



FINANCIAL REPORT

**FROM INCORPORATION
TO 31 DECEMBER 2006**

ABN 48 119 978 013

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URANIUMSA LIMITED

DIRECTORS' REPORT

Your Directors submit the financial report of the consolidated entity for the period from incorporation to 31 December 2006.

Directors

The names of each person who has been a Director during this period and to the date of this report are:

Thomas Robin Phillips
Russel George Bluck
Alice McCleary
XU Gang (Appointed 8 August 2006)

Company Secretary

Mr. Peter James Martin resigned on 18 August 2006. Mr Craig Gooden was appointed on 8 August 2006.

Review of Operations

From incorporation to 31 December 2006 the consolidated entity incurred a loss after income tax expense of \$360,566. Income tax expense of \$118,060 included in the loss for the period is the deferred tax asset associated with capital raising costs being written off during the period. As there is no certainty the deferred tax asset will be realised, it has been expensed in the period ended 31 December 2006.

The following summary lists the operational activities from incorporation to 31 December 2006.

The Company:

- Successfully listed on to the Australian Stock Exchange on 18 October 2006 and raised \$6,000,000 by issuing 30,000,000 ordinary shares at 20 cents per share;
- Commenced evaluation of the company's exploration licences and signed a contract to fly an airborne electromagnetic survey over the company's Tarcoola, Kingoonya and Muckanippi project areas;
- Completed a Bonus Option issue of one Bonus Option for each two shares held on 18 January 2007 as foreshadowed in the Company's initial public offering prospectus.

Auditor's Declaration

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4 for the period 31 December 2006.

Signed in accordance with a resolution of the Board of Directors



Tom Phillips
Chairman
Adelaide

Dated this 16th day of February 2007.

AUDITOR'S INDEPENDENCE DECLARATION



Chartered Accountants and Business Advisers

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF URANIUMSA LTD

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of UraniumSA Ltd for the period ended 31 December 2006, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

GRANT THORNTON
South Australian Partnership
Chartered Accountants

A handwritten signature in blue ink, appearing to read 'S J Gray', written over a light blue horizontal line.

S J GRAY
Partner

Signed at Adelaide this 16 day of February 2007

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URANIUMSA LIMITED ABN 48 119 978 013 AND CONTROLLED ENTITIES
CONSOLIDATED INTERIM INCOME STATEMENT
FROM INCORPORATION TO 31 DECEMBER 2006

Consolidated Entity		
	Notes	\$
Revenues from ordinary activities		
Interest received from other parties		117,123
Expenses from ordinary activities		
Depreciation and amortisation expenses		(1,288)
Employee benefits expenses		(91,518)
ASX listing and share registry expense		(76,390)
Consulting expense		(39,405)
Other expenses from ordinary activities		(151,028)
Loss before income tax expense		(242,506)
Income tax expense	2	(118,060)
Loss for the period		(360,566)
Loss attributable to members of the parent entity		(360,566)
Overall Operations		
		Cents
Basic loss per share		0.6

Notes to the financial statements are included on pages 7 to 10.

URANIUMSA LIMITED ABN 48 119 978 013 AND CONTROLLED ENTITIES
CONSOLIDATED INTERIM BALANCE SHEET
AS AT 31 DECEMBER 2006

	Note	Consolidated Entity	
		31-Dec 2006	30-Jun 2006
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		5,630,432	2
Trade and other receivables		153,553	-
Accrued interest income		28,500	-
Other current assets		15,555	2,937
TOTAL CURRENT ASSETS		5,828,040	2,939
NON-CURRENT ASSETS			
Plant and equipment		37,086	-
Exploration and evaluation expenditure		4,275,633	-
TOTAL NON-CURRENT ASSETS		4,312,719	-
TOTAL ASSETS		10,140,759	2,939
CURRENT LIABILITIES			
Trade and other payables		57,913	-
Short-term provisions		3,356	-
TOTAL CURRENT LIABILITIES		61,269	-
TOTAL LIABILITIES		61,269	-
NET ASSETS		10,079,490	2,939
EQUITY			
Issued capital	3	10,440,056	2,939
Accumulated losses		(360,566)	-
TOTAL EQUITY		10,079,490	2,939

Notes to the financial statements are included on pages 7 to 10.

URANIUMSA LIMITED ABN 48 119 978 013 AND CONTROLLED ENTITIES

CONSOLIDATED INTERIM STATEMENT OF CHANGE IN EQUITY

FROM INCORPORATION TO 31 DECEMBER 2006

	Share Capital	Accumulated Losses	Total
Balance at Incorporation - 31 May 2006	-	-	-
Issue of share capital	2,939	-	2,939
Balance at 30 June 2006	<u>2,939</u>	<u>-</u>	<u>2,939</u>
Shares issued during the period	11,112,591	-	11,112,591
Cost of capital raising (net of tax)	(675,474)	-	(675,474)
Loss attributable to the members of parent entity	-	(360,566)	(360,566)
Balance at 31 December 2006	<u><u>10,440,056</u></u>	<u><u>(360,566)</u></u>	<u><u>10,079,490</u></u>

Notes to the financial statements are included on pages 7 to 10.

URANIUMSA LIMITED ABN 48 119 978 013 AND CONTROLLED ENTITIES
CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FROM INCORPORATION TO 31 DECEMBER 2006

	Note	Consolidated Entity 31-Dec 2006
CASH FLOWS FROM OPERATING ACTIVITIES		\$
Payments to suppliers and employees		(467,151)
Interest received		88,623
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		<hr style="border-top: 1px solid black;"/> (378,528) <hr style="border-top: 1px solid black;"/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration expenditure		(113,045)
Payments for plant and equipment		(38,374)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		<hr style="border-top: 1px solid black;"/> (151,419) <hr style="border-top: 1px solid black;"/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the Issue of Ordinary Shares		6,552,939
Payments for transaction cost associated with capital raisings		(393,535)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		<hr style="border-top: 1px solid black;"/> 6,159,404 <hr style="border-top: 1px solid black;"/>
Net increase/(decrease) in cash held		5,629,457
Cash on hand on acquisition of subsidiaries		975
Cash at 31 December 2006		<hr style="border-top: 1px solid black;"/> 5,630,432 <hr style="border-top: 3px double black;"/>

Notes to the financial statements are included on pages 7 to 10.

URANIUMSA LIMITED ABN 48 119 978 013 AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS

FROM INCORPORATION TO 31 DECEMBER 2006

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The Consolidated Financial Statements from incorporation to 31 December 2006 are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standard AASB 134: Interim Financial Reporting, Urgent Issues Group Interpretations and other authoritative announcements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with any public announcements made by UraniumSA Limited and its Controlled entities during the period in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The report does not include full disclosures of the type normally included in the annual financial report.

This is the first interim financial report, prepared under Australian Accounting Standards. The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of this report.

ACCOUNTING POLICIES

(a) Principles of Consolidation

A controlled entity is any entity UraniumSA Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities.

All controlled entities have a June financial year end.

All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied to the parent entity.

(b) Income Tax

The charge for current income tax expenses is based on the profit for the period adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

URANIUMSA LIMITED ABN 48 119 978 013 AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS

FROM INCORPORATION TO 31 DECEMBER 2006

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(c) Plant and Equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and Equipment

The carrying amount of plant and equipment is reviewed annually by the Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the consolidated entity, commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The Depreciation rates used for each class of depreciable assets are:

Class of Non Current Asset	Depreciation Rate	Basis of Depreciation
Plant and Equipment	10 - 33%	Straight Line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Income Statement.

(d) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written-off in full against profit in the year in which the decision to abandon the area is made.

Where a decision is made to proceed with development, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

URANIUMSA LIMITED ABN 48 119 978 013 AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS

FROM INCORPORATION TO 31 DECEMBER 2006

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(e) Impairment of Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

(f) Interests in Joint Ventures

The consolidated entity's share of assets, liabilities, revenue and expenses of joint venture operations are included in the appropriate item of the consolidated financial statements.

The economic entity's interests in joint venture entities are brought to account using the equity method of accounting in the consolidated financial statements. The parent entity's interests in joint ventures are brought to account using the cost method.

(g) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(h) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(i) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(j) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. All revenue is stated net of the amount of goods and services tax (GST).

(k) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST. Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(l) Incorporation

The Company was incorporated on 31 May 2006. The financial information reflects the transactions from incorporation to 31 December 2006.

URANIUMSA LIMITED ABN 48 119 978 013 AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FROM INCORPORATION TO 31 DECEMBER 2006

NOTE 2 - INCOME TAX

In accordance with AASB 112 - Income Tax, the consolidated entity has written off the deferred tax asset of \$118,060 resulting from capital raising costs incurred during the six months ended 31 December 2006. It is the Directors opinion that the deferred tax asset does not meet the criteria for recognition.

NOTE 3 - ISSUED CAPITAL

	Consolidated Entity		
	Date Issued	Ordinary Shares	\$
Balance at Incorporation – 31 May 2006	31 May 2006	2	2
Shares issued during period	1 June 2006	2,937,046	2,937
Balance at 30 June 2006		2,937,048	2,939
Shares issued during the period			
Seed investors	18 August 2006	5,500,000	550,000
Shares issued for exploration licenses and joint ventures	29 September 2006	22,812,954	4,562,591
Initial Public Offering	29 September 2006	30,000,000	6,000,000
Cost of capital raising (net of tax)			(675,474)
Balance at 31 December 2006		61,250,002	10,440,056

NOTE 3 - SEGMENT REPORTING

The consolidated entities operate in the mineral exploration industry in Australia.

NOTE 4 - CONTINGENT LIABILITIES AND COMMITMENTS

The consolidated entities have minimum expenditure commitments on exploration licenses totaling \$584,000. In addition the company has entered into a contract to fly an airborne magnetic survey at a cost of \$333,000 which at balance date has not been brought to account as a liability.

NOTE 5 - EVENTS SUBSEQUENT TO REPORTING DATE

Since 31 December 2006 the consolidated entity pursuant to a short form prospectus dated 5 January 2007 has issued 30,809,160 Bonus Options to existing shareholders at no cost with an exercise of 25 cents and an expiry date of 18 January 2010.

DIRECTORS' DECLARATION

In the opinion of the Directors:

1. The Financial Statements and Notes are in accordance with the *Corporations Act 2001* and:
 - a) give a true and fair view of the Company's financial position as at 31 December 2006 and of its performance for the year ended on that date of the Company and consolidated entity; and
 - b) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Tom Phillips
Chairman

Adelaide

Dated this 16th day of February 2007

INDEPENDENT REVIEW REPORT



Chartered Accountants and Business Advisers

INDEPENDENT REVIEW REPORT TO THE MEMBERS OF URANIUMSA LIMITED & CONTROLLED ENTITIES

Scope

Report on the financial report

We have reviewed the accompanying interim financial report of UraniumSA Limited and Controlled Entities, which comprises the consolidated interim balance sheet as at 31 December 2006, and the income statement, statement of changes in equity and cash flow statement for the period ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

Directors' responsibility for the Financial Report

The directors' of the company are responsible for the preparation and fair presentation of the interim financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the interim financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion 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 an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the interim financial report is not presented fairly, in all material respects, in accordance with the Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. As auditor of UraniumSA 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 Australian professional ethical pronouncements and the *Corporations Act 2001*.

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INDEPENDENT REVIEW REPORT (CONT)



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 UraniumSA Limited is not in accordance with the Corporations Act 2001, including:

- i. giving a true and fair view of the company's and consolidated entity's financial position as at 31 December 2006 and of its performance for the period ended on that date; and
- ii. complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- iii. other mandatory professional reporting requirements in Australia.

GRANT THORNTON
South Australian Partnership
Chartered Accountants

A handwritten signature in blue ink, appearing to read 'S J Gray', written over a light blue horizontal line.

S J GRAY
Partner

Signed at Adelaide this 16 day of February 2007

CORPORATE DIRECTORY

DIRECTORS

Tom Phillips - Chairman
Russel Bluck – Managing Director
Alice McCleary – Director
XU Gang – Director

COMPANY SECRETARY

Craig Gooden – Company Secretary

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AUSTRALIAN STOCK EXCHANGE

The Company is listed on the Australian Stock Exchange
ASX CODE: USA AND USAO

UraniumSA

