

QUARTERLY REPORT FOR THE PERIOD ENDED 31 MARCH 2011

HIGHLIGHTS

Operations

- Extensive uranium anomalies over 64km identified within four (4) separate prospect areas outside of current drilling activity at Likuyu North including Mteramwahi South (19 km), Likuyu South (18 km), Mteramwahi North (17 km) and Matemanga (10 km)
- Significant multiple intersections and high grade assays from 2010 diamond drilling program confirmed, including 10.5m @ 1,124ppm U₃O₈, 13m @ 614ppm U₃O₈, 7.5m @ 352ppm U₃O₈ and 2m @ 1,244ppm U₃O₈ over 600m of 5 km uranium strike at the Likuyu North prospect, part of the 100% owned Mkuju Uranium project, Southern Tanzania
- Excellent primary and secondary uranium mineralogy confirmed, from testing of 4 samples using Scanning Electron Microscope (SEM), with Uraninite confirmed as primary mineral and Autinite confirmed as secondary mineral, indicating potential of very low cost uranium extraction process
- Commencement of 2011 drilling of 6000m 60 hole aircore program designed to extend the high grade uranium mineralisation zone and to provide sufficient information to define an initial resource along the 5km uranium strike at Likuyu North, which represents ~5% of total uranium strike at Mkuju Uranium project
- Commencement of 2011 Songea Coal exploration including desktop studies, geological mapping, field traverses and sampling to confirm coal seams for planned drilling in June 2011, within 3,500km² project area

Corporate

- Decision to divest non-core assets via joint venture, trade sale or initial public offering (spin-out) was made, presenting the opportunity to raise capital with minimal shareholder dilution. Interest has been received from a number of international and domestic investors
- Partly Paid Share call of \$0.63 per share in respect to 4,340,000 unlisted partly paid shares (paid to \$0.01 each) was made with a total of 4,240,000 partly paid shares remaining unpaid and offered for public auction. No shares were sold and 4,200,000 ordinary shares remained forfeited and will be placed at management discretion outside of the Company's 15% capacity

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ASX Code: UNX

Number of Shares
169.6M Ordinary Shares
4.0M Unlisted Options
4.2M Partly Paid

Market Capital
A\$60 Million
(@0.36c)

Board of Directors

 Johann Jacobs
Chairman

 Matthew Gauci
Managing Director

 Stephen Hunt
Non-executive Director

 Frank Poullas
Non-executive Director

 Mark Chalmers
Non-executive Director

 John Nethersole
Company Secretary

OPERATIONS

TANZANIA

MKUJU URANIUM PROJECT (URANEX 100%)

Extensive uranium anomalies were identified over a total strike of 64km within four (4) separate prospect areas outside of current drilling activity at Likuyu North. These anomalies included Mteramwahi South (19 km), Likuyu South (18 km), Mteramwahi North (17 km) and Matemanga (10 km), highlighting the regional prospectivity of the Mkuju Uranium Project (Figure 2). All anomalies are interpreted to occur within Karoo sandstone hosted environment similar to Likuyu North. With drill testing of the prospects planned as part of the 2011 drilling programs.

Significant multiple intersections and high grade assays were reported from a 2,400m 16 hole diamond drilling program in Dec Q 2010 at the Likuyu North prospect, which focused on a 600m anomalous zone, out of a total strike extent of 5km within a 5000km² project area. Uranium mineralisation was intersected in every hole with the most significant intersections listed in Table 1 and displayed in Figure 3.

The Company is targeting sandstone hosted tabular and roll-front deposits. Examples of sandstone hosted tabular deposits are Mantra Resources Limited's Nyota prospect in Southern Tanzania (101.4M lbs @ 422ppm U₃O₈), Paladin Energy Limited's Kayelakera Mine in Malawi (46M lbs @ 802ppm U₃O₈), both of which are hosted nearby in similar geological settings of Karoo sandstones. Examples of sandstone hosted roll-front deposits are Alliance Resources/Headgate Resources Four Mile project in South Australia (72M lbs @ 3,700ppm U₃O₈).

Within the company's roll-front target, intersections of mineralised sandstones have been interpreted to occur between reduced mudstone sequences in at least five holes at Likuyu North, and host the thickest and highest grade intercepts at the project, indicating the potential amenability to In-Situ Recovery (ISR) mining. All other holes intersected tabular style mineralisation nearer to surface which indicates the potential for bulk open cut mining.

Mineralogical testing on samples using Scanning Electron Microscope (SEM) returned excellent results, including the presence of primary and secondary uranium. The dominant primary uranium mineral is Uraninite (uranium oxide – UO₂), while the dominant secondary uranium is Autinite or Meta-autinite (hydrated calcium uranyl phosphate). The uraninite occurs as fine masses or coatings on other grains tending to be either liberated or exposed, while the autinite and meta-autinite occurs as individual grains tending to be either liberated or exposed.

The potential implications for this favourable mineral assemblage and habit (grain size and association with other minerals) of uranium includes ease of leaching under acidic conditions and expected high yield recoveries. Further the composition of the gangue (non-uranium) minerals, most importantly the absence of acid-consuming carbonates, indicate the potential of a very low cost for reagents required in the uranium extraction process.

Drilling of 6,000m 60 hole aircore program at the Likuyu North prospect commenced subsequent to the end of the quarter, which has been designed to extend the 600m high grade uranium mineralisation zone and to provide sufficient information to define an initial resource from the 5km strike extent at Likuyu North (Figure 4). Holes will be geophysically probed to generate eU₃O₈ values, and an induction (EM) conductivity probe will be used to assist in identification of host geological units.

It is expected the phase 1 program will be completed within 8 weeks, with final assays results received thereafter.

Figure 1: Southern Tanzanian Projects

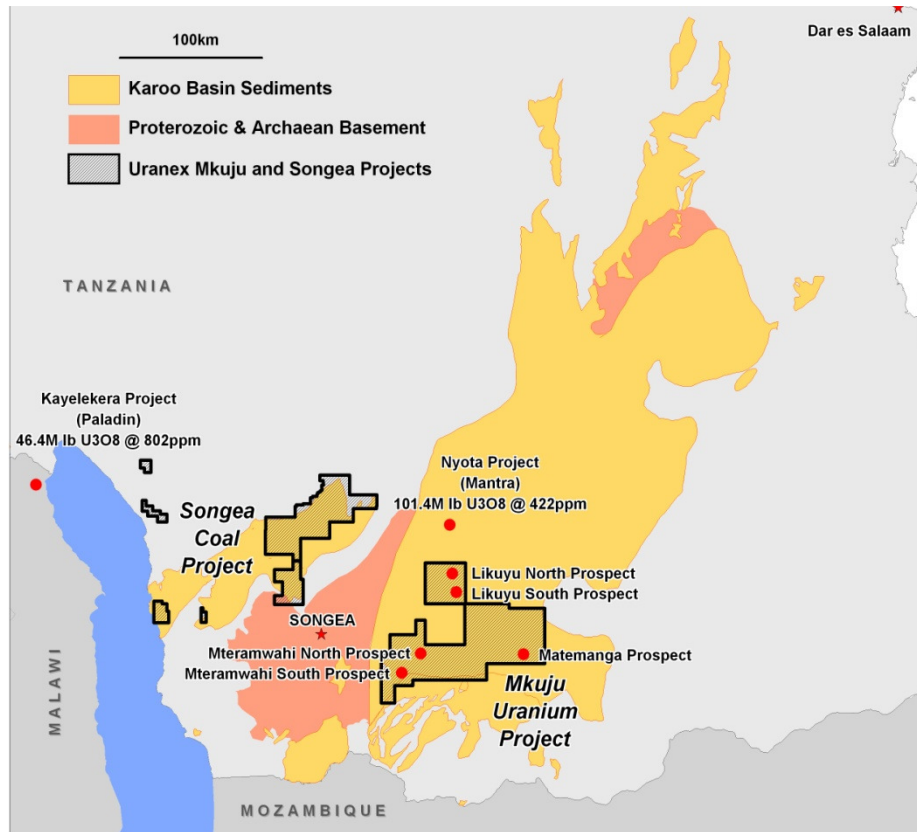


Figure 2: Likuyu North Drill Program

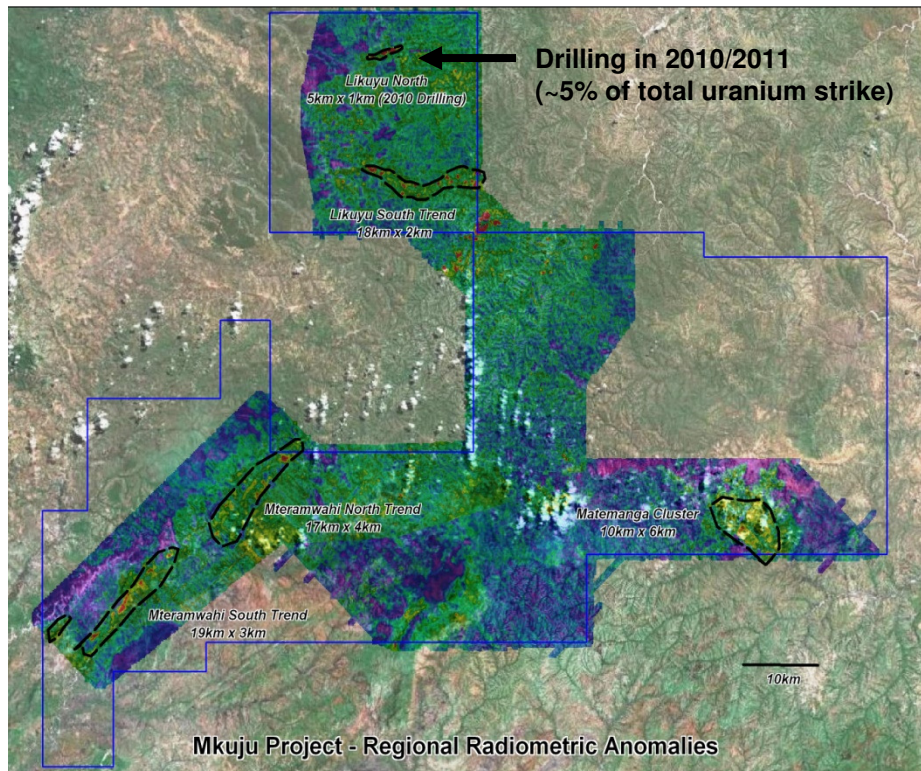


Table 1: 2010 Mkuju Drilling - Final Results

Hole	ARC1960 Easting (m)	ARC1960 Northing (m)	From (m)	To (m)	Interval (m)	Assay U ₃ O ₈ (ppm)
MKDD0001	222011	8861108	78.0	79.0	1.0	366
<i>including</i>			78.0	78.5	0.5	586
and			98.5	99.0	0.5	619
and			110.0	111.5	1.5	341
<i>including</i>			110.5	111.0	0.5	607
MKDD0002	221734	8861174	16.0	20.0	4.0	337
<i>including</i>			18.5	20.0	1.5	672
<i>including</i>			19.0	19.5	0.5	1463
and			27.0	28.5	1.5	206
and			32.5	33.5	1.0	342
and			39.5	42.0	2.5	212
MKDD0003	221893	8861165	26.0	27.0	1.0	261
and			30.5	31.0	0.5	537
and			34.0	34.5	0.5	1438
and			46.0	48.0	2.0	470
<i>including</i>			47.5	48.0	0.5	977
and			54.0	56.0	2.0	1244
<i>including</i>			55.0	55.5	0.5	2348
MKDD0004	222114	8861168	12.5	13.0	0.5	583
and			26.0	26.5	0.5	558
and			33.0	33.5	0.5	681
MKDD0005	222203	8861218	9.0	12.0	3.0	342
<i>including</i>			9.0	9.5	0.5	1015
and			33.0	35.5	2.5	218
and			61.0	62.0	1.0	251
MKDD0008	222004	8860978	110.5	111.5	1.0	338
MKDD0009	221707	8861095	67	68.5	1.5	307
<i>including</i>			67	67.5	0.5	577
and			74.5	85	10.5	1124
<i>including</i>			78.5	80.5	2	2135
MKDD0010	220674	8860794	7.0	10.0	3.0	209
<i>including</i>			7.5	8.0	0.5	576
MKDD0013	221803	8861100	28.5	30.0	1.5	348
<i>including</i>			28.5	29.0	0.5	818
and			79.5	87.0	7.5	352
<i>including</i>			81.5	82.0	0.5	805
MKDD0014	221901	8861100	69.0	72.5	3.5	227
and			95.0	108.0	13.0	614
<i>including</i>			95.0	99.5	4.5	1154
<i>including</i>			96.0	96.5	0.5	3580
MKDD0016	222106	8861105	23.5	24.5	1.0	247
and			54.5	55.5	1.0	263
and			75.0	76.0	1.0	203
and			95.0	97.5	2.5	208
<i>including</i>			96.5	97.5	1.0	358
and			104.0	104.5	0.5	526
and			107.0	108.5	1.5	541
<i>including</i>			107.0	107.5	0.5	649
<i>including</i>			108.0	108.5	0.5	668
and			111.5	112.5	1.0	209
and			117.0	119.0	2.0	420
<i>including</i>			118.0	118.5	0.5	504
MKRC0107	221802	8861162	9.0	14.0	5.0	277
and			33.0	36.0	3.0	270
and			44.0	50.0	6.0	211

Intercepts included for ≥ 1 m @ ≥ 200 ppm U₃O₈ and ≥ 0.5 m @ ≥ 500 ppm U₃O₈

Figure 3: Likuyu North 2010 Drilling Results

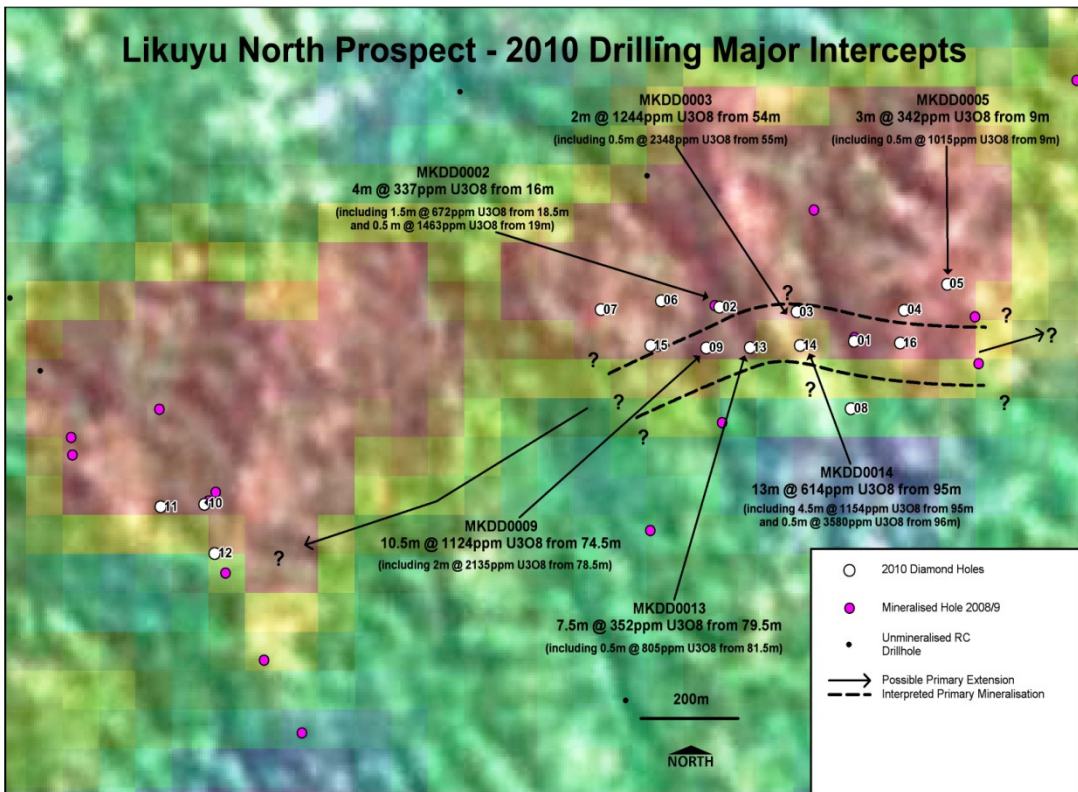
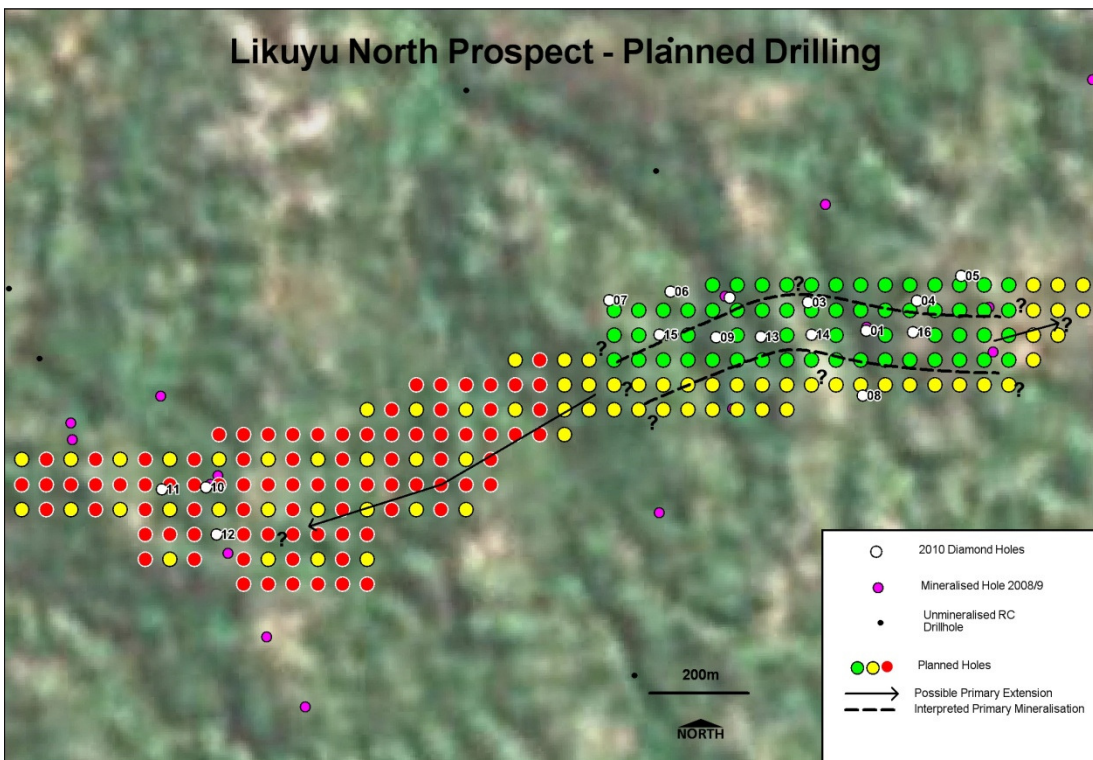


Figure 4: Likuyu North 2011 Planned Drilling



SONGEA COAL PROJECT (URANEX 100%)

Exploration at the Company's 100% owned Songea Coal project in Southern Tanzania commenced including desktop studies, geological mapping, field traverses, and sampling to confirm coal seams for planned drilling in June 2011.

The Songea Coal Project covers a total area of 3,500km² in the Ruhuhu Coal basin, where eight (8) Karoo Basins containing eleven (11) recognised coalfields have been identified. The two most significant coalfields Ketewaka-Mchuchuma (804Mt) and Ngaka (250Mt), occur in a similar geological setting within 50km of the Songea Coal Project (Figure 5).

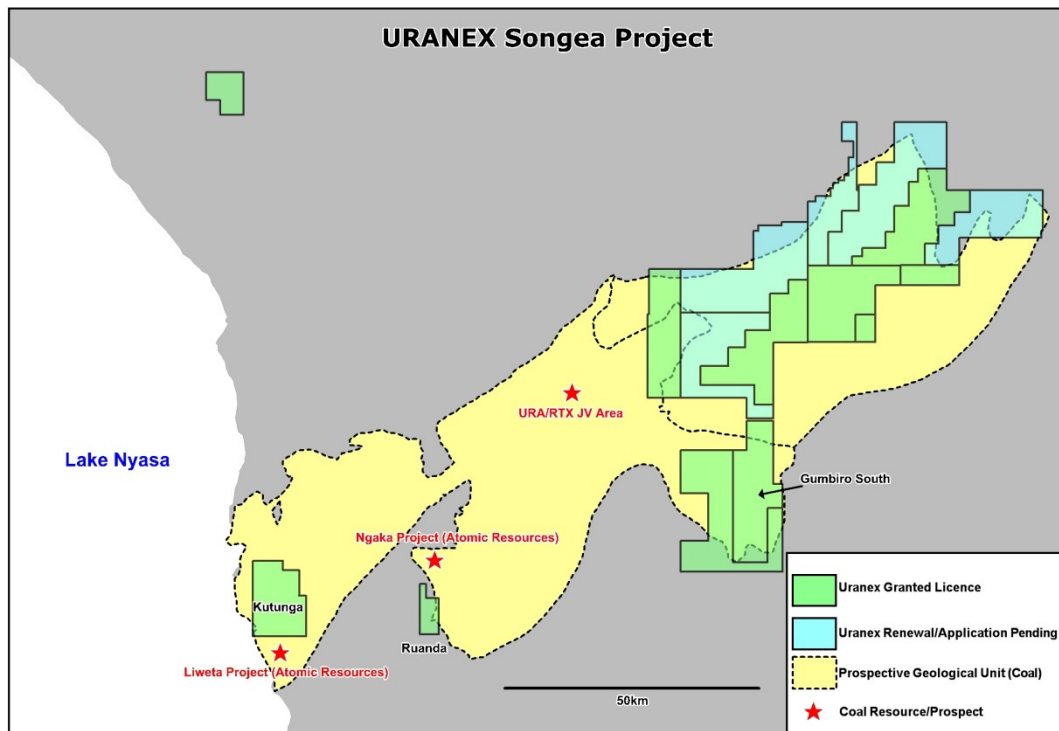
Within the basin, coal tends to occur at the base of the Karoo sandstones and close to the contacts with gneissic rocks (basement). The Mchuchuma Formation has been sub-divided into two distinct facies with the lower (and most significant) or sandstone-coal facies having thick coal seams with relatively low sulphur and ash contents. It consists of succession thick high-energy sandstone and arkoses separated by coal seams ranging in thickness from less than 1m to 7.5m with good continuity.

Both domestic and export markets are rapidly developing from coalfields in Southern Tanzania including a number of regional industrial and power generation opportunities in Tanzania and bordering Malawi, DRC, Zambia, Kenya as well as export markets to India and China via ports at Mtwara and Nacala.

Exploration commenced in 2010, with field mapping undertaken at the Gumbiro South Prospect, where outcropping coal seams had previously been identified close to the licence boundary. A 20km strike of prospective coal geology was identified for follow up drilling (Figure 5).

The 2011 program will include desktop studies, further geological mapping at the Ruanda and Katunga Prospects, with drilling planned to follow (Initially at Gumbiro South) in the second half of 2011 (Figure 5).

Figure 5: Songea Coal Project on Simplified Geology



MANYONI URANIUM PROJECT (URANEX 100%)

The Manyoni Uranium Project is located in central Tanzania and is host to 29M lbs U₃O₈ at 100ppm cut-off and is currently the subject of a PFS (pre-Feasibility study) due for completion in Q2 2011. Work to date has been referred to the Australian Nuclear Science and Technology Organisation (ANSTO). An initial review by ANSTO confirmed poor recoveries were the result of different mineralogy and lower grades than first thought. ANSTO are subsequently conducting a new metallurgical test work program to identify leach conditions that may improve recoveries, and to investigate variability in uranium leach conditions at Manyoni.

AUSTRALIA

THATCHER SOAK PROJECT (URANEX 100%)

The Thatcher Soak Project is located within the main Yilgarn calcrete province in Western Australia. Other deposits in this province include Yeelirrie, Lake Way, Centipede and Lake Maitland. The Thatchers Soak Uranium Project is host to 14M lbs U₃O₈ at 100ppm cut-off and is currently the subject of an internal scoping study. Work to date has included desktop financial modelling and project development.

BREMER BASIN (URANEX 100%)

The Bremer Basin project covers 1,740 km² and is located in southern Western Australia. During the period a 6000m aircore drilling program commenced where the target is sedimentary, redox related deposits in palaeochannels of the Bremer Basin. Uranium mineralisation including 2m at 185ppm U₃O₈, including 1m at 248ppm U₃O₈ were identified from previous drilling. 1,630m of drilling was completed, the program returned encouraging indications of uranium and other mineralisation occurrences.

ALLIGATOR RIVERS (URANEX 100%)

The Alligator Rivers project is located in the Northern Territory Pine Creek geosyncline, which hosts world class uranium deposits such as Ranger, Nabarlek and Jabiluka. The Company's tenements incorporate a number of key geological elements considered favourable for the formation of unconformity-style mineralisation that typify the above major uranium deposits. The Company is planning a 3,000m RC Drilling program in Q2 2011 to test key drill targets.

CORPORATE

NON-CORE ASSET DIVESTMENT

Decision to divest non-core assets via joint venture, trade sale or initial public offering (spin-out) was made with interest received from a number of international and domestic investors, presenting the opportunity to raise capital with minimal shareholder dilution

PARTLY PAID SHARE

Partly Paid Share call of \$0.63 per share in respect to 4,340,000 unlisted partly paid shares (paid to \$0.01 each) was made with a total of 4,240,000 partly paid shares remaining unpaid and offered for public auction. No shares were sold and 4,200,000 ordinary shares remained forfeited presenting the opportunity to raise capital outside of the Company's 15% capacity

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Information in this report relating to exploration results is based on data compiled by Mr. Brendan Borg who is a Member of the Australasian Institute of Mining and Metallurgy, and who is a full-time employee of the Company. Mr. Borg has sufficient relevant experience to qualify as a Competent Person under the 2004 Edition of the Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr. Borg consents to the inclusion of the data in the form and context in which it appears.