



URANIUM
EQUITIES
LIMITED

ANNUAL
REPORT
2013



URANIUM EQUITIES

URANIUM EQUITIES LIMITED
ABN 74 009 799 553

CONTENTS

Chairman and Managing Director's Letter	1
Exploration Projects	2
PhosEnergy Process	7
Investment in Energia Minerals Limited	9
Sustainable Development	10
Environmental Management	11
Tenement Schedule	12
Directors' Report	15
Financial Statements	28
Independent Auditor's Report	63
Corporate Governance Statement	65
ASX Additional Information	68

CHAIRMAN & MANAGING DIRECTOR'S LETTER

Dear Shareholder,

Following the demerger of the Company's PhosEnergy Process assets in September 2013 Uranium Equities is once again a pure explorer with activities directed at high quality exploration assets in Australia's premier uranium districts.

EXPLORATION FOCUS

The Company has taken steps to rationalise and focus its portfolio of assets on the highest priority regions, and to attract joint venture partners.

On 25 September 2013 the Company announced it had entered into a farm-in joint venture agreement over its Marla and Oodnadatta Projects in the Gawler Craton IOCGU province with Chalice Gold Mines. The initial program on this joint venture is to include approximately 3,000 metres of combined rotary mud and diamond drilling on the Marla Project expected to commence in the October 2013 quarter. A ground gravity survey over priority targets on the Oodnadatta Project is also planned for completion in 2013.

Including the Rudall River project which we joint ventured with Cameco Australia in September 2012, the Company now has two free-carried exploration projects, allowing us to focus on our key Nabarlek Project in Arnhem Land. The Alligator Rivers Uranium Field in Arnhem Land, host to the Ranger, Jabiluka and Nabarlek deposits, has recently received renewed investor attention due to its potential for further high grade uranium discoveries.

PHOSENERGY PROCESS

Significant progress was made during the year on the development and commercialisation of the PhosEnergy Process. As a result of this progress, it became increasingly apparent to the Board that the exploration and PhosEnergy arms of the business required independently focussed funding strategies. As such, the demerger proposal was put to shareholders and overwhelmingly approved at the General Meeting on 29 August 2013. The demerger was completed on 13 September 2013 by way of distribution of PhosEnergy Limited shares to shareholders.

In March 2013 the Company announced the completion of an independent Pre-Feasibility Study (PFS) level Engineering Study of the PhosEnergy Process. The results supported the viability and low-cost nature of the Process for extracting uranium as a by-product from phosphate fertiliser production.

The study estimated a cash operating cost of less than US\$18 per pound for a base case PhosEnergy plant capable of producing approximately 880,000 pounds of uranium per annum. In Uranium Equities' opinion this puts the PhosEnergy Process in the bottom quartile for operating costs of all uranium production worldwide and at a considerable cost advantage over the bulk of new projects likely to come online over the next 5 to 10 years.

An important milestone was also reached in early August 2013 when an agreement was signed with a US based fertiliser producer to assess the commercial viability of applying the PhosEnergy Process to the producer's existing operations. Operation of the demonstration plant commenced in August and will be ongoing for a number of months with a pre-feasibility study following shortly thereafter.

We encourage you to follow the progress of PhosEnergy Limited through their website www.phosenergy.com.

Tom Pool has recently stepped down as a Director of the Company. We would like to once again thank Tom for his contribution over the last two years.

In conclusion, on behalf of the Board, we would like to express our appreciation to shareholders for your ongoing support.



TONY KIERNAN
CHAIRMAN



BRYN JONES
MANAGING DIRECTOR

EXPLORATION PROJECTS

Uranium Equities has a focussed portfolio of high quality exploration projects in a number of Australian states and territories with 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 historical Nabarlek Uranium Deposit (previous production: 24Mlbs @ 1.84% U_3O_8) – the Nabarlek Project.

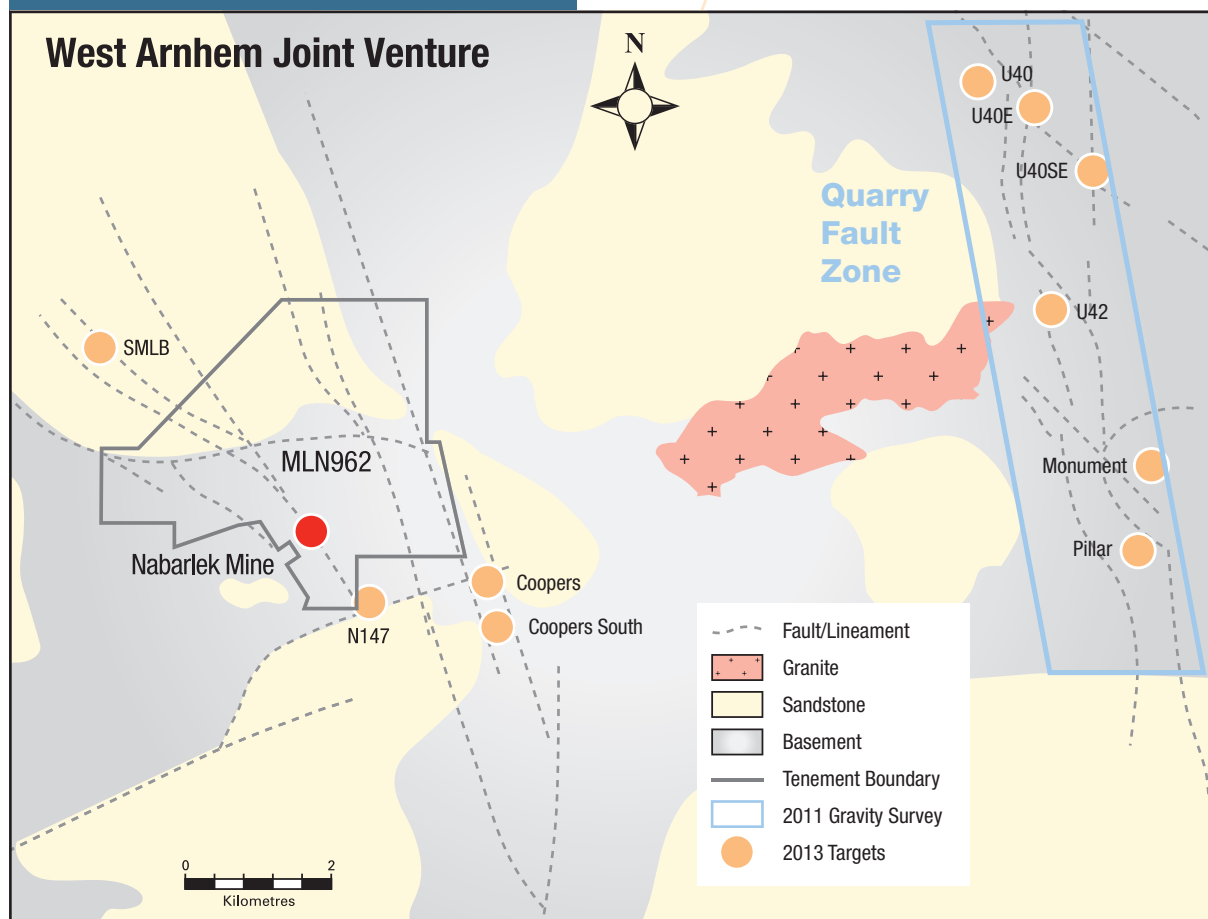
THE NABARLEK PROJECT

Target generation continued 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% U_3O_8 have been drilled (see ASX announcement dated 16 December 2010). To assist with drill targeting, detailed 3D geological modelling has been undertaken on these key prospect areas.

At the U40 Prospect, detailed 3D modelling has identified the possible structural controls on the known mineralisation and provided some insight into the location of additional targets elsewhere within the Quarry Fault Zone (Figure 1). These new targets have not been tested.

On the Nabarlek Mineral Lease the 3D modelling work has successfully modelled the geological setting of the area providing for the geometric analysis of potential targets.

FIGURE 1
GEOLOGICAL SETTING, NABARLEK AND
QUARRY FAULT ZONE TARGETS



EXPLORATION PROJECTS

NEW ALLIGATOR RIVERS EXPLORATION LICENCE APPLICATIONS

Aurari Bay

A new exploration licence application covering approximately 109km² has been made in Arnhem Land [ELA29897], 60km to the north of the Nabarlek Project area. Uranium Equities believes a structural position within Cahill Formation basement lithologies may provide an opportunity for uranium mineralisation in this region.

Woodside and Browse

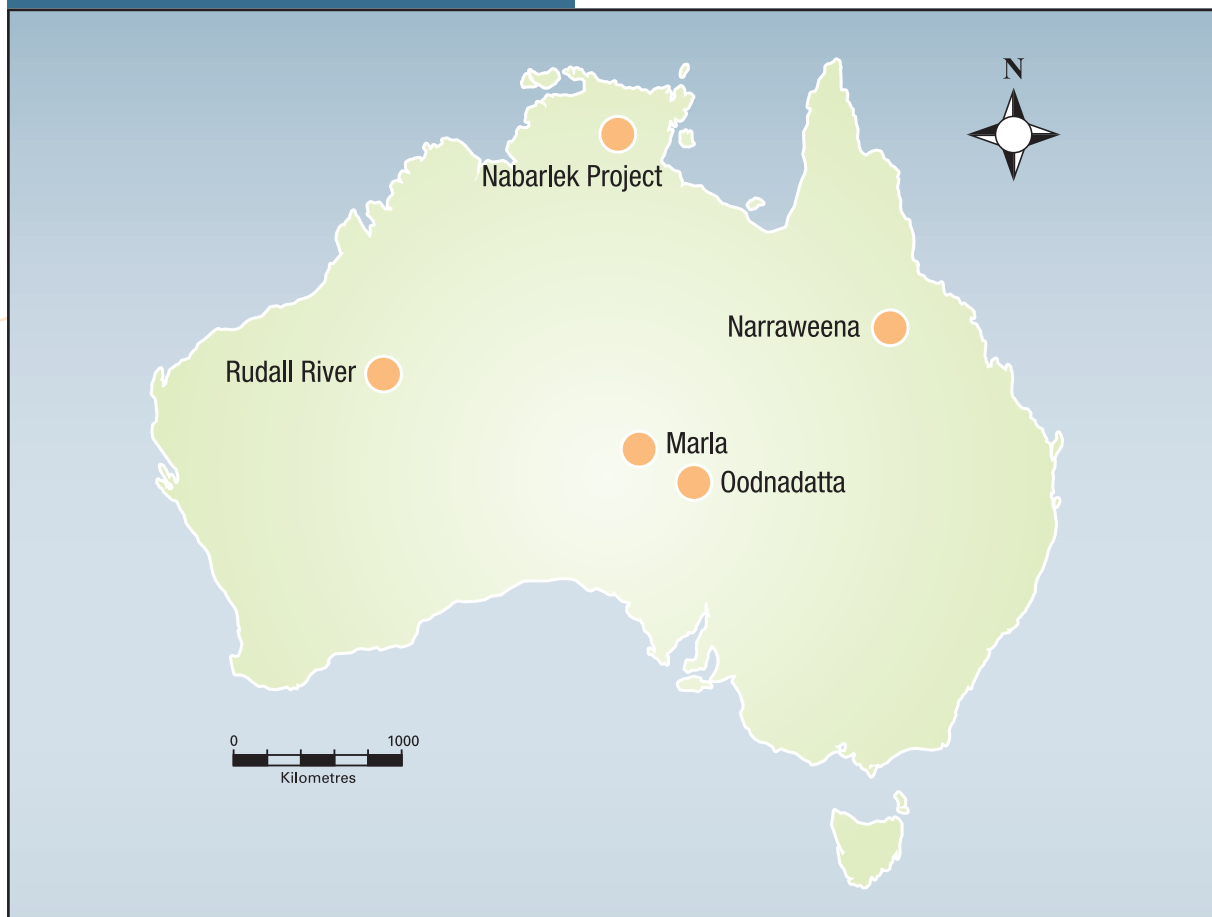
A new exploration licence application [ELA29947] was made over an area which lies 30km to the south of the Nabarlek Project area. Exploration licence application ELA27684 was withdrawn. In addition, a new application has been made in an area adjacent to the Caramal Uranium Deposit, part of Alligator Energy Limited's [ASX:AGE] Tin Camp Creek Project. The application partly extends across recently identified Archaean basement sequences. The new application is ELA29945.

Pluto

A further application has been made adjacent to the Nabarlek Project. The south-eastern corner of the new exploration licence application lies just 600m along strike from recent rock chip sampling results released from the Gorrunghar Prospect by Alligator Energy Limited. Alligator reported that a total of 12 samples were obtained from the limited area of outcropping mineralisation with assays ranging from 310–6,089ppm U₃O₈ associated with a northwest trending structural zone (see Alligator Energy announcement dated 19 August 2013). This new licence application has been assigned ELA30073.

OTHER EXPLORATION PROJECTS

FIGURE 2
PROJECT LOCATION MAP

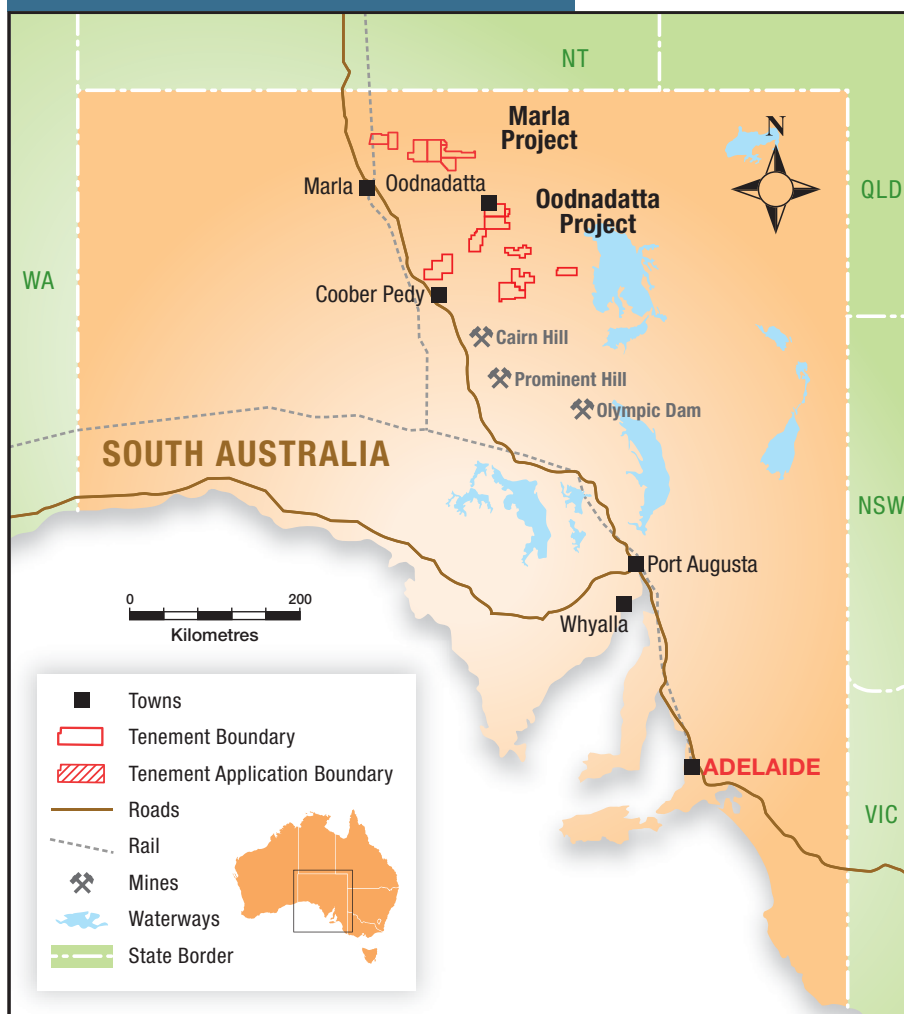


OTHER EXPLORATION PROJECTS

OODNADATTA & MARLA PROJECTS

The Oodnadatta and Marla Projects cover a total area of 7,750 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.

FIGURE 3
LOCATION MAP



Farm-in Joint Venture Agreement

On 25 September 2013 the Company announced that Chalice Gold Mines Limited (ASX: CHN) entered into a farm-in joint venture agreement over the Company's Oodnadatta and Marla Projects.

The farm-in agreement gives Chalice the right to earn up to 70% of both projects by sole funding a total of \$5.5 million in exploration expenditure.

Chalice may earn an initial 51% by sole funding \$2.5 million. The initial program will include approximately 3,000 metres of combined rotary mud and diamond drilling on the Marla Project and a ground gravity survey over the Oodnadatta Project.

The Projects will be managed by Uranium Equities in the first 12 months.

OTHER EXPLORATION PROJECTS

Operations

Geophysical and structural modelling completed during the year primarily focussed on Marla magnetic and gravity images. Based on interpreted regional tectonic framework of the region, the gravity response shows distinct regional linear structural features in at least three dominant orientations (Figure 4). This interpretation of the basement structural architecture is similar to that observed in the Olympic Dam-Carrapateena-Prominent Hill region; where the primary structural control on IOCGU deposit location is known to be proximal to steeply-plunging intersection zones of regional east-northeast and second order northwest-north-northwest trending faults.

The new structural model of the region has been assimilated with geophysical inputs to help prioritise drill targets.

The highest priority targets have all necessary drilling permits including heritage clearances and drilling is expected to commence in the October 2013 quarter.

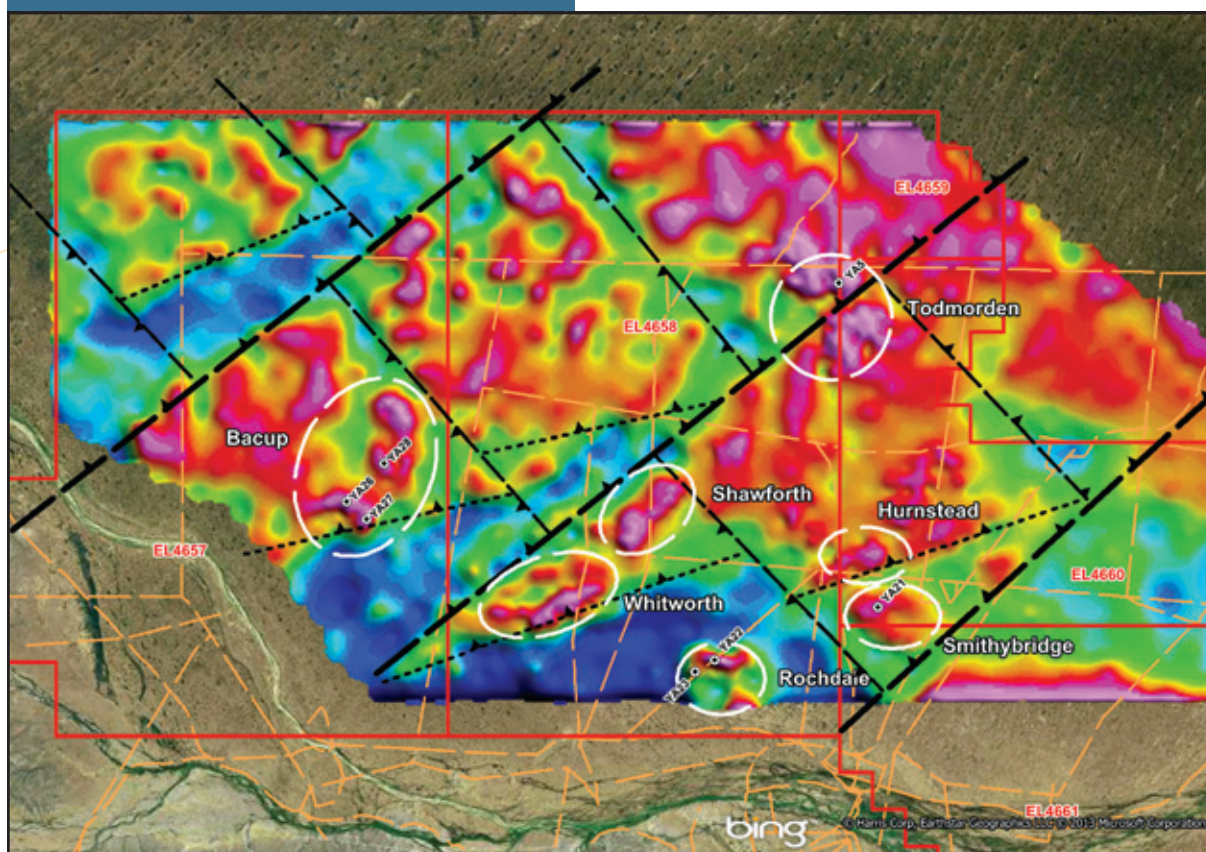
Drilling is planned to consist of 7 rotary mud-diamond core drill holes totalling 3,000 metres across the Todmorden, Rochdale, Smithybridge and Bacup Targets.

The prospectivity of the Bacup and Rochdale Targets were upgraded during the year following the completion of a detailed 3D inversion model using the gravity dataset collected in 2012. A first inversion was carried out using the entire data set to get a general idea of the different trends (Figure 5) and smaller inversions were setup for the individual target areas to provide greater details in areas of interest.

Modelling shows the Bacup Target is a high density body consisting of three main units linked in a boudinaged arrangement on the margin of an interpreted granitic intrusion. The three main units of the dense body coincide with three interpreted en-echelon east-west trending structures which are located within a structural corridor trending towards the northeast. This combination of high density gravity and a complex structural system has highlighted Bacup as a priority drill target area.

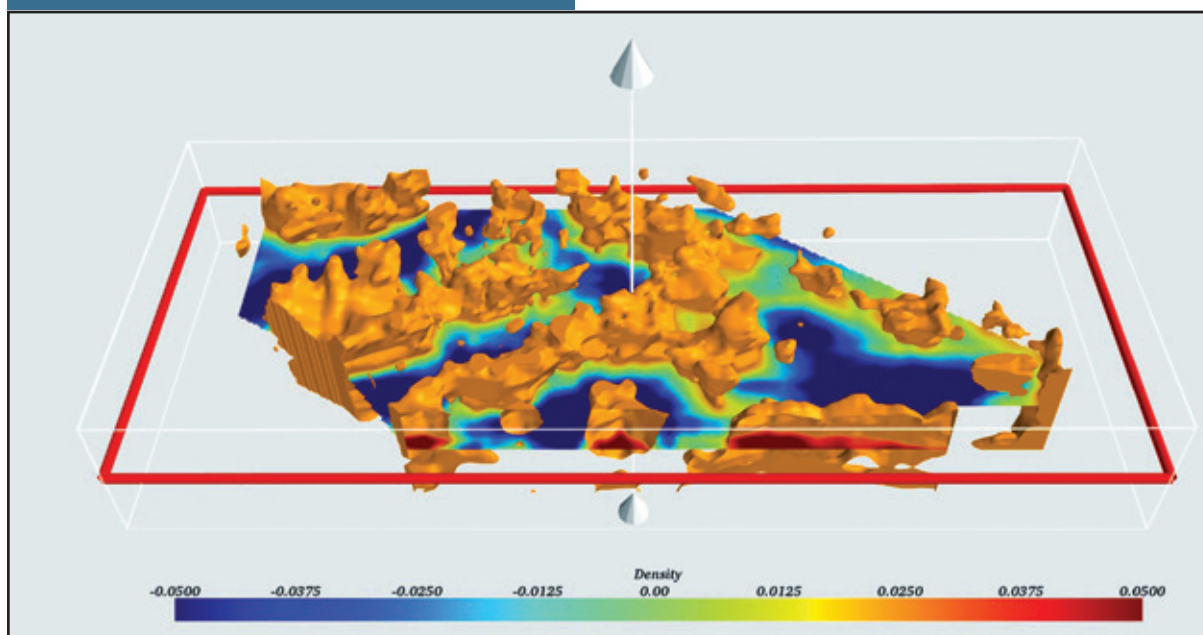
3D modelling of the Rochdale Target has also identified a similar system with a dense body which extends from 100m-700m below the surface. While Rochdale was already identified as a priority target, the 3D modelling exercise has assisted with planning drillhole locations.

FIGURE 4
MARLA STRUCTURAL INTERPRETATION
AND DRILL TARGETS



OTHER EXPLORATION PROJECTS

FIGURE 5
MARLA PROJECT – INVERTED GRAVITY
MODEL REPRESENTED AS ISOCONTOUR



RUDALL RIVER

The Rudall River Project (Uranium Equities free carried 15% interest) consists of three Exploration Licences and three Prospecting Licences covering a total area of 175km². The western-most Exploration Licence adjoins the Cameco/Mitsubishi Kintyre Project (current published NI43-101 compliant measured and indicated resource estimate of 55Mlbs @ 0.58% U₃O₈).

During the year, the Western Desert Lands Aboriginal Corporation (WDLAC) Board approved the final access agreement for the Rudall River Project and the WA Department of Mines and Petroleum have granted E45/3118, E45/3119 and E45/3126 for a period of 5 years. The granting of the Rudall River exploration licences has now formalised the joint venture agreement with Cameco Australia on the Rudall River Project.

Preliminary exploration on the Rudall River JV Project area is expected to investigate a number of priority radiometric, geochemical and geophysical targets.

NARRAWEENA

The Narraweena Project comprises a single exploration permit for minerals (EPM 15101), which is 100% owned by Uranium Equities and covers a total area of 42km² in North Queensland adjacent to Mega Uranium's Ben Lomond Uranium Deposit (believed to contain up to 10.7Mlbs @ 0.25% U₃O₈).

The Narraweena Project contains possible extensions to the structure and host lithologies of the Ben Lomond Deposit and may provide a similar geological setting for Ben Lomond-style mineralisation.

OTHER PROJECTS

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

- 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; and
- Other Frome Basin tenements were relinquished.

Competent Persons 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.

PHOSENERGY PROCESS

DEMERGER

On 29 August 2013 shareholders approved a separation of the Company's exploration and PhosEnergy Process assets.

The demerger of the PhosEnergy Process assets has created two independently focussed companies, allowing different funding and development strategies to be applied to the substantially different businesses. It allows shareholders and investors to hold or invest in the exploration assets, the PhosEnergy Process, or both depending on their investment strategies and risk appetite.

The demerger was completed on 13 September 2013 following:

- (a) Transfer of the PhosEnergy Process assets into the Company's wholly owned subsidiary, PhosEnergy Limited (PEL) in return for shares in PEL; and
- (b) Distribution of PEL shares to shareholders (for no cash outlay) on an approximately 1 for 10 basis.

Shareholders now hold shares in both Uranium Equities and PEL and at the date of this report the Company retains a 9% interest in PEL.

Progress on the development and commercialisation of the process during the year included:

(a) Pre-Feasibility (PFS) Level Engineering Study

On 5 March 2013 the Company announced the completion of an independent Pre-Feasibility Study (PFS) level Engineering Study of the PhosEnergy Process⁽¹⁾. The results supported the viability and low-cost nature of the Process for extracting uranium as a by-product from phosphate fertiliser production.

The study estimated a capital cost of US\$156 million and a cash operating cost of **less than US\$18 per pound** for a base case PhosEnergy plant capable of producing approximately 880,000 pounds of uranium per annum.

In Uranium Equities' opinion the results of the PFS put the PhosEnergy Process in the bottom quartile for operating costs of all uranium production worldwide and at a considerable cost advantage over the bulk of new projects likely to come online over the next 5 to 10 years.

Following receipt of the PFS Cameco committed to pursuing the next key phase of development of the jointly owned PhosEnergy Process by committing a further US\$4 million to the project. This investment finalised Cameco's earn into 73 per cent of the technology.

FIGURE 6
CONCEPTUAL PHOSENERGY
PROCESSING PLANT



⁽¹⁾ The patented PhosEnergy Process is a new technology proven to extract uranium from phosphoric acid streams generated in the production of phosphate-based fertilisers. Cameco Corporation (TSX:CCO, NYSE:CCJ) and PhosEnergy Limited (PEL) are jointly developing and commercialising the technology. Cameco owns 73 per cent of the process; PEL retains 27 per cent including pro-rata marketing rights.

Cameco Corporation ("Cameco") has invested US\$21.0 million to date and has committed to fund a minimum 50 per cent of PEL's proportionate share of capital for construction of the first commercial plant, should this occur.

PHOSENERGY PROCESS

PFS Highlights

PROJECT LOCATION	South Eastern USA
PLANT CAPACITY	1 million stpa P_2O_5
POTENTIAL URANIUM PRODUCTION	0.88 million lb U_3O_8 per annum
FACILITY LIFE	>25 years
URANIUM RECOVERY	92%
URANIUM IN PHOSPHORIC ACID	165mg/L U_3O_8
OPERATING COST	<US\$18/lb U_3O_8
CAPITAL COST	US\$156 million

Cash Operating Cost Estimate

Cash operating costs were derived using a methodology consistent with achieving an accuracy of +50%/-30% and an AACE Class IV estimate. The Study estimated operating costs to produce an intermediate product which can be toll-milled through any one of a number of facilities in the United States, for which quotes have been received.

The estimated cash operating cost including toll milling and product transport is estimated at less than US\$18 per pound of U_3O_8 including contingency.

Intermediate product transport for toll-milling accounts for a substantial portion of the total cash operating costs. This represents a significant opportunity for cost-structure improvements both through improved contractual transport arrangements and contained uranium concentration of the intermediate product.

Other opportunities exist in the refinement of reagent usage and power consumption as the development progresses.

Estimated operating costs do not include corporate office, marketing and downstream phosphate processing costs which may be incurred.

Capital Cost Estimate

The capital cost estimate was derived from Process Flow Diagrams (PFDs), site plans, General

Arrangements (GAs) and a detailed mechanical equipment list. A site layout of the PhosEnergy Processing plant as designed is shown in Figure 6.

Depending on the phosphate facility targeted for commercialisation, there may be additional capital required for infrastructure such as electrical substations and reagent storage. It is estimated that these additional capital items may cost up to US\$9 million for a facility in south east USA. Several opportunities for further optimising equipment, structural and civil capital components are under review and will be incorporated into subsequent studies.

(b) Commercialisation

On 6 August 2013 the Company announced that it had, together with Cameco Corporation, entered into an Agreement with a US based fertiliser producer to assess the commercial viability of applying the PhosEnergy Process (the Process) to the producer's existing operations.

The Agreement covers on-site operation of the PhosEnergy demonstration plant with the results providing inputs to a pre-feasibility study. The pre-feasibility study will allow the parties to assess the economic viability of the Process and make a commercial decision on progressing further toward a full scale operation.

Operation of the demonstration plant commenced in August and will be ongoing for a number of months with the pre-feasibility study following shortly thereafter.

INVESTMENT IN ENERGIA MINERALS LIMITED

The Company acquired a 21.15% interest in ASX-listed uranium explorer Energia Minerals Limited (ASX: EMX) between October and December 2012.

Energia's flagship project is their 100%-owned Nyang Uranium Project, host to the 16.7 million pound Carley Bore Uranium Deposit, in the emerging Carnarvon Basin uranium province which also includes Paladin's Manyingee and Cauldron Energy's Bennett Well projects. The Carley Bore resource is a sedimentary hosted roll-front deposit that may be amenable to the relatively low cost In-Situ Recovery (ISR) production method.



SUSTAINABLE DEVELOPMENT & SAFETY

SUSTAINABLE DEVELOPMENT

Uranium Equities' activities are directed towards establishing reliable, economic mineral resources through its exploration and business development units. In undertaking these activities, the Company seeks to meet the principles of sustainable development.

The Company recognises that sustainable development requires social, environmental and economic impacts to be balanced in all its operations and it maintains a strong internal emphasis on monitoring social and environmental performance. This is reflected in the Company's Sustainable Development Policy.

Uranium Equities' commitment to sustainable development is focussed on:

- Safe, efficient project activities;
- Best practice environmental management;
- Open and consultative community relationships;
- Support of Industry groups; and
- Appropriate returns on investment.

SAFETY

Ensuring the safety of all of Uranium Equities' employees and all persons engaged at its sites is the Company's main priority. This commitment is reflected in our Occupational Health and Safety Policy which is implemented within risk and safety management plans covering all operational activities.



ENVIRONMENTAL MANAGEMENT

Uranium Equities recognises that responsible environmental management is essential to sustainable business success. The Company is committed to best practice environmental management and strives to continuously improve its environmental performance by internal and external review. This is reflected in the Company's Environment Policy.

Nabarlek Project

The Company completed its fifth year of a rehabilitation program of legacy areas within the Nabarlek Mineral Lease which included revegetation and weed reduction works. Significant progress has been made to reduce the weed seed bank as evidenced by self propagation of native species in many areas.

Overall, the wet season program of tree planting and weed spraying was a success and the site is starting to develop observable signs of returning to a sustainable representative ecosystem.

A significant reduction in weed populations has occurred across the historical pit environs and significant growth in the first and second year plantings has occurred.

The Company has made progress with addressing outstanding rehabilitation of site infrastructure, with a number of Rehabilitation Plans submitted to the regulatory authorities. The Company will continue to progress outstanding obligations in consultation with key stakeholders.

Community Relations

Uranium Equities strives to make community and stakeholder engagement an integral aspect of its business, both within Australia and in its worldwide development of the PhosEnergy Process.

At the core of the Company's community relations activities is the belief that open and effective communication with stakeholders sets the basis for a good business relationship.

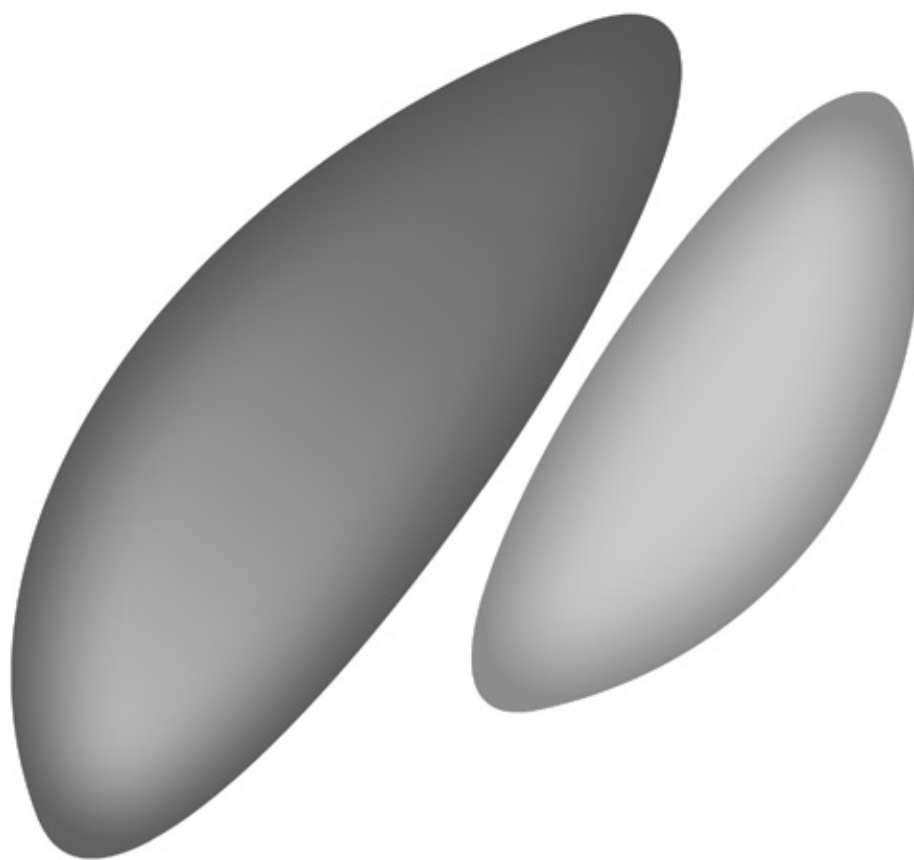
The Company maintains regular and open communications with key stakeholders where plans for exploration and rehabilitation work are tabled and discussed.

RETURNING ENVIRONMENTS TO A SUSTAINABLE REPRESENTATIVE ECOSYSTEM



TENEMENT SCHEDULE

STATE	PROJECT	TENEMENT	STATUS	CURRENT EQUITY
NT	NABARLEK	EL10176	Granted	40%
		EL24371	Granted	40%
		EL23700	Granted	40%
		EL24878	Application	40%
		MLN962	Granted	100%
	HEADWATERS	ELA27153	Application	100%
		ELA27513	Application	100%
		ELA27514	Application	100%
		ELA27515	Application	100%
	WOODSIDE	ELA29947	Application	100%
	BROWSE	ELA29945	Application	100%
	CADEL NORTH	ELA28316	Application	100%
	AURARI BAY	ELA29897	Application	100%
	PLUTO	ELA30073	Application	100%
QLD	NARRAWEENA	EPM15101	Granted	100%
SA	MARLA	EL4655	Granted	100%
		EL4656	Granted	100%
		EL4657	Granted	100%
		EL4658	Granted	100%
		EL4659	Granted	100%
		EL4660	Granted	100%
		EL4661	Granted	100%
	OODNADATTA	EL4679	Granted	100%
		EL4682	Granted	100%
		EL4683	Granted	100%
		EL4684	Granted	100%
		EL4686	Granted	100%
		EL4687	Granted	100%
		EL4688	Granted	100%
		EL4959	Granted	100%
		EL5144	Granted	100%
WA	RUDALL RIVER	E45/3118	Granted	100%
		E45/3119	Granted	100%
		E45/3126	Granted	100%
		P45/2683	Granted	100%
		P45/2684	Granted	100%
		P45/2685	Granted	100%



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LIMITED

FINANCIAL
REPORT
30 JUNE 2013

CONTENTS

	Page
Directors' report	15
Lead auditor's independence declaration	27
Consolidated statement of comprehensive income	28
Consolidated statement of changes in equity	29
Consolidated statement of financial position	31
Consolidated statement of cash flows	32
Notes to the consolidated financial statements	33
Directors' declaration	62
Independent auditor's report	63
Corporate governance statement	65
ASX additional information	68

DIRECTORS' REPORT

The directors present their report together with the financial report of Uranium Equities Limited ('Uranium Equities' or 'the Company') and of the consolidated entity, being the Company and its controlled entities, for the financial year ended 30 June 2013 and the auditor's report thereon.

1. DIRECTORS

The directors of the Company at any time during or since the end of the financial year are:

NAME, QUALIFICATIONS AND INDEPENDENCE STATUS	EXPERIENCE, SPECIAL RESPONSIBILITIES AND OTHER DIRECTORSHIPS
A W KIERNAN LLB Non-executive Chairman	Tony is a corporate advisor with extensive experience in the administration and operation of listed public companies. He is Chairman of BC Iron Limited and Venturex Resources Limited and a Director of Lontown Resources Limited, Chalice Gold Mines Limited and South Boulder Mines Limited. Tony has been a Director since 2003 and is a member of the Company's Audit Committee.
B L JONES BAppSc, MMinEng, FAusIMM Managing Director	Bryn is an Industrial Chemist who since joining the Company in 2006 has been instrumental in the development of the Company's uranium from phosphoric acid technology, the "PhosEnergy Process". 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 has been a Director since 2009.
T R B GOYDER Non-executive Director	Tim has over 30 years' experience in the resource industry. He has been involved in the formation and management of a number of publicly-listed companies and is currently Executive Chairman of Chalice Gold Mines Limited, Chairman of Lontown Resources Limited and Director of Strike Energy Limited. Tim has been a Director since 2002 and is a member of the Company's Audit Committee.
T C POOL PE SME MAusIMM Non-executive Director	Tom is a mining engineer with more than 35 years' experience in the resources industry, the last 25 years of which has focussed on assessment and evaluation of projects in the uranium and nuclear fuels sector. Tom is Chairman of International Nuclear Inc (iNi) based in Golden, Colorado, having previously held senior positions with Nuclear Fuels Corporation and the Concord Group of Companies. Tom has been a Director since 2011 and is a member of the Company's Audit Committee.

2. COMPANY SECRETARY

R A HEINRICH B.Com, CPA	Rolf has significant professional and corporate experience across a variety of sectors in both Australia and the United Kingdom. Rolf has worked in senior finance roles with companies including, most recently, Elders Limited as Finance Manager for the Farm Supplies division and prior to this Newcrest Mining Limited as the group's Manager of Business Analysis. Rolf has been CFO since 2008 and Company Secretary since 2009.
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DIRECTORS' REPORT

3. DIRECTORS' MEETINGS

The number of directors' meetings and the number of meetings attended by each of the directors of the Company during the financial year were:

DIRECTOR	NUMBER OF BOARD MEETINGS ATTENDED	NUMBER OF MEETINGS HELD DURING THE TIME THE DIRECTOR HELD OFFICE DURING THE YEAR	NUMBER OF AUDIT COMMITTEE MEETINGS ATTENDED	NUMBER OF MEETINGS HELD DURING THE TIME THE DIRECTOR WAS A COMMITTEE MEMBER DURING THE YEAR
A W Kiernan	10	11	2	2
B L Jones	11	11	-	-
T R B Goyder	11	11	2	2
T C Pool	10	11	2	2

A number of matters were also approved by the unanimous written consent of the directors.

4. PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the course of the financial year were mineral exploration and evaluation and development of by-product uranium recovery processes.

5. REVIEW AND RESULTS OF OPERATIONS

PhosEnergy Process – Uranium Extraction Technology

- In September 2012 the Company announced that it had 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.
- 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.

Exploration

- In September 2012 the Company announced it had reached agreement with Cameco Australia Pty Ltd (Cameco) 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 is required to spend \$1 million on exploring the tenements over 3 years to increase their interest to 85% after which Uranium Equities will be free-carried to decision to mine.
- The Company's exploration portfolio has been rationalised during the 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.

Corporate & Financial

- 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.
- A non-renounceable 1 for 5 rights issue was completed in May 2013, raising \$0.85 million before costs.
- At 30 June 2013 the Company had cash and cash equivalents of \$0.86 million.

Strategy & Outlook

- The Company has separated its exploration and PhosEnergy Process assets (demerger) following approval by shareholders on 29 August 2013. The demerger has created two independently focussed companies and allows different funding and development strategies to be applied to the substantially different businesses. It allows shareholders and investors to hold or invest in the exploration assets, the PhosEnergy Process, or both depending on their investment strategies and risk appetite.
- The demerger will be implemented by:
 - (a) transferring the PhosEnergy Process assets into the Company's wholly owned subsidiary, PhosEnergy Limited (PEL) in return for shares in PEL; and
 - (b) distributing shares in PEL to shareholders (for no cash outlay) on an approximately 1 for 10 basis.
- Uranium Equities is providing transitional management and administration services to PEL.
- Uranium Equities will continue activities in the exploration, evaluation and development of uranium projects with the objective of establishing a significant uranium production business.
- The Company, in conjunction with joint venture partners, will continue to explore in premier Australian uranium districts in the coming year.
- Funding for the Company and its projects is expected to comprise a combination of use of existing cash, realisation of existing assets, joint venture arrangements and access to the equity market, if necessary. The Directors will take the appropriate action, including curtailing expenditure, to ensure these funds are available as and when they are required.

6. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than the separation of the Company's PhosEnergy Process and exploration assets described above, there have been no significant changes in the state of affairs of the Company.

7. REMUNERATION REPORT – AUDITED

This report outlines remuneration arrangements in place for directors and executives of Uranium Equities and the consolidated entity.

7.1 Principles of compensation - audited

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company and the consolidated entity and include directors and other executives.

The broad remuneration policy of the Company is to ensure that remuneration levels for executive directors, secretaries and other key management personnel are set at competitive levels to attract and retain appropriately qualified and experienced personnel. Remuneration packages include a combination of fixed remuneration and long term incentives.

During the year the Company established an Employee Long Term Incentive Plan ("LTIP") allowing the Board to grant performance-based rights linked to measurable achievements which contribute to the short term operational performance and the long term growth of the Company ("Performance Rights"). Performance Rights convert into fully paid ordinary shares in the Company when the particular vesting conditions are met. The LTIP was approved by shareholders on 24 May 2013.

The Company also has an Employee and Consultants Option Plan which provides key management personnel incentives to maximise shareholder returns through increases in share prices over time. Option exercise prices are set at a premium to the share price at grant date.

The consolidated entity's performance over the last 5 years is as follows:

	2013 \$	2012 \$	2011 \$	2010 \$	2009 \$
Loss attributable to owners of the company	(2,612,310)	(2,047,865)	(2,494,378)	(997,778)	(6,494,848)
Dividends paid	-	-	-	-	-
Change in share price	(0.01)	(0.02)	-	(0.04)	(0.11)

Fixed compensation

Fixed remuneration consists of base remuneration (which is calculated on a total cost basis and includes any FBT charges related to employee benefits), as well as employer contributions to superannuation funds.

Remuneration levels are reviewed annually through a process that considers the person's responsibilities, expertise, duties and personal performance.

Long-term incentives

Employee Long Term Incentive Plan (LTIP)

The Employee Long Term Incentive Plan ("LTIP"), established in 2013, allows the Board to grant performance-based rights linked to measurable achievements to employees of the Company, including executive directors ("Performance Rights"). Performance Rights convert into fully paid ordinary shares in the Company when the particular vesting conditions are met.

The Company believes that grants of Performance Rights made to eligible participants under the LTIP provides a powerful tool to underpin the Company's employment and growth strategy, and that the implementation of the LTIP will:

- enable the Company to recruit and retain the people needed to achieve the Company's business objectives;
- link the reward of key staff with the achievements of strategic goals and the long term performance of the Company;
- align the financial interest of participants of the LTIP with those of shareholders; and
- provide incentives to participants of the LTIP to focus on superior performance that creates shareholder value.

DIRECTORS' REPORT

A summary of the LTIP is as follows:

FEATURE	DETAILS
Eligibility	All full-time employees and permanent part-time employees (including executive directors and the managing director) of the Company are eligible participants. Shareholder approval is required before any director or related party of the Company can participate in the LTIP.
Award quantum	The award quantum will be determined in consideration of total remuneration of the individual, market relativities and business affordability. The LTIP does not set out a maximum number of shares that may be issuable to any one person, other than a 5% limit of the total number of issued shares.
Performance & Service conditions	The performance conditions that must be satisfied in order for the performance rights to vest are determined by the Board. The performance conditions may include one or more of the following: <ul style="list-style-type: none"> ■ Employment of a minimum period of time following the issue of unlisted Performance Rights; ■ Achievement of specific objectives by the participant and/or the Company. This may include the achievement of share price targets and other major long term milestone targets; or ■ Such other performance objectives as the Board may determine.
Vesting	Vesting will occur at the end of a defined period and upon the achievement of the performance and service conditions.
Term and lapse	The term of the performance rights is determined by the Board in its absolute discretion, but will ordinarily have a three year term up to a maximum of five years. Performance Rights are subject to lapsing if performance conditions are not met by the relevant measurement date or expiry date (if no other measurement date is specified) or if employment is terminated for cause or in circumstances as described below.
Price Payable by Participant	No consideration.
Cessation of Employment	If an employee leaves the Company prior to the expiration of the relevant vesting period for a particular award of performance rights, generally such performance rights would lapse except in certain limited situations such as disability, redundancy or death.

Employee and Consultants Option Plan

Options may be issued under the Employee and Consultants Option Plan to directors (subject to shareholder approval), employees and consultants of the Company and, subject to discretion of the Directors, vested options must be exercised within 3 months of termination. Typically, other than continuing to provide services to the Company, there is no performance hurdle required to be achieved by the Company to enable the options to be exercised.

The Company believes that the issue of options aligns the interests of directors, employees and shareholders alike. Importantly, option exercise prices are generally set at a premium to the share price.

The Company's Securities Trading Policy prohibits options being exercised or the use of derivatives to limit risk in a closed period or whilst an optionholder has price sensitive inside information.

Performance related compensation

Performance linked compensation is restricted to the Company's Employee Long Term Incentive Plan described above which provides for grants of performance rights over ordinary shares in the Company. Performance Rights do not vest unless performance conditions are met.

DIRECTORS' REPORT

Employment contracts

The terms and conditions of the Managing Director's employment contract include annual remuneration of \$285,000 plus superannuation, no fixed term and a standard notice period of 3 months. If Mr Jones' role undergoes a material variation or diminution of responsibilities, including material change in his authority in respect of the business of the Company or a change in his reporting relationship with the Board, then Mr Jones shall have the option to terminate his contract, and if he so elects the Company will pay him 6 month's salary in addition to statutory entitlements of annual and long service leave. No other termination benefits are payable.

Mr Bryn Jones, the Company's Managing Director, was appointed to the board of Energia Minerals Limited following the 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.

The CFO & Company Secretary has a contract of employment with the Company which is of unlimited term and capable of termination on one month's notice. Termination payments are linked to length of service with a maximum of 8 weeks base salary payable after 4 years of service.

Non-executive directors

The Board recognises the importance of attracting and retaining talented non-executive directors and aims to remunerate these directors in line with fees paid to directors of companies in the mining and exploration industry of a similar size and complexity.

Total fees for all non-executive directors, last voted upon by shareholders at the 2006 Annual General Meeting ('AGM'), are not to exceed \$200,000 per annum. Other than superannuation, non-executive directors are not provided with retirement benefits.

Non-executive directors are not eligible to participate in the Company's LTIP.

In December 2012 the Board resolved as a cash conservation measure to accrue rather than pay non-executive director fees until further notice. At 30 June 2013 the balance of director's fees owing was \$110,833.

DIRECTORS' REPORT

7.2 Directors' and executive officers' remuneration - audited

Details of the nature and amount of each major element of remuneration of each director of the Company and other key management personnel are:

CONSOLIDATED AND THE COMPANY KEY MANAGEMENT PERSONNEL	SHORT-TERM PAYMENTS			POST- EMPLOYMENT PAYMENTS	TERMINATION BENEFITS	SHARE-BASED PAYMENTS	TOTAL	VALUE OF OPTIONS AS PROPORTION OF REMUNERATION %
	SALARY & FEES ⁽¹⁾ \$	NON- MONETARY BENEFITS \$	TOTAL \$					
DIRECTORS								
A W Kiernan	2013	64,220	3,262	67,482	5,780	-	73,262	-
	2012	64,220	3,067	67,287	5,780	-	73,067	-
B L Jones	2013	259,738	3,669	263,407	22,300	1,224	286,931	0.4%
	2012	283,058	3,427	286,485	23,050	-	309,535	-
T R B Goyder	2013	55,046	3,262	58,308	4,954	-	63,262	-
	2012	55,046	3,067	58,113	4,954	-	63,067	-
T C Pool	2013	60,000	3,262	63,262	-	1,461	64,723	2.3%
	2012	60,000	3,067	63,067	-	585	63,652	0.9%
EXECUTIVES								
R A Heinrich (CFO & Company Secretary)	2013	200,000	3,902	203,902	18,000	692	222,594	0.3%
	2012	195,833	3,640	199,473	17,625	7,546	224,644	3.4%

⁽¹⁾ Includes non-executive directors' fees accrued but not paid of \$110,833 (2012: nil). Refer section 7.1 above.

DIRECTORS' REPORT

Notes in relation to the table of directors' and executive officers' remuneration

A. The fair value of the options and performance rights is calculated at the date of grant using a binomial option-pricing model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed is the portion of the fair value of the options and performance rights allocated to this reporting period.

Details of performance related remuneration

Details of the consolidated entity's policy in relation to the proportion of remuneration that is performance related is discussed in section 7.1 of this report.

7.3 Equity instruments - audited

7.3.1. Options and rights over equity instruments granted as compensation

a) Options

There were no options over ordinary shares in the Company granted as compensation during the reporting period.

b) Performance Rights

Details on Performance Rights over ordinary shares in the Company that were granted as compensation to each key management person during the reporting period and details on performance rights that vested during the reporting period are as follows:

	NUMBER OF PERFORMANCE RIGHTS GRANTED DURING 2013	DATE GRANTED	NUMBER OF PERFORMANCE RIGHTS VESTED DURING 2013	FAIR VALUE PER PERFORMANCE RIGHT AT GRANT DATE (\$)	EXPIRY DATE
DIRECTORS					
B L Jones	2,850,000	3-Jun-13	-	0.012	30-Jun-16
EXECUTIVES					
R A Heinrich	1,500,000	3-Jun-13	-	0.013	30-Jun-16

Performance conditions have been structured so that the Performance Rights will only vest on achievement of both absolute share price hurdles and strategic objectives. In addition, a further service period must be completed before any shares are issued.

Share price hurdles

The Board has determined that up to 50% of the Performance Rights will vest depending on the Company's share price as at the measurement (or test) date of 30 June 2014 as compared to the share price hurdles outlined in the following table. The Company's share price will be calculated on its 60 day VWAP.

IF THE 60 DAY VWAP AS AT 30 JUNE 2014 IS GREATER THAN THE FOLLOWING SHARE PRICE HURDLES	PERCENTAGE OF PERFORMANCE RIGHTS WITH SHARE PRICE HURDLES WHICH WILL VEST	NUMBER OF PERFORMANCE RIGHTS WITH SHARE PRICE HURDLES WHICH WILL VEST	
		B JONES	R HEINRICH
5.3 cents	33%	470,250	247,500
6.0 cents	50%	712,500	375,000
7.0 cents	75%	1,068,750	562,500
8.0 cents	100%	1,425,000	750,000

DIRECTORS' REPORT

Strategic Objectives

The Board has determined that the balance of 50% of the Performance Rights will vest depending on a number of strategic objectives being met by the respective measurement (or test) dates as outlined in the following table.

NUMBER OF PERFORMANCE RIGHTS WHICH WILL VEST		PERFORMANCE CONDITION	TEST DATE
B JONES	R HEINRICH		
470,250	250,000	On-site operation of the PhosEnergy Demonstration Plant on one or more phosphate facilities	30 June 2014
470,250	-	Completion of a Definitive Feasibility Study (DFS) on the PhosEnergy Process	30 June 2014
470,250	250,000	Major joint venture agreement executed on at least one existing exploration project	31 December 2013
-	250,000	Systems and protocols established to allow for quarterly Research & Development Tax Offset claims	31 December 2013

Service Period

Following the measurement dates on 31 December 2013 and 30 June 2014, it is a condition that an additional 12-18 month service period must be completed by Mr Jones and Mr Heinrich meaning that any Performance Rights entitled to vest will not vest and convert to ordinary shares until 1 July 2015. It is also a condition that Mr Jones and Mr Heinrich be employees of the Company at 1 July 2015. The total vesting period will be 2 years and 1 month.

7.3.2. Exercise of options or performance rights granted as compensation

During the reporting period there were no shares issued on the exercise of options or vesting of Performance Rights previously granted as compensation.

7.3.3. Analysis of Performance Rights over equity instruments granted as compensation

Details of the vesting profile of the performance rights granted as remuneration to each director of the Company and each of the named Company executives are set out below:

	NUMBER GRANTED	DATE GRANTED	% VESTED IN YEAR	FORFEITED IN YEAR	FINANCIAL YEAR IN WHICH GRANT VESTS
DIRECTORS					
B L Jones	2,850,000	3-Jun-13	-	-	2016
EXECUTIVES					
R A Heinrich	1,500,000	3-Jun-13	-	-	2016

7.3.4. Analysis of movement in options and Performance Rights

The movement during the reporting period, by value, of options and performance rights over ordinary shares in the Company held by each Company director and each of the named key management personnel is detailed below:

	VALUE					
	GRANTED IN YEAR \$ (A)		EXERCISED OR VESTED IN YEAR \$ (B)		LAPSED IN YEAR \$ (C)	
	OPTIONS	PERFORMANCE RIGHTS	OPTIONS	PERFORMANCE RIGHTS	OPTIONS	PERFORMANCE RIGHTS
DIRECTORS						
B L Jones	-	34,319	-	-	-	-
EXECUTIVES						
R A Heinrich	-	19,413	-	-	-	-

- A.** The value of options and Performance Rights with a market condition granted in the year is the fair value calculated at grant date using a binomial option-pricing model. The value of each Performance Right with a non-market condition such as the achievement of strategic objectives is based on the underlying share price at the grant date. The total value attached to these rights takes into account the Company's best estimate at the grant date of the number of rights that will vest.

The total value of the options and performance rights granted is included in the table above. This amount is allocated to remuneration over the vesting period.

- B.** The value of options and Performance Rights exercised during the year is calculated as the market price of shares of the Company on the ASX as at close of trading on the date the options or Performance rights were exercised after deducting the price paid to exercise the option or Performance Right.
- C.** The value of the options or Performance Rights that lapsed during the year represents the benefit foregone and is calculated at the date the option or Performance Right lapsed using either a binomial option-pricing model or market value of underlying shares with no adjustments for whether the performance criteria have or have not been achieved.

8. DIVIDENDS

No dividends were declared or paid for the previous year and the directors recommend that no dividend be paid for the current year.

9. EVENTS SUBSEQUENT TO REPORTING DATE

Except as mentioned below, in the opinion of the directors there has not arisen in the interval between the end of the financial year and the date of this report any matter or circumstance that has significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

On 17 July 2013 the Company announced that it would separate its exploration and PhosEnergy Process assets, subject to receiving shareholder and other contractual approvals. The demerger was approved by shareholders on 29 August 2013.

The demerger will create two independently focussed companies and allows different funding and development strategies to be applied to the substantially different businesses. It allows shareholders and investors to hold or invest in the exploration assets, the PhosEnergy Process, or both depending on their investment strategies and risk appetite.

The demerger has been implemented by:

- transferring the PhosEnergy Process assets into the Company's wholly owned subsidiary, PhosEnergy Limited (PEL) in return for shares in PEL; and
- distributing shares in PEL to shareholders (for no cash outlay) on an approximately 1 for 10 basis.

Shareholders with registered addresses in Australia and New Zealand (Eligible Shareholders) will hold shares in both Uranium Equities and PEL. PEL will remain unlisted in the near term. The Board will sell PEL shares held by shareholders with foreign registered addresses on their behalf.

The anticipated financial impact of the demerger on the consolidated entity is as follows:

Decrease in current assets	(1)
Decrease in non-current assets	(988,395)
Decrease in equity	(988,396)
Increase in loss for the period	(218,989)

On 6 August 2013 the Company announced that it had, together with Cameco Corporation, entered into an Agreement with a US based fertilizer producer to assess the commercial viability of applying the PhosEnergy Process (the Process) to the producer's existing operations. The Agreement covers on-site operation of the PhosEnergy demonstration plant with the results providing inputs to a pre-feasibility study. The pre-feasibility study will allow the parties to assess the economic viability of the Process and make a commercial decision on progressing further toward a full scale operation. Operation of the demonstration plant commenced in August and will be ongoing for a number of months with the pre-feasibility study following shortly thereafter.

DIRECTORS' REPORT

10. LIKELY DEVELOPMENTS

The Company will continue activities in the exploration, evaluation and development of uranium projects with the objective of establishing a significant uranium production business.

11. DIRECTORS' INTERESTS

Securities

The relevant interest of each director in the shares, rights or options over such instruments issued by the Company and other related bodies corporate, as notified by the directors to the ASX in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

	ORDINARY SHARES	OPTIONS OVER ORDINARY SHARES	PERFORMANCE RIGHTS OVER ORDINARY SHARES
A W Kiernan	5,371,570	1,500,000	-
B L Jones	1,230,841	1,000,000	2,850,000
T R B Goyder	51,377,599	1,000,000	-
T C Pool	559,548	500,000	-

12. OPTIONS & PERFORMANCE RIGHTS

Options granted to directors and officers of the Company

During or since the end of the financial year, the Company did not grant any options over unissued ordinary shares in the Company to directors and officers of the Company as part of their remuneration.

Unissued shares under options

At the date of this report, 6,475,000 unissued ordinary shares of the Company are under option on the following terms and conditions:

EXPIRY DATE	EXERCISE PRICE	NUMBER OF SHARES
15-Nov-13	\$0.250	875,000
02-Dec-13	\$0.300	500,000
25-Nov-13	\$0.250	3,000,000
21-Feb-14	\$0.078	300,000
7-Jul-14	\$0.250	1,300,000
24-Nov-14	\$0.250	500,000

These options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

Performance Rights

At the date of this report, 6,102,500 Performance Rights have been issued on the following terms and conditions:

EXPIRY DATE	EXERCISE PRICE	NUMBER OF SHARES
30-Jun-16	Nil	6,102,500

These Performance Rights do not entitle the holder to participate in any share issue of the Company or any other body corporate.

Shares issued on exercise of options and Performance Rights

During or since the end of the financial year, the Company has not issued ordinary shares as a result of the exercise of options or vesting of Performance Rights.

13. INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has agreed to indemnify all the directors and officers who have held office of the Company or its controlled entities during this financial year, against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as directors or officers of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

During the financial year the Company has paid insurance premiums of \$16,312 in respect of Directors' and Officers' liability and legal expenses insurance contracts, for current and former directors and officers, including executive officers of the Company and directors and executive officers and secretaries of its controlled entities. The insurance premiums relate to:

- costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome; and
- other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

The amount of insurance paid is included in directors and executives remuneration.

14. NON-AUDIT SERVICES

During the year KPMG, the Company's auditor, has performed no other services in addition to their statutory audit duties.

15. LEAD AUDITOR'S INDEPENDENCE DECLARATION

The Lead Auditor's Independence Declaration is set out on page 27 and forms part of the directors' report for financial year ended 30 June 2013.

This report is made with a resolution of the directors:



Bryn Jones
Managing Director

Dated at Perth this the 29th day of August 2013.

LEAD AUDITOR'S INDEPENDENCE DECLARATION



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 audit for the financial year ended 30 June 2013 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Darren Ball
Partner

Adelaide

29 August 2013

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Liability limited by a scheme approved under Professional Standards Legislation.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2013

	NOTE	2013	2012
TOTAL REVENUE		-	-
Impairment losses on exploration and evaluation assets	13	(1,791,452)	(128,475)
Corporate and administration expenses	3	(997,003)	(919,678)
Loss on disposal of fixed assets		(9,538)	(683)
RESULTS FROM OPERATING ACTIVITIES		(2,797,993)	(1,048,836)
Finance income	6	114,624	226,108
Finance costs	6	(35,826)	(104,964)
NET FINANCE INCOME		78,798	121,144
Impairment loss on equity accounted investee	12	(435,188)	-
Share of equity accounted investee losses	12	(1,254,299)	(1,386,923)
Gain on dilution of equity accounted investee	12	1,146,654	-
LOSS BEFORE INCOME TAX		(3,262,028)	(2,314,615)
Income tax benefit	7	649,718	266,750
LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		(2,612,310)	(2,047,865)
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit and loss:			
Foreign currency translation differences for foreign operations		97,204	122,647
TOTAL OTHER COMPREHENSIVE INCOME		97,204	122,647
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		(2,515,106)	(1,925,218)
EARNINGS PER SHARE			
Basic loss per share attributable to ordinary equity holders (cents per share)	8	(0.010)	(0.009)
Diluted loss per share attributable to ordinary equity holders (cents per share)	8	(0.010)	(0.009)

The consolidated statement of comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 33 to 61.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2013

	NOTE	ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP					TOTAL
		SHARE CAPITAL \$	SHARE-BASED PAYMENTS RESERVE \$	TRANSLATION RESERVE \$	ACCUMULATED LOSSES \$	\$	
BALANCE AT 1 JULY 2012		46,903,731	5,289,833	121,786	(29,291,827)		23,023,523
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD							
Loss for the period		-	-	-	(2,612,310)		(2,612,310)
OTHER COMPREHENSIVE INCOME/(LOSS)							
Foreign Currency Translation differences for foreign operations		-	-	97,204	-		97,204
Total Other Comprehensive Income/(Loss)		-	-	97,204	-		97,204
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		-	-	97,204	(2,612,310)		(2,515,106)
TRANSACTIONS WITH OWNERS, RECORDED DIRECTLY TO EQUITY							
Issue of ordinary shares	19	1,034,176	-	-	-		1,034,176
Share-based payment transactions	19	188,000	3,747	-	-		191,747
TOTAL CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS		1,222,176	3,747	-	-		1,225,923
BALANCE AT 30 JUNE 2013		48,125,907	5,293,580	218,990	(31,904,137)		21,734,340

The consolidated statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 33 to 61.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2013

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP					
	NOTE	SHARE CAPITAL	SHARE-BASED PAYMENTS RESERVE	TRANSLATION RESERVE	ACCUMULATED LOSSES	TOTAL
		\$	\$	\$	\$	\$
BALANCE AT 1 JULY 2011		44,997,404	5,244,681	(861)	(27,243,962)	22,997,262
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD						
Loss for the period		-	-	-	(2,047,865)	(2,047,865)
OTHER COMPREHENSIVE INCOME/(LOSS)						
Foreign Currency Translation differences for foreign operations		-	-	122,647	-	122,647
Total Other Comprehensive Income/(Loss)		-	-	122,647	-	122,647
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		-	-	122,647	(2,047,865)	(1,925,218)
TRANSACTIONS WITH OWNERS, RECORDED DIRECTLY TO EQUITY						
Issue of ordinary shares		1,906,327	-	-	-	1,906,327
Share-based payment transactions		-	45,152	-	-	45,152
TOTAL CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS		1,906,327	45,152	-	-	1,951,479
BALANCE AT 30 JUNE 2012		46,903,731	5,289,833	121,786	(29,291,827)	23,023,523

The consolidated statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 33 to 61.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE 2013

	NOTE	2013	2012
CURRENT ASSETS			
Cash and cash equivalents	9	855,736	2,114,575
Trade and other receivables	10	185,388	325,206
TOTAL CURRENT ASSETS		1,041,124	2,439,781
NON-CURRENT ASSETS			
Restricted Cash	11	1,736,329	1,786,179
Equity accounted investees	12	1,832,613	973,241
Exploration and evaluation assets	13	19,123,530	19,820,909
Property, plant and equipment	14	203,543	269,215
TOTAL NON-CURRENT ASSETS		22,896,015	22,849,544
TOTAL ASSETS		23,937,139	25,289,325
CURRENT LIABILITIES			
Trade and other payables	15	357,307	363,845
Borrowings	16	-	-
Provisions	17	48,600	367,636
Employee benefits	18	207,097	179,509
TOTAL CURRENT LIABILITIES		613,004	910,990
NON-CURRENT LIABILITIES			
Provisions	17	1,564,623	1,278,846
Employee benefits	18	25,172	75,966
TOTAL NON-CURRENT LIABILITIES		1,589,795	1,354,812
TOTAL LIABILITIES		2,202,799	2,265,802
NET ASSETS		21,734,340	23,023,523
EQUITY			
Share capital	19	48,125,907	46,903,731
Reserves		5,512,570	5,411,619
Accumulated losses		[31,904,137]	[29,291,827]
TOTAL EQUITY		21,734,340	23,023,523

The consolidated statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 33 to 61.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2013

	NOTE	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from operations		-	-
Cash paid to suppliers and employees		(701,674)	(847,117)
Interest paid		(34,457)	(38,479)
Interest received		101,544	233,735
Income tax received		649,718	510,184
NET CASH FROM/(USED) IN OPERATING ACTIVITIES	25	15,131	(141,677)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for investments		(1,305,002)	-
Payments for mining exploration and evaluation and rehabilitation		(1,058,458)	(2,827,400)
Acquisition of property, plant and equipment		(961)	(16,892)
NET CASH USED IN INVESTING ACTIVITIES		(2,364,421)	(2,844,292)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from issue of shares		1,040,601	1,906,327
Proceeds from short term borrowings		200,000	-
Repayment of short term borrowings		(200,000)	-
Movement in restricted cash		49,850	65,859
NET CASH FROM FINANCING ACTIVITIES		1,090,451	1,972,186
Net increase/(decrease) in cash and cash equivalents		(1,258,839)	(1,013,783)
Cash and cash equivalents at 1 July		2,114,575	3,128,358
CASH AND CASH EQUIVALENTS AT 30 JUNE	9	855,736	2,114,575

The consolidated statement of cash flows are to be read in conjunction with the notes to the financial statements set out on pages 33 to 61.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

Uranium Equities Limited is a company domiciled in Australia at Level 5, 29 King William Street, Adelaide, South Australia. The consolidated financial report of the Company for the financial year ended 30 June 2013 comprises the Company and its subsidiaries (together referred to as the 'consolidated entity').

The financial report was authorised for issue by the directors on 29 August 2013.

a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ('AASBs') including Australian Interpretations adopted by the Australian Accounting Standards Board and the Corporations Act 2001. The consolidated financial report of the consolidated entity complies with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

b) Basis of Preparation

The financial report is presented in Australian dollars, the Company's functional currency, and is prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: financial instruments classified as available for sale.

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 30 June 2013 the consolidated entity had accumulated losses of \$31.9 million, however net assets are \$21.7 million and the Directors believe the consolidated entity has sufficient cash and cash equivalents of \$0.86 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 \$2.1 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, realisation of existing assets, joint venture arrangements and access to the equity market, 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.

New and amended standards adopted by the consolidated entity

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2012 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods. However, amendments made to AASB 101 Presentation of Financial Statements effective 1 July 2012 now require the statement of comprehensive income to show the items of comprehensive income grouped into those that are not permitted to be reclassified to profit or loss in a future period and those that may have to be reclassified if certain conditions are met.

Early adoption of standards

The consolidated entity has not elected to early adopt any accounting standards or amendments.

Use of Estimates and Judgements

The preparation of a financial report in conformity with AASB's requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by each entity in the consolidated entity.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The critical estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are listed below.

(i) Recoverability of exploration expenditure

The carrying amount of exploration and evaluation expenditure is dependent on the future successful outcome from exploration activity or alternatively the sale of the respective areas of interest.

(ii) Share-based payment transactions

The consolidated entity measures the cost of equity-settled share-based payments at fair value at the grant date using a binomial formula taking into account the terms and conditions upon which the instruments were granted.

(iii) Rehabilitation provision

Estimates and assumptions of the appropriate discount rate at which to discount the liability, the timing of cash flows, the application of relevant environmental legislation and the future expected costs of rehabilitation are all used in determining the carrying value of the rehabilitation provision. The carrying amount of the provision is set out in note 17.

The accounting policies described below have been applied consistently to all periods presented and to all entities in the consolidated entity.

c) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial report from the date that control commences until the date that control ceases.

All business combinations occurring on or after 1 July 2009 are accounted for by applying the acquisition method. Transaction costs that the consolidated entity incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred.

Dilution gains and losses on increases in non-controlling interests of subsidiaries are recorded directly to equity rather than the consolidated statement of comprehensive income, reflecting the view that non-controlling interests are equity interests.

(ii) Associates

Associates are those entities in which the consolidated entity has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the consolidated entity holds between 20 and 50 percent of the voting power of another entity. Other qualitative factors are also considered in determining if the consolidated entity has significant influence where the consolidated entity holds less than 20 percent of the voting power.

Associates are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The financial statements include the consolidated entity's share of the income and expenses and equity movements of equity accounted investees, after adjustment to align the accounting policies with those of the consolidated entity, from the date that significant influence commences until the date that significant influence ceases. When the consolidated entity's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the consolidated entity has an obligation or has made payments on behalf of the investee.

(iii) Joint ventures

The interests of the consolidated entity in unincorporated joint ventures and jointly controlled assets are brought to account by recognising in its financial statements its share of jointly controlled assets, jointly incurred liabilities and expenses, and its share of income that it earns from the sale of any goods or services by the joint venture.

(iv) Transactions eliminated on consolidation

Intra-group balances, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements

(v) Common control transactions

Transfers of investments in associates between companies under common control are recorded at book value.

d) Foreign currency translation

Items included in the financial statements of each of the consolidated entity's controlled entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when they are deferred in equity as part of the net investment in a foreign operation.

On consolidation, exchange differences arising from the translation of any net investment in foreign operations are taken to shareholders' equity. When a foreign operation is sold, a proportionate share of such exchange differences is recognised in the statement of comprehensive income, as part of the gain or loss on sale where applicable. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

e) Segment reporting

The Company determines and presents operating segments based on the information that internally is provided to the Managing Director, who is the consolidated entity's chief operating decision maker.

An operating segment is a component of the consolidated entity that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the consolidated entity's other components.

Segment results that are reported to the Managing Director included items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's corporate office), corporate office expenses, and income tax assets and liabilities.

f) Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see accounting policy (m)). The cost of assets includes the cost of materials, direct labour, and where appropriate, an appropriate proportion of overheads.

(ii) Leased assets

Leases in terms of which the consolidated entity assumes substantially all of the risks and rewards of ownership are classified as finance leases. The plant and equipment acquired by way of a finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation (see below) and impairment losses (see accounting policy (m)).

(iii) Subsequent costs

The consolidated entity recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other costs are recognised in the statement of comprehensive income as an expense as incurred.

g) Depreciation

Depreciation is charged to the statement of comprehensive income on a diminishing value basis over the estimated useful lives of each part of an item of property, plant and equipment. The depreciation rates used in the current and comparative periods are as follows:

■ plant and equipment	10%-50%
■ fixtures and fittings	7.5%-33%
■ IT equipment and software	25%-67%

The depreciation rates, useful lives and residual values, if not insignificant, are reassessed annually.

h) Exploration, evaluation, development and tenement acquisition costs

Exploration, evaluation, development and tenement acquisition costs in relation to separate areas of interest for which rights of tenure are current, are capitalised in the period in which they are incurred and are carried at cost less accumulated impairment losses. The costs of acquisition of an area of interest and exploration expenditure relating to that area of interest are carried forward as an asset in the statement of financial position so long as the following conditions are satisfied:

- 1) the rights to tenure of the area of interest are current; and
- 2) at least one of the following conditions is also met:
 - the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
 - exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation expenditures are assessed for impairment when facts and circumstances suggest that their carrying amount exceeds the recoverable amount and where this is the case an impairment loss is recognised. Should a project or an area of interest be abandoned, the expenditure will be written off in the period in which the decision is made. Where a decision is made to proceed with development, accumulated expenditure will be tested for impairment, and reclassified to development, before being amortised over the life of the reserves associated with the area of interest once mining operations have commenced.

i) Investments

Financial instruments held by the consolidated entity are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss recognised in equity through other comprehensive income, except for impairment losses which are recognised in profit or loss. Where these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss.

The fair value of financial instruments classified as available-for-sale is their quoted bid price at the reporting date.

Financial instruments classified as available-for-sale investments are recognised or derecognised by the consolidated entity on the date it commits to purchase or sell the investments.

When a decline in the fair value of an available-for-sale financial asset has been recognised in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

j) Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently at amortised cost less impairment losses (see accounting policy (m)).

k) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and term deposits which are readily convertible to cash. Bank overdrafts that are repayable on demand and form an integral part of the consolidated entity's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

l) Restricted Cash

Funds placed on deposit with financial institutions to secure bank guarantees are classified as restricted cash.

m) Impairment

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. Value in use is the present value of the future cash flows expected to be derived from the asset or cash generating unit. A cash generating unit is the smallest group of assets that generate cashflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical and commercial feasibility or facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Exploration and evaluation assets are tested for impairment when any of the following facts and circumstances exist:

- The term of exploration licence in the specific area of interest has expired during the reporting period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area are not budgeted or planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the decision was made to discontinue such activities in the specified area; or
- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Where a potential impairment is indicated, an assessment is performed for each cash generating unit which is no larger than the area of interest.

n) Reversals of impairment

Impairment losses, other than in respect of goodwill, are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

An impairment loss in respect of goodwill is not reversed.

An impairment loss in respect of a held-to-maturity security or receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available for sale is not reversed through profit or loss. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognised in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

o) Share capital

(i) Ordinary share capital

Ordinary shares and partly paid shares are classified as equity.

(ii) Transaction costs

Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit.

p) Leases

Finance leases, which transfer substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of minimum lease payments.

Other leases are operating leases and are not recognised in the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

q) Employee benefits

(i) Share-based payment transactions

The Company provides benefits to employees (including directors) in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The Company currently provides benefits under an Employee and Consultants Share Option Plan and Employee Long Term Incentive Plan.

The cost of these equity-settled transactions with employees and directors is measured by reference to the fair value at the date at which they are granted.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ('market conditions'). The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

- (i) the extent to which the vesting period has expired; and
- (ii) the number of awards that, in the opinion of the directors, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options and rights is reflected as additional share dilution in the computation of earnings per share

(ii) Wages, salaries, annual leave and non-monetary benefits

Liabilities for employee benefits for wages, salaries, annual leave represent present obligations resulting from employees' services provided to reporting date, calculated at undiscounted amounts based on remuneration wage and salary rates that the consolidated entity expects to pay as at reporting date including related on-costs, such as, workers compensation insurance and payroll tax.

The consolidated entity's obligation in respect of long-term employee benefits such as long service leave is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value using corresponding government bond yields as a discount rate.

r) Provisions

A provision is recognised in the statement of financial position when the consolidated entity has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

The consolidated entity records the present value of the estimated cost of legal and constructive obligations to restore operating locations in the period in which the obligation arises. The nature of restoration activities includes the removal of facilities and restoration of affected areas.

When the rehabilitation provision is initially recorded, the estimated cost is capitalised by increasing the carrying amount of the related exploration and evaluation assets.

At each reporting date the rehabilitation provision is re-measured to reflect any changes in discount rates and timing and amounts of the costs to be incurred. Such changes in the estimated liability are accounted for prospectively from the date of the change and are added to, or deducted from, the related exploration and evaluation asset.

The unwinding of the discount is recorded as an accretion charge within finance costs. The carrying amount capitalised in exploration and evaluation assets is capitalised in accordance with accounting policy (h) and (m).

s) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost.

t) Revenue

(i) Other income - sales of assets and investments

Income from the sale of assets and investments is recognised in the statement of comprehensive income when the significant risks and rewards of ownership have been transferred to external parties.

(ii) Option fee

Revenue from option fees is recognised in the statement of comprehensive income in proportion to the stage of completion of the transaction at the reporting date. Any balance not taken to the statement of comprehensive income is recorded as deferred income in the statement of financial position.

u) Expenses

(i) Operating lease payments

Payments made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of comprehensive income as an integral part of the total lease expense and spread over the lease term.

(ii) Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(iii) Net financing costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest method, the discount unwind on rehabilitation provisions and interest receivable on funds invested.

Interest income is recognised in the statement of comprehensive income as it accrues, using the effective interest method. The interest expense component of finance lease payments is recognised in the statement of comprehensive income using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

v) Income tax

Income tax in the statement of comprehensive income for the periods presented comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

(i) Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

(ii) Deferred tax

Deferred tax is accounted for using the balance sheet liability method. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the statement of financial position. The tax base of an asset or liability is the amount attributed to the asset or liability for tax purposes.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company/ consolidated entity intends to settle its current tax assets and liabilities on a net basis.

(iii) Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the statement of comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

w) Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax ('GST'), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SEGMENT REPORTING

Business segments

During the reporting period, the consolidated entity comprised the following reportable segments which were strategic business units:

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

The PhosEnergy Process is being developed by Urtek LLC, a USA registered company. The consolidated entity has a beneficial interest in Urtek LLC and is providing management services to it. Subsequent to the reporting period, the PhosEnergy Process assets have been separated into a new entity and demerged – see Note 27.

Exploration activities are based in Australia, mainly in the Northern Territory, South Australia and Western Australia.

	PHOSENERGY		EXPLORATION		TOTAL	
	2013	2012	2013	2012	2013	2012
SEGMENT REVENUE	-	-	-	-	-	-
Advisory and other income					-	-
TOTAL REVENUE					-	-
SEGMENT RESULT	8,598	(1,400,689)	(1,791,452)	(128,475)	(1,782,854)	(1,529,164)
Corporate administrative expenses					(953,942)	(869,044)
Depreciation & amortisation					(43,061)	(50,635)
Net financing income					78,798	121,144
Other					(560,969)	13,084
LOSS BEFORE INCOME TAX					(3,262,028)	(2,314,615)
SEGMENT ASSETS	1,086,998	973,241	19,196,499	21,705,282	20,283,497	22,678,523
Unallocated assets					3,653,642	2,610,802
TOTAL ASSETS					23,937,139	25,289,325
SEGMENT LIABILITIES	-	-	1,613,223	1,808,688	1,613,223	1,808,688
Unallocated liabilities					589,576	457,114
TOTAL LIABILITIES					2,202,799	2,265,802

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. CORPORATE ADMINISTRATIVE EXPENSES

	NOTE	2013	2012
Accounting fees		79,118	58,470
Annual report costs		16,398	17,737
ASX fees		24,907	24,933
Audit fees	5	51,500	52,000
Depreciation and amortisation		43,061	50,635
Insurance		37,203	47,822
Legal fees		59,868	13,870
Marketing		17,383	6,039
Other		126,688	52,777
Personnel expenses	4	418,059	483,806
Printing and stationery		6,821	2,590
Recruitment		8,502	-
Rent and outgoings		15,621	16,128
Share registry		28,294	12,595
Travel and accommodation		63,580	80,276
		997,003	919,678

4. PERSONNEL EXPENSES

	NOTE	2013	2012
Wages and salaries		181,223	161,584
Directors' fees		190,000	190,000
Other associated personnel expenses		43,885	46,613
Superannuation fund contributions		22,410	41,019
Decrease in liability for annual leave		(47,899)	(13,892)
Increase in provision for long service leave		24,693	13,330
Equity-settled transactions	18	3,747	45,152
		418,059	483,806

In December 2012 the Board resolved as a cash conservation measure to accrue rather than pay non-executive director fees until further notice. Of the \$190,000 director's fees reported above, \$110,833 was owing at 30 June 2013.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. AUDITOR'S REMUNERATION

AUDIT SERVICES	2013	2012
AUDITORS OF THE COMPANY		
KPMG Australia:		
Audit and review of financial reports	51,500	52,000

6. NET FINANCING INCOME

	2013	2012
Interest income	114,624	226,108
Unwind of discount on rehabilitation provision	-	(64,412)
Net foreign exchange gain/(loss)	(1,369)	(2,073)
Interest expense	(34,457)	(38,479)
Total financial expenses	(35,826)	(104,964)
Net financing income	78,798	121,144

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. INCOME TAX

	2013	2012
Current tax benefit	649,718	266,750
Total income tax benefit reported in the statement of comprehensive income	649,718	266,750

Numerical reconciliation between tax expense and pre-tax net loss:

	2013	2012
Loss before tax	3,262,028	2,314,615
Income tax benefit using the domestic corporation tax rate of 30% (2012: 30%)	978,608	694,385
Decrease in income tax benefit due to:		
Non-deductible expenses	(1,850)	(14,251)
Tax benefit/(expense) on PhosEnergy result not recognised	34,127	(379,283)
Over/(under) provision in prior period	671,568	317,338
Current and deferred tax expense/(benefit) not recognised	(1,032,735)	(351,439)
Income tax benefit on loss before tax	649,718	266,750

Deferred tax assets and liabilities for the consolidated entity are attributable to the following:

	ASSETS		LIABILITIES		NET	
	2013	2012	2013	2012	2013	2012
Exploration and evaluation assets	-	-	5,737,059	5,946,273	5,737,059	5,946,273
Capital raising costs	(52,073)	(52,996)	-	-	(52,073)	(52,996)
Rehabilitation provision	(483,967)	(493,945)	-	-	(483,967)	(493,945)
Other items	(78,231)	(83,092)	6,090	2,166	(72,141)	(80,926)
	(614,271)	(630,033)	5,743,149	5,948,439	5,128,878	5,318,406
Tax losses used to offset net deferred tax liability					(5,128,878)	(5,318,406)
Net deferred tax assets and liabilities					-	-

Deferred tax assets have not been recognised in respect of the following items:

	2013	2012
Unrecognised tax losses – Revenue	7,681,252	6,242,005
Unrecognised tax losses – Capital	-	-
Unrecognised tax losses – Total	7,681,252	6,242,005
Unrecognised deferred tax asset on unused tax losses	2,304,375	1,872,601

The unrecognised benefit from temporary differences on capital items amounts to \$988,568 (2012: \$854,879)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. EARNINGS PER SHARE

Basic and diluted earnings/(loss) per share

The calculation of basic and diluted loss per share at 30 June 2013 was based on the loss attributable to ordinary shareholders of the parent entity of \$2,602,310 (2012: \$2,047,865) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2013 of 263,894,967 (2012: 233,125,227).

9. CASH AND CASH EQUIVALENTS

	2013	2012
Bank balances	260,027	198,358
Term deposits	595,709	2,930,000
Cash and cash equivalents in the statement of cash flows	855,736	2,114,575

The effective interest rate earned on deposits during the year was 3.35% (2012: 4.77%).

10. TRADE AND OTHER RECEIVABLES

	2013	2012
Current		
Other trade receivables	148,891	287,792
Prepayments	36,497	37,414
	185,388	325,206

Other trade receivables are net of impairment provision on nil (2012: nil).

11. RESTRICTED CASH

	2013	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

The effective interest rate earned on deposits during the year was 3.52% (2012: 4.93%).

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 FINANCIAL STATEMENTS

12. EQUITY ACCOUNTED INVESTEEES

	2013	2012
UFP INVESTMENTS LLC (UFP)		
Carrying amount at beginning of financial year	973,241	2,237,517
Share of equity accounted investee losses	(1,130,100)	(1,386,923)
Gain on dilution of equity accounted investee	1,146,654	-
Foreign currency translation difference	97,203	122,647
Carrying amount at end of financial year	1,086,998	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	(124,199)	-
Impairment losses	(435,188)	-
Carrying amount at end of financial year	745,615	-
Total equity accounted investees	1,832,613	973,241

UFP Investments LLC

Summary financial information for UFP Investments LLC, not adjusted for the percentage ownership held by the consolidated entity is as follows:

	REPORTING DATE	OWNERSHIP AT 30 JUNE	CURRENT ASSETS	TOTAL ASSETS	TOTAL LIABILITIES (CURRENT)	PROFIT/ (LOSS)
2013						
UFP	30-Jun	30%	3,739,366	3,739,366	116,038	(2,687,091)
2012						
UFP	30-Jun	47%	2,079,608	2,079,608	718	(2,950,899)

The Company and Cameco Corporation have developed 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. UFP Investments LLC (UFP) holds the joint investment of 90% in Urtek LLC with Cameco owning the remaining 10% directly.

In March 2013 Cameco invested a further US\$4 million into UFP, taking their total investment to US\$16.5 million and completing their earn-in to 70% of the entity. The beneficial ownership in the PhosEnergy Process held by Urtek is now Cameco 73%: Uranium Equities 27%.

The consolidated entity's remaining 30% investment in UFP was recognised at fair value (US\$1.2 million) which equalled the consolidated entity's share of the book value of UFP's net assets at 5 March 2013 consisting entirely of cash and cash equivalents. This investment is translated at each balance date into the consolidated entity's functional currency at the prevailing AUD/USD exchange rate.

The share of equity accounted investee losses in the period of \$1,130,100 (2012: \$1,386,923) represents the consolidated entity's equity accounted share of the movement in UFP's net assets. Principally, UFP's investment in Urtek was written off reflecting research and development expenditure made within Urtek in the period.

As discussed in note 26, Tom Pool, a Director of the Company held a beneficial interest in Urtek LLC up until 29 August 2011 at which time the beneficial interest was sold to Cameco Corporation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Energia Minerals Limited (ASX: EMX)

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

ENERGIA	REPORTING DATE	OWNERSHIP AT 30 JUN	CURRENT ASSETS	NON-CURRENT ASSETS	TOTAL ASSETS	TOTAL LIABILITIES (CURRENT)	PROFIT/ (LOSS)
Reported	30-Jun	21.15%	1,638,471	1,951,377	3,589,848	406,520	(3,423,463)
Adjustment	30-Jun	21.15%	-	1,331,908	1,331,908	-	1,331,908
ADJUSTED	30-JUN	21.15%	1,638,471	3,283,286	4,921,757	406,520	(2,091,555)

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 district 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 the Company, holds a 1.23% interest in Energia.

Based on Energia's closing price of 2.0 cents at the reporting date, the fair value of the consolidated entity's investment is \$745,614.

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.

13. EXPLORATION AND EVALUATION EXPENDITURE

	2013	2012
Cost brought forward	19,820,909	17,058,767
Expenditure incurred during the year	1,094,073	2,890,617
Impairment losses	(1,791,452)	(128,475)
	19,123,530	19,820,909

The Company has rationalised its exploration portfolio during the 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 19); and
- Other Frome Basin tenements were relinquished.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. PROPERTY, PLANT AND EQUIPMENT

	2013	2012
At cost	847,519	866,203
Less: accumulated depreciation	(643,976)	(596,988)
	203,543	269,215
PLANT AND EQUIPMENT		
Carrying amount at beginning of financial year	269,215	334,290
Additions	961	17,346
Disposals/written-off	(9,538)	(1,138)
Depreciation	(57,095)	(81,283)
Carrying amount at end of financial year	203,543	269,215
Total property, plant and equipment	203,543	269,215

15. TRADE AND OTHER PAYABLES

	2013	2012
Trade payables	140,615	97,560
Other creditors and accrued expenses	216,692	266,195
	357,307	363,845

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. LOANS AND BORROWINGS

	2013	2012
CURRENT		
Carrying amount at beginning of financial year	-	-
Drawdown	200,000	-
Repayment	(200,000)	-
Carrying amount at end of financial year	-	-

In December 2012, agreement was reached between the Company and Plato Prospecting Pty Ltd as trustee for the Goyder Family Trust whereby Plato Prospecting 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 Pty Ltd and a director of the Company. The facility was 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. \$200,000 was drawdown on the facility during the year and subsequently repaid.

Interest of \$606, representing an 8.5% per annum interest rate, was paid on the facility. The facility expired on 30 June 2013.

17. PROVISIONS

	2013	2012
CURRENT		
Rehabilitation	48,600	367,636
	48,600	367,636
NON-CURRENT		
Rehabilitation	1,564,623	1,278,846
	1,564,623	1,278,846

The Company assumed all obligations for rehabilitation at the Nabarlek Mineral Lease following the acquisition of Queensland Mines Pty Ltd in 2008. During the year infrastructure remediation and revegetation planning and water monitoring were undertaken on the lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. EMPLOYEE BENEFITS

	2013	2012
CURRENT		
Liability for annual leave	131,610	179,509
Provision for long service leave	75,487	-
	207,097	179,509
NON-CURRENT		
Provision for long service leave	25,172	75,966
	25,172	75,966

Share based payments

(a) Long Term Incentive Plan

The Company has established an Employee Long Term Incentive Plan (LTIP) which was approved by shareholders at a general meeting held on 24 May 2013.

The LTIP allows the Board to grant performance-based rights linked to measurable achievements to employees of the Company, including executive directors ("Performance Rights"). Performance Rights convert into fully paid ordinary shares in the Company when the particular vesting conditions are met.

There are no voting or dividend rights attached to the Performance Rights. Voting rights will be attached to the ordinary shares issued to Performance Rights holders if and when they vest.

The value of Performance Rights with a market condition granted in the year is the fair value calculated at grant date using a binomial option-pricing model. The value of each Performance Right with a non-market condition such as the achievement of strategic objectives is based on the underlying share price at the grant date. The total value attached to these rights takes into account the Company's best estimate at the grant date of the number of rights that will vest.

The following table gives the assumptions made in determining the fair value of the Performance Rights granted in the year to 30 June 2013.

ASSUMPTIONS (WEIGHTED AVERAGE)	2013	2012
Share price at grant date	\$0.027	-
Exercise price	\$0.070	-
Expected volatility (expressed as weighted average volatility used in the modelling under binominal option-pricing model)	89%	-
Right life (expressed as weighted average life used in the modelling under binominal option-pricing model)	2.1 years	-
Expected dividends	-	-
Risk-free interest rate	2.56%	-

The expected volatility is based on the historic volatility, adjusted for any expected changes to future volatility due to publicly available information.

There were no Performance Rights granted in 2012.

(b) Employee and Consultant Share Option Plan

The Company also has an Employee and Consultant Share Option Plan (ESOP) in place which was most recently approved at the annual general meeting held on 22 November 2011.

Under the terms of the Employees and Consultants Option Plan, the Board may offer options at no consideration to full-time or part-time employees (including persons engaged under a consultancy agreement) and executive and non-executive directors.

Each option entitles the holder, on exercise, to one ordinary fully paid share in the Company. There is no issue price for the options. The exercise price for the options is such price as determined by the Board. An option may only be exercised after that option has vested and any other conditions imposed by the Board on exercise are satisfied. The Board may determine the vesting period, if any.

There are no voting or dividend rights attached to the options. There are no voting rights attached to the unissued ordinary shares. Voting rights will be attached to the unissued ordinary shares when the options have been exercised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

There were no options granted to directors, employees or consultants during the year.

The number and weighted average exercise prices of share options is as follows:

	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER OF OPTIONS
	2013	2013	2012	2012
Outstanding at the beginning of the period	\$0.293	11,925,000	\$0.315	12,800,000
Forfeited during the period	-	-	-	-
Expired during the period	\$0.348	(5,450,000)	\$0.342	(2,975,000)
Exercised during the period	-	-	-	-
Granted during the period	-	-	\$0.225	2,100,000
Outstanding at the end of the period	\$0.246	6,475,000	\$0.293	11,925,000
Exercisable at the end of the period	\$0.246	6,475,000	\$0.294	11,675,000

The options outstanding at the end of the period have an exercise price in the range of \$0.078 to \$0.30 and a weighted average contractual life of 3 years.

The fair value of the options is estimated at the date of grant using the binomial option pricing model. The following table gives the assumptions made in determining the fair value of the options granted in the 2 years to 30 June 2013.

FAIR VALUE OF SHARE OPTIONS AND ASSUMPTIONS (WEIGHTED AVERAGE)	2013	2012
Share price at grant date	-	\$0.07
Exercise price	-	\$0.225
Expected volatility (expressed as weighted average volatility used in the modelling under binominal option-pricing model)	-	93%
Option life (expressed as weighted average life used in the modelling under binominal option-pricing model)	-	3 years
Expected dividends	-	-
Risk-free interest rate	-	4.62%

The expected volatility is based on the historical volatility, adjusted for any expected changes to future volatility due to publicly available information.

Employee share options are granted under a service condition. Non-market performance conditions are not taken into account in the grant date fair value measurement of the services received.

(c) Employee Expenses

	2013 \$	2012 \$
Share options granted in 2012 - equity settled	1,461	45,152
Performance Rights granted in 2013 - equity settled	2,286	-
Total expense recognised as employee costs (Note 4)	3,747	45,152

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. CAPITAL AND RESERVES

(a) Share capital

	ORDINARY SHARES	
	2013	2012
On issue at 1 July	252,312,961	210,260,801
Rights issues	34,011,079	42,052,160
Joint venture settlement	4,000,000	-
Placement	8,333,333	-
On issue at 30 June	298,657,373	252,312,961

Ordinary shares

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).

In May 2013 the Company issued 34,011,079 ordinary fully paid shares, resulting from a 1 for 3 non-renounceable rights issue at 2.5 cents per share, to raise \$850,277 before costs (\$796,312 net).

All shares were issued and fully paid during the year.

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company, the ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds on liquidation.

(b) Share Options

	UNLISTED SHARE OPTIONS	
	2013	2012
On issue at beginning of year	11,925,000	12,800,000
Options issued during the year	-	2,100,000
Options forfeited or expired during the year	(5,450,000)	(2,975,000)
On issue at end of year	6,475,000	11,925,000

At 30 June 2013, the Company had 6,475,000 unlisted options on issue under the following terms and conditions.

NUMBER	EXPIRY DATE	EXERCISE PRICE
500,000	02-Dec-13	\$0.300
875,000	15-Nov-13	\$0.250
3,000,000	25-Nov-13	\$0.250
300,000	21-Feb-14	\$0.078
1,300,000	7-Jul-14	\$0.250
500,000	24-Nov-14	\$0.250

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(c) Performance Rights

	UNLISTED PERFORMANCE RIGHTS	
	2013	2012
On issue at beginning of year	-	-
Performance Rights issued during the year	6,102,500	-
Performance Rights lapsed during the year	-	-
On issue at end of year	6,102,500	-

At 30 June 2013, the Company had 6,102,500 unlisted Performance Rights on issue under the Company's Employee Long Term Incentive Plan. Vesting of the Performance Rights is subject to the Company and employee meeting certain performance hurdles during the performance period ending 30 June 2014 and subject to the employee remaining employed at 1 July 2015.

The increase in Share-based Payments Reserve of \$3,747 in 2013 represents employee equity-settled compensation (2012: \$45,152).

20. FINANCIAL INSTRUMENTS

Risk Management Framework

The Board and Audit Committee are responsible for overseeing the Company's risk management and control framework. Responsibility for control and risk management is delegated to the appropriate level of management within the Company with the Managing Director having ultimate responsibility to the Board for the risk management and control framework.

The consolidated entity has exposures to the following risks:

(a) Capital risk management

The Company and consolidated entity manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders.

The capital structure of the Company and consolidated entity consists of equity attributable to equity holders, comprising issued capital, reserves and accumulated losses, is disclosed in note 19 and the Consolidated Statement of Changes in Equity.

The board reviews the capital structure on a regular basis and considers the cost of capital and the risks associated with each class of capital. The Company and the consolidated entity will balance its overall capital structure through new share issues as well as the issue of debt, if the need arises.

(b) Market risk exposures

Market risk is the risk that changes in market prices such as foreign exchange rates, equity prices and interest rates will affect the consolidated entity's income or value of its holdings of financial instruments.

Foreign exchange rate risk

The consolidated entity currently has no significant exposure to foreign exchange rates.

Equity prices

Equity investments held for sale are recorded at their fair value. The consolidated entity is not holding any equity investments for sale at the end of the reporting period.

Interest rate risk

Interest rate risk is the risk that changes in bank deposit rates affect the consolidated entity's income and future cashflow from interest income.

The short term debt facility referred to in note 16 expired on 30 June 2013 so there are no exposures relating to that facility going forward.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below:

		FIXED INTEREST MATURING IN:					
30 JUNE 2013	NOTE	1 YEAR OR LESS \$	OVER 1 TO 5 YEARS \$	FLOATING INTEREST \$	NON- INTEREST BEARING \$	TOTAL \$	WEIGHTED AVERAGE INT. RATE
FINANCIAL ASSETS							
Bank balances	9	-	-	260,027	-	260,027	2.81%
Term deposits ⁽¹⁾	9/11	2,300,000	-	-	-	2,300,000	3.52%
Trade and other receivables	10	-	-	-	185,388	185,388	-
FINANCIAL LIABILITIES							
Loans and borrowings		-	-	-	-	-	8.50%
Trade payables and accrued expenses	15	-	-	-	357,307	357,307	-

		FIXED INTEREST MATURING IN:					
30 JUNE 2012	NOTE	1 YEAR OR LESS \$	OVER 1 TO 5 YEARS \$	FLOATING INTEREST \$	NON- INTEREST BEARING \$	TOTAL \$	WEIGHTED AVERAGE INT. RATE
FINANCIAL ASSETS							
Bank balances	9	-	-	265,433	-	265,433	3.38%
Term deposits ⁽¹⁾	9/11	1,849,142	1,754,141	-	-	3,603,283	4.93%
Trade and other receivables	10	-	-	-	325,206	325,206	-
FINANCIAL LIABILITIES							
Trade payables and accrued expenses	15	-	-	-	363,845	363,845	-

⁽¹⁾ Including restricted cash

A change of 100 basis points in interest rates on bank balances and term deposits over the reporting period would have increased / (decreased) the consolidated entity's profit and loss by \$33,335.

(c) Credit risk exposure

Credit risk is the risk of financial loss to the consolidated entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The consolidated entity's exposure to credit risk is not significant and currently arises principally from sundry receivables (see note 10) which represent an insignificant proportion of the consolidated entity's activities and cash and cash equivalents.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provision for doubtful debts, as disclosed in the notes to the financial statements.

(d) Liquidity risk exposure

Liquidity risk is the risk that the consolidated entity will not be able to meet its financial obligations as they fall due. The Board actively monitors the consolidated entity's ability to pay its debts as and when they fall due by regularly reviewing the current and forecast cash position based on the expected future activities.

The consolidated entity has non-derivative financial liabilities which include trade and other payables of \$357,307 (2012: \$363,845) all of which are due within 60 days.

(e) Net fair values of financial assets and liabilities

The carrying amounts of all financial assets and liabilities approximate their net fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. OPERATING LEASES

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	2013	2012
Less than one year	95,477	92,696
Between one and five years	-	-
More than five years	-	-
	95,477	92,696

The consolidated entity leases an office under operating lease in Adelaide. The lease runs for a further period of approximately nine months, with an option to extend the lease for a further two years. Lease payments are increased every year. The consolidated entity also leases transportable buildings and equipment for the Nabarlek camp on three separate leases that run on a month to month basis. None of the leases include contingent rentals.

During the financial year ended 30 June 2013, \$13,396 was recognised in the statement of comprehensive income in respect of operating leases (2012: \$12,435).

22. CAPITAL AND OTHER COMMITMENTS

Exploration expenditure commitments

In order to maintain current rights of tenure to exploration tenements, the consolidated entity together with its joint venture partners is required to perform exploration work to meet the minimum expenditure requirements specified by various State governments. These amounts are subject to negotiation when application for a lease application and renewal is made and at other times. These amounts are not provided for in the financial report and are payable:

	2013	2012
Within one year	2,148,882	3,132,967
One year or later and no later than five years	812,636	1,993,151
Later than five years	-	-
	2,961,518	5,126,118

To the extent that expenditure commitments are not met, tenement areas may be reduced and other arrangements made in negotiation with the relevant state and territory government departments on renewal of tenements to defer expenditure commitments or partially exempt the Company.

Bank Guarantees

As at 30 June 2013 the consolidated entity had bank guarantees with a face value of \$1,704,291 representing performance bonds with the Northern Territory Department of Regional Development, Primary Industry, Fisheries and Resources for rehabilitation obligations on the Nabarlek Mineral Lease. A further bank guarantee of \$32,038 was held by the office lessor for rental obligations (see note 11).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. CONTROLLED ENTITIES

	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST	
		2013	2012
PARENT ENTITY			
Uranium Equities Limited	Australia		
SUBSIDIARIES			
G E Resources Pty Ltd	Australia	100%	100%
Uranium Services Pty Ltd	Australia	100%	100%
UEQ Investments Pty Ltd	Australia	100%	100%
Queensland Mines Pty Ltd	Australia	100%	100%
PhosEnergy Inc	USA	100%	100%

24. PARENT ENTITY DISCLOSURES

The parent entity of the group was Uranium Equities Limited throughout the years ended 30 June 2013 and 30 June 2012.

	COMPANY	
	2013	2012
RESULT OF THE PARENT ENTITY		
Loss for the period	(2,617,593)	(581,366)
Other comprehensive income	-	-
Total comprehensive loss for the period	(2,617,593)	(581,366)
FINANCIAL POSITION OF THE PARENT ENTITY AT YEAR END		
Current assets	1,037,143	2,372,141
Total assets	21,388,308	22,666,815
Current liabilities	540,063	376,107
Total liabilities	565,235	452,073
TOTAL EQUITY OF THE PARENT ENTITY COMPRISING OF:		
Share capital	48,125,907	46,903,731
Share option reserve	5,293,581	5,289,834
Accumulated losses	(32,596,415)	(29,978,822)
Total equity	20,823,073	22,214,743

There were no parent entity contingencies or capital commitments for the purchase of property, plant and equipment as at 30 June 2013.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	2013	2012
Loss for the period	(2,612,310)	(2,047,865)
CASH FLOWS FROM OPERATING ACTIVITIES		
Adjustments for:		
Depreciation and amortisation	43,061	50,635
Loss on disposal of fixed assets	9,538	683
Write-off of exploration and evaluation expenditure	1,791,452	128,475
Impairment loss on equity accounted investee	435,188	-
Share of equity accounted investee losses	1,254,299	1,386,923
Gain on dilution of equity accounted investee	(1,146,654)	-
Interest charge / (unwind) on fair value of rehabilitation provision	-	64,412
Equity-settled share-based payment expenses	3,747	45,152
Income Tax Received	-	510,184
OPERATING PROFIT/(LOSS) BEFORE CHANGES IN WORKING CAPITAL AND PROVISIONS	(221,679)	138,599
Increase in trade and other receivables	(11,538)	(243,510)
Increase in trade payables and accruals	271,554	(36,204)
(Decrease)/increase in provisions	(23,206)	(562)
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES	15,131	(141,677)

26. RELATED PARTIES DISCLOSURES

(a) Key management personnel

The following were key management personnel of the consolidated entity at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

Non-executive directors

A W Kiernan (Chairman)
T R B Goyder
T C Pool

Executive directors

B L Jones (Managing Director)

Executives

R A Heinrich (Chief Financial Officer & Company Secretary)

The key management personnel compensation included in 'personnel expenses' (see note 4) are as follows:

	2013	2012
Short-term employee benefits	656,361	674,425
Post-employment benefits	51,034	51,409
Share based payments	3,377	8,131
	710,772	733,965

In December 2012 the Board resolved as a cash conservation measure to accrue rather than pay non-executive director fees until further notice. Of the compensation reported above, \$110,833 in directors' fees were owing at 30 June 2013.

Individual directors and executives compensation disclosures

Information regarding individual directors and executives compensation is provided in the Remuneration Report section of the Directors' Report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Loans to key management personnel and their related parties

No loans were made to key management personnel and their related parties.

Other key management personnel transactions with the Company or its controlled entities

A number of key management persons, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

A number of these entities transacted with the Company or its subsidiaries in the reporting period. The terms and conditions of the transactions with key management persons and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

The aggregate amounts recognised during the year relating to key management personnel and their related parties were as follows:

		NOTE	2013	2012
KEY MANAGEMENT PERSONS	TRANSACTION			
A W Kiernan	Corporate advisory fees	(i)	(60,000)	(57,496)
T C Pool	Urtek LLC investment	(ii)	-	(4,546,040)
B L Jones R A Heinrich	Process engineering consultancy fees	(iii)	(376,315)	(155,913)
T Goyder	Short term debt facility	(iv)	(200,606)	-

- (i) The Company used the corporate advisory services of Anthony Kiernan during the course of the financial year.
- (ii) Tom Pool held a personal beneficial interest (of 19.39%) in Urtek LLC, a company established to develop technology to extract uranium from phosphoric acid (the "PhosEnergy" process) until 29 August 2011 at which time that beneficial interest was sold to Cameco Corporation. At 29 August 2011 the consolidated entity held a 27% beneficial ownership interest in Urtek LLC through its associate, UFP Investments LLC (UFP). The Company also provides management services to Urtek LLC (see note 26(b)).
- (iii) The Company used the process engineering consultancy services of Inception Consulting Engineers Pty Ltd in relation to PhosEnergy, from February 2012 onwards, in which Messrs Jones and Heinrich have a 25% and 16.67% beneficial interest respectively.
- (iv) In December 2012, agreement was reached between the Company and Plato Prospecting Pty Ltd as trustee for the Goyder Family Trust whereby Plato Prospecting 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 Pty Ltd and a director of the Company. \$200,000 was drawdown on the facility during the year and subsequently repaid along with interest of \$606, representing an 8.5% per annum interest rate. The facility expired on 30 June 2013.

Amounts payable to key management personnel at reporting date arising from these transactions were as follows:

	2013	2012
ASSETS AND LIABILITIES ARISING FROM THE ABOVE TRANSACTIONS		
Trade payables	5,000	5,000
	5,000	5,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Options and rights over equity instruments granted as compensation

Movement in Options

The movement during the reporting period in the number of options over ordinary shares in the Company held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	HELD AT 1 JULY 2012	GRANTED	EXERCISED	EXPIRED/ FORFEITED	HELD AT 30 JUNE 2013	VESTED DURING THE YEAR	VESTED AND EXERCISABLE AT 30 JUNE 2013
DIRECTORS							
A W Kiernan	2,000,000	-	-	(500,000)	1,500,000	-	1,500,000
B L Jones	2,300,000	-	-	(1,300,000)	1,000,000	-	1,000,000
T R B Goyder	1,000,000	-	-	-	1,000,000	-	1,000,000
T C Pool	500,000	-	-	-	500,000	250,000	500,000
EXECUTIVE							
R A Heinrich	500,000	-	-	-	500,000	-	500,000

	HELD AT 1 JULY 2011	GRANTED	EXERCISED	EXPIRED/ FORFEITED	HELD AT 30 JUNE 2012	VESTED DURING THE YEAR	VESTED AND EXERCISABLE AT 30 JUNE 2012
DIRECTORS							
A W Kiernan	2,000,000	-	-	-	2,000,000	-	2,000,000
B L Jones	3,000,000	-	-	(700,000)	2,300,000	-	2,300,000
T R B Goyder	1,000,000	-	-	-	1,000,000	-	1,000,000
T C Pool	461,548	500,000	-	(461,548)	500,000	250,000	250,000
EXECUTIVE							
R A Heinrich	750,000	250,000	-	(500,000)	500,000	250,000	500,000

Movement in Performance Rights

The movement during the reporting period in the number of Performance Rights over ordinary shares in the Company held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	HELD AT 1 JULY 2012	GRANTED	CONVERTED	EXPIRED/ FORFEITED	HELD AT 30 JUNE 2013	VESTED DURING THE YEAR	VESTED AT 30 JUNE 2013
DIRECTORS							
B L Jones	-	2,850,000	-	-	2,850,000	-	-
EXECUTIVE							
R A Heinrich	-	1,500,000	-	-	1,500,000	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Movements in ordinary shares

The movement during the reporting period in the number of ordinary shares in the Company held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	HELD AT 1 JULY 2012	ADDITIONS	RECEIVED ON EXERCISE OF OPTIONS OR RIGHTS	SALES	HELD AT 30 JUNE 2013
DIRECTORS					
A W Kiernan	4,028,677	1,342,893	-	-	5,371,570
B L Jones	923,130	307,711	-	-	1,230,841
T R B Goyder	38,533,199	12,844,000	-	-	51,377,199
T C Pool	559,548	-	-	-	559,548
EXECUTIVE	-				-
R A Heinrich	120,000	40,000	-	-	160,000

No ordinary shares were granted to key management personnel during the reporting period as compensation.

	HELD AT 1 JULY 2011	ADDITIONS	RECEIVED ON EXERCISE OF OPTIONS OR RIGHTS	SALES	HELD AT 30 JUNE 2012
DIRECTORS					
A W Kiernan	2,264,068	1,764,609	-	-	4,028,677
B L Jones	398,410	524,720	-	-	923,130
T R B Goyder	29,974,199	8,559,000	-	-	38,533,199
T C Pool	559,548	-	-	-	559,548
EXECUTIVE					-
R A Heinrich	100,000	20,000	-	-	120,000

(b) Non-key management personnel disclosures

Identity of related parties

The consolidated entity has a related party relationship with its subsidiaries (see Note 23) and associates (see Note 12).

Other related party transactions

Subsidiaries

Loans are made by the Company to wholly owned subsidiaries. Loans outstanding between the Company and its controlled entities have no fixed date of repayment and are non-interest bearing. At 30 June 2013, such loans to subsidiaries totalled \$ 18,165,396 (2012: \$18,005,875)

Associates

The Company provided management services to Urtek LLC, the company developing the PhosEnergy Process, throughout the year under a Services Agreement. The terms and conditions of the Services Agreement are 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. Total fees charged to Urtek in 2013 were \$936,000 (2012: \$1,014,000). The balance of fees outstanding at 30 June 2013 was \$70,000 (2012: \$86,000).

27. SUBSEQUENT EVENTS

Except as mentioned below, in the opinion of the Directors there has not arisen in the interval between the end of the financial year and the date of this report any matter or circumstance that has significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

On 17 July 2013 the Company announced that it would separate its exploration and PhosEnergy Process assets, subject to receiving shareholder approvals. The demerger was approved by shareholders on 29 August 2013.

The demerger will create two independently focussed companies and allows different funding and development strategies to be applied to the substantially different businesses. It allows shareholders and investors to hold or invest in the exploration assets, the PhosEnergy Process, or both depending on their investment strategies and risk appetite.

The demerger has been implemented by:

- (a) transferring the PhosEnergy Process assets into the Company's wholly owned subsidiary, PhosEnergy Limited (PEL) in return for shares in PEL; and
- (b) distributing shares in PEL to shareholders (for no cash outlay) on an approximately 1 for 10 basis.

Shareholders with registered addresses in Australia and New Zealand (Eligible Shareholders) will hold shares in both Uranium Equities and PEL. PEL will remain unlisted in the near term. The Board will sell PEL shares held by shareholders with foreign registered addresses on their behalf.

The anticipated financial impact of the demerger on the consolidated entity is as follows:

Decrease in current assets	(1)
Decrease in non-current assets	(988,395)
Decrease in equity	(988,396)
Increase in loss for the period	(218,989)


On 6 August 2013 the Company announced that it had, together with Cameco Corporation, entered into an Agreement with a US based fertilizer producer to assess the commercial viability of applying the PhosEnergy Process (the Process) to the producer's existing operations. The Agreement covers on-site operation of the PhosEnergy demonstration plant with the results providing inputs to a pre-feasibility study. The pre-feasibility study will allow the parties to assess the economic viability of the Process and make a commercial decision on progressing further toward a full scale operation. Operation of the demonstration plant commenced in August and will be ongoing for a number of months with the pre-feasibility study following shortly thereafter.

DIRECTORS' DECLARATION

1. In the opinion of the directors of Uranium Equities Limited:
 - (a) the financial statements and notes, set out on pages 28 to 61 and the Remuneration Report in the Directors' Report, set out on pages 15 to 26, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
 - (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1(a); and
 - (c) 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.
2. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer (or equivalent) and chief financial officer (or equivalent) for the financial year ended 30 June 2013.

Dated at Perth the 29th day of August 2013.

Signed in accordance with a resolution of the directors:



Bryn Jones
Managing Director



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

Report on the financial report

We have audited the accompanying financial report of Uranium Equities Limited (the Company), which comprises the consolidated statement of financial position as at 30 June 2013, and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 27 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 year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the 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 financial report that is free from material misstatement whether due to fraud or error. In note 1(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the consolidated entity comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the consolidated entity's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

INDEPENDENT AUDITOR'S REPORT

*Auditor's opinion*

In our opinion:

- (a) the financial report of the consolidated entity is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1(a).

Emphasis of matter

Without qualification to the opinion expressed above, we draw attention to the following matters set out in note 1(b). For the year ended 30 June 2013 the consolidated entity incurred a loss of \$2,612,310 and had operating and investing cash outflows of \$2,349,290.

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

Report on the remuneration report

We have audited the Remuneration Report included in paragraphs 7.1 to 7.3 of the directors' report for the year ended 30 June 2013. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Uranium Equities Limited for the year ended 30 June 2013, complies with Section 300A of the *Corporations Act 2001*.


KPMG



Darren Ball
Partner

Adelaide

29 August 2013

CORPORATE GOVERNANCE STATEMENT

Uranium Equities is committed to a high level of corporate governance in accordance with the Corporations Act and ASX Listing Rules. The Company's Corporate Governance Statement details the principles and practices adopted and can be found on the Company website (<http://www.uel.com.au/invest/corporate-profile/governance.html>).

The following information is supplementary to the Corporate Governance Statement and addresses the principles which are not met:

Directors & Management

Details of each director's qualifications, experience and special responsibilities, their attendance at board meetings and the Company Secretary's qualifications and experience are disclosed on pages 15 and 16. Information on the principles and structure of remuneration for executive directors, non-executive directors and senior executives is disclosed in the Remuneration Report (Section 7 of the Director's Report).

During the year the Company undertook reviews of the Board composition and executive management in accordance with sections 1.1 and 1.2 of the Corporate Governance Statement.

Mr Pool is considered an independent non-executive director as specified in the ASX Corporate Governance Principles. Although the Board does not comprise a majority of independent directors, the Board believes that the individuals on the Board can make, and do make, quality and independent judgements in the best interests of the Company on all relevant issues. If a director has a conflict of interest the director is excluded from any Board meeting or discussion concerning that matter.

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the appointment and further expense of an independent non-executive chairman or additional independent non-executive directors.

Committees

With the exception of the Audit Committee, the Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of any other separate or special committees, such as a nomination committee or remuneration committee, at this time. The Board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards.

The Audit Committee met on two occasions during the year. The external auditors attended both of these meetings. A copy of the Audit Committee Charter can be found on the Company website (www.uel.com.au) under the Governance section.

Risk Management

The Managing Director and Chief Financial Officer have assured the Board that the declaration provided in accordance with s295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks. Management has also reported to the Board that the Company's management of material business risks is effective.

Diversity

The Company has adopted a Diversity Policy which recognises managing diversity as a means of enhancing the Company's performance – a copy can be found on the Company's website. The Board considers that the Company is not currently of a size to justify setting measurable objectives for gender diversity. The proportion of women at various levels within the Company is as follows:

	WOMEN	MEN
Board	0%	100%
Executives	0%	100%
Professionals	46%	54%
Support staff	39%	61%
TOTAL	29%	71%

CORPORATE GOVERNANCE STATEMENT

ASX Corporate Governance Council Recommendations

		COMPLY	CGS REFERENCE*
PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
1.1	Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.	✓	1.1
1.2	Companies should disclose the process for evaluating the performance of senior executives.	✓	1.1
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1.	✓	
PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE			
2.1	A majority of the Board should be independent directors.	✗	1.2
2.2	The chair should be an independent director.	✗	1.2
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	✓	1.2
2.4	The Board should establish a nomination committee.	✗	1.3
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	✓	1.1
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2.	✓	
PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING			
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: <ul style="list-style-type: none"> the practices necessary to maintain confidence in the Company' integrity. the practices necessary to take into account their legal obligations and the reasonable expectations of their Shareholders. the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. 	✓	2.1 2.2
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	✓	2.4
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	✗	
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	✓	
3.5	Companies should provide the information indicated in the Guide to reporting on Principle 3.	✓	
PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING			
4.1	The board should establish an audit committee.	✓	1.3
4.2	The audit committee should be structured so that it: <ul style="list-style-type: none"> consists only of non-executive directors consists of a majority of independent directors is chaired by an independent chair, who is not chair of the board has at least three members 	✓ ✗ ✗ ✓	1.3
4.3	The audit committee should have a formal charter.	✓	1.3
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.	✓	

CORPORATE GOVERNANCE STATEMENT

		COMPLY	CGS REFERENCE*
PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE			
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior level for that compliance and disclose those policies or a summary of those policies.	✓	3.1
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5.	✓	
PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS			
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	✓	3.2
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6.	✓	
PRINCIPLE 7: RECOGNISE AND MANAGE RISK			
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	✓	4.1
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	✓	4.2
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	✓	4.2
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7.	✓	
PRINCIPLE 8: REMUNERATE FAIRLY & RESPONSIBLY			
8.1	The board should establish a remuneration committee.	✗	1.3
8.2	The remuneration committee should be structured so that it: <ul style="list-style-type: none"> • consists of a majority of independent directors • is chaired by an independent chair • has at least three members. 	✗	
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	✓	5, Rem. Report
8.4	Companies should provide the information indicated in the Guide to reporting on Principle 8.	✓	

* Refer Corporate Governance Statement (CGS) on the Company's website

ASX ADDITIONAL INFORMATION

AS AT 21 AUGUST 2013

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below.

Shareholdings

Substantial shareholders

The number of shares held by substantial shareholders and their associated interests as at 21 August 2013 were:

SHAREHOLDER	NUMBER OF ORDINARY SHARES HELD	PERCENTAGE OF CAPITAL HELD %
Timothy R B Goyder	51,377,199	17.20

Class of Shares and Voting Rights

At 21 August 2013 there were 1,188 holders of the ordinary shares of the Company.

The voting rights to the ordinary shares set out in the Company's Constitution are:

"Subject to any rights or restrictions for the time being attached to any class or classes of shares -

- (a) at meetings of members or classes of members each member entitled to vote in person or by proxy or attorney: and
- (b) on a show of hands every person who is a member has one vote and on a poll every person in person or by proxy or attorney has one vote for each ordinary share held."

Holders of options and performance rights do not have voting rights.

Distribution of equity security holders as at 21 August 2013:

CATEGORY	NUMBER OF EQUITY SECURITY HOLDERS		
	ORDINARY SHARES	UNLISTED SHARE OPTIONS	UNLISTED PERFORMANCE RIGHTS
1 – 1,000	30	-	-
1,001 – 5,000	91	-	-
5,001 – 10,000	91	-	-
10,001 – 100,000	677	2	-
100,001 and over	299	13	4
TOTAL	1,188	15	4

The number of shareholders holding less than a marketable parcel at 21 August 2013 was 263.

ASX ADDITIONAL INFORMATION

AS AT 21 AUGUST 2013

TWENTY LARGEST ORDINARY FULLY PAID SHAREHOLDERS as at 21 August 2013		
NAME	NUMBER OF ORDINARY SHARES HELD	PERCENTAGE OF CAPITAL HELD %
Mr Timothy R B Goyder	51,377,599	17.2
J P Morgan Nominees Australia Pty Ltd <Cash Income A/C>	15,113,868	5.1
Calm Holdings Pty Ltd <Clifton Superfund A/C>	13,333,334	4.5
Resolute (Treasury) Pty Ltd	11,364,000	3.8
Treble Sum Pty Ltd <Treble Sum Super Fund A/C>	7,000,000	2.3
Lagoon Creek Resources Pty Ltd	6,983,218	2.3
Opeka Dale Pty Ltd <Opeka Dale P/L S/F No2 A/C>	6,000,000	2.0
Mr Mark Stephen Chalmers + M/S Robi Diane Chalmers <M & R Chalmers Family A/C>	5,650,000	1.9
Ginostra Capital Pty Ltd <Pullini Investment A/C>	5,500,000	1.8
Mr Anthony William Kiernan	5,371,570	1.8
Balfes (Qld) Pty Ltd <Balfes Super Fund A/C>	5,000,000	1.7
HSBC Custody Nominees (Australia) Ltd <A/C 2>	5,000,000	1.7
Treble Sum Pty Ltd <Treble Sum A/C>	5,000,000	1.7
Cauldron Energy Limited	4,000,000	1.3
Citicorp Nominees Pty Limited	3,885,070	1.3
Mr David Andrew Brunt <Brentwood Super Fund A/C>	3,501,400	1.2
Banarway Pty Ltd	3,500,000	1.2
Claw Pty Ltd <Corp Super Fund A/C>	3,000,000	1.0
Cadex Petroleum Pty Limited	2,307,840	0.8
M W McDonald Nominees Pty Ltd <McDonald Property Inv A/C>	2,152,500	0.7
TOTAL	165,040,399	55.3



URANIUM EQUITIES

URANIUM EQUITIES LIMITED

ABN 74 009 799 553

CORPORATE DIRECTORY

DIRECTORS

Anthony W Kiernan - Chairman

Bryn L Jones - Managing Director

Tim R B Goyder - Non-executive Director

COMPANY SECRETARY

Rolf A Heinrich

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Email: info@uel.com.au

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WEST PERTH Western Australia 6005

Tel: +61 8 9322 3990

Fax: +61 8 9322 5800

AUDITORS

KPMG

151 Pirie Street

ADELAIDE South Australia 5000

SHARE REGISTRY

Computershare Investor Services Pty Limited

Level 5, 115 Grenfell Street

ADELAIDE South Australia 5000

Tel: 1300 556 161 (Within Australia)

+61 8 8236 2300 (Overseas Enquiries)

HOME EXCHANGE

ASX Limited

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20 Bridge Street

SYDNEY New South Wales 2000

ASX CODE

Share Code: UEQ



U R A N I U M
E Q U I T I E S

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