



10 August 2009

The Manager
Company Announcements Office
Australian Stock Exchange
20 Bridge Street
SYDNEY NSW 2000

ASX ANNOUNCEMENT

**\$5 MILLION CAPITAL RAISING
AND
UXA SIGNS DEAL TO ACQUIRE GEOPHYSICAL
BOREHOLE LOGGING SERVICE**

Highlights

- \$5 million placement of ordinary shares at \$0.10 per share
- Share Purchase Plan offered to existing shareholders on the same terms as the placement
- Funding to complete acquisition of Geoscience Associates (Australia) Pty Ltd, ongoing exploration and working capital

The directors of Uranium Exploration Australia Limited ('UXA') are pleased to announce that UXA has secured commitments for a two tranche Placement to deliver gross proceeds of \$5 million from institutional and sophisticated investors.

The Company also intends to raise additional funds by implementing a Share Purchase Plan ('SPP') which provides eligible shareholders with the opportunity to subscribe for UXA shares on the same terms offered under the Placement.

The Placement, lead-managed by State Equity Group, was oversubscribed and has seen the introduction of a number of new domestic and offshore institutional shareholders to UXA's register.

Use of Funds

The net proceeds from the capital raising will be used to complete the acquisition of Geoscience Associates (Australia) Pty Ltd ('GAA') (further information below). The remainder of the funds will be used for ongoing exploration, with a particular focus on aggressively evaluating the Company's newly discovered uranium discovery at Ngalia Thrust in the Northern Territory, and ongoing working capital.

Placement

The Placement has been made to Institutional and Sophisticated investors. The issue price of shares under the Placement is \$0.10 each, representing a 36% discount to the thirty day volume weighted average price prior to the Company entering a trading halt on 6 August 2009.

The Placement will be completed in two tranches:

- Tranche 1 – comprising 13.32 million shares, will be placed immediately using the Company's 15% share placement capacity under Listing Rule 7.1, raising gross proceeds of approximately \$1.33 million; and
- Tranche 2 – comprising 36.68 million shares, will be placed, subject to receiving shareholder approval, to raise gross proceeds of approximately \$3.67 million.

A General Meeting of shareholders will be called to approve the issue of these shares under the Placement, and a Notice of Meeting will be mailed to all shareholders shortly.

Share Purchase Plan ('SPP')

To ensure that existing eligible shareholders have the opportunity to participate in this capital raising on the same terms as the Placement, the Company intends to implement a SPP and expects to raise around \$2 million with the issue of approximately 20 million shares. The SPP will not be underwritten and the Company reserves the right to cap the SPP at \$2 million and scale back oversubscriptions

Under the SPP, each shareholder will be entitled to subscribe for UXA shares at a price of \$0.10 per share.

The Company has received a waiver of certain ASX Listing Rules to offer shareholders the opportunity to subscribe up to the maximum participation limit of \$15,000 of new UXA shares, to allow the SPP to be offered at the same price as under the Placement. The terms and conditions of the SPP will be set out in the SPP offer documents.

The record date for the SPP will be Monday 10 August 2009. Documentation on the SPP will be sent to shareholders shortly.

Acquisition of Geoscience Associates (Australia) Pty Ltd

The directors are pleased to announce that the Company has signed a binding agreement to purchase the assets and business of Geoscience Associates Australia Pty Ltd (GAA), a geophysical logging company located in Mount Barker, South Australia (the Acquisition). Financial closing of the transaction is expected in September 2009.

GAA 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 also on coal and coal seam gas, throughout Australia since 1971. GAA is the sole distributor for Prompt Fission Neutron (PFN) technology in Australia and the only provider of commercial PFN logging services in Australia. The acquisition includes management and a team of highly skilled professionals with a broad range of borehole logging expertise. GAA will be held as a subsidiary company and will continue to operate independently with regards to the preservation of confidential information of GAA's clients.

The purchase price payable under the Agreement for the Acquisition of GAA is \$5 million (subject to asset register adjustments), payable in cash at settlement, together with five million UXA shares to be issued at settlement.

The Company intends to fund the Acquisition with a combination of funds from the Placement and bank financing which has already been approved by the relevant bank.

A General Meeting of shareholders of UXA will be called shortly to approve the Acquisition and the issue of shares in UXA via the Placement.

Benefits of Acquisition

The board believes that the Acquisition represents a significant step forward in the development of the Company, complementing its existing uranium exploration projects with a profitable, widely based service business. The benefits of the Acquisition include:

Increase scale:

Following acquisition UXA will have stronger balance sheet and access to an ongoing earnings stream.

Business Diversification

The Company will benefit from the addition of a complementary and profitable business to its existing exploration business.

Enhanced Technical and Management Capability

As part of the Acquisition, GAA's current management team, will join the Company, significantly enhancing its technical and management capability.

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.

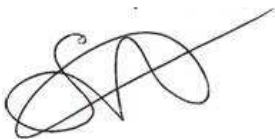
In March 2009 the Company announced the termination of an earlier agreement to purchase the business and assets of GAA, as bank financing previously offered could not then be secured on terms acceptable to the Company. The successful Placement and recent approval of bank financing have ensured that this transaction will now be completed.

Commenting on the Acquisition, Russell Penney, Managing Director of UXA said: "The purchase of the business and assets of GAA represents a significant step forward for UXA and its development. Following the acquisition the company will have built on its existing uranium exploration expertise and portfolio of properties with the addition of a growing mining services business. The will provide the company with ongoing cashflow to support its uranium exploration activities."

UXA remains committed to Uranium Exploration

UXA remains committed to its primary goal of discovering an economic uranium deposit and will continue to explore for uranium in Australia and overseas. Over the coming months the Company will be focused on the rapid follow up of its recently announced discovery of an outcropping zone of uranium mineralisation at Crystal Creek (Ngalia Thrust licence) in the Northern Territory. The uranium bearing structure is over 3,000m long, up to 12m wide and returned spot XRF values from trace up to 4,120 ppm U₃O₈ (ASX Announcement 16 July 2009). The Company has started a field program of mapping and geochemical sampling which will lead to a drilling program, details of which will be announced in due course.

For further information, contact.



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