

Quarterly Report

Quarter ended 30 September 2009

HIGHLIGHTS

PhosEnergy - Uranium Extraction Technology

- Agreements reached with two phosphate fertilizer producers to carry out laboratory test work to establish the commercial applicability of the PhosEnergy Process at their operations.
- Negotiations with a further two phosphate fertilizer producers for preliminary screening tests are well advanced.
- Negotiations, previously announced, with the major uranium producer to secure further funding for the PhosEnergy Process continued.
- Non-provisional patent applications were filed in the USA, Jordan and the Patent Cooperation Treaty signatory countries. A provisional patent for a process complementary to the PhosEnergy Process has been filed in Australia.

Exploration

- An aircore drilling program on the West Arnhem Land Joint Venture (Cameco 60%: UEQ 40%) extended the anomalism identified in 2008 at the Coopers Prospect with a peak value of **1544ppm U₃O₈**.
- A 5000m RC drilling program was initiated late in the Quarter on the 100% owned Nabarlek Mineral Lease. Extensions to the anomalism discovered in 2008 at the Nabarlek South Prospect have been identified.

Corporate

- Cash Balance at the end of the Quarter was **\$8.4M**.
- Bryn Jones was appointed Managing Director of the Company.

1. URANIUM EXTRACTION TECHNOLOGY

1.1 The PhosEnergy Process

Uranium Equities through USA registered Urtek LLC (“Urtek”) is undertaking the development of new technology for the extraction of uranium from phosphoric acid streams produced in the production of phosphate based fertilizers (“the **PhosEnergy Process**”). The Company currently holds 43% of the issued capital in Urtek and through ongoing process development expenditure has the right to acquire up to 90% of Urtek’s issued capital with an option to acquire the remaining 10%.

Non-provisional patent applications have been filed in the USA, Jordan and the Patent Cooperation Treaty (PCT) signatory countries as of 31 July 2009. An additional provisional patent application for a process complimentary to the PhosEnergy Process has been filed in Australia.

The **PhosEnergy Process** holds the potential to substantially reduce the capital and operating costs of the extraction of by-product uranium from phosphate streams when compared to existing technologies. The **PhosEnergy Process** also improves the operability of the extraction process and reduces the production of radioactive process wastes when compared to the extraction processes historically applied.

Additionally, the **PhosEnergy Process**, based on results achieved to date, will be capable of exceeding the stringent environmental standards currently applied to both the broader uranium extraction industries and the phosphoric acid industry.

Negotiations with UEQ’s previously announced conditional Funding Partner continued through the Quarter. This Funding Partner has been working on business development opportunities with UEQ.

Business Development activities through the Quarter progressed well with preliminary agreements reached with two phosphate producers to test the applicability of the PhosEnergy Process to their operations via laboratory testing. Negotiations with two additional phosphate producers for preliminary screening tests are well advanced.

Evaluation of these phosphate streams will be conducted in partnership with the Australian Nuclear Science and Technology Organisation (ANSTO) and at UEQ’s recently established Adelaide laboratories.

Rapid advancement of the PhosEnergy Process continues to be a major priority of the company.

2. EXPLORATION ACTIVITIES

2.1 NORTHERN TERRITORY

THE NABARLEK PROJECT - NABARLEK MINERAL LEASE (UEQ 100%)

On 27th September UEQ began a 5000m RC drilling program on its 100% owned Nabarlek Mineral Lease.

The drilling to date has focused on the targets in close proximity to the historic Nabarlek Mine to test for possible faulted offsets of the orebody (Figure 1).

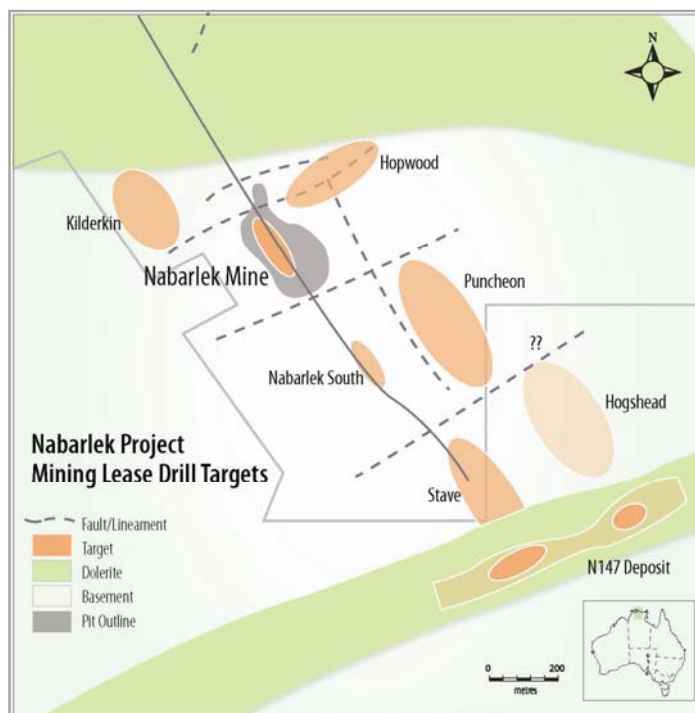


Figure 1

The initial drilling concentrated on the Nabarlek South anomaly which last year returned **17m @ 0.086% U₃O₈ⁱ from 65m** including **8m @ 0.156% U₃O₈ from 68m**.

Nine holes were completed at Nabarlek South testing the southern extension of Nabarlek mineralisation. Several drillholes intersected anomalism in the projected Nabarlek lode position with elevated downhole gamma response, strongly chloritic and hematitic alteration zones and minor siliceous quartz-breccia zones. The best intercepts applying a 200ppm U₃O₈ cut-off were;

NMLR034	1m @ 591ppm U₃O₈ⁱⁱ from 50m
NMLR034	2m @ 621ppm U₃O₈ⁱⁱ from 72m
NMLR035	3m @ 485ppm U₃O₈ⁱⁱ from 118m
NMLR036	2m @ 348ppm U₃O₈ⁱⁱ from 44m

Drilling traverses were completed across the Kilderkin and Puncheon Prospects testing areas of elevated soil anomalism interpreted to be possible faulted offset positions of the Nabarlek mineralisation. To date these traverses have not revealed any significant mineralisation however a silicified quartz breccia zone was intersected which warrants further investigation.

The drilling program is expected to conclude over the coming weeks.

THE NABARLEK PROJECT - WEST ARNHAM LAND JOINT VENTURE (UEQ 40%: Cameco 60%)

Shallow aircore bedrock geochemical drilling conducted on the West Arnhem Land Joint Venture tenements has returned strongly anomalous uranium results in weathered bedrock at the Coopers Prospect.

The prospect as defined extends over more than 400 metres and remains open to the north. This recent drilling has returned a peak value of **1544ppm U₃O₈ⁱⁱ** (Figure 2).

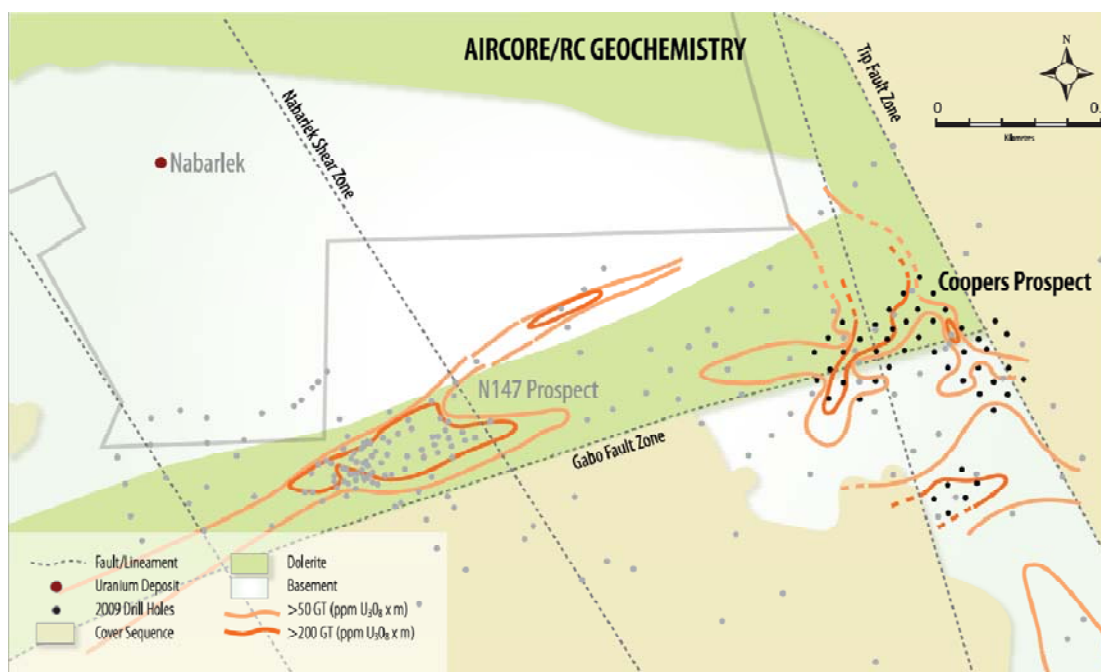


Figure 2

Preliminary results from the aircore program completed during the Quarter at the Coopers Prospect returned anomalous results (100ppm U₃O₈ cut-off grade) within strongly chloritised and hematitic mafic rock (dolerite) including:

- NAA7130 8m @ 334ppm U₃O₈ⁱⁱ from 22m and
 1m @ 1329ppm U₃O₈ⁱⁱ from 36m**
- NAA7121 1m @ 637ppm U₃O₈ⁱⁱ from 23m and
 3m @ 652ppm U₃O₈ⁱⁱ from 27m
 (Including 1m @ 1544 ppm U₃O₈ⁱⁱ from 27m)**
- NAA7119 9m @ 176ppm U₃O₈ⁱⁱ from 22m**

Surrounding these significant anomalies are several weaker, yet still anomalous intervals with values ranging from **34 to 90ppm U₃O₈^{II}**.

The output from a recent "SAM" Sub Audio Magnetic survey over the N147 Prospect was assessed during the Quarter. The survey, which was undertaken to assist in determining the structural control to the mineralization at N147 has highlighted a north easterly trending structural dislocation (Figure 3). This trend which may have some bearing on the trend of the mineralization and its extensions had not previously been identified.

The strong response shown in pink in Figure 3 reflects strong current flow at the structural/lithological contacts associated with the host lithology to the mineralization. The potential for extension to the substantial body of mineralization identified to date at this prospect will be re-evaluated in light of this new information.

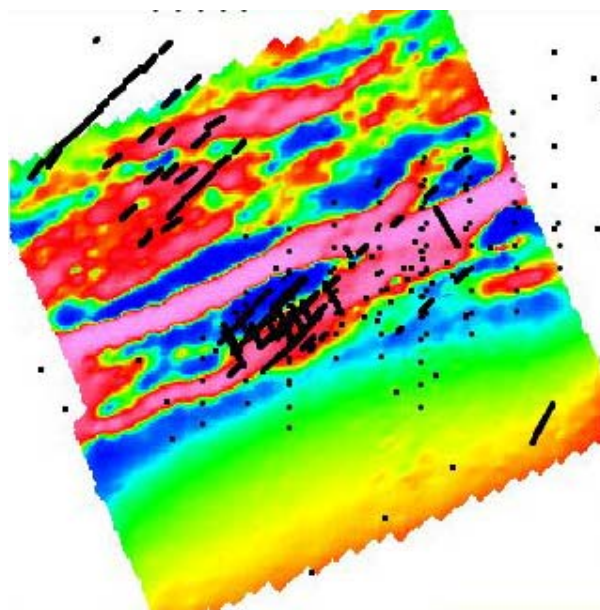



Figure 3: Processed SAM Survey – N147 Prospect

3.0 CORPORATE

The Company's cash position at 30 September 2009 stood at \$8.4M, inclusive of a restricted \$1.8m performance bond.

Bryn Jones, an Industrial Chemist, was appointed Managing Director of the Company in August. Bryn joined the Company in 2006 and has been instrumental in the development of the Company's uranium from phosphoric acid technology, the "PhosEnergy Process" most recently as General Manager.

Bryn has extensive experience in the uranium industry, particularly in the development and operation of In-Situ Recovery (ISR) mines gained during his time at Heathgate Resources, the operator of the Beverley Uranium Mine. Bryn has also worked for Worley Parsons on the Olympic Dam Expansion Project and consulted on various ISR operations around the world.



Bryn Jones
Managing Director
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About Uranium Equities

Uranium Equities Limited (UEQ) has two main areas of focus: The development of the **PhosEnergy Process**; and exploration activities directed at a small core of high quality exploration assets which includes the key **Nabarlek Project**.

The **PhosEnergy Process** is an innovative patented process for the extraction of uranium as a by-product from phosphate in the production of phosphate based fertilizers.

The global annual production potential of uranium from the phosphate industry is in the order of 20 Mlbs U_3O_8 . This quantity of uranium is mined in phosphate ores but not recovered annually on a worldwide basis. The major phosphate based fertilizer producers are located in Northern Africa, North America and Asia (Figure 1).

The PhosEnergy Process has been proven to pilot scale with results establishing a robust process capable of achieving high levels of uranium recovery at the lower end of the cost curve.

The **Nabarlek Project** provides a rare near mine exploration opportunity surrounding the historic Nabarlek uranium deposit (24 Mlbs @ 1.84% U_3O_8). The deposit lies within an extensive uranium mineral system which extends over more than 50 square kilometres within the Mineral Lease and the surrounding tenements. The mineral system which contains widespread anomalous uranium geochemistry and ore grade mineralisation at several locations remains largely untested.

ⁱIntercept calculated from ICP-MS analysis of RC samples expressed as % U_3O_8 and using a minimum grade of 0.02% U_3O_8 and maximum internal dilution of 2.0m. All intercepts are down hole lengths.

ⁱⁱUranium (U_3O_8) analyses were obtained on-site using a calibrated Niton handheld X-Ray Fluorescence ("XRF") Analyser. Statistical comparison of independent laboratory analyses (ICP method) and Niton XRF values for 140 samples indicates replication of results between the two methods to +/- 11 ppm U_3O_8 for values up to 100 ppm U_3O_8 . From 100 to 500 ppm U_3O_8 the values were in the range +/- 22 ppm U_3O_8 .

The information in this report that relates to Exploration Results is based on information compiled by Mr. Grant Williamson, Geology Manager - Exploration of Uranium Equities Limited, who is a Member of the Australasian Institute of Mining and Metallurgy Inc. and of the Australian Institute of Geoscientists. Mr. Williamson 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, Mineral Resources and Ore Reserves, and consents to the release of information in the form and context in which it appears here.