited

DIRECTORS' REPORT

The new drilling program will step out from the widely spaced (250m centres) drilling to explore the possible NW and SE extensions of this zone, with an option to drill some infill holes to further define the zone.

The Dome 5 zinc discovery at Mundi Plains lies approximately 50km North West of Broken Hill in New South Wales and was made by Teck in joint venture with PlatSearch NL in 2007. The discovery was of Mississippi Valley Type or "MVT" (or "Irish type") zinc-lead-silver mineralisation in a flat lying zone at approximately 320m depth. The mineralisation lies close to the base of the Adelaidean sedimentary sequences where they on-lap onto a granite dome ("Dome 5"). All of the 5 holes drilled within a one square kilometre area encountered sphalerite-galena mineralisation, with two very high grade mineralised intersections (Table 1) (all holes were vertical).

There is also untested potential to discover an IOCG style copper gold deposit with a number of untested airborne magnetic anomalies on the tenements, very similar to that at Havilah Resources Ltd's Kalkaroo deposit (62.5Mt @ 0.52% Cu, 0.48 g/t Au) which lies about 30km to the west of the Junction Dam tenement.

UXA continued its compilation and analysis of historical exploration data covering the entire tenement holding of 8 granted exploration licences in the Mundi Plains – Junction Dam Option Agreement with Teck.

The area includes a number of potential targets, in addition to the MVT type Pb-Zn-Ag at the base of the Adelaidean (e.g. Dome 5), including:

- IOCG type Cu-Au mineralisation similar to Havilah Resources Ltd's Kalkaroo deposit which lies 50km to the west. Previous drilling at the Polygonum Prospect on EL6404 returned up to 1.8m @ 7.4% Cu, 6.2g/t Au and 30m @ 0.3% Cu in widely spaced drill holes (Figure 4).
- Stratabound Pb-Zn-Ag mineralisation of Broken Hill type where previous widely spaced drilling returned up to 4.2m @ 3.07% Zn+Pb at Mammoth and 3.8m @ 9.25% Zn+Pb at Polygonum (Figure 4).

UXA Resources Limited

DIRECTORS' REPORT

UXA is preparing a work program, to commence later this year, which will include further exploration on the above targets.

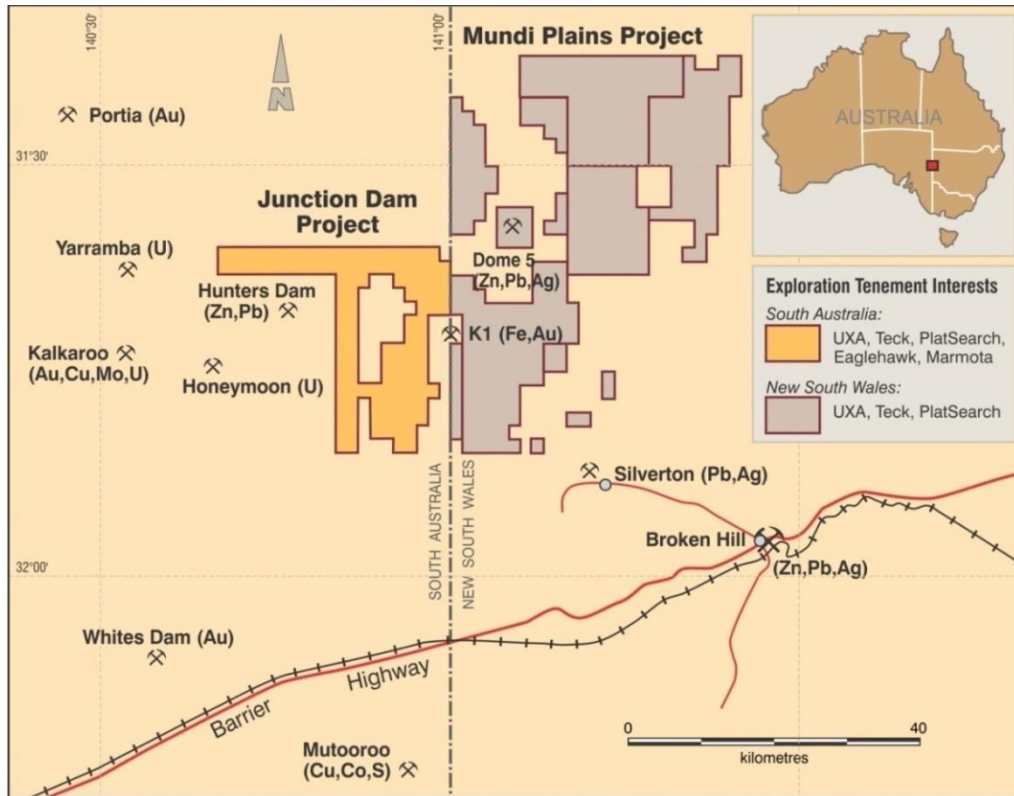


Figure 2. Location of the Junction Dam and Mundi Plains Project

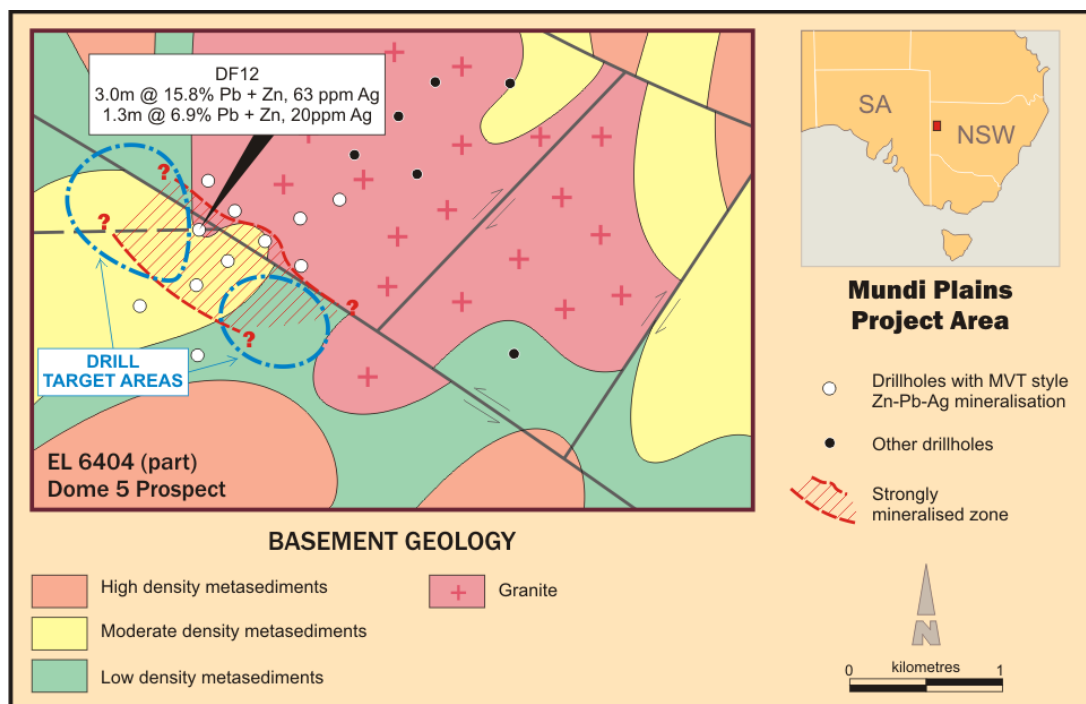


Figure 3. Location of mineralised drill holes at Dome 5 zinc discovery, Mundi Plains

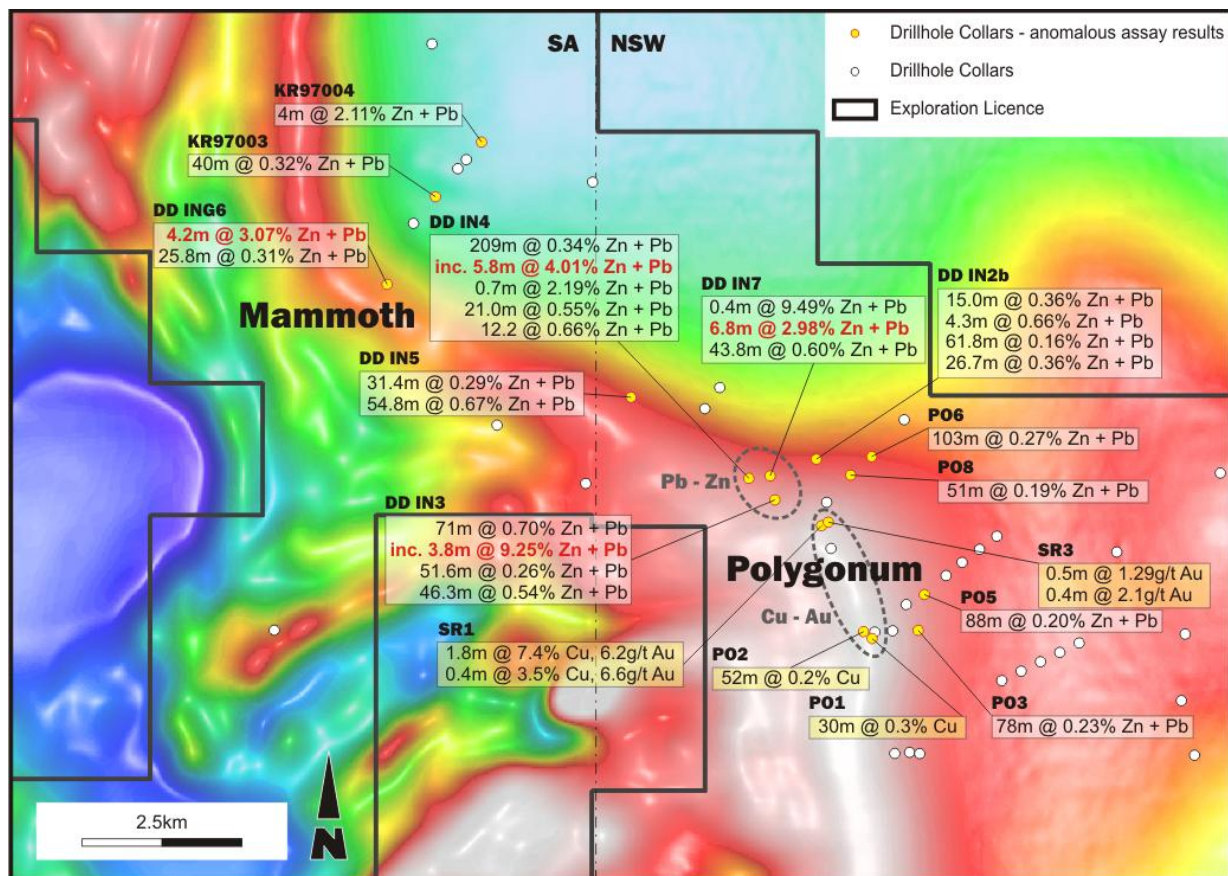


Figure 4. Historical drilling at Mammoth – Polygonum (Mundi Plains - Junction Dam Option)

Teck – UXA Option Agreement

UXA has an option agreement to earn up to 100% of Teck Australia Pty Ltd's ("Teck") joint venture interest in a group of seven granted exploration licences at Mundi Plains and Junction Dam in New South Wales and South Australia subject to certain earn-back rights retained by Teck (see 14/9/10 ASX release for terms of the agreement). The agreement includes the Dome 5 zinc discovery at Mundi Plains which was made by Teck, in joint venture with PlatSearch NL in 2007. UXA has agreed to an initial A\$1.2M spend on exploration, targeting MVT style zinc-lead-silver mineralisation and IOCG-style copper gold mineralisation. This minimum expenditure commitment was reached at the end of the reporting period.

Stuart Shelf – Straits Joint Venture

The Stuart Shelf Joint Venture is between UXA and Straits Resources Limited ("Straits" earning a 70% interest). The joint venture includes 9 tenements for a total of 3,300km² in the highly prospective Olympic Dam-Prominent Hill area prospective for world class Cu-Au (U) deposits.

Straits completed a geophysical evaluation of the highest priority targets within the tenement package and heritage clearance surveys were successfully completed over a number of priority drill target areas in preparation for drilling. The drilling program, on three target areas, commenced in January 2012. Straits' three drill targets lie on the Winjabbie East (EL4764), Oak Dam (EL4800) and Glenside (EL3470) tenements.

UXA Resources Limited

DIRECTORS' REPORT

The drill targets on Winjabbie lie close to an area of previous drilling which identified broad intersections of copper-gold mineralisation as detailed in Table 1.

Hole No	Drilled by	Year	Depth from (m)	Thickness of interval (m)	Cu %
WJD1	Western Mining Corporation	1980	864m	56m	0.34%
SAE11	Mount Isa Mines	1990	1005m	94m	0.21%
		and	1123m	42m	0.28%
07WJ01	UXA	2007	824m	42m	0.34%
		including		9m	0.80%

Table 1. Historical drill intersections at Winjabbie (all holes were vertical).

Drill hole 07WJ01 drilled by UXA in 2007 contained visible chalcopyrite and chalcocite copper mineralisation and tested a gravity target lying approximately 2.0Km north of SAE11 and a similar distance east of WJD1.



Figure 5. Stuart Shelf IOCG JV Project, tenements and drill targets.

UXA Resources Limited

DIRECTORS' REPORT

UXA's Winjabbie West tenement (ELA122/11, formerly part of EL3432), has been cancelled by DMITRE (formerly PIRSA) along with all other mineral leases in the Red Zone of the Woomera Prohibited Area, as access for exploration will be denied 100% of the time by the Department of Defence.

Northern Territory

Nabarlek North (EL 24868) and Nabarlek West (EL 24564, EL28245)

The first phase drilling program, consisting of 27 holes drilled for 2,308m, was completed along three lines in the south east corner of the Nabarlek North tenement (Figure 6) targeting the potential strike length extension of the U40 uranium prospect and testing of elevated surface radiometric values identified by UXA's field work in late 2010.

Gamma logging of the RC percussion holes returned strongly anomalous results in 5 of the holes broadly defining a north – south zone (Table 2). Early indicators are pointing to the possibility that these results represent extensions of the U40 mineralisation, which lies only 280m to the south, of the Nabarlek North tenement.

Drill hole NNRC04a returned peaks up to 690ppm eU₃O₈ in a 1.31m zone averaging 460ppm eU₃O₈ (see Table 1) and a second interval peaking at 540ppm eU₃O₈.

Geochemical samples have been collected from all anomalous zones and submitted for multi-element assay to confirm the gamma logging results and identify any other metal anomalism. These results are awaited.

Hole ID	Northing m.	Easting m.	From m.	Interval m. *	Average eU ₃ O ₈ ppm	Peak eU ₃ O ₈ ppm
NNRC04a	8645300	327300	50.85	1.31	460	690
			59.34	0.39	402	540
NNRC06	8645300	327150	32.89	0.39	216	265
NNRC08	8645300	327050	7.30	1.50	101	155
			10.34	0.85	113	135
NNRC22	8645410	327188	16.50	0.73	117	178
NNRC23	8645410	326698	21.50	2.50	99	205

Table 2. Anomalous gamma logging results from Nabarlek North RC drilling program

All holes drilled at 60 degrees inclination towards the West (270 degrees). Gamma logging by GAA Wireline, tool SSG02 calibrated on 29th August 2011 at API pits Adelaide and corrected for borehole diameter and steel drill rods.

* The down-hole interval may not represent "true width", which cannot yet be determined as structural controls on the mineralisation are not known.

Results have been received from the 20km² soil geochemical program which covers the south and south eastern sections of the Nabarlek North tenement. A number of areas of coincident anomalism are revealed when the results of the soil geochemical survey¹ are integrated with the results of the radon alphatrack cup survey² previously received. The strongest area of anomalism is in the south east corner of the Nabarlek North tenement and lies immediately to the west of the recent RC drilling programs' anomalous results (Figure 6). This is defined by radon counts of >230T/mm² (peaking at 466T/mm²) and soil geochemical values of U₃O₈ above 5ppm (up to 16ppm) describing an anomaly 450m wide and 250m

¹ Soil geochemical samples collected from radon cup sites at 30cm depth and analysed at AMDEL using ICPMS and ICPOES schemes IC4M and IC3E.

UXA Resources Limited

DIRECTORS' REPORT

long. There are also two other areas of coincident soil and radon survey anomalism which define three target areas for drilling in the 2012 field season (Figure 7), which is expected to commence in Q2 2012.

The Nabarlek licences form part of UXA's joint venture with RIL Australia Pty Ltd ("RILA"), a subsidiary of Reliance Industries Limited, a Fortune Global 500 company and India's largest company by market value. RILA holds a 49% interest in the licences and is contributing 49% of exploration funding.

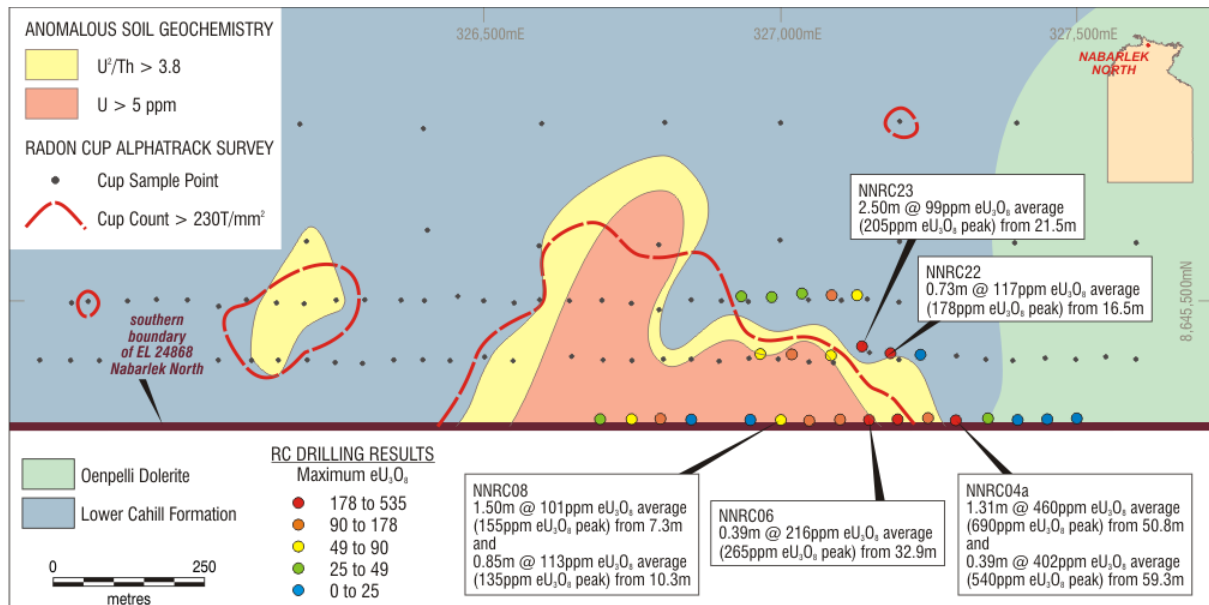


Figure 6. Nabarlek North results of phase 1 RC drilling, soil geochemistry and radon survey in the vicinity of the U40 Prospect

Radon alphatrack cup survey results analysed by Alphatrack (Canada) based on detector cups buried at 30cm depth and results normalised to 30 days exposure reported as tracks per square millimetre (T/mm²).

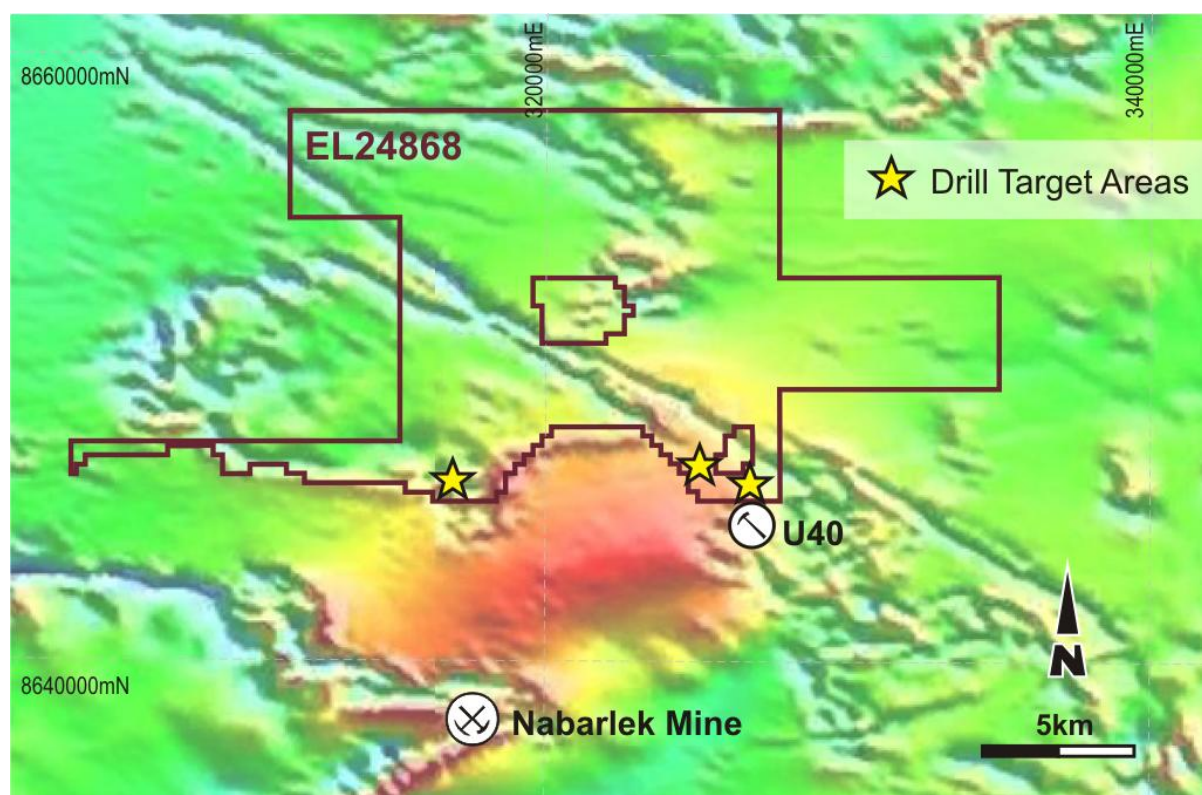


Figure 7. Nabarlek North drilling targets for the 2012 exploration program

Pandanus West (EL 24565)

Pandanus West is a granted EL which forms part of UXA's joint venture with RILA and is situated in the Murphy uranium province near the Queensland border and is prospective for world class Westmorland or unconformity style uranium deposits.

Pandanus West has been subjected to very little past exploration for uranium and much of the area is covered with a veneer of younger sediments. Data from previous airborne geophysical surveys has been reviewed and UXA now plans to fly a new airborne radiometric survey over selected parts of the tenement early in the 2012 field season. This will lead to target areas for immediate ground follow up with geochemical surveys during the field season.

Western Australia

UXA has assembled a package of five granted tenements covering two large airborne uranium radiometric anomalies emanating from outcropping Triassic and Jurassic sandstone units in the Canning Basin, 120km South East of Derby, Western Australia and close to a major sealed highway. This includes agreements with Rey Resources Ltd and Paul Askins concerning the Myroodah and Mudjalla uranium projects respectively (Figure 8).

Negotiations have continued with the Kimberley Land Council over access agreements and whereas in principal agreement has been reached this has not been finalised with the Traditional Owners

UXA Resources Limited

DIRECTORS' REPORT

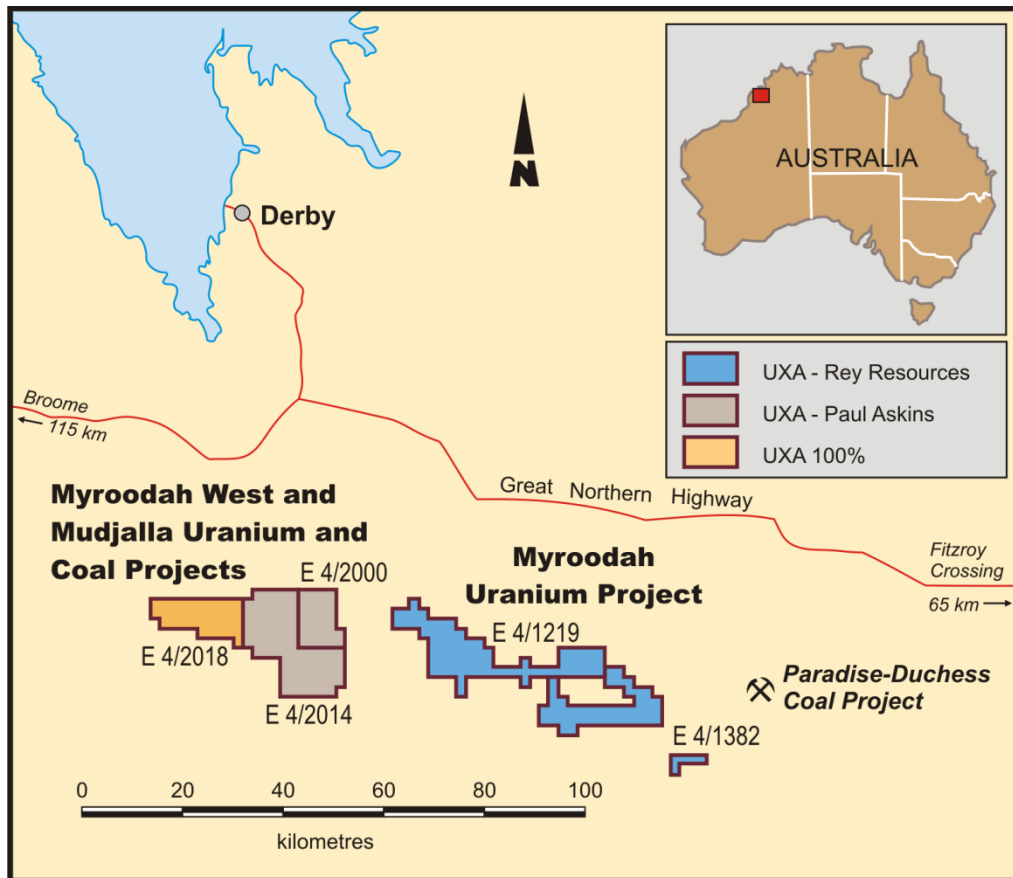


Figure 8. Location of UXA's Canning Basin exploration projects

5. BOREHOLE LOGGING BUSINESS

GAA Wireline (GAA)

UXA's independently managed geophysical borehole wireline contracting division, GAA Wireline, has made a significant turnaround with revenues exceeding 2010 levels by 51% for HY 2011. GAA's financial performance throughout 2010 and early 2011 was severely impacted by continued heavy rains in Queensland, Northern Territory and South Australia. The improved performance with \$2.3 million revenue for the December half year is due to favourable operating conditions together with the acquisition of the US wireline business in December 2010.

GAA's logging business in Australia has been working on long term logging contracts in the following diverse industries:

- Iron Ore in South Australia and New South Wales
- Coal and coal seam gas in Queensland
- Uranium in South Australia

In the United States of America GAA continued PFN logging on two long term uranium projects in Wyoming and Texas. Work on another long term project in Wyoming has recommenced in January 2012 which, is expected to boost revenues further in 2012.

UXA Resources Limited

DIRECTORS' REPORT

GAA's CEO, David Quinn gave a presentation on Prompt Fission Neutron technology at the U2011 Conference in Casper Wyoming which has lead to further requests for logging services from a number of potential clients.

GAA is in the process of expanding operations in the United States, in response to increasing requests for logging services, and has placed an order to build a new logging truck which is expected to be delivered later in March this year. GAA has secured competitive US bank finance for this equipment.



Figure 9. GAA Wireline logging truck operating in Wyoming, USA, January 2011.

6. CORPORATE

The company raised \$0.37million by issuing 25,299,364 shares in a Rights Issue offered to existing shareholders. The company also raised an additional \$0.75 million via the convertible note with La Jolla Cove Investors Inc.. La Jolla Cove Investors Inc. converted \$0.225 million of the note into 23,388,122 ordinary UXA shares during the six month period.

The Company's Annual General Meeting was held in Sydney on 30 November 2011 and all resolutions were passed by shareholders.

Significant Changes in the State of Affairs

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

UXA Resources Limited

DIRECTORS' REPORT

7. LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 14 and forms part of the directors' report for the six months ended 31 December 2011.

8. ROUNDING OFF

The Group 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 condensed consolidated interim financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

9. EVENTS SUBSEQUENT TO BALANCE DATE

Since the end of the half year and the date of this report, La Jolla Cove Investors Inc. have converted \$475 thousand of the convertible note into ordinary shares of UXA.

A Share Purchase Plan to raise \$1.2 million was announced 5 March 2012.

Other than the matters discussed above there has not arisen in the interval between the end of the half year and of the date of this report any item, transaction or event of material and unusual nature requiring adjustment to, or disclosure in, the half year financial statements ended 31 December 2011.

Signed in accordance with a resolution of the directors:



Neill Arthur

Chairman

Dated at Sydney this 8th day of March 2012.



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

To: the directors of UXA Resources Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2011 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

Derek Meates
Partner

Adelaide

8 March 2012

UXA Resources Limited

Condensed consolidated interim statement of comprehensive income

For the half year ended 31 December 2011

<i>in thousands of dollars</i>	Note	2011	2010
Revenue			
Logging revenue		2,285	1,511
Total revenue		2,285	1,511
Other income		362	301
Operating costs			
Professional fees		(185)	(227)
ASX/ registry fees		(33)	(20)
Depreciation expense		(531)	(442)
Printing & communications		(71)	(78)
Insurance		(137)	(103)
Employee related expenses		(2,057)	(1,907)
Advertising/ promotions expenses		(19)	(31)
Travel		(312)	(192)
Office expenses		(147)	(120)
Exploration expenditure written off	7	(19)	(127)
Share options expense		(7)	(6)
Conversion option expense		(330)	-
Other expenses from ordinary activities		(436)	(398)
Total expenses		(4,284)	(3,651)
Loss from operating activities		(1,637)	(1,839)
Interest income		42	48
Bank & finance costs		(178)	(162)
Net finance costs		(136)	(114)
Loss before income tax		(1,773)	(1,953)
Income tax expense		-	-
Total comprehensive profit/ (loss)		(1,773)	(1,953)
		Cents	Cents
Basic profit/ (loss) per share		(1)	(1)
Diluted profit/ (loss) per share		(1)	(1)

The condensed notes on pages 19 to 24 are an integral part of these consolidated interim financial statements.

UXA Resources Limited

Condensed consolidated interim balance sheet

As at 31 December 2011

<i>in thousands of dollars</i>	Note	31 Dec 2011	30 Jun 2011
Current assets			
Cash and cash equivalents (including partially restricted cash of \$0.68m)		1,355	2,495
Trade and other receivables		647	737
Inventories		98	92
Other current assets		10	-
Total current assets		2,110	3,324
Non-current assets			
Intangible assets	9	3,153	3,180
Property, plant and equipment	8	4,692	4,843
Exploration and evaluation assets	7	2,307	1,644
Other non-current assets		91	161
Total non-current assets		10,243	9,828
TOTAL ASSETS		12,353	13,152
Current liabilities			
Trade and other payables		904	1,024
Employee entitlements		297	192
Loans and borrowings	11	2,041	1,119
Total current liabilities		3,242	2,335
Non-current liabilities			
Loans and borrowings	11	537	1,030
Other payables	11	330	-
Deferred income		1,004	1,282
Total non-current liabilities		1,871	2,312
TOTAL LIABILITIES		5,113	4,647
NET ASSETS		7,240	8,505
Equity			
Share Capital	10	28,896	28,362
Reserves		1,228	1,254
Accumulated losses		(22,884)	(21,111)
TOTAL EQUITY		7,240	8,505

The condensed notes on pages 19 to 24 are an integral part of these consolidated interim financial statements.

UXA Resources Limited

Condensed consolidated interim statement of cash flows

For the half year ended 31 December 2011

<i>in thousands of dollars</i>	Note	2011	2010
<i>Cash from operating Activities</i>			
Receipts from customers		2,608	1,585
Cash payments to suppliers and employees		(3,689)	(2,893)
Interest received		42	48
Interest paid		(153)	(144)
Net cash used in operating activities		(1,192)	(1,404)
<i>Cash flows from Investing</i>			
Payments for property, plant & equipment	8	(407)	(56)
Payments for exploration and evaluation	7	(682)	(543)
Proceeds from sale of fixed assets	8	139	60
Acquisition of subsidiary		-	(1,878)
Receipt of bonds/ term deposits		70	50
Net cash used in investing activities		(880)	(2,367)
<i>Cash flows from Financing</i>			
Proceeds from issue of share capital	10	304	4,866
Proceeds from borrowings	11	1,012	47
Repayment of borrowings	11	(384)	(312)
Net cash from financing activities		932	4,601
Net increase in cash and cash equivalents		(1,140)	830
Cash and cash equivalents at 1 July		2,495	2,600
Cash and cash equivalents as at 31 December 2011		1,355	3,430
(including partially restricted cash of \$0.68m)			

The condensed notes on pages 19 to 24 are an integral part of these consolidated interim financial statements.

UXA Resources Limited

Condensed consolidated statement of changes in equity

For the half year ended 31 December 2011

<i>in thousands of dollars</i>	Issued Capital	Accumulated Losses	Reserves	TOTAL
Balance at 1 July 2011	28,362	(21,111)	1,254	8,505
Total comprehensive loss for the period				
Loss	-	(1,773)	-	(1,773)
Other comprehensive income				
Total other comprehensive income	-	-	(33)	(33)
Total comprehensive loss for the period	-	(1,773)	(33)	(1,806)
Transactions with owners, recorded directly in equity				
Contributions by and distributions to owners				
Fair value of equity issued - Rights Issue	379	-	-	379
Fair value of equity issued - Convertible Note	225			225
Share issue expenses	(70)	-	-	(70)
Fair value of options issued	-	-	7	7
Total contributions by and distributions to owners	534	-	7	541
Balance as at 31 December 2011	28,896	(22,884)	1,228	7,240
Balance at 1 July 2010	22,489	(17,503)	1,160	6,146
Total comprehensive loss for the period				
Loss	-	(1,953)	-	(1,953)
Other comprehensive income				
Total other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	(1,953)	-	(1,953)
Transactions with owners, recorded directly in equity				
Contributions by and distributions to owners				
Fair value of equity issued	5,240			5,240
Share issue expenses	(373)			(373)
Fair value of options issued			58	58
Total contributions by and distributions to owners	4,867	-	58	4,925
Balance as at 31 December 2010	27,356	(19,456)	1,218	9,118

The condensed notes on pages 19 to 24 are an integral part of these consolidated interim financial statements.

UXA Resources Limited

Notes to the condensed consolidated interim financial statements

For the half year ended 31 December 2011

1. REPORTING ENTITY

UXA Resources Limited (formerly Uranium Exploration Australia Limited) (UXA) is a company domiciled in Australia. The condensed consolidated interim financial report of the Group as at and for the six months ended 31 December 2011 comprises UXA and its subsidiaries (together referred to as the "Group") and the Group's interests in associates and jointly controlled entities.

The consolidated annual financial report of the Group as at and for the year ended 30 June 2011 is available upon request from the Company's registered address at 43a Fullarton Road, Kent Town, South Australia.

2. STATEMENT OF COMPLIANCE

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

The consolidated 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 2011.

This consolidated interim financial report was approved by the Board of Directors on 8 March 2012.

The Group 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 consolidated interim financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

3. SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied by the Group in the consolidated interim financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30 June 2011.

(a) Change in Accounting Policies

Presentation of transactions recognised in other comprehensive income

From 1 July 2010 the Group has applied amendments to AASB 101 *Presentation of Financial Statements* outlined in AASB 2010-4 *Further amendments to Australian Accounting Standards arising from the Annual Improvements Project*. The change in accounting policy only relates to disclosures and had no impact on consolidated earnings per share or net income.

(b) Going Concern

A key assumption underlying the preparation of financial statements is that the consolidated entity will continue as a going concern. An entity is a going concern when it is considered to be able to pay its debts as and when they are due, and continue in operation without any intention or necessity to liquidate or otherwise wind up its operations. A significant amount of judgment is required in assessing whether the consolidated entity is a going concern.

For the period ended 31 December 2011 the Group incurred a loss of \$1.8 million (2010: loss of \$1.9 million), had operating cash outflows of \$1.2 million, net assets of \$7.2 million and a net current asset deficiency of \$1.1 million caused by a covenant breach.

The Group breached one of its debt covenants in the December 2011 quarter and received a letter of non-waiver in February 2012 from its bank, which indicated the bank will not be taking action at this point in time but does not waive or give up its rights. The Company expects to be able to amend its covenants with the bank to reflect more suitable terms.

UXA Resources Limited

Notes to the condensed consolidated interim financial statements

For the half year ended 31 December 2011

In the opinion of the Directors, the Group has sufficient cash of \$1.4 million (\$0.7 million excluding funds restricted to expenditure on joint venture tenements to the extent that exploration continues), the continuing funding from the La Jolla Cove Investors Inc. convertible note, a reasonable expectation of the ability to raise equity (subject to market conditions) and renegotiate the Geomech loan due on 20 April 2012; to pay its debts as and when they fall due and to fund near term anticipated exploration and corporate activities for at least twelve months from the date of this report.

The Directors will take appropriate action to ensure these funds are available as and when they are required.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

(c) Estimates

The preparation of the half year 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 consolidated interim financial report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2011.

4. OPERATING SEGMENTS

The Group operates 3 reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different services, and are managed separately to ensure confidentiality of client information. For each of the strategic business units, the Managing Director reviews internal management reports on a monthly basis. The following summary describes the operations of each of the Group's reportable segments:

- *Exploration.* Includes mineral exploration with particular emphasis on uranium, including base and precious metals found on its tenements.
- *Australian based geophysical borehole logging.* Includes borehole logging in the coal, coal seam gas, uranium and geotechnical sectors.
- *United States based geophysical borehole logging.* Comprises borehole logging to the US uranium industry using the Prompt Fission Neutron tool.

Information about reportable segments

For the six months ended 31 December 2011

	Exploration		Australian Borehole Logging		United States Borehole Logging		TOTAL	
<i>in thousands of dollars</i>	2011	2010	2011	2010	2011	2010	2011	2010
External revenues	-	-	1,995	1,463	290	48	2,285	1,511
Inter-segment revenue	-	-	-	-	-	-	-	-
Reportable segment profit / (loss) before income tax	(762)	(705)	(536)	(1,185)	(475)	(63)	(1,773)	(1,953)
Reportable segment assets	3,869	4,858	6,581	6,934	1,903	2,049	12,353	13,841

UXA Resources Limited

Notes to the condensed consolidated interim financial statements

For the half year ended 31 December 2011

5. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group does not have any contingent assets or liabilities.

6. SEASONALITY OF OPERATIONS

The Group's Australian borehole logging segment is subject to seasonal fluctuations as a result of weather conditions. In particular, the provision of logging services in the coal regions of Queensland are impacted negatively by wet season weather conditions. USA operations are impacted in Wyoming by freezing conditions in the North American winter. Both operations are affected primarily from December to March. The Group attempts to minimise the seasonal impact through this period by performing logging services in other geographic locations; however, this period typically results in lower revenues and results for these segments.

7. EXPLORATION AND EVALUATION EXPENDITURE

<i>In thousands of dollars</i>	31 Dec 2011	31 Dec 2010
Balance at beginning of period	1,644	337
Expenditure in the period	682	543
Amounts written off / adjusted in the period	(19)	(127)
Balance at end of period	2,307	753

Exploration and evaluation costs, including the costs of acquiring Exploration Licences, are capitalised 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. The balance at half year end includes \$278 thousand representing the Group's 51% share of exploration and evaluation assets of the UXA-RILA joint venture.

8. PROPERTY, PLANT AND EQUIPMENT

Acquisitions and disposals

During the six months ended 31 December 2011 the Group acquired assets with a cost (excluding capitalised borrowing costs) of \$0.3 million (six months ended 31 December 2010: \$0.91 million).

Assets with a carrying amount of \$147k were disposed of during the six months ended 31 December 2011 (six months ended 31 December 2010: \$60k), resulting in a loss on disposal of \$9k (six months ended 31 December 2010: loss of \$7k), which is included in other income.

UXA Resources Limited

Notes to the condensed consolidated interim financial statements

For the half year ended 31 December 2011

9. INTANGIBLE ASSETS

Reconciliation of carrying amount

In thousands of dollars

Cost

Balance at beginning of period

Acquisition through business combinations

Effect of movements in exchange rates

Balance at end of period

Amortisation and impairment losses

Balance at beginning of period

Amortisation charge

Balance at end of period

Carrying amounts

Balance at beginning of period

Balance at end of period

	31 Dec 2011	31 Dec 2010
	3,398	2,444
	-	1,026
	54	16
	3,452	3,486
	218	54
	81	82
	299	136
	3,180	2,390
	3,153	3,350

Following a segment loss in the borehole logging operating segments in the six months ended 31 December 2011 (see note 4), the group assessed the recoverable amounts of the cash-generating units that comprise the operating segments. The results of this test concluded that it was not necessary to recognise an impairment loss.

Sensitivity

The Australian borehole logging cash generating unit's recoverable amount which exceeds its carrying value by approximately \$1.3 million is sensitive to a return to profitability. A reduction of 10% of forecast revenues (plus 3% growth) would be required before any consideration of impairment would be considered necessary.

10. ISSUED CAPITAL

Issuances, repurchases and repayments

Issuance of ordinary shares

In September 2011 the Group issued 25,299,364 shares at an issue price of 1.5 cents in a Rights Issue to existing shareholders.

During the reporting period 23,388,122 shares were issued to La Jolla Cove Investors Inc., under the terms of the Convertible Note.

All issued shares are fully paid.

UXA Resources Limited

Notes to the condensed consolidated interim financial statements

For the half year ended 31 December 2011

Options

No options were issued and no options expired during the reporting period.

	No. Shares	No. Options
Balance at 1 July 2011	348,655,962	16,655,000
Issues of shares/ options	48,687,486	-
Share options exercised	-	-
Balance at 31 December 2011	397,343,448	16,655,000

11. LOANS AND BORROWINGS

<i>In thousands of dollars</i>	Currency	Interest rate nominal	Face value	Carrying amount	Year of maturity
<i>Balance as at 1 July 2011</i>					
Secured Bank Loan	AUD	8.18%	2,700	1,616.1	2014
Loan from Geomech Pty Ltd	AUD	10.00%	355	392.0	2012
Finance Lease	AUD	8.88%	159	142.2	2014
<i>New Issues</i>					
Finance Lease	AUD	8.80%	253	252.8	2015
Convertible Note	AUD	4.50%	2,500	757.9	2016
<i>Interest Charge accrued</i>					
Interest on loan from Geomech Pty Ltd				20.1	
Interest on convertible note facility				4.5	
<i>Repayments</i>					
Secured bank loan				(333.8)	
Finance lease liabilities				(49.0)	
<i>Convertible Note</i>					
Conversion				(225.0)	
Balance as at 31 December 2011				2,577.8	

Convertible Note Terms

The key terms of the convertible note from La Jolla Cove Investors Inc. include;

- Total facility of AU\$2.5 million, funded over 10 monthly tranches (at the discretion of the note provider);
- Interest rate of 4.75% p.a., paid quarterly in arrears via UXA shares or cash;
- Term of 4 years;
- Repayable in shares or cash at a 5% premium. The timing of the conversion is at the discretion of La Jolla Cove Investors Inc.; and
- Conversion price is the lower of 25 cents or 3 lowest VWAP for the prior 21 days.

Other payables of \$330 thousand relates to the fair value of the conversion option linked to the La Jolla convertible note.

UXA Resources Limited

Notes to the condensed consolidated interim financial statements

For the half year ended 31 December 2011

Secured bank loan

The Group has received a letter of non-waiver for the December 2011 breach of one of its loan covenants, which indicates NAB will not be taking action at this point in time but does not waive or give up its rights. Under the relevant accounting standard, because of this breach, the whole loan amount is classified as a current liability at reporting date; this classification does not reflect the maturity schedule of the loan. All scheduled monthly loan repayments were made on the due dates.

Geomech loan

The Group has a loan from Geomech Pty Ltd, associated with the acquisition of the Prompt Fission Neutron Technology in January 2010. Under the terms of the loan it matures in April 2012. The Group is seeking financing alternatives for the repayment of this facility.

12. RELATED PARTIES

Transactions with key management personnel

Key management personnel receive compensation in the form of short-term employee benefits, post-employment benefits and share-based payments awards. Key management personnel received total compensation of \$593.1 thousand for the six months ended 31 December 2011 (six months ended 31 December 2010: \$670.3 thousand).

13. DIRECTORS FEES

Directors' fees are \$40 thousand plus a \$6 thousand committee fee for non-executive directors and \$60 thousand plus a \$6 thousand committee for the Chairman. The total remuneration for directors remains within the shareholder approved limit of \$300 thousand.

14. EVENTS SUBSEQUENT TO BALANCE DATE

Since the end of the half year and the date of this report, La Jolla Cove Investors Inc. have converted \$475 thousand of the convertible note into ordinary shares of UXA.

A Share Purchase Plan to raise \$1.2 million was announced 5 March 2012.

Other than the matters discussed above there has not arisen in the interval between the end of the half year and of the date of this report any item, transaction or event of material and unusual nature requiring adjustment to, or disclosure in, the half year financial statements ended 31 December 2011.

Directors' declaration

In the opinion of the Directors of UXA Resources Ltd ("the Group"):

1. the financial statements and notes set out on pages 15 to 24 are in accordance with the Corporations Act 2001 including:
 - (a) giving a true and fair view of the Group's financial position as at 31 December 2011 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 Group 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 8th day of March 2012.

A handwritten signature in dark ink, appearing to read 'Neill Arthur', with a long horizontal flourish extending to the right.

Neill Arthur
Chairman



Independent auditor's review report to the members of UXA Resources Limited

Report on the financial report

We have reviewed the accompanying interim financial report of UXA Resources Limited, which comprises the condensed consolidated interim statement of financial position as at 31 December 2011, condensed consolidated interim statement of comprehensive income and condensed consolidated statement of changes in equity and condensed consolidated interim statement of cash flows for the interim period ended on that date, notes 1 to 14 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the interim period.

Directors' responsibility for the interim financial report

The directors of the company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion 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 a 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 Group's financial position as at 31 December 2011 and its performance for the interim period ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of UXA Resources 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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



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 UXA Resources Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2011 and of its performance for the interim period ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material uncertainty regarding continuation as a going concern

Without qualification to the opinion expressed above, we draw attention to the following matters. For the year ended 31 December 2011 the Group incurred a loss of \$1.8 million, had operating cash outflows of \$1.2 million and a net current asset deficiency of \$1.1 million.

As a result of the uncertainties set out in note 3(b) to the financial statements, including the Group's ability to raise equity and debt, there is material uncertainty which may cast doubt on the Group's ability to continue as a going concern and therefore its ability to realise its assets and discharge its liabilities in the normal course of business at the amounts recognised in the financial statements.

KPMG

Derek Meates
Partner

Adelaide

8 March 2012

Company Directory

Directors	Neill Arthur (<i>Chairman</i>) Russell Penney (Managing Director) David Hawley (Non-Executive Director) Ian Mutton (Non-Executive Director)		
Secretary	Graham Seppelt		
Australian Business No.	65 112 714 397		
Registered Office	43a Fullarton Road Kent Town South Australia 5067 AUSTRALIA Phone: +61 8 8363 7970 Fax: +61 8 8363 7963 Email: info@uxa.com.au		
Website	Web: www.uxa.com.au		
Auditor	KPMG 151 Pirie Street Adelaide SA 5000		
Tax Advisors	PricewaterhouseCoopers 91 King William Street Adelaide SA 5000	BKD LLP 190 East Capitol St, Suite 500 Jackson, MS 39201-2190	
Company's Solicitors	Norman Waterhouse Lawyers 45 Pirie Street Adelaide SA 5000	Dogan & Wilkinson , PLLC 120 N. Congress St The Plaza Building, Ste. 800 Jackson, MS, 39225-3062	
Banks	National Australia Bank Limited 161-167 Glynburn Rd Firle SA 5070	First Commercial Bank 1300 Meadowbrook Rd, Jackson, MS 39211	Commercial Bank of Texas 215 East Main St, Nacogdoches, TX 75961
Share Registry	Computershare Investor Services Pty Ltd Level 3 60 Carrington Street Sydney NSW 2000		