Quarterly Report
Quarter ended 30 September 2008

HIGHLIGHTS

Exploration

- Drilling commenced on the initial key exploration targets within the Nabarlek Mining Lease following receipt of the necessary approvals.
- High uranium grades over significant widths were intersected in drilling at the N147 prospect. Mineralisation, which is orientated approximately east-west, was extended to the west and is open in both an easterly and westerly direction.
- In the West Arnhem Joint Venture, 13,000 m of systematic bedrock drilling along key mineralised structures located uranium anomalies up to 436 ppm U_3O_8 beneath thin cover. Two prospect areas containing elongated anomalies up to 1,000m in length, and oriented parallel to geological structures, have been identified.
- Agreement was finalised with the Native Title claimants at Moorarie, WA to enable drilling of the high priority hematite targets to proceed.
- Overlying State and Commonwealth land use tenements has lead to difficulty in interpreting title rights to a boundary portion of the Narraweena tenement which contains the newly identified uranium prospects. Clarification of this is being pursued as a high priority.

Uranium Extraction

- Application was lodged by Urtek LLC and its overseas technology development partner for a joint USA-based provisional patent for the PhosEnergy Process.
- UEQ increased its equity in Urtek to 30%.
- The PhosEnergy piloting process transitioned to operational phase following the completion of pilot plant construction.

EXPLORATION ACTIVITIES

1. NORTHERN TERRITORY

1.1 NABARLEK MINING LEASE
(UEQ 100%)

An aircore (AC) and reverse circulation (RC) drilling program commenced following approvals and clearances from the Northern Territory and Commonwealth regulatory authorities and the Traditional Owners.

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The Mine Management Plan lodged in May 2008 covering exploration and legacy rehabilitation was approved by the regulatory authorities on 9th September 2008. A special meeting with Traditional Owners approved the initial exploration and rehabilitation program. Heritage Clearances are required in some areas of the Mining Lease before drilling can begin.

The Nabarlek deposit was a small, very high-grade orebody only 200m long, 15m thick and 70m deep. Since 1994, remote sensing and airborne geophysical surveys have been completed over MLN 962 but no significant drilling or geological sampling has been completed.

A review of existing exploration data identified over 3km of largely untested strike of the Nabarlek Shear Zone within the mine lease. Areas for immediate exploration are identified in Figure 1.

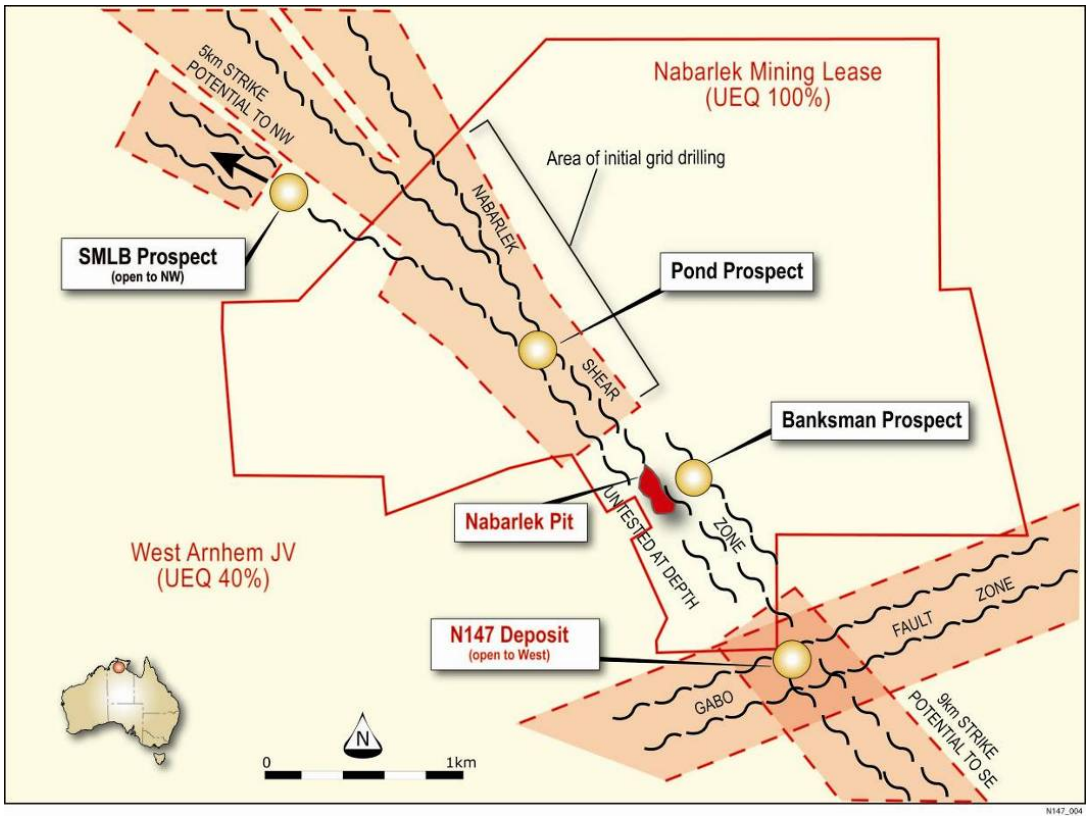

Figure 1: Nabarlek ML area -exploration targets and structures

Grid AC and RC drilling commenced late in the quarter at the Pond Prospect, north west of the Nabarlek pit and at the Banksman Prospect, 200m east of the pit. A drilling target has also been identified beneath the open pit to test for potential extensions to and repetitions of the Nabarlek ore body.

An exploration camp to enable all-season access was established adjoining the sealed airstrip within the Mining Lease.

Rehabilitation activity related to legacy environmental impacts included weed mapping, fire management, ground water sampling, asbestos removal, airstrip maintenance and general site clean-up. A positive site audit was conducted by

representatives of Northern Territory and Commonwealth regulatory bodies and the Northern Land Council.

1.2 CAMECO – UEQ WEST ARNHEM LAND JOINT VENTURE

(UEQ 40%)

A program of AC and RC drilling commenced in July 2008. Key areas of investigation within the Nabarlek Corridor to the north and south of Nabarlek (Figure 2) included:

- Extending the limits of mineralisation at the N147 prospect;
- Systematic testing, by both shallow AC and RC drilling, to locate geochemically anomalous uranium along key mineralised structures beneath a thin cover sequence comprising soil, alluvium and sandstone.

Drilling during the quarter totalled 13,340 m - 385 AC holes for 6,037 m and 86 RC holes for 7,303 m.

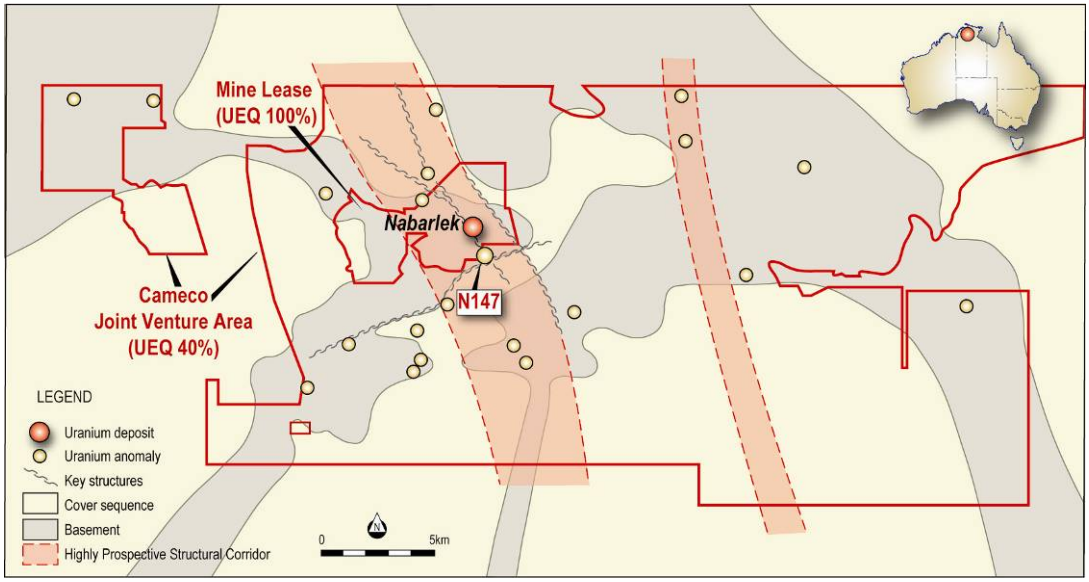

Figure 2: Nabarlek Area Key Structural Corridors.

N147 Prospect

Drilling at the N147 Prospect extended the mineralisation to the west through significant new intersections of additional high-grade uranium mineralization (Figure 3).

A total of 19 RC drill holes for 2,736m were completed[1]. Eleven holes intersected uranium mineralization of which 3 intersected significant intercepts i.e. grade by thickness ("GT")>3.0 m%eU_3O_8. The highest GT was intersected in hole NAR6318.

[1] Holes were drilled at declination of 60 degrees and orientated either south west or south east. Equivalent uranium grades (eU_3O_8) were calculated from wireline downhole gamma logging.

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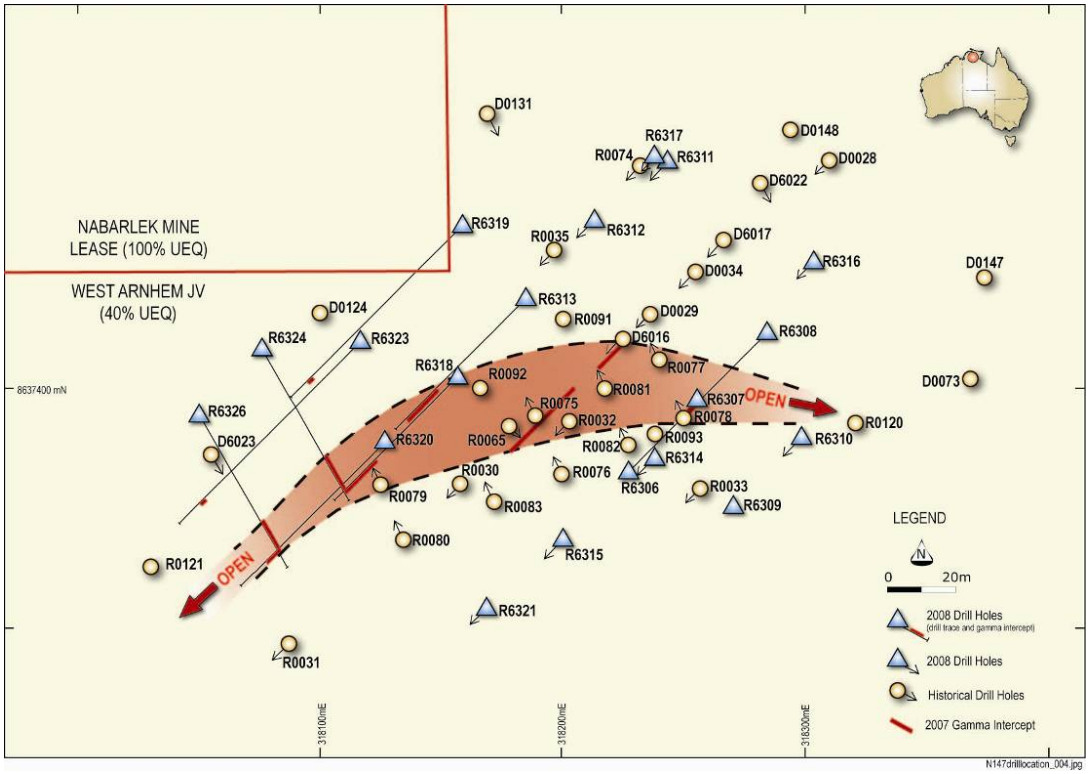

Figure 3: N147 Plan showing mineralisation outline projected to the surface

Results from the 11 mineralised holes are summarised in the following table:

Hole No. NAR	Depth From (m)	Thickness (T) m	Grade (G) % eU_3O_8	GT m % eU_3O_8
6307	67.40	3.20	0.056	0.179
6308	50.05	1.75	0.180	0.315
	81.00	1.50	0.170	0.255
	90.25	6.55	0.059	0.386
	102.50	1.55	0.172	0.267
6313	58.75	9.20	0.035	0.322
	103.35	20.20	0.039	0.788
	135.55	7.25	0.056	0.406
6314	50.00	1.70	0.042	0.071
	63.25	2.50	0.031	0.078
6316	79.55	1.70	0.102	0.173
6318	60.60	2.95	0.052	0.153
	104.15	1.60	0.052	0.083
	108.25	**36.20**	**0.172**	**6.226**
6319	174.10	2.35	0.076	0.179
6320	**116.95**	**14.55**	**0.224**	**3.259**
6323	180.15	1.20	0.046	0.055
	183.35	1.00	0.048	0.048
6324	**117.10**	**23.45**	**0.138**	**3.236**
6326	113.20	9.95	0.036	0.358

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Completed 2008 drilling at N147 confirmed that, as presently defined, mineralisation is present over an area approximately 200m by 50m (Figure 3), dips 45^0 to the north-west and is interpreted to follow the orientation of the major east-north-east trending shear zone (i.e. Gabo Fault Zone). It remains open along strike to the south-west, to the east and has not been fully defined down dip.

Bedrock AC & RC Drilling

Shallow drilling (385 AC holes for 6,037m and 67 RC holes for 4,567m) was undertaken to systematically test for anomalous uranium in bedrock beneath cover and along key structures (e.g. The Gabo Fault Zone and Tip Fault Zone as shown on Figure 4).

Although thin, the cover sequence in these areas (soil, alluvium & sandstone) is considered to have obscured any radiometric response in the historical airborne radiometric surveys which led to the identification of the Nabarlek Deposit and the N147 Prospect.

Two highly anomalous[2] zones (ppm U_3O_8 grade x metres thickness >200) have been identified at the Cooper Prospect and the Embayment Prospect (Figure 4).

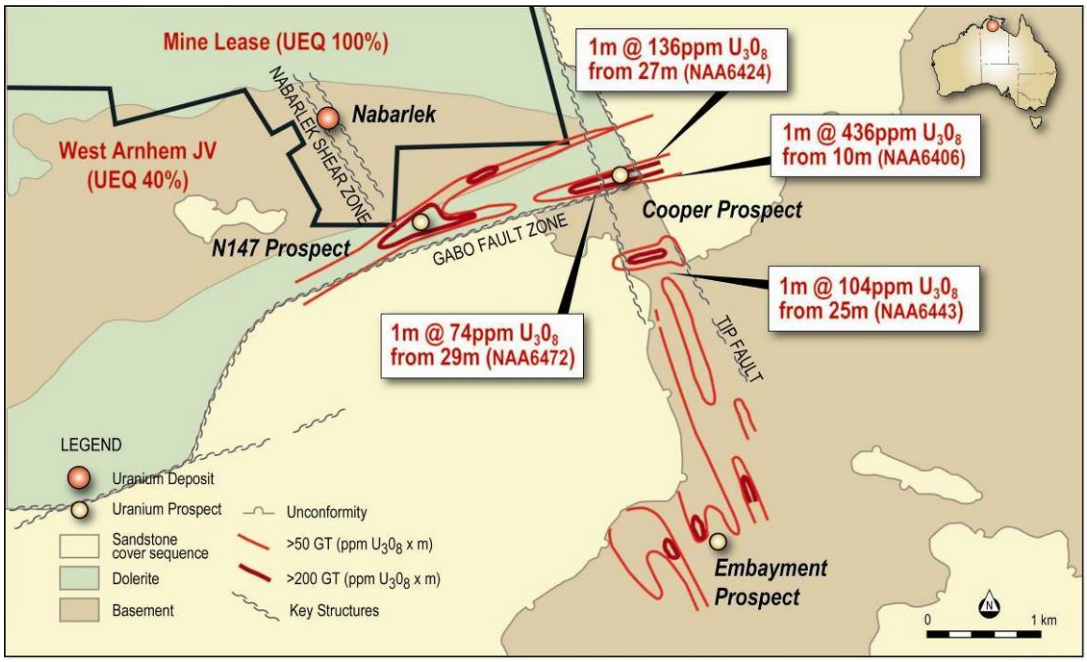

Figure 4: Near-surface Geochemical Anomalies mapped from bedrock drilling

The **Cooper Prospect** forms an along-strike extension of the N147 Prospect along the Gabo Fault Zone where anomalous uranium extends over a strike of 1,000 metres within dolerite. Another anomaly, located 600 metres to the south of Cooper Prospect is present within basement rocks and has an overall strike of 500 metres. The highest uranium values are shown in Figures 4 and 5.

[2] Uranium analyses were obtained on-site using a calibrated Niton handheld X-Ray Fluorescence (XRF) Analyser.

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The **Embayment Prospect** comprises a broader area of anomalism located over basement rocks with a north-westerly trending orientation sub-parallel to the Nabarlek Shear (Figure 4).

Historical shallow drilling at the N147 Prospect returned similar uranium geochemical levels from oxidised and leached bedrock.

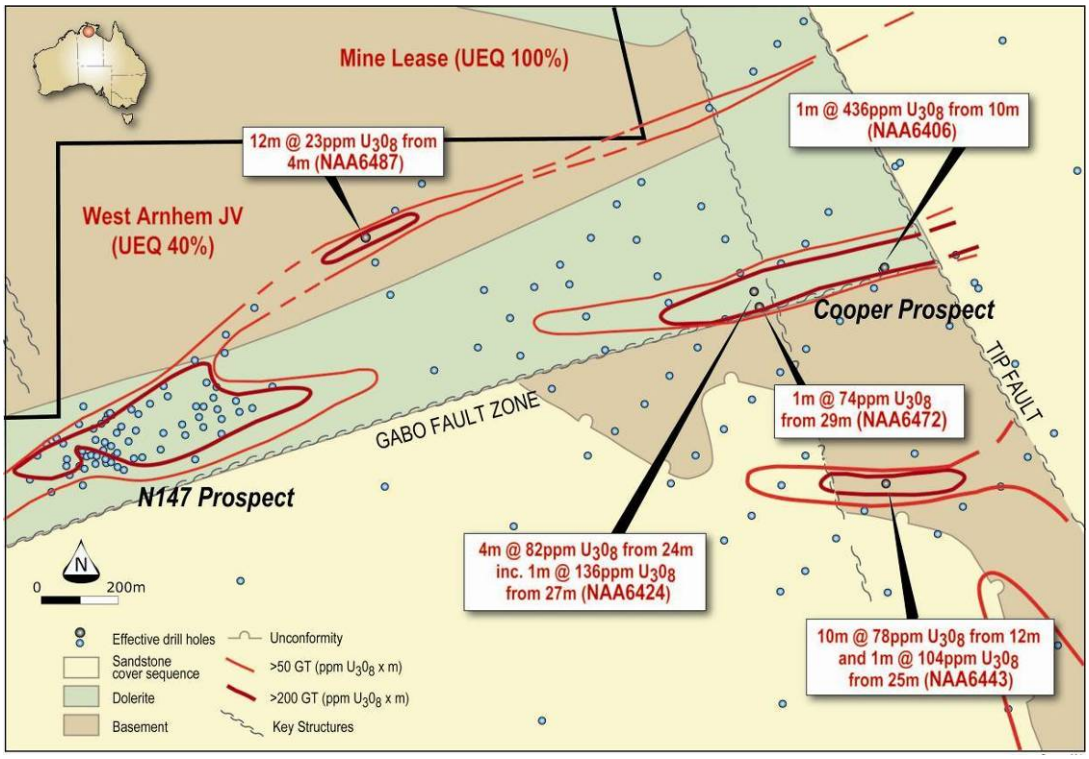

Figure 5: Detailed uranium geochemistry – N147 & Coopers Prospects

Other drilling

Other prospects in the wider project area (i.e. SMLB, Bus Stop & Muddy Waters Prospects) were also RC drill tested. Results of this work are being compiled.

1.3 MT EVELYN PROJECT

(UEQ 100%)

At Mt Evelyn, UEQ holds applications over 5,800 km^2 of prospective tenements in the Alligator Rivers Uranium Province. This project has potential for structurally-controlled uranium deposits present within the sandstone-dominated, sedimentary cover similar to the Westmoreland (Queensland) style of deposit. The project also has potential for gold-PGE-U mineralisation typical of the Coronation Hill gold-PGE-U deposit within the South Alligator Valley.

A successful Traditional Owner meeting was held at Jabiru and negotiations for a standard Arnhem Land exploration access agreement were finalised in respect of one Exploration Licence (EL25220). Negotiations on similar agreements for each of the other Mt Evelyn tenements will commence following reporting of an

Anthropological Survey which was recently completed by the Northern Land Council.

2. SOUTH AUSTRALIA

2.1 WATSON PROJECT
(UEQ 51%)

Drilling results in 2008 have confirmed the identification of a geological/chemical environment favourable for "roll-front" style uranium mineralization system within the 2,300km^2 project area, located 210km north west of Ceduna in South Australia.

Intermet Resources ("ITT") has elected to contribute to its 49% share of ongoing exploration expenditure on the basis of the encouraging results to date. Downhole geophysical logging of water bores is planned in the next quarter preparatory to additional drilling in 2009.

2.2 EROMANGA PROJECT
(UEQ 100%)

The Eromanga Project comprises 2 large tenement packages, 23,500 km^2, ("Simpson" and "Lake Blanche") covering sedimentary sequences within the Eromanga Basin immediately adjoining the Arunta (NT) and Mt Painter (SA) uraniferous basement rocks.

Approvals for drilling and land access are being sought with the respective Native Title claimants and, in the case of Simpson, Traditional Owners who control part of the application area. The Central Land Council advised that only one exploration-type Aboriginal agreement is required in respect of the Simpson project and an initial access meeting is planned in early 2009.

3. WESTERN AUSTRALIA

3.1 MOORARIE
(UEQ earning 60%)

Located 380 km north-east of Geraldton in Western Australia's mid-west iron ore province, the Moorarie Project area lies 20 to 50 km east of the Jack Hills-Taylor Range hematite deposits and the Mt. Gould micaceous iron ore deposit (Figure 6).

The primary target area lies within the Moorarie Corridor, a highly magnetic structural zone containing Banded Iron Formation with similar linear magnetic signature as the Jack Hills Corridor to the west, but under shallow soil and alluvial cover.

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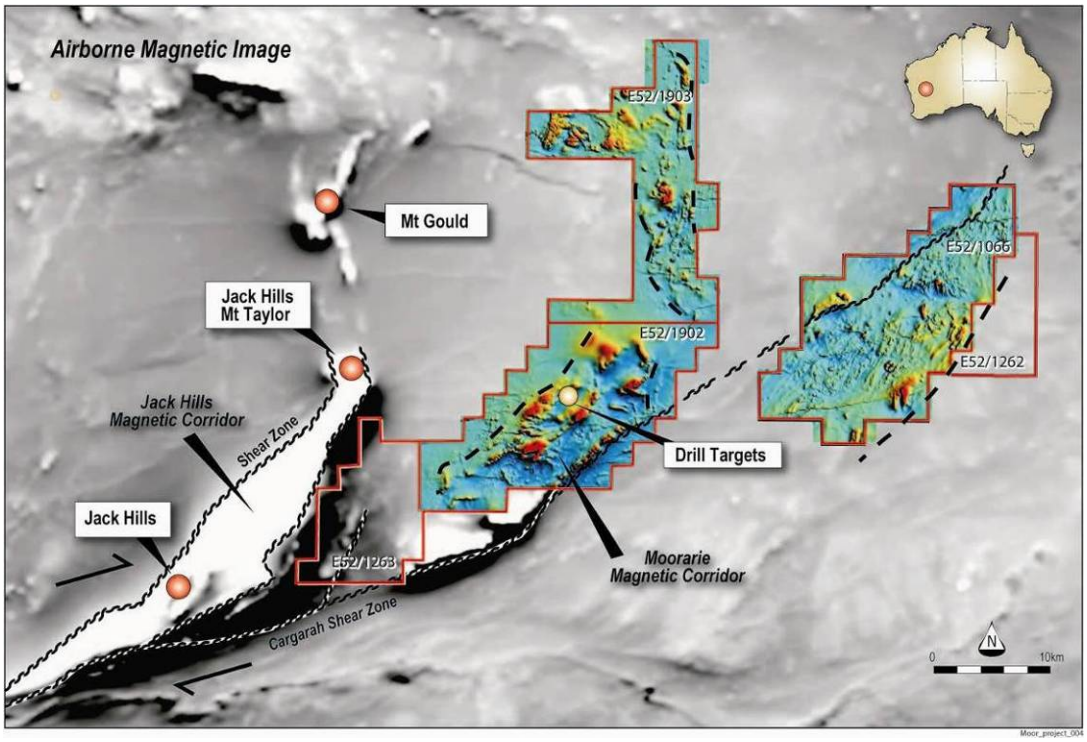

Figure 6: Moorarie exploration tenements showing magnetic features, key structures, iron ore deposits and Moorarie drilling target

The joint venture with Independence Group NL ("IGO") was expanded to enable UEQ to earn 60% interest in a total of 5 tenements covering the magnetic corridors through total expenditure of $1.0m by 31st January 2010.

A Traditional Owner meeting was held early in the quarter. Subsequently, an Exploration Clearance Agreement was finalised and a heritage clearance of the key target area completed.

Drilling to assess the highest priority hematite targets is now planned using RC rather than AC/RAB drilling.

3.2 THREE SPRINGS

(UEQ 100%; Southern Uranium Limited earning 50%)

Titles to four Exploration Licences (E70/3034 to E70/3037) covering the Three Springs project area were granted to UEQ, which triggered the commencement of the joint venture agreement with Southern Uranium Limited ("SNU"). Applications covering an additional 322 km^2 were lodged and become subject to the joint venture.

SNU is required to spend $458,000 to earn 50% interest in the project, which lies approximately 300km north of Perth and southeast of the coastal town of Dongara (Figure 7).

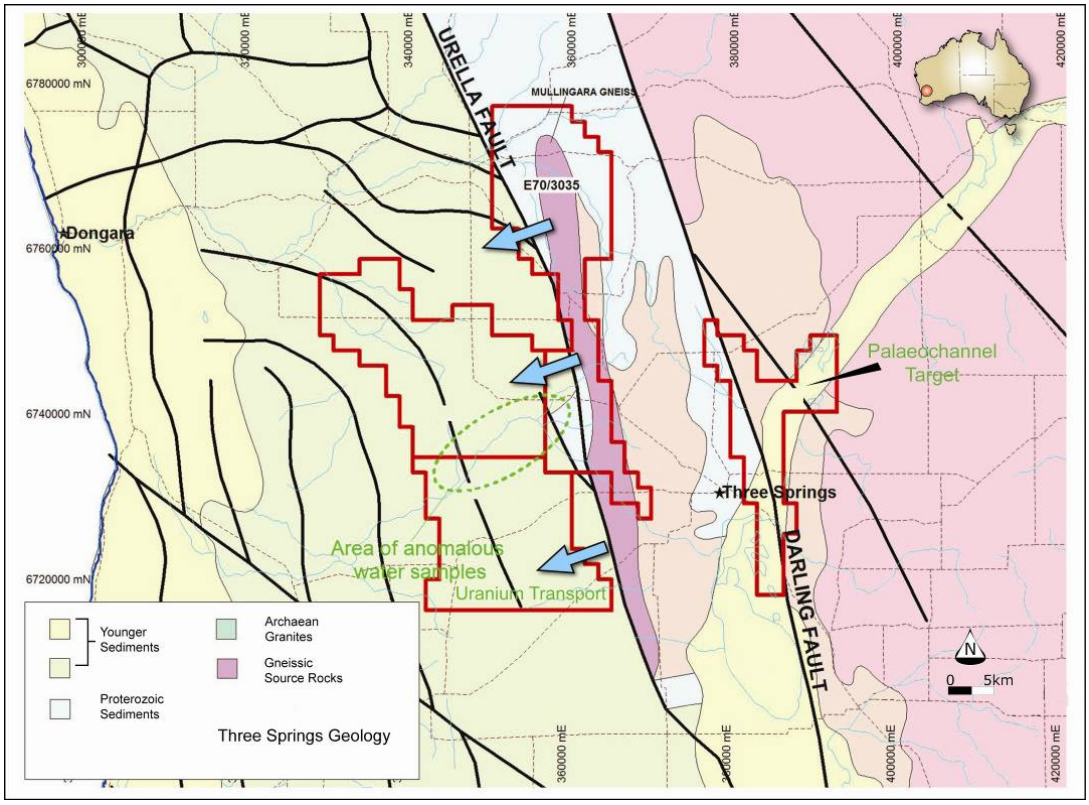

Figure 7: Three Springs – Geology and Exploration Targets
(Arrows show possible direction of uranium transport)

Groundwaters with anomalous levels of uranium (28 to 360 ppb uranium against a background of approximately 1ppb uranium) have been reported from previous exploration in the 1970s.

The area has potential for uranium roll-front mineralisation at oxidation-reduction interfaces within favourable sedimentary host rocks, unconformity-style uranium mineralisation related to lithological and structural contacts between the gneissic source rocks and surrounding Proterozoic rocks and also for palaeochannel calcrete uranium.

A review of historical exploration data has commenced and an airborne radiometric and magnetic geophysical survey is planned.

3.3 OTHER WA PROJECTS

Rudall River and Lake Barlee uranium projects remain part of UEQ's Western Australian project portfolio.

Granting of tenements is awaited at Rudall River (2 tenements totaling 144km^2) near the Kintyre Uranium Deposit. A review of exploration results at Lake Barlee (1 tenements totaling 129 km^2) has commenced following the change in government in Western Australia and the impact on uranium exploration and development policies.

4. QUEENSLAND

4.1 NARRAWEENA
(UEQ 100%)

Exploration to date has confirmed the presence of high-grade outcropping uranium mineralisation (up to 1.39% U_3O_8 in rock chip samples) at two prospects (Scylla and Gympie) identified from an airborne radiometric survey and lying within a structural corridor and 2-3km from the Ben Lomond Uranium Deposit (Figure 8). Previous drilling has not adequately tested specific structures nor the known uranium prospects.

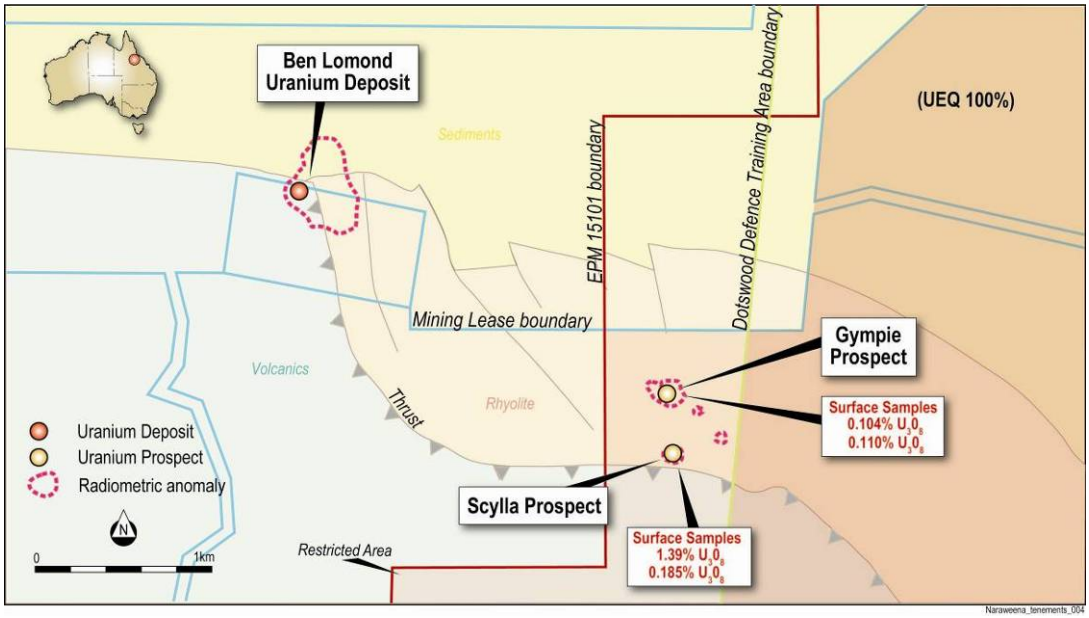

Figure 8: Narraweena – showing interpreted relationship of EPM 15101 tenement boundary, Defence Department Training Area and uranium prospects

Overlying State and Commonwealth land use tenements have lead to difficulty in interpreting UEQ title rights to a small, but significant, boundary portion of the Narraweena tenement.

Title to EPM15101 was granted to UEQ exclusive of a restricted area (RA253) which, it is believed, includes the Dotswood Defence Training Area, an area in which exploration access and public access is restricted. The Gympie and Scylla prospects lie adjoining a granted Mining Lease (the Ben Lomond Mining Lease) within the boundary of EPM15101, but also within the restricted area RA253. In addition to the RA253 restriction, Queensland Mineral Resources Regulations restrict the granting of mining tenements within RA253. Clarification of the land access position is required and is being pursued with a high priority.

A legal review of the tenement status and access position was initiated, particularly in respect of the interpreted 1 kilometre corridor between the EPM15101 boundary and that of the restricted area.

In addition, a formal approach was submitted to the Defence Department for clarification and also to lift the apparent restriction on access to this very small area, which adjoins a granted Mining Lease and which clearly has exploration potential for mineralisation similar to that within the Ben Lomond Mining Lease.

Further geological assessment, systematic sampling, mapping and drilling of targets along the strike of the structural corridor is planned, subject to successful resolution of the land access position.

5. URANIUM EXTRACTION

5.1 The PhosEnergy Process

UEQ, through USA-registered company Urtek LLC ("Urtek" - a company in which UEQ holds the right to earn a 90% interest) is currently undertaking the development of new technology for the extraction of uranium from phosphoric acid streams.

This PhosEnergy Process is being developed jointly with a major producer of phosphate fertilisers and phosphoric acid using the Company's in-house chemical engineering and metallurgical expertise. Following earlier encouraging results achieved in laboratory scale work, current activity involves the piloting of the PhosEnergy process at a commercial phosphoric acid facility in the USA.

Construction of the pilot scale operation to further evaluate economic and operational advantages of the PhosEngergy process continued throughout the quarter. The pilot plant workforce were selected and trained to meet UEQ's Occupational Health and Safety standards and to ensure the quality of information gained from the pilot phase of the project.

Major achievements by Urtek during the quarter were:

- Filing of a USA-based provisional patent for the PhosEnergy Process on a 50:50 basis with Urtek's industry partner;
- UEQ increased its equity in Urtek to 30% in accordance with the Urtek Shareholders Agreement, as a result of filing this patent application; and
- Transition to operational phase of the pilot process following the completion of pilot plant construction.

Commissioning of the plant began in late August and by the end of the quarter significant operational data in support of the findings made in the laboratory scale work have been collected. It is currently planned to shift the pilot plant to continuous operations by mid October and to operate the facility through to the end of November 2008.

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The information in this report that relates to Exploration Results is based upon information compiled by or approved by Mr David A. Brunt, a full-time employee of Uranium Equities Limited, who is a Fellow of the Australasian Institute of Mining and Metallurgy Inc. Mr. Brunt has sufficient experience in the field of activity being reported to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves, and consents to the release of information in the form and context in which it appears here.

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