



Uranium Equities Limited and its
controlled entities

31 December 2012 interim
financial report

ABN 74 009 799 553

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Directors' report

The directors present their report together with the consolidated interim financial report for the half-year ended 31 December 2012 for Uranium Equities Limited (the Company) and its controlled entities (the consolidated entity) 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:

Non-executive

Anthony W Kiernan	Chairman
Timothy R B Goyder	Director
Thomas C Pool	Director

Executive

Bryn L Jones	Managing Director
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All directors held office during the course of the half year and since the end of the prior financial year.

Review of operations

Exploration

- In September 2012 the Company announced it had reached agreement with Cameco Australia Pty Ltd to rationalise the ownership of two key uranium exploration joint ventures.
- The Company now has the right to move to a 100 per cent ownership and management of the highly prospective West Arnhem Joint Venture tenements surrounding the historic Nabarlek Uranium Deposit. Uranium Equities must spend \$2 million over 48 months to complete the acquisition of Cameco's 60% whilst Cameco retains the right to 'Claw Back' to a 51% interest in the project on delineation of a Measured and Indicated JORC Compliant Resource of greater than 50 million pounds U₃O₈.
- As part of the broader agreement Uranium Equities has moved from a 40 per cent contributing interest to a free-carried 15 per cent interest in the Rudall River Joint Venture. Cameco Australia is required to spend \$1 million on exploring the tenements over 3 years to perfect their 85% interest.
- The Company's exploration portfolio has been rationalised during the half year with a number of tenements relinquished and joint ventures terminated. This reduces ongoing holding and staff costs and allows a focussed effort on the remaining exploration assets.

PhosEnergy - Uranium Extraction Technology

- In September 2012 the Company announced that it has successfully completed the first operating phase of its PhosEnergy Demonstration Plant in the USA, marking another step towards commercialisation of the technology.
- Four, 10 day tests were completed from June to August 2012 on phosphate streams from two different fertiliser facilities. The PhosEnergy Process proved effective on a demonstration scale with multiple cycles of unit operations showing exceptional results.
- An independent Pre-feasibility Level Engineering Study (PFS) commenced in October 2012 incorporating consumption data and equipment design criteria from the demonstration plant.
- The PFS, which was completed in March 2013, has supported the viability of the PhosEnergy Process.
- Cash operating costs are estimated at less than US\$18 per pound for a base case PhosEnergy plant located at the site of a 1Mtpa P₂O₅ phosphate facility in the south east United States capable of producing approximately 880,000 pounds of uranium per annum.
- The Company's partner, Cameco Corporation, subsequently completed its earn-in of 73% of the PhosEnergy Process by committing to a further investment of US\$4 million.

Corporate

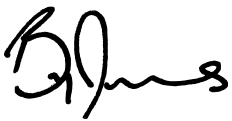
- The Company acquired a 21.15% interest in Energia Minerals Limited (ASX: EMX). Energia is developing the 16.7 million pound Carley Bore Uranium Deposit.
- A placement of 8,333,333 fully paid ordinary shares to a sophisticated investor under the Company's 15% placement capacity was made in November 2012, raising \$250,000 before costs.
- Subsequent to the balance date the Company received a R&D tax refund totalling \$649,718.

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 2012.

Dated at Adelaide 8 March 2013.

Signed in accordance with a resolution of the directors:

A handwritten signature in black ink, appearing to read 'B. Jones', written in a cursive style.

Bryn Jones
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 2012 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

Darren Ball
Partner

Adelaide

8 March 2013

Uranium Equities Limited and its controlled entities

Consolidated interim statement of comprehensive income

For the six months ended

	Note	31 Dec 2012	31 Dec 2011
Advisory and other income		-	-
Total revenue		-	-
Exploration and evaluation expenditure written off	7	(1,780,803)	(1,714)
Corporate and administration expenses	3	(495,559)	(553,093)
Loss on disposal of a fixed asset		(406)	-
Loss from operating activities		(2,276,768)	(554,807)
Finance income		71,918	108,472
Finance costs		(18,075)	(53,668)
Net finance income		53,843	54,804
Share of equity accounted investee losses	3	(948,776)	(678,018)
Loss before income tax		(3,171,701)	(1,178,021)
Income tax benefit	4	649,718	-
Loss for the period		(2,521,983)	(1,178,021)
Other comprehensive income			
Foreign currency translation differences for foreign operations		(18,089)	128,444
Total other comprehensive income		(18,089)	128,444
Total comprehensive income for the period		(2,540,072)	(1,049,577)
Loss attributable to:			
Owners of the Company		(2,521,983)	(1,178,021)
Total comprehensive income attributable to:			
Owners of the Company		(2,540,072)	(1,049,577)
Earnings per share			
Basic loss per share attributable to ordinary equity holders (cents per share)		(0.010)	(0.006)
Diluted loss per share attributable to ordinary equity holders (cents per share)		(0.010)	(0.006)

The consolidated interim statement of comprehensive income is to be read in conjunction with the notes to the interim financial statements set out on pages 10 to 15.

Uranium Equities Limited and its controlled entities

Consolidated interim statement of changes in equity

For the six months ended 31 December 2012

Attributable to equity holders of the Group

Note	Share capital \$	Share Option Reserve \$	Translation Reserve \$	Accumulated Losses \$	Total \$
Balance at 1 July 2012	46,903,731	5,289,833	121,786	(29,291,827)	23,023,523
Total comprehensive income for the period					
Loss for the period	-	-	-	(2,521,983)	(2,521,983)
Other comprehensive income					
Foreign currency translation differences for foreign operations	-	-	(18,089)	-	(18,089)
Total other comprehensive income	-	-	(18,089)	-	(18,089)
Total comprehensive income for the period	-	-	(18,089)	(2,521,983)	(2,540,072)
Transactions with owners, recorded directly to equity					
Share placement (net of costs)	237,863	-	-	-	237,863
Share-based payment transactions	188,000	1,461	-	-	189,461
Total contributions by and distributions to owners	425,863	1,461	-	-	427,324
Balance at 31 December 2012	47,329,594	5,291,294	103,697	(31,813,810)	20,910,775

The consolidated interim statement of changes in equity is to be read in conjunction with the notes to the interim financial statements set out on pages 10 to 15.

Uranium Equities Limited and its controlled entities

Consolidated Interim Statement of Changes in Equity (continued)

For the six months ended 31 December 2011

Attributable to equity holders of the Group

Note	Share capital \$	Share Option Reserve \$	Translation Reserve \$	Accumulated Losses \$	Total \$
Balance at 1 July 2010	44,997,404	5,244,681	(861)	(27,243,962)	22,997,262
Total comprehensive income for the period					
Loss for the period	-	-	-	(1,178,021)	(1,178,021)
Other comprehensive income					
Foreign currency translation differences for foreign operations	-	-	128,444	-	128,444
Total other comprehensive income	-	-	128,444	-	128,444
Total comprehensive income for the period	-	-	128,444	(1,178,021)	(1,049,577)
Transactions with owners, recorded directly to equity					
Rights issue (net of costs)	1,906,327	-	-	-	1,906,327
Share-based payment transactions	-	43,318	-	-	43,318
Total contributions by and distributions to owners	1,906,327	43,318	-	-	1,949,645
Balance at 31 December 2011	46,903,731	5,287,999	127,583	(28,421,983)	23,897,330

Uranium Equities Limited and its controlled entities

Consolidated interim statement of financial position

	Note	Consolidated	
		31 Dec 2012	30 Jun 2012
Current assets			
Cash and cash equivalents		297,359	2,114,575
Trade and other receivables		850,739	325,206
Total current assets		1,148,098	2,439,781
Non-current assets			
Restricted cash	5	1,736,329	1,786,179
Equity accounted investees	6	1,311,378	973,241
Exploration and evaluation assets	7	18,534,079	19,820,909
Property, plant and equipment		241,222	269,215
Total non-current assets		21,823,008	22,849,544
Total assets		22,971,106	25,289,325
Current liabilities			
Trade and other payables		181,535	363,845
Provisions	8	66,205	367,636
Employee benefits		166,000	179,509
Total current liabilities		413,740	910,990
Non-current liabilities			
Provisions	8	1,547,018	1,278,846
Employee benefits		99,573	75,966
Total non-current liabilities		1,646,591	1,354,812
Total liabilities		2,060,331	2,265,802
Net assets		20,910,775	23,023,523
Equity			
Issued capital		47,329,594	46,903,731
Reserves		5,394,991	5,411,619
Accumulated losses		(31,813,810)	(29,291,827)
Total equity		20,910,775	23,023,523

The consolidated interim statement of financial position is to be read in conjunction with the notes to the interim financial statements set out on pages 10 to 15.

Uranium Equities Limited and its controlled entities Consolidated interim statement of cash flows

For the six months ended

	Note	31 Dec 2012	31 Dec 2011
Cash flows from operating activities			
Cash receipts from operations		-	-
Cash paid to suppliers and employees		(392,319)	(442,456)
Interest paid		(17,452)	(20,899)
Interest received		78,805	118,833
Income tax received		-	243,433
Net cash used in operating activities		(330,966)	(101,089)
Cash flows from investing activities			
Payments for investments	6	(1,305,002)	-
Payments for mining exploration and evaluation and rehabilitation		(468,000)	(1,734,078)
Acquisition of property, plant and equipment		(961)	(15,967)
Net cash used in investing activities		(1,773,963)	(1,750,045)
Net cash from financing activities			
Net proceeds from issue of shares	9	237,863	1,933,148
Movement in restricted cash		49,850	65,859
Net cash from financing activities		287,713	1,999,007
Net decrease in cash and cash equivalents		(1,817,216)	147,873
Cash and cash equivalents at 1 July		2,114,575	3,128,357
Cash and cash equivalents at 31 December		297,359	3,276,230

The consolidated interim statement of cash flows is to be read in conjunction with the notes to the interim financial statements set out on pages 10 to 15.

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 2012 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 2012.

The consolidated annual financial reports of the entity for the year ended 30 June 2012 is available from Level 5, 29 King William Street, Adelaide, SA 5000 or on the Company's website (www.uel.com.au).

This consolidated interim financial report was approved by the board of directors on 8 March 2013.

(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 2012. 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.

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. As at 31 December 2012 the consolidated entity had accumulated losses of \$31.8 million, however net assets are \$20.9 million and the directors believe the consolidated entity has sufficient cash and cash equivalents of \$0.3 million to pay its debts as and when they fall due. It is the intention of the directors to continue to explore the consolidated entity's areas of interest for which rights of tenure are current; minimum expenditure commitments for these tenements total \$2.0 million for the next year. In order to do so, the directors consider that the consolidated entity will fund its projects through a combination of use of existing cash, joint venture arrangements, debt facilities, access to the equity market and asset sales, if necessary. The directors will take the appropriate action, including curtailing expenditure, to ensure these funds are available as and when they are required.

The directors have reviewed the operating outlook for the consolidated entity and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the consolidated entity will achieve the matters set out above. In the event the consolidated entity is unable to continue as a going concern, it may be required to realise assets and extinguish liabilities other than in the normal course of business and at amounts different to those stated in this financial report.

Estimates

Preparing interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these consolidated interim financial statements, the significant judgements made by management in applying the consolidated entity's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 30 June 2012.

Notes to the consolidated interim financial statements

2. Segment reporting

For the six months ended 31 December

	PhosEnergy		Exploration		Consolidated	
	2012	2011	2012	2011	2012	2011
Segment revenue	-	-	-	-	-	-
Unallocated revenue					-	-
Total revenue					-	-
Segment result	(862,116)	(683,562)	(1,780,803)	(1,714)	(2,642,919)	(685,276)
Corporate administrative expenses					(474,642)	(535,389)
Depreciation and amortisation					(20,917)	(17,704)
Net financing income					53,843	54,804
Other					(87,066)	5,544
Loss before income tax					(3,171,701)	(1,178,021)
Segment assets	96,188	1,687,942	18,611,766	18,979,917	18,707,974	20,667,859
Unallocated assets					4,263,132	5,605,044
Total assets					22,971,106	26,272,903

The consolidated entity comprises the following two reportable segments which are the group's strategic business units:

- (i) PhosEnergy – development of uranium extraction technology from phosphoric acid
- (ii) Exploration – brownfields and greenfields mineral exploration

The PhosEnergy Process is being developed in Australia with business development being pursued internationally with a particular emphasis on USA. Exploration activities are based in Australia, mainly in the Northern Territory, South Australia and Western Australia.

3. Loss before income tax expense

	2012 \$	2011 \$
(a) Corporate administrative expenses		
Accounting fees	(44,815)	(16,509)
Annual report costs	(16,398)	(17,737)
ASX fees	(23,698)	(24,196)
Audit fees	(5,000)	(4,500)
Depreciation and amortisation	(20,917)	(17,704)
Insurance	(24,250)	(22,423)
Legal fees	(2,225)	(4,372)
Marketing	(8,193)	(3,595)
Other	(40,466)	(29,536)
Personnel expenses	(248,114)	(336,971)
Printing and stationery	(1,965)	(1,675)
Recruitment	(8,502)	-
Rent and outgoings	(7,721)	(7,938)
Share registry	(6,291)	(6,934)
Travel and accommodation	(37,004)	(59,003)
	(495,559)	(553,093)

Notes to the consolidated interim financial statements

3. Loss before income tax expense (continued)

	2012 \$	2011 \$
(b) UFP Investments LLC		
Share of equity accounted investee losses	(858,964)	(678,018)
Energia Minerals Limited (ASX: EMX)		
Share of equity accounted investee losses	(89,812)	-
	(948,776)	(678,018)

The Company and Cameco Corporation are developing a process for the extraction of uranium from phosphoric acid streams produced in the production of phosphate-based fertilisers, "the PhosEnergy Process". Urtek LLC, a USA based company is the entity in which the development is being made.

The share of equity accounted investee losses in the period represents the consolidated entity's equity accounted share of the movement in UFP's net assets. Principally, UFP's investment in Urtek was impaired at the half year, reflecting research and development expenditure made within Urtek in the period.

The consolidated entity made a strategic investment in Energia Minerals Limited, acquiring 21.15% of its issued capital between 31 October and 11 December 2012 via a share placement and priority sub-underwriting of a rights issue (see note 6). The share of equity accounted investee losses in the period represents the consolidated entity's equity accounted share of the movement in Energia's net assets from acquisition, adjusted to align accounting policies on treatment of exploration and evaluation expenditure.

4. Income tax

	2012 \$	2011 \$
Current tax benefit	649,718	-
Total income tax benefit reported in the statement of comprehensive income	649,718	-

The income tax benefit of \$649,718 represents an R&D tax refund relating to the 2012 financial year. The refund was received subsequent to the balance date.

5. Restricted cash

	31 Dec 2012 \$	30 Jun 2012 \$
Bank guarantees in relation to rehabilitation obligations	1,704,291	1,754,141
Bank guarantee in relation to office premises	32,038	32,038
	1,736,329	1,786,179

Bank guarantees in relation to rehabilitation obligations are held by the Northern Territory Department of Regional Development, Primary Industry, Fisheries and Resources for rehabilitation obligations on the Nabarlek Mineral Lease.

Notes to the consolidated interim financial statements

6. Equity accounted investees

	31 Dec 2012 \$	30 Jun 2012 \$
UFP Investments LLC (UFP)		
Investment in equity accounted investee	2,316,222	2,360,087
Share of equity accounted investee losses	(2,220,034)	(1,386,846)
	96,188	973,241
Energia Minerals Limited (ASX:EMX)		
Investment in equity accounted investee		
- Private placement	574,875	-
- 2 for 5 non-renounceable rights issue entitlement	229,950	-
- Priority sub-underwriting of rights issue	500,000	-
- Costs (net of sub-underwriting fee)	177	-
	1,305,002	-
Share of equity accounted investee losses	(89,812)	-
	1,215,190	-
Total equity accounted investees	1,311,378	973,241

The consolidated entity acquired a shareholding in ASX-listed uranium explorer Energia Minerals Limited (ASX: EMX) by participating in a share placement and rights issue between October and December 2012. Energia has an extensive portfolio of uranium assets throughout Australia, including its 100%-owned Nyang Uranium Project in the emerging Carnarvon Basin in Western Australia, which hosts the 16.7 million pound Carley Bore Uranium Deposit.

The investment in Energia was made in the following steps:

- 1) a Private Placement of 16.425 million ordinary shares at 3.5 cents (13.04% of voting power);
- 2) taking up the full entitlement under the 2:5 non-renounceable rights issue at 3.5 cents giving a further 6.570 million shares; and
- 3) priority sub-underwriting of the first \$500,000 of shortfall under the rights issue, giving a further 14.286 million shares (further 8.11% of voting power).

The consolidated entity now holds a 21.15% interest in the expanded capital of Energia. Mr Tim Goyder, a director of Uranium Equities, holds a 1.23% interest in Energia.

Based on Energia's closing price of 3.3 cents at the reporting date, the fair value of the Group's investment is \$1,230,264.

Summary financial information for Energia for the half year, not adjusted for the percentage ownership held by the consolidated entity is as follows:

Energia	Reporting date	Ownership at 31 Dec	Current assets	Non-current assets	Total assets	Total liabilities (current)	Profit/(loss)
Reported	31-Dec	21.15%	2,599,828	2,098,925	4,698,753	526,633	(2,409,568)
Adjustment	31-Dec	21.15%	-	505,729	505,729	-	505,729
Adjusted	31-Dec	21.15%	2,599,828	2,604,654	5,204,482	526,633	(1,903,839)

The adjustment relates to alignment of accounting policies for the treatment of exploration and evaluation expenditure from the point at which Energia became an associate of the consolidated entity. The consolidated entity capitalises all expenditure on active projects for which tenure is current whereas Energia writes off all exploration expenditure other than initial tenement acquisition costs.

Notes to the consolidated interim financial statements

7. Exploration and evaluation assets

	31 Dec 2012
	\$
Cost brought forward at 1 July 2012	19,820,909
Expenditure incurred during the period	493,973
Impairment losses	(1,780,803)
Balance at 31 December 2012	18,534,079

The Company has rationalised its exploration portfolio during the half year 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 Note 9); and
- Other Frome Basin tenements were relinquished.

8. Provisions

	31 Dec 2012	30 Jun 2012
	\$	\$
Current		
Rehabilitation	66,205	367,636
	66,205	367,636
Non-current		
Rehabilitation	1,547,018	1,278,846
	1,547,018	1,278,846

The provision represents an estimate of the cost of meeting obligations for rehabilitation at the Nabarlek Mineral Lease assumed by the Company upon the acquisition of Queensland Mines Pty Ltd in 2008.

9. Capital and reserves

In October 2012, the Company issued 4,000,000 ordinary fully paid shares to Cauldron Energy Limited (ASX: CXU), valued at \$188,000, 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 (\$237,863 net). All shares were issued and fully paid during the half year.

The Company has 264,646,294 shares on issue.

Notes to the consolidated interim financial statements

10. Related party transactions

Other than disclosed below, arrangements with related parties continue to be in place and are consistent with those disclosed on page 63-67 of the 30 June 2012 Annual Report.

The consolidated entity acquired a strategic investment in Energia Minerals Limited and at the balance date held 21.15% of the issued capital of Energia (see note 6). Mr Tim Goyder, a director of Uranium Equities, holds a further 1.23% interest in Energia.

Mr Bryn Jones, the Company's Managing Director, was appointed to the board of Energia Minerals Limited following the strategic investment made in October 2012. Mr Jones receives director's fees from Energia Minerals Limited totalling \$49,050 per annum. Mr Jones' remuneration paid by the Uranium Equities has been reduced by an equivalent amount as of 1 December 2012 unless agreed otherwise. All leave and other entitlements are unchanged.

In December 2012, agreement was reached between the Company and Plato Prospecting Pty Ltd as trustee for the Goyder Family Trust whereby Plato Prospecting has provided a debt facility of up to \$750,000 to cover short term working capital requirements. Mr Tim Goyder is the sole director of Plato Prospecting. The facility is on commercial terms no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-related parties on an arm's length basis. As at the date of this report \$200,000 has been drawdown on the facility and subsequently repaid.

The Company continued to provide management services to Urtek LLC, the company developing the PhosEnergy Process, throughout the period under a Services Agreement. Total fees charged to Urtek in the period were \$516,000 (2011:\$498,000).

11. Events after balance sheet date

Except as mentioned below, in the opinion of the directors 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.

On 5th March 2013 the Company announced the results of an independent Pre-Feasibility Level Engineering Study on the PhosEnergy Process. The Study estimated a low capital cost of US\$156 million for a base case PhosEnergy plant located at the site of a 1Mtpa P₂O₅ phosphate facility in the south east United States capable of producing approximately 880,000 pounds of uranium per annum at an estimated cash operating cost of less than US\$18 per pound.

The Company also announced that its partner, Cameco Corporation, committed to the next key phase of commercialisation of the jointly owned and developed PhosEnergy Process. The US\$4 million investment has completed Cameco's earn-in of 73% of the PhosEnergy Process. The funds will be used to commercialise the PhosEnergy Process and should be sufficient to carry the project through completion of a Definitive Feasibility Study.

An R&D tax refund of \$649,718 relating to the 2012 financial year was received on 4 March 2013.

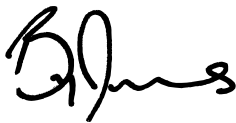
Directors' declaration

In the opinion of the directors of Uranium Equities Limited:

1. the interim financial statements and notes set out on pages 5 to 15, 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 2012 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; and
2. there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

Dated at Adelaide on 8 March 2013.

Signed in accordance with a resolution of the directors:

A handwritten signature in black ink, appearing to read 'B. Jones', written in a cursive style.

Bryn Jones
Managing Director



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

Report on the financial report

We have reviewed the accompanying interim financial report of Uranium Equities Limited ('the Company'), which comprises the consolidated interim statement of financial position as at 31 December 2012, consolidated interim statement of comprehensive income, consolidated interim statement of changes in equity and consolidated interim statement of cash flows for the interim period ended on that date, notes 1 to 11 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration 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 interim period.

Directors' responsibility for the interim financial report

The directors of the Company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report 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 interim 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 2012 and its performance for the interim period 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 interim 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 interim 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 2012 and of its performance for the interim period ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material uncertainty regarding continuation as a going concern

Without qualification to the opinion expressed above, we draw attention to the following matters. For the interim period ended 31 December 2012 the Consolidated Entity incurred a loss of \$2.5 million and had operating and investing cash outflows of \$2.1 million.

As a result of the uncertainties set out in note 1(b) to the financial statements, including the Consolidated Entity's ability to raise equity, there is material uncertainty which may cast doubt on the Consolidated Entity's ability to continue as a going concern and therefore its ability to realise its assets and discharge its liabilities in the normal course of business at the amounts recognised in the financial statements.

KPMG

Darren Ball
Partner

Adelaide

8 March 2013