



ASX Market Announcements Office
via electronic lodgement

Quarterly Report Quarter ended 31 December 2012

Highlights

PhosEnergy – Uranium Extraction Technology

- **PFS Level Engineering Study** being completed by global engineering and professional services consultancy Hatch scheduled to be finalised February 2013

Exploration – Australia

- Comprehensive exploration strategy being developed for the 2013 Nabarlek field season
- Further IOCG targets identified on Oodnadatta project

Strategic Investment in Energia Minerals

- 21.15% cornerstone interest in Energia Minerals (ASX: EMX) acquired through private placement and participation in a rights issue
- Strategic investment gives Uranium Equities shareholders exposure to the 12Mlb Carley Bore Uranium Deposit in WA, where a new resource estimate is being prepared following a 10,000 metre aircore drilling program in the quarter
- UEQ Managing Director Bryn Jones appointed to the Energia Board as a non-executive Director

Our Strengths

- Breakthrough PhosEnergy Process
- Focused exploration portfolio
- Strategic investment in emerging Carnarvon Basin
- Multiple near term growth opportunities

HEAD OFFICE

Level 5
29 King William Street
Adelaide, SA 5000
T: +61 8 8110 0700
F: +61 8 8110 0777
E: reception@uel.com.au

PERTH OFFICE

Level 2, 1292 Hay Street
West Perth, WA 6005
GPO Box 2890
Perth, WA 6001
T: +61 8 9322 3990
F: +61 8 9322 5800

ASX ANNOUNCEMENT

URANIUM EQUITIES LIMITED ACN 009 799 553



1. URANIUM EXTRACTION TECHNOLOGY

During the quarter the Company progressed:

- The PFS Level Engineering Study (*announced on 23 October 2012*) being completed by global engineering and professional services consultancy Hatch
- Discussions with US phosphate producers regarding potential on-site demonstration plant operations

The Engineering Study, utilising information gathered during the technical development of the Process, will define CAPEX and OPEX for a commercial facility employing the Process and allow a robust business case to be built for uranium recovery from phosphate fertiliser streams.

Uranium Equities estimates the cash operating cost of uranium production employing the PhosEnergy Process to be US\$20-25 per pound of U_3O_8 , with a capital intensity of \$100 per pound (U_3O_8) of annualised nameplate capacity. For example, the upfront capital cost for a facility at a 1Mtpa P_2O_5 fertiliser plant operating in the USA (including a 40 per cent contingency) is estimated to be \$100 million.

Final results of the Engineering Study are expected in February 2013.



Figure 1 – The PhosEnergy Demonstration Plant

Uranium Equities and global uranium leader Cameco Corporation have jointly developed a potentially industry-changing process for the extraction of uranium from phosphoric acid streams produced in the production of phosphate-based fertilisers, “the PhosEnergy Process”. Cameco is funding the development of this Process through a staged investment of up to US\$16.5 million, with a further commitment to fund a minimum of 50 per cent of Uranium Equities’ share of the capital cost for construction of the first commercial plant, should this occur. Cameco have invested US\$12.5 million to date.

Uranium Equities estimates the cash operating cost of uranium production employing the PhosEnergy Process to be US\$20-25 per pound of U_3O_8 based on a 1Mtpa P_2O_5 phosphate production facility operating in the USA (including a 40 per cent contingency). The initial focus of the development team is on the phosphate fertiliser industry in the USA, where we estimate there is an opportunity to recover approximately 6Mlbs of uranium per annum. The worldwide opportunity is in the region of 20Mlbs per annum. Operating in the USA also has several potential synergies with Cameco’s existing US operations.

2. EXPLORATION ACTIVITIES - AUSTRALIA

2.1 Project Summary

Name	State	Target	Area (km ²)		Ownership
			Granted	Applic.	
West Arnhem JV	NT	Structurally controlled unconformity style uranium	448	49	UEQ 40% – earning 100%: Cameco Australia 60%
Nabarlek ML	NT		12	-	UEQ 100%
Woodside & Cadel North	NT		-	55	UEQ 100%
Headwaters	NT	Coronation Hill-style gold – platinum – palladium – uranium	-	2,280	UEQ 100% (in moratorium)
Rudall River	WA	Kintyre style uranium	-	175	Cameco 85%:UEQ free carried 15% conditional JV
Narraweena	QLD	Ben Lomond style uranium	78	-	UEQ 100%
Marla	SA	IOCG+-U, Broken Hill style meta-sedimentary hosted Cu-Au	2,886	-	UEQ 100%
Oodnadatta	SA	IOCG+-U	4,860	-	UEQ 100%
			8,284	2,559	

Uranium Equities has an extensive exploration portfolio of high quality exploration projects in a number of Australian states and territories and including a number of different deposit styles and targets.

The West Arnhem Joint Venture, with Cameco Australia (Uranium Equities right to earn 100%) and the 100%-owned Nabarlek Mineral Lease, located in the Alligator Rivers Uranium Field in the Northern Territory, represent a rare near-mine uranium exploration opportunity surrounding the historic Nabarlek Uranium Deposit (previous production: 24Mlbs @ 1.84% U₃O₈) – the Nabarlek Project.

2.2 The Nabarlek Project

In September 2012, UEQ reached agreement with Cameco to rationalise the ownership of the West Arnhem Joint Venture (WAJV) in line with the Company's desire to consolidate 100% ownership and management of the highly prospective tenements surrounding the Nabarlek Mineral Lease.

Target generation in the region continues, primarily focussing on drill ready targets in and around the Nabarlek Mineral Lease and along the Quarry Fault Zone – host to the U40 target where grades of well over 6% have been drilled. A comprehensive exploration strategy is being developed for the 2013 field season which actively promotes the prospectivity of the region, working promptly to confirm a possible resource at the N147 Prospect and to examine more advanced drill ready targets including SMLB, Coopers and U40 style prospects.

ASX ANNOUNCEMENT

URANIUM EQUITIES LIMITED ACN 009 799 553

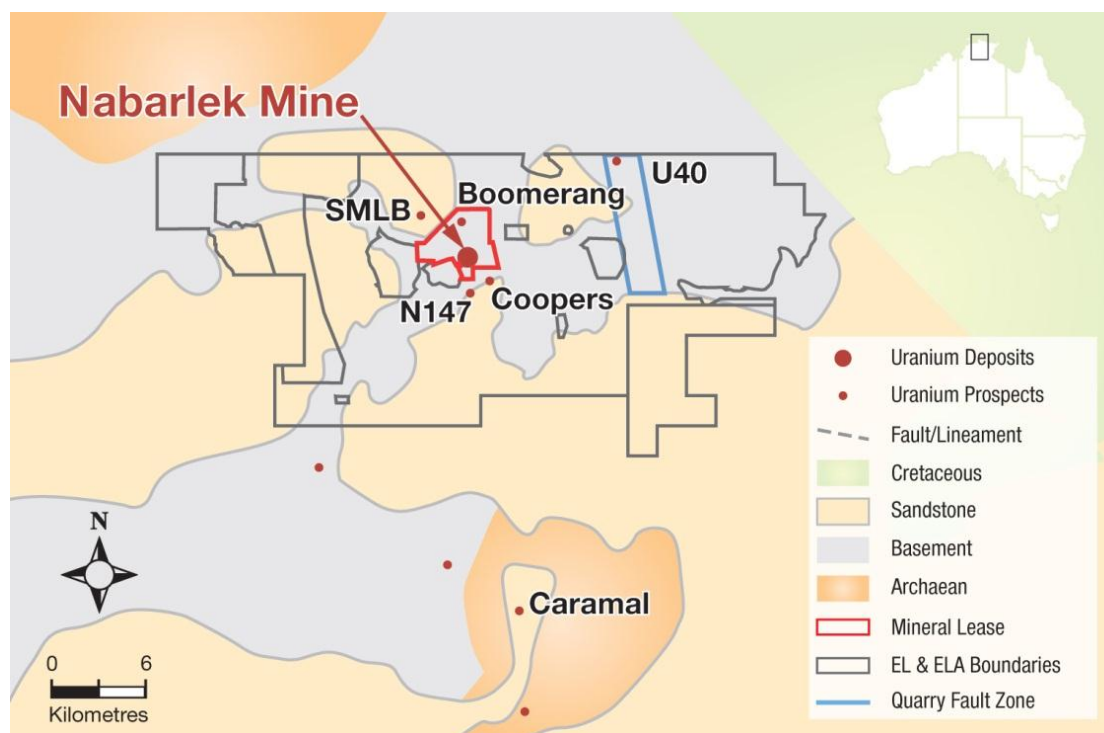


Figure 2 – Nabarlek Project Prospects

2.3 Oodnadatta & Marla Projects (SA)

The Oodnadatta and Marla Projects cover a total area of 7,746 km². In the northern Gawler Craton in South Australia (Figure 3) and are considered prospective for IOCGU (iron-oxide-copper-gold-uranium) deposits, possible Broken Hill-style meta-sedimentary hosted copper – gold mineralisation and Kazakhstan-style sandstone-hosted uranium deposits.

Additional geophysical targeting was completed which highlighted two areas of significance – the Thring and McGorrey Targets.

The Thring Target consists of coincident magnetic and gravity features elongated along second order faults within the Davenport Range of the Peake and Denison Ranges (Figure 4). Numerous copper occurrences exist along the faults to the north of the target area with iron-quartz veining. Magnetic anomalism is likely to be due to magnetite alteration, consistent with IOCG deposits.

Thring was remodelled with recently acquired magnetic data and has been interpreted to have similarities with the Hillside Deposit and with magnetic features as shallow as 100 – 200m depth.

ASX ANNOUNCEMENT

URANIUM EQUITIES LIMITED ACN 009 799 553

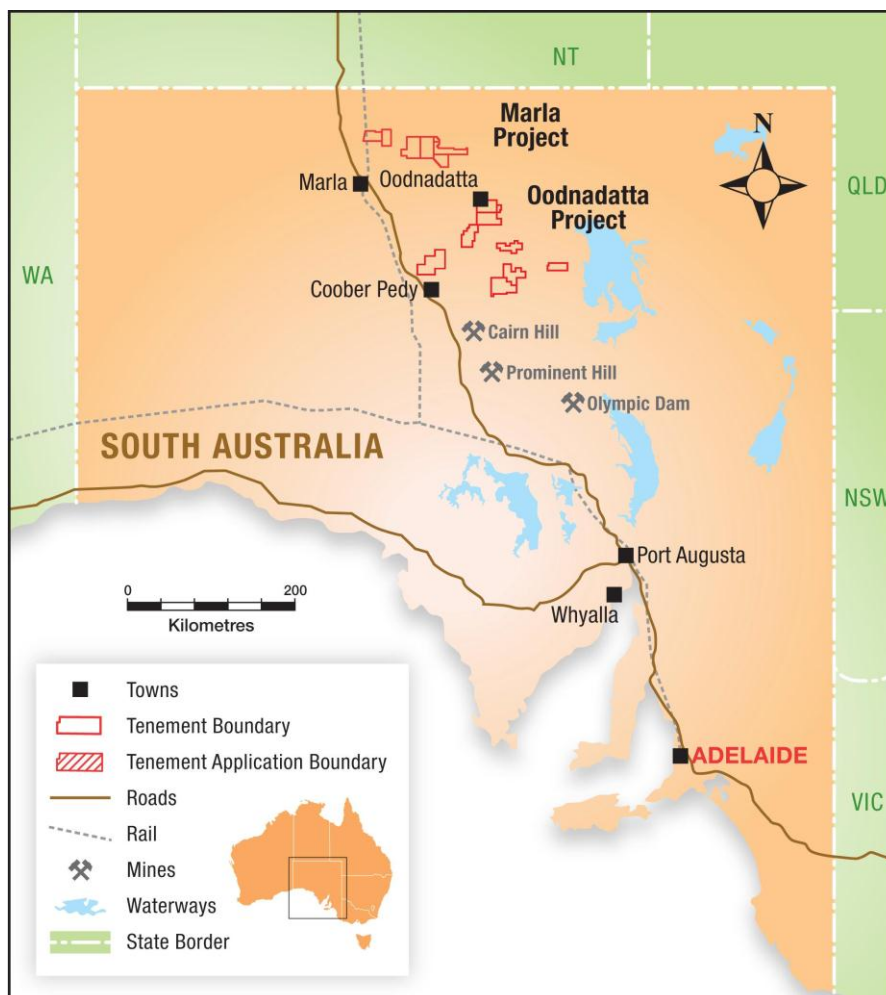


Figure 3 – SA Project Location Map

Following the end of the quarter the Company was advised by DMITRE that Mount Barry ELA294/11 has now been granted as EL5144. Within this exploration licence are three identified target areas with the primary target being the McGorrey Target area (Figure 5).

The McGorrey Target is centred on an interpreted intrusive complex consisting of gabbro and Hiltaba Suite Granite within metasedimentary country rocks of the Nawa Domain. Large scale structures exist through the target area and the area is located along a northwest trend that strikes through known IOCG deposits Cairn Hill, Prominent Hill and Olympic Dam.

McGorrey is an exciting target with further geophysical programs required to further evaluate the area, commencing with gravity and an electrical conductivity survey.

ASX ANNOUNCEMENT

URANIUM EQUITIES LIMITED ACN 009 799 553

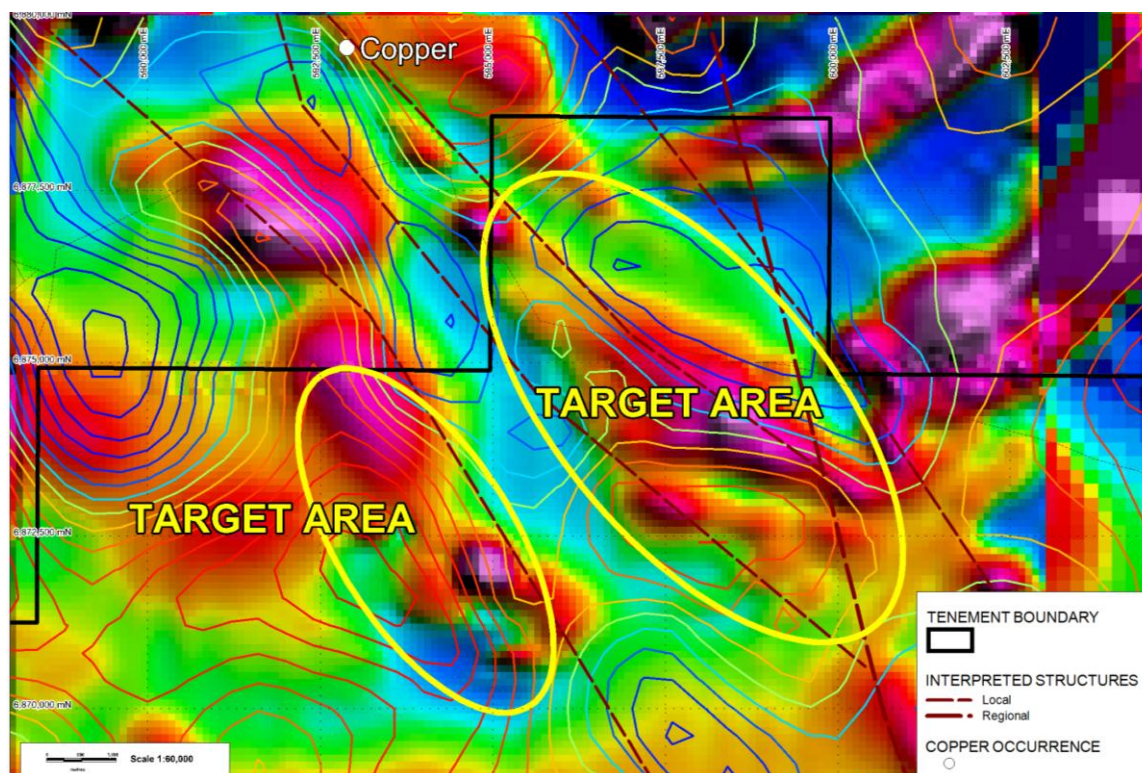


Figure 4 – Thring Target Areas (residual magnetic image with gravity contours)

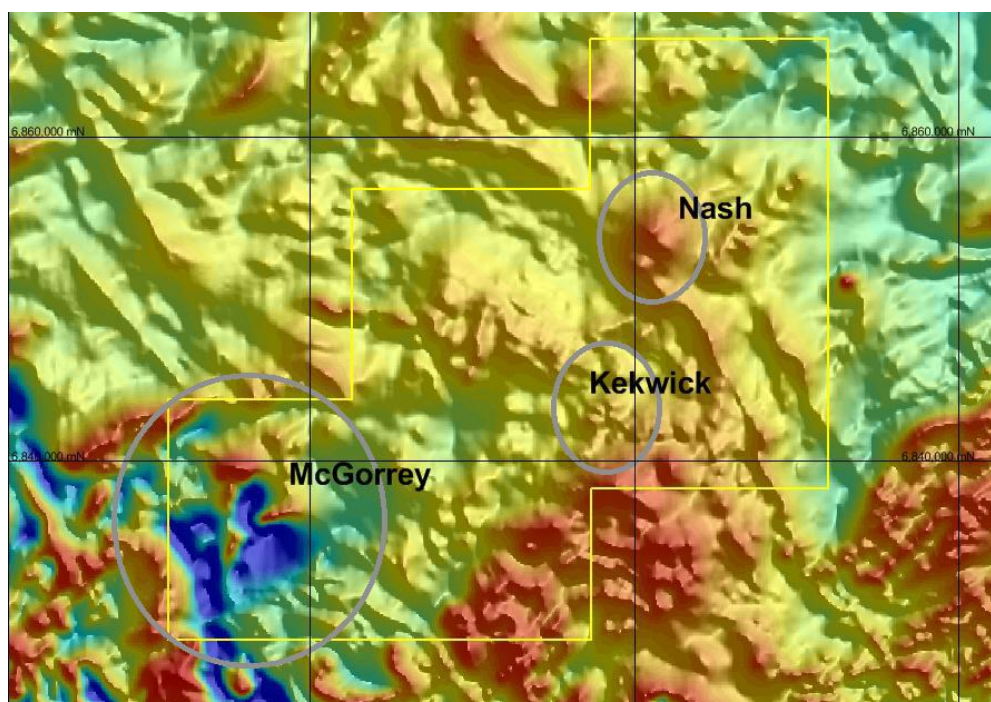


Figure 5 – Mt Barry EL5144 with regional TMI Image and Target Areas

2.4 Rudall River (WA) (Cameco 85% : UEQ free carried 15% conditional JV)

The Rudall River Project (Uranium Equities free carried 15% interest) consists of three Exploration Licence Applications and three Prospecting Licence Applications covering a total area of 175km². The western-most Exploration Licence Application adjoins the Cameco/Mitsubishi Kintyre Project (current published resource of 55Mlbs @ 0.58% U₃O₈).

Approval by the Western Desert Lands Aboriginal Corporation (WDLAC) Board for an access agreement on the Rudall River Project is expected shortly. The agreement will allow the granting of the Rudall River exploration licence applications which will precipitate the new JVA with Cameco for the Rudall River Project.

2.5 Other Projects

The Company has rationalised its exploration portfolio during the quarter to focus efforts on the highest priority assets and to reduce ongoing holding costs and staff levels. As a result of this process:

- Marla and Oodnadatta Project areas have been reduced to retain the most prospective targets only;
- Granted Headwaters Project tenements have been relinquished (applications in moratorium remain);
- Lake Blanche tenements have not been renewed;
- The Company withdrew from the West Lake Frome JV with Cauldron Energy Limited (see Corporate section); and
- Other Frome Basin tenements were relinquished.

3. STRATEGIC INVESTMENT IN ENERGIA MINERALS LIMITED (ASX: EMX)

During the quarter the Company acquired a cornerstone shareholding in ASX-listed uranium explorer Energia Minerals Limited (ASX: EMX). The Company now holds a 21.15% interest in Energia having participated in a share placement and subsequent entitlement rights issue at 3.5 cents (*See ASX announcement dated 30 October 2012*).

The strategic investment has given UEQ shareholders exposure to Energia's extensive portfolio of uranium assets throughout Australia, including its flagship 100%-owned Nyang Uranium Project, host to the Carley Bore Uranium Deposit, in the emerging Carnarvon Basin uranium province which also includes Paladin's Manyingee and Cauldron Energy's Bennett Well projects.

Carley Bore has a current JORC compliant Inferred Mineral Resource of 13.8 million tonnes grading 390ppm U_3O_8 for **12 million pounds of contained U_3O_8** at a cut-off of 200ppm (*see Energia announcement dated 25 August 2011*). The Carley Bore resource is a sedimentary hosted roll-front deposit that is amenable to the relatively low cost In-Situ Recovery (ISR) production method.

Energia completed a 10,000 metre aircore drilling program over the project during the quarter and results have confirmed that uranium mineralisation continues to the north of the existing deposit and is open to the east (*see Energia ASX Announcement dated 3 January 2013*).

Coffey Mining has commenced a new resource calculation following receipt of all final wet chemical assays from the drilling program.

Bryn Jones was appointed to the Energia Board as a non-executive Director in November 2012. He has extensive experience in the uranium industry, in particular with the development and operation of ISR projects most notably at the Beverley Uranium Mine in South Australia. The Company believes this experience will be important for Energia as it looks to expand and develop the Carley Bore Uranium Deposit.

4. CORPORATE

The Group's cash balance at the end of the quarter was \$0.30 million (refer Appendix 5B for further information). The Company anticipates receiving an R&D tax refund totalling \$0.65 million in February 2013.

In October 2012, the Company issued 4,000,000 ordinary fully paid shares to Cauldron Energy Limited (ASX: CXU) upon termination of the West Lake Frome Joint Venture to satisfy the Company's minimum commitment under that agreement.

In November 2012 the Company made a share placement of 8,333,333 ordinary fully paid shares to raise \$250,000 before costs.



Bryn Jones
Managing Director

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. 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) is positioned for growth in the uranium sector through its three pronged approach: The development of the PhosEnergy Process; A strategic Investment in Energia Minerals Limited in the Carnarvon Basin; and Exploration activities directed at high quality exploration assets in Australia's premier uranium districts.

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 demonstration plant scale with results establishing a robust process capable of achieving high levels of uranium recovery at the lower end of the cost curve. A PFS level engineering study is nearing completion.

Energia Minerals are developing the Carley Bore Deposit in Western Australia's Carnarvon Basin. UEQ believes that the Carnarvon Basin will be Australia's next ISR production centre and Energia are well positioned to move Carley Bore quickly into development.

The Nabarlek Project provides a rare near mine exploration opportunity surrounding the historic Nabarlek Uranium Deposit (previous production: 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.