



Uranium Equities Limited and
its controlled entities

31 December 2008 half-year
financial report

ABN 74 009 799 553

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Director's report

The directors present their report together with the consolidated financial report for the half-year ended 31 December 2008 and the auditor's review report thereon.

Directors

The directors of the company at any time during or since the end of the half-year are:

Name

Non-executive

Timothy M Clifton	Non-Executive Chairman
Timothy R B Goyder	Non-Executive Director
Anthony W Kiernan	Non-Executive Director

Executive

Mark S Chalmers	Managing Director
David A Brunt	Executive Director
Andrew R Bantock	Executive Director

All Directors held office during course of the half year and since the end of the prior financial year with the exception of Andrew Bantock who resigned effective 4th August 2008.

Review of operations

During the period:

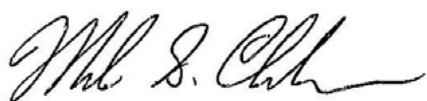
- Uranium Equities (UEQ) increased its equity in Urtek to 30% following lodgement by Urtek and its overseas technology development partner for a joint USA-based provisional patent for the PhosEnergy Process.
- Proof of concept pilot scale testing of the PhosEnergy Process to extract uranium from phosphate ores was successfully completed. Results confirm that uranium production at operating costs in the lower quartiles is achievable.
- Drilling commenced on initial exploration targets within the Nabarlek Mining Lease with encouraging results.
- High uranium grades over significant widths were intersected in drilling at the N147 prospect and the SMLB prospect on the West Arnhem Joint Venture (40% UEQ) which is in joint venture with Cameco Australia.
- Field exploration results at the conclusion of 2008 Field season confirmed the potential for discovery within UEQ's extensive tenement interests surrounding the historic Nabarlek Uranium Mine in the Alligator Rivers Uranium Field, Northern Australia.
- Agreement was reached for Cameco Australia Pty Ltd to earn up to 60% equity in the Lake Blanche Project in South Australia by spending up to \$4,500,000 on uranium exploration.
- 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.
- In response to the current financial crisis, strategies were successfully implemented to substantially reduce expenditure in 2009 whilst at the same time maintaining, through third party funding, the current high level of exploration and evaluation activity on the Company's key projects.

Lead auditor's independence declaration under section 370C of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 4 and forms part of the Directors' report for the half-year ended 31 December 2008.

Dated at Adelaide 24 February 2009.

Signed in accordance with a resolution of the directors:

A handwritten signature in black ink, appearing to read 'Mark S. Chalmers', with a stylized, flowing script.

Mark S Chalmers
Managing Director



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

To: the directors of Uranium Equities Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2008 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

24 February 2009

Uranium Equities Limited and its controlled entities

Consolidated interim income statement

For the six months ended 31 December 2008

	31 Dec 2008	31 Dec 2007
Other income	5,650	170,363
Write-off of exploration & evaluation assets	(1,807,158)	(878,975)
Profit/(loss) on disposal of assets	(5,790)	55,304
Corporate administrative expenses	3(a) (1,297,098)	(2,823,070)
Impairment loss on equity accounted investees	3(b) (1,125,610)	(899,611)
Share of equity accounted investee losses	3(b) (394,283)	(180,061)
Impairment of available for sale investments	(15,113)	-
Loss before financing costs	(4,639,402)	(4,556,050)
Financial income	442,095	704,945
Financial expenses	(50,337)	(4,356)
Net financing income	391,758	700,589
Loss before tax	(4,247,644)	(3,855,461)
Income tax expense	-	(1,415)
Loss for the period	(4,247,644)	(3,856,876)
Basic loss per share attributable to ordinary equity holders (cents per share)	(2.23)	(2.04)
Diluted loss per share attributable to ordinary equity holders (cents per share)	(2.23)	(2.04)

The income statement is to be read in conjunction with the condensed notes to the interim financial statements set out on pages 9 to 11.

Uranium Equities Limited and its controlled entities

Consolidated interim statement of recognised income and expense

For the six months ended 31 December 2008

	31 Dec 2008	31 Dec 2007
Loss for the period	(4,247,644)	(3,856,876)
Total recognised income and expense for the period	<u>(4,247,644)</u>	<u>(3,856,876)</u>

The statement of recognised income and expense is to be read in conjunction with the condensed notes to the interim financial statements set out on pages 9 to 11.

Uranium Equities Limited and its controlled entities

Consolidated interim balance sheet

		Consolidated	
	Note	31 December 2008	30 June 2008
Current assets			
Cash and cash equivalents		10,897,738	14,831,371
Trade and other receivables		1,020,977	1,298,086
Financial assets		12,799	41,541
Total current assets		11,931,514	16,170,998
Non-current assets			
Financial assets		26,429	12,061
Equity accounted investees	4	-	-
Exploration and evaluation assets		11,670,038	10,992,039
Property, plant and equipment		451,078	447,200
Total non-current assets		12,147,545	11,451,300
Total assets		24,079,059	27,622,298
Current liabilities			
Trade and other payables		1,566,768	1,164,596
Provisions		310,495	365,000
Employee benefits		113,504	123,982
Total current liabilities		1,990,767	1,653,578
Non-current liabilities			
Provisions		2,208,519	2,576,529
Total Non-current liabilities		2,208,519	2,576,529
Total liabilities		4,199,286	4,230,107
Net assets		19,879,773	23,392,191
Equity			
Issued capital	5	43,068,654	42,942,884
Reserves	5	4,690,064	4,080,608
Accumulated losses	5	(27,878,945)	(23,631,301)
Total Equity		19,879,773	23,392,191

The balance sheet is to be read in conjunction with the condensed notes to the interim financial statements set out on pages 9 to 11.

Uranium Equities Limited and its controlled entities

Consolidated interim statement of cash flows

For the six months ended 31 December 2008

	31 Dec 2008	31 Dec 2007
Cash flows from operating activities		
Cash receipts from operations	2,050	512,370
Cash paid to suppliers and employees	(880,677)	(1,643,004)
Interest paid	(945)	(4,356)
Interest received	446,620	788,583
Net cash used in operating activities	(432,952)	(346,407)
Cash flows from investing activities		
Payments for mining exploration and evaluation	(3,199,003)	(4,056,632)
Deferred consideration on sale of tenements	-	1,250,000
Acquisition of property, plant and equipment	(66,458)	(188,131)
Payments for investments	(235,220)	(1,079,672)
Net cash used in investing activities	(3,500,681)	(4,074,435)
Net cash used in financing activities	-	-
Net decrease in cash and cash equivalents	(3,933,633)	(4,420,842)
Cash and cash equivalents at 1 July	14,831,371	23,139,569
Cash and cash equivalents at 31 December	10,897,738	18,718,727

This statement of cash flows is to be read in conjunction with the condensed notes to the interim financial statements set out on pages 9 to 11.

Condensed notes to the consolidated interim financial statements

1. Significant accounting policies

Uranium Equities Limited (the "Company") is a company domiciled in Australia. The consolidated interim financial report of the Company for the six months ended 31 December 2008 comprises the Company and its subsidiaries (together referred to as the "consolidated entity").

(a) 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 2008.

The consolidated annual financial reports of the entity for the year ended 30 June 2008 is available from Level 6 West, 50 Grenfell Street, Adelaide, SA 5000.

This consolidated interim financial report was approved by the Board of Directors on 24 February 2009.

(b) Basis of Preparation

The accounting policies applied by the Company in this consolidated interim financial report are the same as those applied in its consolidated financial report as at and for the year ended 30 June 2008. None of the Australian Accounting Standards or interpretations available for early adoption have been adopted by the Company, as none have a significant impact on the consolidated entity.

2. Segment reporting

Segment	PhosEnergy		Exploration		Consolidated	
	2008	2007	2008	2007	2008	2007
Result	(1,519,893)	(1,079,672)	(1,807,159)	(878,975)	(3,327,051)	(1,958,647)
Unallocated Income & Expenses					(1,312,351)	(2,597,403)
Results from Operating Activities					(4,639,402)	(4,556,050)

The Company comprises the following main business segments:

- PhosEnergy - Uranium Equities is currently funding activities to develop uranium extraction technology from phosphoric acid ('the PhosEnergy Process') - see note 3 (b)
- Exploration – Brownfields and greenfields mineral exploration in Australia

Condensed notes to the consolidated interim financial statements

3. Loss before income tax expense

The following revenue and expense items are relevant in explaining the financial performance for the half-year:

(a) Corporate administrative expenses

	2008	2007
	\$	\$
Accounting fees	32,400	13,050
Annual report costs	41,260	39,838
ASX fees	24,684	29,478
Audit fees	8,363	20,040
Depreciation and amortisation	44,039	87,229
Write off of intangible contract	-	206,995
Insurance	29,235	38,754
Legal fees	33,000	549,418
Marketing	9,705	-
Personnel expenses	775,017	1,543,239
Printing and stationery	1,960	14,655
Rent and outgoings	15,513	64,651
Share registry	16,173	18,264
Travel and accommodation	49,654	115,899
Recruitment	23,445	-
Other	192,648	81,560
	1,297,098	2,823,070

(b) Impairment loss on equity accounted investees Share of equity accounted investee losses

(1,125,610)	(899,611)
(394,283)	(180,061)

Uranium Equities is currently funding activities to develop uranium extraction technology from phosphoric acid ('the PhosEnergy Process') with Urtek LLC, a company based in Golden, Colorado. Uranium Equities (UEQ) increased its equity in Urtek from 16.13% to 30% following lodgement by Urtek and its overseas technology development partner for a joint USA-based provisional patent for the PhosEnergy Process and the issue of 1,000,000 shares and options in Uranium Equities to the other members of Urtek LLC. Inclusive of this issue was 269,226 shares and options issued to Mark Chalmers, the Company's Managing Director, following shareholder approval at the AGM. Uranium Equities has a right to progressively earn up to 90% of Urtek LLC by spending US\$15 million.

As the technology being developed by Urtek LLC is currently in the research phase, Uranium Equities has recognised impairment losses in relation to the balance of investment in Urtek LLC, after taking into account the share of Urtek losses for the half year.

4. Equity accounted investees

Opening balance	-
Investment in equity accounted investee	1,519,893
Share of equity accounted investee losses	(394,283)
Impairment losses	(1,125,610)
Closing balance	-

31 Dec 2008

-
1,519,893
(394,283)
(1,125,610)
-

Condensed notes to the consolidated interim financial statements

4. Equity accounted investees (continued)

As discussed in note 3(b), the consolidated entity owns 30% of Urtek LLC, a company developing technology for the extraction of uranium from phosphoric acid ("the PhosEnergy Process"). Impairment losses have been recognised in relation to the investment as Urtek LLC is still in the research and development phase.

5. Capital and reserves

Reconciliation of movement in capital and reserves attributable to equity holders of the parent

Consolidated	Share capital \$	Investment revaluation reserve \$	Accumulated losses \$	Share option reserve \$	Total equity \$
Balance at 1 July 2008	42,942,884	-	(23,631,301)	4,080,608	23,392,191
Equity settled transactions	-	-	-	609,456	609,456
Issue of ordinary shares	125,770	-	-	-	125,770
Loss for the period	-	-	(4,247,644)	-	(4,247,644)
Balance at 31 December 2008	43,068,654	-	(27,878,945)	4,690,064	19,879,773

Consolidated	Share capital \$	Investment revaluation reserve \$	Accumulated losses \$	Share option reserve \$	Total equity \$
Balance at 1 July 2007	42,942,884	-	(16,572,709)	2,928,382	29,298,557
Equity settled transactions	-	-	-	776,438	776,438
Loss for the period	-	-	(3,856,876)	-	(3,856,876)
Balance at 31 December 2007	42,942,884	-	(20,429,585)	3,704,820	26,218,119

At 31 December 2008, the Company had 190,410,801 issued and fully paid shares (30 June 2008: 189,410,801).

6. Related party transactions

Arrangements with related parties continue to be in place and are consistent with those disclosed on page 57-60 of the 30 June 2008 Annual Report. As discussed in note 3 (b), Mark Chalmers, the Company's Managing Director, was issued 269,226 shares and options in Uranium Equities as consideration for Uranium Equities' equity interest in Urtek LLC increasing from 16.13% to 30%. The issue of shares and options was approved by the shareholders at the AGM on 27th November 2008. As at the balance sheet date, Mark Chalmers owns 18.85% of Urtek LLC.

7. Events after balance sheet date

There has not been any matter or circumstance that has arisen since the end of the reporting period that has significantly affected, or may significantly affect, the operations of the consolidated entity or the state of affairs of the consolidated entity in future periods.

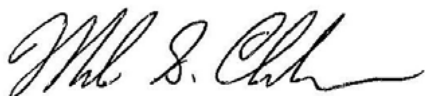
Director's declaration

In the opinion of the directors of Uranium Equities Limited ("the company"):

1. the financial statements and notes set out on pages 5 to 11, are in accordance with the Corporations Act 2001 including:
 - (a) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2008 and of its performance, as represented by the results of its operations and cash flows for the half-year 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 company will be able to pay its debts as and when they become due and payable.

Dated at Adelaide on 24 February 2009.

Signed in accordance with a resolution of the directors:

A handwritten signature in black ink, appearing to read 'M. S. Chalmers', with a long horizontal flourish extending to the right.

Mark S Chalmers
Managing Director



Independent auditor's review report to the members of Uranium Equities Limited

Report on the financial report

We have reviewed the accompanying half-year financial report of Uranium Equities Limited, which comprises the consolidated interim balance sheet as at 31 December 2008, income statement, statement of recognised income and expense and cash flow statement for the half-year ended on that date, a statement of accounting policies and other explanatory notes 1 to 7 and the directors' declaration set out on page 12 of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year 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.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports 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 half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Uranium Equities Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year 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 half-year financial report of Uranium Equities Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.


KPMG


Derek Meates
Partner

Adelaide

24 February 2009