Uranium Equities Limited and its controlled entities

31 December 2013 interim financial report

ABN 74 009 799 553

Contents

Directors' report

The directors present their report together with the consolidated interim financial report for the half-year ended 31 December 2013 for Uranium Equities Limited (the Company) and its controlled entities (the consolidated entity) and the auditor's review report thereon.

Directors

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

Non-executive	
Timothy R B Goyder	Chairman
Richard Hacker	Director (appointed 28 November 2013)
Anthony W Kiernan	Director (resigned 28 November 2013)
Thomas C Pool	Director (resigned 1 October 2013)
Executive	
Bryn L Jones	Managing Director

Other than as indicated above, all directors held office during the course of the half year and since the end of the prior financial year.

Richard Hacker was appointed to the Board on 28 November 2013. Richard has significant professional and corporate experience in the energy and resources sector in Australia and the United Kingdom. Richard has previously worked in senior finance roles with global energy companies including Woodside Petroleum Limited and Centrica Plc. He is a Chartered Accountant and Chartered Secretary and is CFO and Company Secretary for Chalice Gold Mines Limited and Company Secretary of Liontown Resources Limited.

Review and results of operations

Overview

During the period the Company progressed its key exploration projects and finalised the demerger of its PhosEnergy Process assets. The Nabarlek Project in the Alligator Rivers Uranium Field continued to be the main focus, considered by the Company as one of the most prospective regions in which to find high grade, world class uranium deposits in Australia.

The potential for Iron-Oxide-Copper-Gold ("IOCG") mineralisation at the Company's greenfield Marla and Oodnadatta Projects was also recognised during the period with Chalice Gold Mines Limited signing a farm-in agreement over the area.

Exploration

Nabarlek Project Outlook

The uranium mineralisation in the main mineralised centres in the Alligator Rivers Uranium Field, as evidenced in the Ranger – Jabiluka area, occurs as clusters of structurally controlled deposits over strike distances of 2 – 6 kilometres. The Company believes the Nabarlek Project has the potential to discover a similar cluster of mineralised zones proximal to the historical Nabarlek Mine and, subject to financing, is planning to test high priority targets adjacent to known mineralisation at the U40, Coopers and N147 Prospects and at Nabarlek Deeps.

To consolidate the Company's position in the region, a number of tenement applications were progressed towards grant throughout the region.

Marla & Oodnadatta Projects

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

In November 2013 a drilling campaign commenced on the Marla Project to test the highest priority target areas where gravity and magnetic anomalism were interpreted to coincide in areas of complex structural interactions.

Results from the first round of drilling are being analysed with a view to further geophysical and drilling programs.

A review of existing geophysical data over the Oodnadatta Project identified a number of significant coincident magnetic and gravity features with only limited gravity coverage over the highest intensity magnetic anomalies. An initial ground gravity program covering the most prospective targets is planned in the first half of 2014 to provide depth and targeting information for drilling.

The information is extracted from the Quarterly Activities Report announced on 30 January 2014 and is available to view on www.uel.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

PhosEnergy - Uranium Extraction Technology (demerged 13 September 2013)

Demerger
The Company separated its exploration and PhosEnergy Process assets (demerger) on 13 September 2013 following approval by shareholders on 29 August 2013. The demerger has created two independently focussed companies that allows different funding and development strategies to be applied to the substantially different businesses.

The demerger was 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 30 million of the 33 million issued shares in PEL to shareholders (for no cash outlay) on an approximately 1 for 10 basis.

As at the date of this report the Company holds the remaining 3 million PEL shares as available for sale along with an outstanding loan to PEL of $50,000. The Company continues to manage the development activities for the PhosEnergy technology and accordingly, management fees are charged by the Company to Urtek LLC, the company which holds the PhosEnergy technology.

Operations
Prior to the demerger 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 2013.

Corporate & Financial
At the balance date the consolidated entity had net assets of $20.9 million and an excess of current assets over current liabilities of $0.7 million. The cash balance improved over the period by $0.2 million to $1.0 million. This reflects a number of cash conservation measures along with the sale of the Company's investment in Energia Minerals Limited and receipt of an R&D tax refund relating to 2013 of $0.45 million in December 2013.

Sale of Energia Minerals shares
On 30 October 2013 the Company sold its 18.52% interest in Energia Minerals Limited (ASX: EMX) to ASX-listed uranium explorer Enterprise Uranium Limited (ASX: ENU). The Company's 37,280,714 Energia shares were transferred to Enterprise Uranium for 2.2 cents per share for a total consideration of $820,176, comprising $500,000 in cash and the balance in Enterprise Uranium shares at an issue price of 4.0 cents (for a total 8,004,393 shares). The Enterprise Uranium shares are on hand at the date of this report.

Lead auditor's independence declaration under section 370C of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 4 and forms part of the directors' report for the half-year ended 31 December 2013.

Dated at Perth 7 March 2014.

Signed in accordance with a resolution of the directors:

Tim Goyder
Chairman

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Uranium Equities Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2013 there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Darren Ball
Partner

Adelaide

7 March 2014

Uranium Equities Limited and its controlled entities
Consolidated interim statement of profit or loss and other comprehensive income

For the six months ended

	Note	31 Dec 2013	31 Dec 2012
Total revenue		**-**	**-**
Other income	3	420,000	-
Exploration and evaluation expenditure written off	9	(235)	(1,780,803)
Corporate and administration expenses	4	(821,407)	(495,559)
Loss on disposal of a fixed asset		(24,970)	(406)
Loss from operating activities		**(426,612)**	**(2,276,768)**
Finance income		41,452	71,918
Finance costs		(93,198)	(18,075)
Net finance income		**(51,746)**	**53,843**
Reversal of impairment on equity accounted investees	4	74,561	-
Share of equity accounted investee losses	4	-	(948,776)
Gain on loss of control	4	218,989	-
Loss before income tax		**(184,808)**	**(3,171,701)**
Income tax benefit	5	449,544	649,718
Profit/(loss) for the period attributable to owners of the Company		**264,736**	**(2,521,983)**
Other comprehensive income			
Items that may subsequently be reclassified to profit and loss:			
Net change in fair value of available for sale financial assets		16,009	-
Foreign currency translation differences for foreign operations		-	(18,089)
Total other comprehensive income		**16,009**	**(18,089)**
Total comprehensive income/(loss) for the period attributable to owners of the Company		**280,745**	**(2,540,072)**
Earnings per share			
Basic gain/(loss) per share attributable to ordinary equity holders (cents per share)		0.001	(0.010)
Diluted gain/(loss) per share attributable to ordinary equity holders (cents per share)		**0.001**	**(0.010)**

The consolidated interim statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the interim financial statements set out on pages 11 to 19.

Uranium Equities Limited and its controlled entities
Consolidated interim statement of changes in equity

For the six months ended 31 December 2013

		Attributable to equity holders of the Group					
	Note	**Share capital $**	**Share-based payments reserve $**	**Fair value reserve $**	**Translation reserve $**	**Accumulated losses $**	**Total $**
Balance at 1 July 2013		**48,125,907**	**5,293,581**	**-**	**218,989**	**(31,904,137)**	**21,734,340**
Total comprehensive income for the period							
Gain for the period		-	-	-	-	264,736	264,736
Net change in fair value of available for sale financial assets	7			16,009			16,009
Total comprehensive income for the period		**48,125,907**	**5,293,581**	**16,009**	**218,989**	**(31,639,401)**	**22,015,085**
Transactions with owners, recorded directly to equity							
In-specie distribution of PhosEnergy Limited shares to shareholders	11	(988,396)	-	-	(218,989)	-	(1,207,385)
Issue of shares in lieu of director's fees	11	104,572	-	-	-	-	104,572
Other share-based payment transactions			17,335	-	-	-	17,335
Total contributions by and distributions to owners		**(883,824)**	**17,335**	**-**	**(218,989)**	**-**	**(1,085,478)**
Balance at 31 December 2013		**47,242,083**	**5,310,916**	**16,009**	**-**	**(31,639,401)**	**20,929,607**

The consolidated interim statement of changes in equity is to be read in conjunction with the notes to the interim financial statements set out on pages 11 to 19.

Uranium Equities Limited and its controlled entities
Consolidated Interim Statement of Changes in Equity (continued)

For the six months ended 31 December 2012

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

Uranium Equities Limited and its controlled entities
Consolidated interim statement of financial position

	Note	Consolidated 31 Dec 2013	Consolidated 30 Jun 2013
Current assets			
Cash and cash equivalents		1,011,185	855,736
Trade and other receivables		468,332	185,388
Total current assets		**1,479,517**	**1,041,124**
Non-current assets			
Restricted cash	6	1,776,329	1,736,329
Other investments	7	435,024	-
Equity accounted investees	8	-	1,832,613
Exploration and evaluation assets	9	19,410,317	19,123,530
Property, plant and equipment		172,010	203,543
Total non-current assets		**21,793,680**	**22,896,015**
Total assets		**23,273,197**	**23,937,139**
Current liabilities			
Trade and other payables		449,332	357,307
Provisions	10	47,017	48,600
Interest-bearing loans		19,509	-
Employee benefits		215,208	207,097
Total current liabilities		**731,066**	**613,004**
Non-current liabilities			
Provisions	10	1,567,598	1,564,623
Employee benefits		44,926	25,172
Total non-current liabilities		**1,612,524**	**1,589,795**
Total liabilities		**2,343,590**	**2,202,799**
Net assets		**20,929,607**	**21,734,340**
Equity			
Issued capital		47,242,083	48,125,907
Reserves		5,326,925	5,512,570
Accumulated losses		(31,639,401)	(31,904,137)
Total equity		**20,929,607**	**21,734,340**

The consolidated interim statement of financial position is to be read in conjunction with the notes to the interim financial statements set out on pages 11 to 19.

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

For the six months ended

	Note	31 Dec 2013	31 Dec 2012
Cash flows from operating activities			
Cash receipts from operations		420,000	-
Cash paid to suppliers and employees		(755,491)	(392,319)
Interest paid		(17,408)	(17,452)
Interest received		60,747	78,805
Income tax received		449,544	-
Net cash from/(used) in operating activities		**157,392**	**(330,966)**
Cash flows from investing activities			
Proceeds from sale of investments	4	500,000	-
Payments for investments		-	(1,305,002)
Payments for mining exploration and evaluation and rehabilitation		(396,038)	(468,000)
Acquisition of property, plant and equipment		(11,829)	(961)
Loan to PhosEnergy Limited	11	(50,000)	**-**
Net cash from/(used) in investing activities		**42,133**	**(1,773,963)**
Net proceeds from issue of shares		(4,076)	237,863
Decrease/(increase) in restricted cash		(40,000)	49,850
Net cash from/(used) in financing activities		**(44,076)**	**287,713**
Net increase/(decrease) in cash and cash equivalents		155,449	(1,817,216)
Cash and cash equivalents at 1 July		855,736	2,114,575
Cash and cash equivalents at 31 December		**1,011,185**	**297,359**

The consolidated interim statement of cash flows is to be read in conjunction with the notes to the interim financial statements set out on pages 11 to 19.

Notes to the consolidated interim financial statements

1. Significant accounting policies

Uranium Equities Limited (the "Company") is a company domiciled in Australia. The consolidated interim financial report of the Company for the six months ended 31 December 2013 comprises the Company and its subsidiaries (together referred to as the "consolidated entity").

(a) Statement of Compliance

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134: *Interim Financial Reporting* and the Corporations Act 2001.

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the consolidated entity as at and for the year ended 30 June 2013.

The consolidated annual financial report of the entity for the year ended 30 June 2013 is available from Level 5, 29 King William Street, Adelaide, SA 5000 or on the Company's website (www.uel.com.au).

This consolidated interim financial report was approved by the board of directors on 7 March 2014.

(b) Basis of Preparation

The accounting policies applied by the Company in this consolidated interim financial report are the same as those applied in its consolidated financial report as at and for the year ended 30 June 2013. None of the Australian Accounting Standards or interpretations available for early adoption have been adopted by the Company, as none have a significant impact on the consolidated entity.

The interim financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. As at 31 December 2013, the consolidated entity had accumulated losses of $31.6 million and incurred a loss before tax of $0.2 million for the half-year ended 31 December 2013, however current assets exceed current liabilities by $0.7 million (2012: $0.4 million), net assets are $20.9 million (2012: $21.7 million) and the consolidated entity had positive operating cash flows of $0.2 million (2012: $0.3 million outflow).

The directors have prepared forecasts for the period until March 2015 and on this basis believe the consolidated entity will have sufficient cash and cash equivalents to pay its debts as and when they fall due. The directors have based these cash flow forecasts on maintaining minimal operations via curtailing or deferring certain operating and exploration expenses, including director's fees. The directors are of the view this curtailment is achievable if necessary. On this basis the directors consider the going concern basis of preparation of this financial report is appropriate.

It is the ultimate strategy of the directors to continue to explore the consolidated entity's areas of interest for which rights of tenure are current; minimum expenditure requirements for these tenements total $2.1 million for the next 12 months. In order to do so, the directors consider that the consolidated entity will fund its projects through a combination of use of surplus existing cash, realisation of existing non-core assets, existing and new joint venture arrangements entered into or access to the equity market. There is uncertainty over the timing and amount of benefit to the consolidated entity resulting from any of these proposed courses of action.

The directors are committed to taking the appropriate action to achieve this ultimate strategy, to ensure these funds are available, and add value to the entity.

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

Estimates

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

In preparing these consolidated interim financial statements, the significant judgements made by management in applying the consolidated entity's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 30 June 2013.

(c) New and amended standards adopted by the consolidated entity

The consolidated entity has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 July 2013.

AASB 10 *Consolidated Financial Statements* (2011) (see (i))

AASB 11 *Joint Arrangements* (see (ii))

AASB 13 Fair Value Measurement (see (iii))

AASB 119 *Employee Benefits* (2011) (see (iv))

Annual Improvements to Australian Accounting Standards 2009–2011 Cycle (see (v)).

The nature and the effect of the changes are further explained below.

(i) Subsidiaries

As a result of AASB 10 (2011), the consolidated entity has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. AASB 10 (2011) introduces a new control model that is applicable to all investees, by focusing on whether the consolidated entity has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. In particular, AASB 10 (2011) requires the consolidated entity consolidate investees that it controls on the basis of de facto circumstances.

The directors of the Company have assessed the classification of the consolidated entity's investments in subsidiaries and other entities in accordance with AASB 10. The directors have concluded that there is no change to the recognition of its subsidiaries.

(ii) Joint arrangements

As a result of AASB 11, the consolidated entity has changed its accounting policy for its interests in joint arrangements. Under AASB 11, the consolidated entity classifies its interests in joint arrangements as either joint operations or joint ventures depending on the consolidated entity's rights to the assets and obligations for the liabilities of the arrangements. When making this assessment, the consolidated entity considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. Previously, the structure of the arrangement was the sole focus of classification.

The consolidated entity does not have any joint arrangements as defined by AASB 11 and accordingly there has been no impact on the recognised assets, liabilities and comprehensive income of the consolidated entity.

(iii) Fair value measurement

AASB 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other AASBs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other AASBs, including AASB 7 Financial Instruments: Disclosures. Some of these disclosures are specifically required in interim financial statements for financial instruments; accordingly, the consolidated entity has included additional disclosures in this regard (see note 7).

In accordance with the transitional provisions of AASB 13, the consolidated entity has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the consolidated entity's assets and liabilities.

(iv) Employee benefits

AASB 119 (2011) now requires that if the consolidated entity does not expect all annual leave to be taken within 12 months of the respective service being provided, annual leave obligations are to be measured as long term benefits. This change had no significant impact on the consolidated entity's measurement of its annual leave obligations.

(v) Segment information

The amendment to AASB 134 clarifies that the consolidated entity needs to disclose the measures of total assets and liabilities for a particular reportable segment only if the amounts are regularly provided to the consolidated entity's chief operating decision maker, and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment. As a result of this amendment, the consolidated entity has included additional disclosure of segment liabilities (see note 2).

2. Segment reporting

For the six months ended 31 December

	PhosEnergy		Exploration		Consolidated	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
Segment revenue	-	-	-	-	-	-
Unallocated revenue					-	-
Total revenue					-	-
Segment result	-	(862,116)	(235)	(1,780,803)	(235)	(2,642,919)
Other income					420,000	-
Corporate administrative expenses					(808,516)	(474,642)
Depreciation and amortisation					(12,891)	(20,917)
Net financing income					(51,746)	53,843
Other					268,580	(87,066)
Loss before income tax					(184,808)	(3,171,701)

As at	**31 Dec 2013**	**30 Jun 2013**	**31 Dec 2013**	**30 Jun 2013**	**31 Dec 2013**	**30 Jun 2013**
Segment assets	-	1,086,988	21,469,427	20,900,790	21,469,427	21,987,788
Unallocated assets					1,803,770	1,949,351
Total assets					23,273,197	23,937,139
Segment liabilities	-	-	1,614,615	1,613,223	1,614,615	1,613,223
Unallocated assets					728,975	589,576
Total assets					2,343,590	2,202,799

During the period the consolidated entity comprised the following two reportable segments:
(i) PhosEnergy – development of uranium extraction technology from phosphoric acid (demerged 13 September 2013)
(ii) Exploration – brownfields and greenfields mineral exploration

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

There was no segment revenue or result for PhosEnergy between the start of the period and the demerger of PhosEnergy Process assets on 13 September 2013 – see note 11.

3. Other income

	2013 **$**	**2012** **$**
Management fees	420,000	-
	420,000	-

The Company provided management services to Urtek LLC, the US based company which owns the PhosEnergy Process technology, throughout the reporting period under a services agreement.

Following the demerger of PhosEnergy assets from the consolidated entity (see note 11), management fees to Urtek are now disclosed as other income. Management fees of $516,000 were offset against corporate administrative expenses during the prior period as Urtek was a related party.

4. Loss before income tax expense

	2013 $	2012 $
(a) Corporate administrative expenses		
Accounting fees	(80,449)	(44,815)
Annual report costs	(10,923)	(16,398)
ASX fees	(23,854)	(23,698)
Audit fees	(15,000)	(5,000)
Depreciation and amortisation	(12,891)	(20,917)
Insurance	(16,223)	(24,250)
Legal fees	(20,072)	(2,225)
Marketing	(2,464)	(8,193)
Other	(163,688)	(40,466)
Personnel expenses	(404,768)	(248,114)
Printing and stationery	(3,284)	(1,965)
Recruitment	(6,300)	(8,502)
Rent and outgoings	(33,832)	(7,721)
Share registry	(14,868)	(6,291)
Travel and accommodation	(12,791)	(37,004)
	(821,407)	**(495,559)**

The increase in corporate administration expenses is attributable to management fees received from Urtek, LLC being disclosed as other income for the first time – see note 3 for more details. In prior periods the fees were netted off against expenses. Comparable prior year total expenses were $1,011,559 once $516,000 of management fees is added back. Underlying expenses in the current period have therefore reduced by $224,776 over the corresponding period.

	2013 $	2012 $
(b) Gain on loss of control		
PhosEnergy Limited	218,989	-
	218,989	-

On 13 September 2013 the Company completed a demerger of its PhosEnergy Process assets by way of an in-specie distribution of the majority of the issued shares in PhosEnergy Limited to shareholders. At the balance date the consolidated entity holds approximately 9.1% of PhosEnergy Limited as available for sale.

The gain on loss of control represents the recycling of foreign currency translation reserves held against the PhosEnergy assets. See note 11 for further information.

	2013 $	2012 $
(c) Share of equity accounted investee losses		
UFP Investments LLC	-	(858,964)
Energia Minerals Limited (ASX: EMX)	-	(89,812)
	-	(948,776)

As mentioned above, the Company's interests in the PhosEnergy Process were demerged during the current reporting period and as such no equity accounting adjustments have been made – see note 11 for further information. During the prior half year the Company and Cameco Corporation were developing the PhosEnergy Process via Urtek LLC, a USA based company. The share of equity accounted investee losses represented the consolidated entity's equity accounted share of the movement in UFP's net assets. Principally, UFP's investment in Urtek was impaired, reflecting research and development expenditure made within Urtek.

The consolidated entity sold its interest in Energia Minerals Limited on 30 October 2013 and accordingly no equity accounting adjustments have been made in the current period – see note 4(d) below for further information. The share of equity accounted investee losses in the prior period represents the consolidated entity's equity accounted share of the movement in Energia's net assets from acquisition, adjusted to align accounting policies on treatment of exploration and evaluation expenditure.

		2013 $	2012 $
(d)	**Reversal of impairment on equity accounted investees**		
	Energia Minerals Limited (ASX: EMX)	74,561	-
		74,561	-

The consolidated entity sold its interest in Energia Minerals Limited on 30 October 2013 for a combination of $500,000 cash and 8,004,393 ordinary shares in listed uranium explorer Enterprise Uranium Limited (ASX: ENU) valued at $320,176.

The reversal of impairment of $74,561 represents the difference between the total consideration of $820,176 and the carrying amount of Energia Minerals shares at 30 June 2013 of $745,615.

5. Income tax

	2013 $	2012 $
Current tax benefit	449,544	649,718
Total income tax benefit reported in the statement of profit or loss and other comprehensive income	449,544	649,718

The income tax benefit of $449,544 represents a research and development tax refund relating to the 2013 financial year. The refund was received in December 2013.

6. Restricted cash

	31 Dec 2013 $	30 Jun 2013 $
Bank guarantees in relation to rehabilitation obligations	1,744,291	1,704,291
Bank guarantee in relation to office premises	32,038	32,038
	1,776,329	1,736,329

Bank guarantees in relation to rehabilitation obligations are held by the Northern Territory Department of Mines and Energy for rehabilitation obligations on the Nabarlek Mineral Lease ($1,704,291) and by the Northern Land Council on the Nabarlek tenements held in joint venture with Cameco Australia Pty Ltd ($40,000). It is anticipated that following changes to the Mining Management Act in the Northern Territory, 10% ($170,429) of the bank guarantee held by the Department of Mines and Energy will be released in the second half of the 2014 financial year.

7. Other investments

	31 Dec 2013 $	30 Jun 2013 $
PhosEnergy Limited shares	98,839	-
Enterprise Uranium Limited (ASX: ENU)	336,185	
	435,024	-

On 13 September 2013 the Company completed a demerger of its PhosEnergy Process assets by way of an in-specie distribution of the majority of the issued shares in PhosEnergy Limited to shareholders. At the balance date the consolidated entity holds approximately 9.1% of PhosEnergy Limited (3 million shares) as available for sale. The investment has been recorded at carrying amount, representing 9.1% of the pre-demerger balance. As the shares in PhosEnergy Limited are unlisted and there is a limited market for potential investors the shares are measured on the cost basis.

On 30 October 2013 the consolidated entity was issued 8,004,393 ordinary shares in Enterprise Uranium Limited as part consideration for its sale of Energia Minerals Limited shares. The shares were issued at 4.0 cents per share, totalling $320,176.

The closing price of Enterprise Uranium shares on 31 December 2013 was 4.2 cents per share. The investment has been fair valued entirely under Level 1 of the IFRS 13 Fair Value Hierarchy at $336,185 with the increase in value of $16,009 recorded to the fair value reserve.

8. Equity accounted investees

	31 Dec 2013 $	30 Jun 2013 $
UFP Investments LLC (UFP)	-	1,086,998
Energia Minerals Limited (ASX:EMX)	-	745,615
	-	1,832,613

The Company demerged its interest in the PhosEnergy Process assets, including its interest in UFP Investments LLC, and sold its shares in Energia Minerals Limited in the half year – see notes 4 and 11 for further information.

9. Exploration and evaluation assets

	31 Dec 2013 $
Cost brought forward at 1 July 2013	19,123,530
Expenditure incurred during the period	336,079
Adjustment to rehabilitation provision	(49,057)
Impairment losses	(235)
Balance at 31 December 2013	19,410,317

10. Provisions

	31 Dec 2013 $	30 Jun 2013 $
Current		
Rehabilitation	47,017	48,600
	47,017	48,600
Non-current		
Rehabilitation	1,567,598	1,564,623
	1,567,598	1,564,623

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

11. Capital and reserves

PhosEnergy Demerger

The Company separated its exploration and PhosEnergy Process assets (demerger) on 13 September 2013 following approval by shareholders on 29 August 2013. The demerger has created two independently focussed companies that allows different funding and development strategies to be applied to the substantially different businesses.

The demerger was 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 30 million of the 33 million issued shares in PEL to shareholders (for no cash outlay) on an approximately 1 for 10 basis.

The in-specie distribution of PEL shares was an equal capital reduction under section 256C of the Corporations Act. The capital reduction was $988,396 or approximately 0.3 cents per Uranium Equities Limited share.

The impact of the demerger on the Consolidated Statement of Financial Position is summarised as follows:

	Note	$
Cash and cash equivalents		(50,001)
Trade and other receivables		50,000
Other investments – PhosEnergy Limited	7	98,839
Equity accounted investees – UFP Investments LLC	8	(1,086,998)
Property, plant and equipment		(236)
Net assets		988,396
Issued capital		(988,396)
Reserves – Foreign currency translation reserve		(218,989)
Accumulated losses		218,989
Total equity		(988,396)

The Company made a short term loan to PEL of $50,000 upon completion of the demerger. This loan remains outstanding at the balance date.

Foreign currency translation reserves of $218,989 held against the assets were recycled to profit and loss and disclosed as a gain on loss of control in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

The capital reduction also had the effect of reducing the exercise price on unlisted options by an equivalent amount (0.3 cents per share) and adjusting the number of shares that will be issued on any unlisted performance rights that vest.

Other

In November 2013 shareholders approved the issue of 5,281,405 ordinary fully paid shares, valued at $104,572, to a director and two former directors in lieu of director’s fees accrued between December 2012 and June 2013. The price of the issue was based on a 30 day Volume Weighted Average Price (VWAP) up to and including 26 September 2013 of 1.980 cents per share.

The Company has 303,938,778 ordinary shares on issue.

12. Related party transactions

Other than disclosed below, arrangements with related parties continue to be in place and are consistent with those disclosed on pages 57-60 of the 30 June 2013 Annual Report.

Commencing on 1 December 2012 and to preserve cash within the Company, each non-executive director agreed to accrue their respective directors' fees until further notice. As announced on 27 September 2013, each non-executive director agreed with the Company, that subject to shareholder approval, they will take Shares in full satisfaction of their respective outstanding fees as at 30 June 2013. At the Annual General Meeting on 28 November 2013, shareholders approved the following issue of shares:

	Director's Fees Outstanding	Shares Issued
Director		
Tim Goyder	$32,110.09	1,621,721
Former Directors		
Anthony Kiernan	$37,461.77	1,892,008
Tom Pool	$35,000.00	1,767,676
Total	**$104,571.87**	**5,281,405**

The issue price of 1.980 cents per share was calculated by taking the volume weighted average share price for Uranium Equities Limited ordinary shares for the 30 days up to and including 26 September 2013.

Commencing on 1 September 2013 the Company began using the corporate advisory services of Tim Goyder, a non-executive director, with a monthly fee of $5,000. As agreed with Mr Goyder, all fees up to the balance date have been accrued (totalling $20,000) as a cash conservation measure.

13. Events after balance sheet date

In the opinion of the directors there has not been any matter or circumstance that has arisen since the end of the reporting period that has significantly affected, or may significantly affect, the operations of the consolidated entity or the state of affairs of the consolidated entity in future periods.

Directors' declaration

In the opinion of the directors of Uranium Equities Limited:

1. the interim financial statements and notes set out on pages 11 to 19, are in accordance with the Corporations Act 2001 including:

    (a) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2013 and of its performance for the half-year ended on that date; and

    (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and

2. there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

Dated at Perth on 7 March 2014.

Signed in accordance with a resolution of the directors:

Tim Goyder
Chairman

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

We have reviewed the accompanying interim financial report of Uranium Equities Limited ('the Company'), which comprises the consolidated interim statement of financial position as at 31 December 2013, consolidated interim statement of profit or loss and other comprehensive income, consolidated interim statement of changes in equity and consolidated interim statement of cash flows for the interim period ended on that date, notes 1 to 13 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the half-year's end or from time to time during the interim period.

Directors' responsibility for the interim financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity,* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the interim period ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Uranium Equities Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Uranium Equities Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the interim period ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

Darren Ball
Partner

Adelaide

7 March 2014