

ASX ANNOUNCEMENT

30 January 2012

URANIUM EQUITIES LIMITED ACN 009 799 553



URANIUM
EQUITIES

The Company Announcement Officer
Australian Securities Exchange Ltd
via electronic lodgement

Quarterly Report Quarter ended 31 December 2011

Highlights

PhosEnergy – Uranium Extraction Technology

- Uranium Equities announces intention to exercise option to take its interest in the technology to 30%

Exploration

- Final laboratory results for drilling at the **U40 Prospect** on the West Arnhem Joint Venture produces best intercept of **1.85m @ 3,507ppm U₃O₈**. Results from the **Coopers Prospect** include **8m @ 2,444ppm U₃O₈** and **7m @ 3,289ppm U₃O₈**.
- Interpretation of detailed ground gravity surveys completed on the Nabarlek Mineral Lease and the Quarry Fault Zone has identified additional quality targets in the region
- Anomalous base metal mineralisation in rock chip samples at Headwaters Project coincident with radiometric anomalies

Corporate

- Fully underwritten 1 for 5 rights issue at 5 cents per share successfully completed in December 2011, raising \$2.1 million before issue costs

Our Strengths

- Breakthrough PhosEnergy Process
- Nabarlek Project – A rare investment opportunity
- Multiple near term growth opportunities

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1. URANIUM EXTRACTION TECHNOLOGY

Through USA-registered Urtek LLC ("Urtek"), Uranium Equities is developing a new technology for the extraction of uranium from phosphoric acid streams produced in the production of phosphate-based fertilisers, "the PhosEnergy Process".

Cameco Corporation is funding the ongoing development and commercialisation of the PhosEnergy Process through a staged investment of up to US\$16.5 million. If Cameco earns its interest it has agreed to provide funding for a minimum of 50% of UEQ's portion of capital expenditure, under terms to be agreed, for the construction of the first commercial plant, repayable out of earnings.

*UEQ estimates the cash operating cost of uranium production employing the PhosEnergy Process to be **US\$20 to US\$25** per pound of U_3O_8 . This cost estimate is based on a 1 million tonne per annum P_2O_5 phosphate production facility operating in the USA and incorporates a significant contingency of 40%.*

On 1st December 2011 the Company announced it intends exercising its option to acquire an additional 3 per cent interest in the PhosEnergy Process from its Strategic Alliance partner, Cameco Corporation ("Cameco"), increasing its interest in the technology development program to 30 per cent.

The option, granted by Cameco when Cameco acquired an additional 10% interest in the Process from the original shareholders, is to be exercised by 27 February 2012 at an exercise price of US\$1.35m plus some small holding costs of Cameco (see ASX announcement of 31 August 2011).

Upon exercise, UEQ will hold 30 per cent of the rights to the PhosEnergy Process, with the balance held by Cameco.

Further process refinements and technical developments have also been progressed at the Company's Adelaide based laboratories.

2. EXPLORATION ACTIVITIES

Uranium Equities has a focused exploration portfolio of eight key uranium projects in the Northern Territory, South Australia, Western Australia and Queensland. This portfolio includes Exploration Licences (and Applications) covering an area of over 24,000km², representing a number of different uranium deposit styles and targets.

A key focus for the Company is the West Arnhem Joint Venture with Cameco Australia (UEQ 40%) and the 100%-owned Nabarlek Mineral Lease, which represents a rare near-mine exploration opportunity surrounding the historical Nabarlek Uranium Deposit (24Mlbs @ 1.84% U_3O_8). The former deposit lies within an extensive uranium mineral system which extends over more than 50km² within the Mineral Lease and the surrounding tenements.

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2.1. West Arnhem Joint Venture – 40% UEQ: 60% Cameco Australia (Manager) (NT)

The **U40 Prospect** lies within the north northwest trending **Quarry Fault Zone (QFZ)** which extends over a distance of several kilometres. The QFZ has been identified as a similar prospective parallel structural zone to the Nabarlek Structural Corridor (Figure 1).

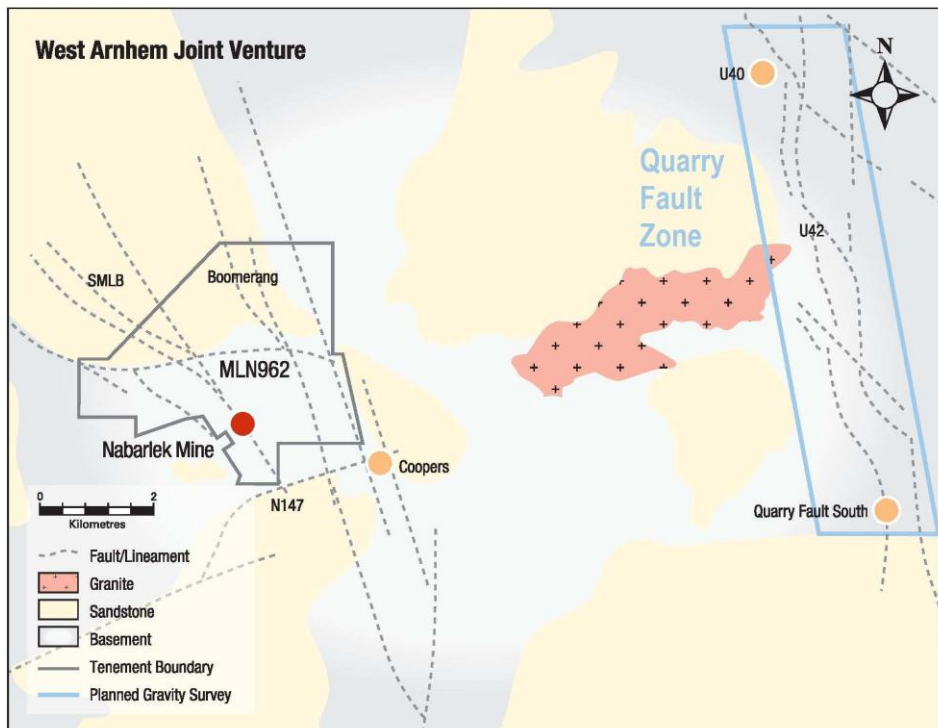


Figure 1 – West Arnhem JV Target Areas

The 2011 drilling program targeted possible extensions to the high-grade mineralisation discovered in 2010 at the U40 Prospect, which included an intercept of 6.8 metres @ 6.71% U_3O_8 from 75m. The high grade mineralisation lens is hosted by altered pelites within the Quarry Fault Zone where it is cross-cut by a northwest trending fault.

Drilling intersected additional mineralisation in the hanging wall close to where the unconformity is intersected by the fault. This intersection is associated with a zone of clay alteration and includes the following intercepts (calculated at 1,000ppm U_3O_8 cutoff ⁽¹⁾):

NAD7504	1.85m @ 3,507ppm U_3O_8 from 44.35m
NAD7506	0.5m @ 1,604ppm U_3O_8 from 53.9m
	0.6m @ 1,333ppm U_3O_8 from 62.6m

A 3D geological model was produced to assist with the interpretation of the known geology and mineralisation at the U40 Prospect. While the 3D model and the drilling completed to date has demonstrated that the strike potential of the current zone of high grade mineralisation is limited, the company still believes the Quarry Fault Zone has the potential to produce additional quality exploration targets.

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To assist with targeting in 2012, a detailed **ground-based gravity survey** was completed over the entire strike extent of the QFZ. A preliminary structural interpretation has identified a series of northwest trending structures which cross-cut the northerly trending structures sympathetic to the QFZ trend. Combined with previously acquired geophysical and drilling datasets, several other potential targets analogous to the U40 Prospect have been identified.

The second region targeted by diamond drilling during 2011 was the **Coopers Prospect** (Figure 2). Several narrow zones of mineralisation were encountered within the Oenpelli Dolerite in one of the two holes drilled (see ASX Announcement – 27 October 2010).

Final independent laboratory assay results from the drilling program have become available. Results with a 1,000ppm U_3O_8 cutoff ⁽¹⁾ include:

NAD7496 **8m @ 2,444ppm U_3O_8 from 41.5m**
7m @ 3,289ppm U_3O_8 from 53.5m

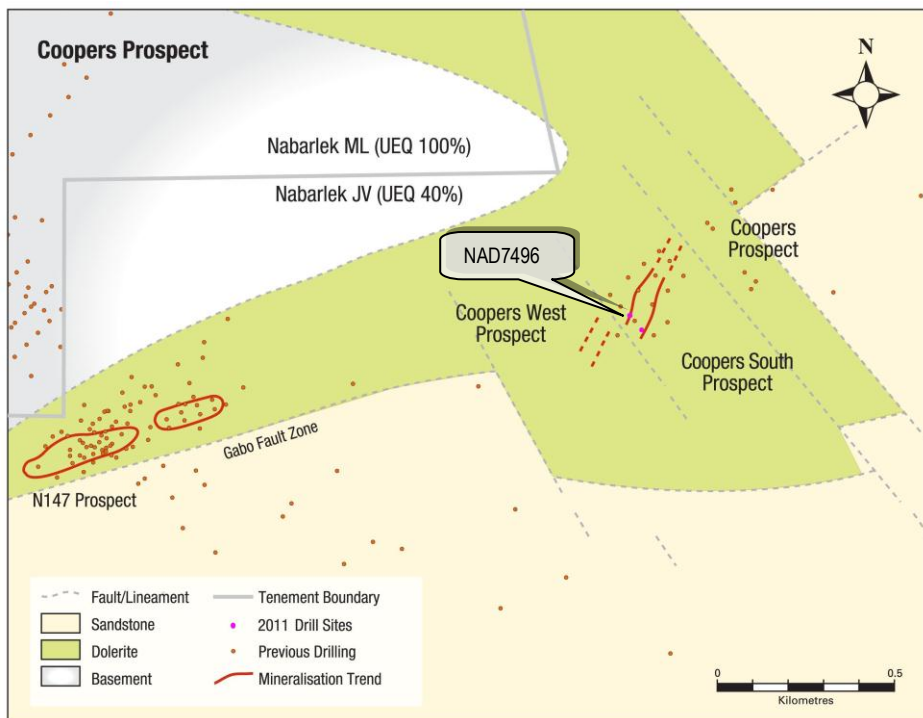


Figure 2 – Drilling at Coopers Prospect

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2.2. Nabarlek Mineral Lease (100% UEQ) (NT)

A detailed ground gravity survey over the northern portion of the Mineral Lease, which includes the Boomerang Prospect drilled in 2010 and 2011, was completed in the quarter (see Figure 3 for preliminary results).

The survey was designed to identify structures at the unconformity surface, beneath transported sands and Kombolgie Sandstone cover sequences. This will assist with future drill targeting. Data has been merged with a previous survey covering the adjacent SMLB Prospect, on the West Arnhem Joint Venture, and is currently being interpreted in conjunction with basement geology established by the drilling campaigns.

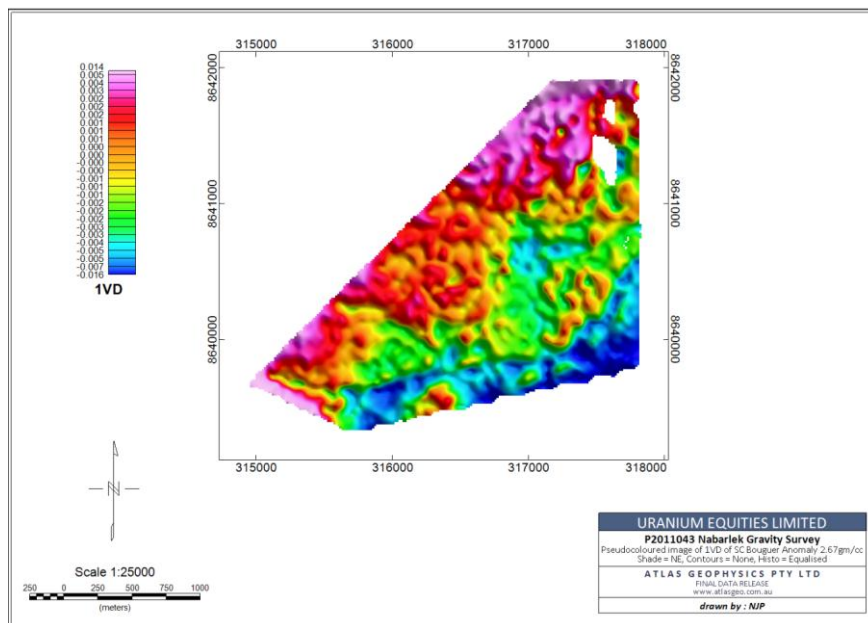


Figure 3 – Nabarlek ML ground gravity survey 2011

2.3. Oodnadatta & Marla Projects (SA)

The Oodnadatta and Marla Projects consist of twenty one granted exploration licences and 2 exploration licence applications totalling 15,283 km² situated at the northern margin of the Gawler Craton. The Company considers the tenements to be highly prospective for the discovery of economic Iron – Oxide – Copper – Gold ± Uranium (IOCGU) deposits. The sedimentary units overlying the crystalline basement also present outstanding targets for Kazakhstan-style sandstone hosted uranium deposits.

State based gravity data is currently being reprocessed on a more detailed, semi-regional scale to better define IOCGU targets identified by the Company which include a series of complex magnetic features coincident with high intensity gravity features and regionally extensive structural corridors.

As a result of these investigations, two additional exploration licence applications covering a total of 1,300km² have been made on the Gawler Craton targeting IOCGU mineralisation. Both applications encompass significant coincident magnetic and gravity anomalies generated from the current targeting exercise.

2.4. Headwaters Project (NT) (Vale Earning 70%)

The Headwaters Project, including 2,672km² of granted tenements, is located within the Arnhem Land Plateau along the western margin of the Proterozoic McArthur Basin. The Project is being funded by Vale Exploration Pty Ltd ("Vale"), a wholly-owned Australian subsidiary of Vale S.A, under a JV agreement. Vale has elected to proceed to Phase 2 of the Project, whereby Vale may earn a 70% interest over the next five years by sole funding expenditure to completion of a pre-feasibility study.

Rock chip sample results have been received from a limited field reconnaissance program undertaken in the southern most project tenement to assess the prospectivity of radiometric anomalies associated with large scale regional structures (see Figure 4).

Results include anomalous copper (peak of 910ppm), lead (peak of 910ppm), zinc (peak of 720ppm) and uranium (peak of 35ppm) with anomalism associated with the projection of a major regional ENE – WSW trending structure which transects the licence area. This structure is interpreted to provide a similar geological setting to that of the Coronation Hill region.

Due to the early onset of the northern Australian wet season, a planned 10 – 12 hole reverse circulation drilling program of 1500 metres to test these anomalies was postponed until early in the 2012 field season.

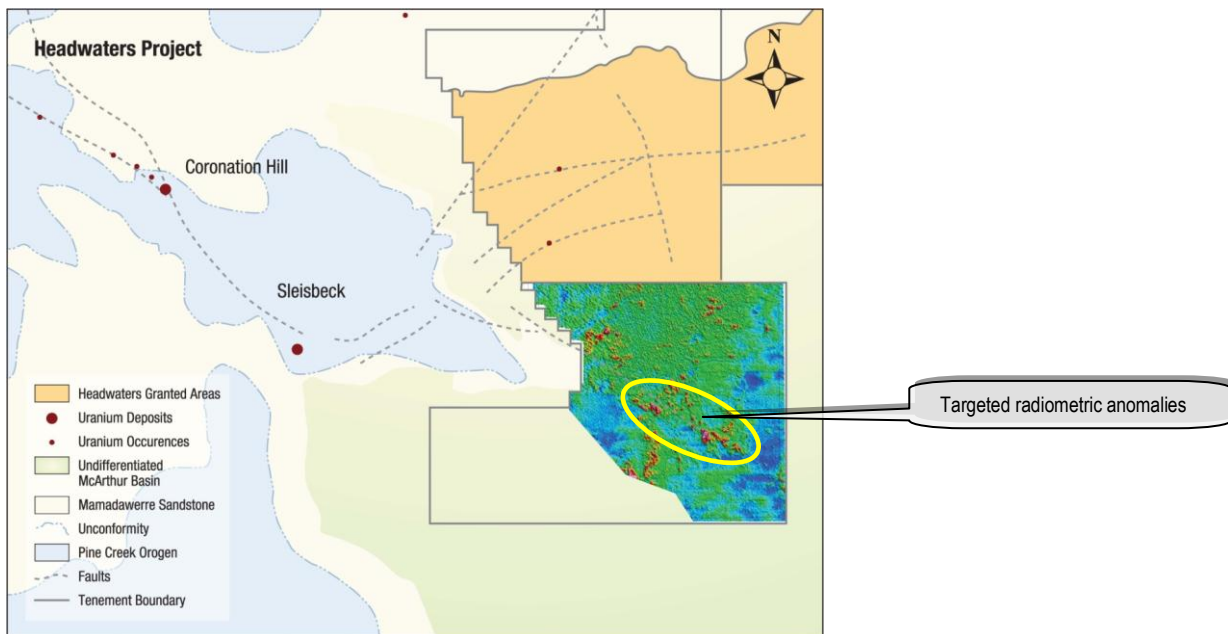


Figure 4 – Headwaters Airborne Radiometrics and Target Areas

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2.5. Rudall River (WA)

The Rudall River Project consists of three Exploration Licence Applications covering 162km², the western-most of which adjoins the Cameco/Mitsubishi Kintyre Project. The Company believes the region is prospective for additional Kintyre-type mineralisation.

The native title negotiation process continued with the Traditional Owners of the Rudall River region. The WA Department of Mines and Petroleum (DMP) have advertised the Rudall exploration licences, calling for native title holder responses to the granting of the tenements. If there are no objections then it is likely the exploration licences will continue to the granting phase.

3. CORPORATE

In December 2011, Uranium Equities successfully completed a fully underwritten one for five entitlements issue by issuing 42,052,160 shares at 5 cents per share to raise approximately \$2.1 million before issue costs. The offer was well supported with over 50 per cent of the new shares being issued to existing shareholders.

The net proceeds of the offer will be used to further progress the Company's key uranium projects and for general working capital requirements.

The Group's cash balance at the end of the quarter was \$3.3 million - refer Appendix 5B for further information.

A handwritten signature in black ink, appearing to read "Bryn Jones".

Bryn Jones
Managing Director

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(1) Intercepts calculated using stated cut-off and may contain a maximum internal dilution of 2m. All intercepts are down hole lengths.

Competent Person Statement

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 Australian Institute of Geoscientists. Information on the West Arnhem Joint Venture and Lake Blanche Project is based on information supplied by Joint Venture operator Cameco Australia. 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.

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 include 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 fertilisers.

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 fertiliser producers are located in Northern Africa, North America and Asia.

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.