

ASX ANNOUNCEMENT

31 October 2014

URANIUM EQUITIES LIMITED ACN 009 799 553



URANIUM
EQUITIES

ASX Market Announcements Office
via electronic lodgement

Quarterly Report Quarter Ended 30 September 2014

OVERVIEW

- **High-grade uranium intersections** returned from recent 4,757m Reverse Circulation (RC) drilling program targeting high-grade prospects on the **Nabarlek Mineral Lease** and **West Arnhem JV** areas including;
 - **7m @ 2,680ppm U₃O₈** from 46m including **3m @ 5,216ppm U₃O₈** from 49m (drillhole NAR7520)
 - **6m @ 1,336ppm U₃O₈** from 19m including **1m @ 6,073ppm U₃O₈** from 19m (drillhole NAR7527)
- **Leading consultant Dr Jon Hronsky**, who has extensive experience in Mineral-system based targeting, engaged to assist in the identification of new exploration targets within UEQ's expanded 5,000km² land position in the Alligator Rivers Uranium Field (ARUF).

1. EXPLORATION ACTIVITIES - AUSTRALIA

ARUF Exploration Potential

The ARUF is a world-class uranium province, comparable to the Athabasca Uranium Province in Canada in terms of its uranium endowment and geological setting. The focus of Uranium Equities' exploration activities in the ARUF is on the discovery of high-grade Alligator Rivers-style, unconformity related uranium deposits.

The Company has been actively exploring the region in joint venture with Cameco Australia since 2007, and believes that with its newly consolidated ground position the discovery potential is exceptional.

ASX: UEQ

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1.1 Nabarlek Project

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

UEQ completed a Reverse Circulation (RC) drilling program in July targeting potential high-grade uranium prospects on the Nabarlek Mineral Lease and West Arnhem JV areas. A total of 31 RC holes for 4,757m were drilled (see Figure 1).

West Arnhem JV

In the West Arnhem JV area, drilling targeted areas of elevated radon anomalism, which is a pathfinder for uranium mineralisation. The drilling focused on an area adjacent to the U40 Prospect, where earlier diamond drilling intersected exceptional uranium and associated base and precious metal mineralisation, including a previously reported interval of 6.8m @ 6.7% U₃O₈ from 75m which included 5m @ 9.11% U₃O₈.⁽¹⁾

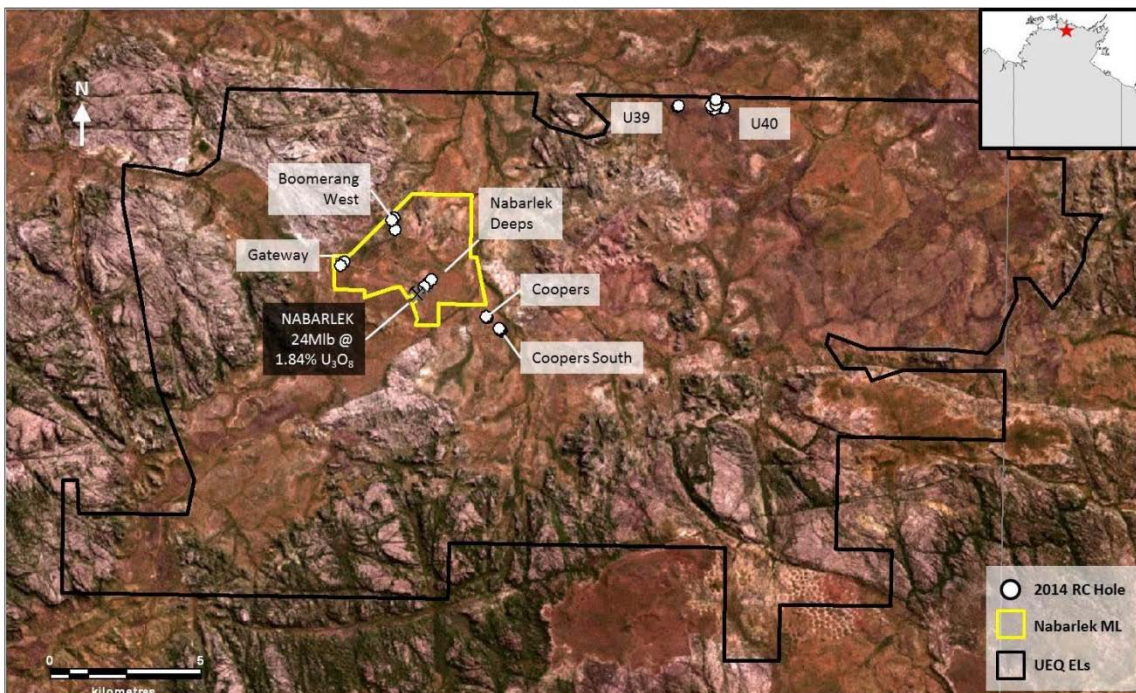


Figure 1: – Nabarlek Project, 2014 RC Drilling and Prospects

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Significant results from the July 2014 drilling at U40 include⁽²⁾:

- NAR7520 7m @ 2,680ppm U₃O₈ from 46m, including:
1m @ 2,736ppm U₃O₈ from 46m; and
3m @ 5,216ppm U₃O₈ from 49m
- NAR7527 6m @ 1,336ppm U₃O₈ from 19m, including:
1m @ 6,073ppm U₃O₈ from 23m
- NAR7528 9m @ 556ppm U₃O₈ from 79m; and
- NAR7514 3m @ 387ppm U₃O₈ from 96m

These results confirm the potential for the Nabarlek area, and the Alligator Rivers Uranium Field in general, to host high grade uranium mineralisation.

The results are hosted in a “redox boundary” between strongly bleached and pyritic (reduced) rocks and hematite stained (oxidized) rocks within the Quarry Fault Zone (QFZ), which are associated with a zone of cross-faulting along the structure (Figure 2). The QFZ is a north–south trending structural zone developed for over nine kilometres within the UEQ tenure; the new results suggest that further zones of cross-faulting and associated redox boundary related alteration and mineralisation could be developed within the structure.

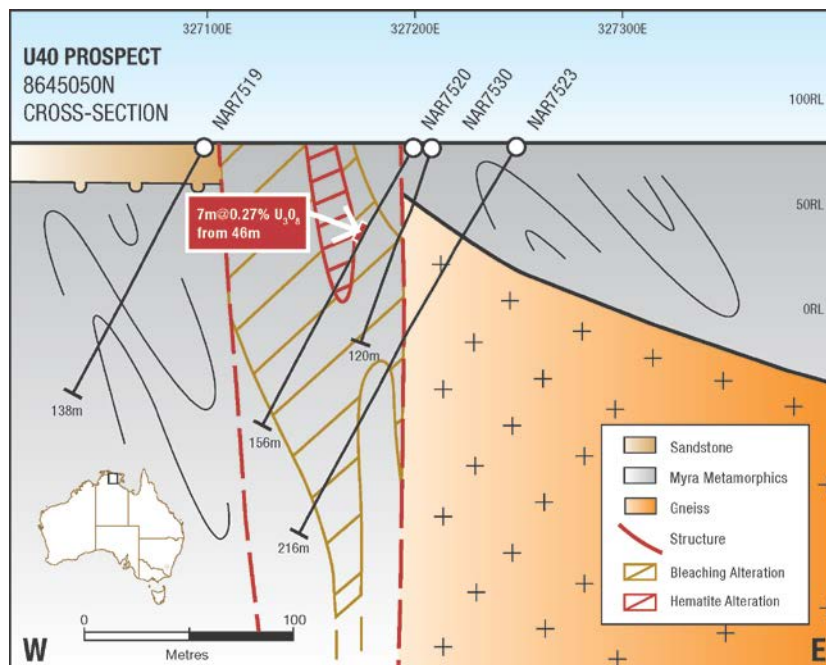


Figure 2: – U40 Prospect Cross-section

These insights will be used to target similar prospects in the region, greatly assisting the Company's broader exploration strategy.

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Other West Arnhem JV targets tested in the recent drilling campaign include the Coopers and Coopers South Prospects.

The Coopers South Prospect consists of a large uranium geochemical regolith anomaly not previously tested by RC drilling. Three RC drillholes were completed in a traverse across the peak of the anomalism. All three intersected dolerite with moderate hematite alteration before drilling into unaltered basement. The middle hole in the section (drillhole NAR7510) intersected two zones of mineralisation with 1m @ 218ppm U_3O_8 from 31m and 4m @ 254ppm U_3O_8 from 38m.

At Coopers, drilling tested an interpreted faulted offset extension to the known mineralisation but did not reveal any further mineralisation.

Nabarlek Mineral Lease

RC drilling on the Nabarlek Mineral Lease tested the Nabarlek Deeps, Gateway and Boomerang West targets.

Drilling at Nabarlek Deeps was based on a concept testing possible extensions of the high-grade Nabarlek Mine structure below a cross cutting dolerite sill. This target assumes that the controlling structure has been displaced or offset by the dolerite, and that the historical deep drilling has not tested the extension of the Nabarlek mineralised system. The drill traverse also tested the potential extension of the SMLB Fault – a known mineralised structure – where it trends towards the south-east beneath the dolerite sill.

Both drillholes encountered around 250m of massive dolerite before intersecting metamorphic basement with some zones of weak – minor bleaching and hematite alteration adjacent to a narrow, structural quartz-breccia zone (Figure 3).

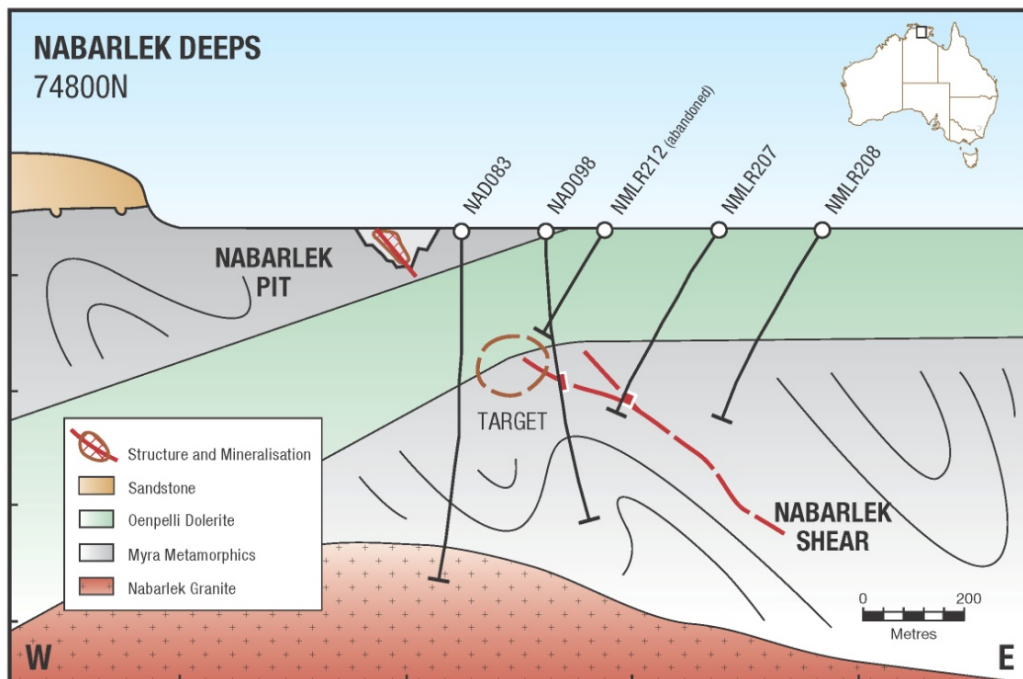


Figure 3: – Nabarlek Deeps Target

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Although unmineralised, the presence of the quartz-breccia and the alteration halos suggests that fertile, Nabarlek-style structures do extend below the dolerite. Further testing along strike of the structure is warranted.

The Gateway and Boomerang West targets are interpreted structures identified from the detailed ground gravity program conducted to the north of the historical mine area. Drilling at both prospects intersected basement with moderate alteration halos.

THE NEXT STEPS: EXPANDED POTENTIAL

Drill chips from the recent drill program have been analysed with a spectral scanner and selected intervals have also undergone multi-element analyses. This spectral and multi-element data will be used to map and characterise mineral assemblages and alteration halos associated with uranium mineralisation in the ARUF, aiming to quantify broad-scale zonation patterns which may provide vectors to mineralisation, and to identify proximal alteration assemblages where drilling may have just missed mineralisation.

1.2 Other Projects

Arnhem Land (NT)

UEQ has engaged Dr Jon Hronsky, principal of Western Mining Services, to work with the Company's technical team on a target generation study over its recently expanded, 5,000km² exploration package in the ARUF.

Dr Hronsky is well known for his targeting work which led to the discovery in 2000 of the West Musgrave nickel sulphide province in WA and he has broad global experience in 'mineral-systems' based targeting, for a wide range of commodities, including uranium deposits.

Rudall River (WA)

The Rudall River Project (Uranium Equities 100%, Cameco Australia earning 85%) consists of three Exploration Licences covering a total area of 172km². 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).

Cameco Australia has advised that target generation and the review of historic data continued during the quarter. Planning for a helicopter supported reconnaissance, soil and rock chip sampling program is ongoing.

1.3 Project Summary

This section is provided in compliance with Listing Rule 5.3.

Expenditure

Exploration and evaluation expenditure made by the Company during the quarter was \$607,000 (on a cash basis).

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Projects

Name		Target	Area (km ²)		Beneficial Ownership
			Granted	Applic.	
West Arnhem JV	NT	Structurally controlled and unconformity style uranium	448	49	UEQ 40% – earning 100%: Cameco Australia 60%
Nabarlek ML	NT		12	-	UEQ 100%
Arnhem Minerals, Woodside, Browse, Cadel North, Pluto & Aurari Bay	NT		-	2,351	UEQ 100%
Headwaters	NT	Coronation Hill-style gold – platinum – palladium – uranium	-	2,280	UEQ 100% (in moratorium)
Rudall River	WA	Kintyre style uranium	172	-	UEQ 100%: Cameco Australia earning 85%
			632	4,680	

A full list of tenements held by the Company is enclosed in Appendix 1.

Changes in tenements held during the quarter

Nil

Changes in farm-in or farm-out agreements during the quarter

Nil

2. CORPORATE

During the quarter, UEQ announced the appointment of James Merrillees as the Company's General Manager. James will oversee exploration of the key Alligator Rivers Uranium Field projects and the day to day operations of the Company. In addition, Rolf Heinrich has stepped down as Chief Financial Officer and Company Secretary. Kym Verheyen has been appointed Finance Manager and Company Secretary.

In line with the above management changes, the registered and principal administrative office of the Company has been relocated to:

Level 2, 1292 Hay Street
West Perth WA 6005
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The Group's cash balance at the end of the quarter was \$0.8 million (refer Appendix 5B for further information).

The Company also held 8,004,393 shares in ASX listed Enterprise Uranium Limited (ASX:ENU) and increased its interest in PhosEnergy Limited from 9.1% to 9.46% represented by 3,455,371 shares.

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During the quarter the Company completed a 1:3 rights issue to raise approximately \$1.0 million before issue costs at 1 cents per share.

In addition, the Company also placed 45,000,000 shares at 1 cent per share to raise \$0.45 million before issue costs. The placement was issued to sophisticated and professional investors and was pursuant to the 15% allowance under ASX listing rules.

A handwritten signature in blue ink, appearing to read "Tim Goyder".

Tim Goyder
Executive Chairman

⁽¹⁾ This information in relation to the U40 Prospect is extracted from the ASX Announcement entitled 'Uranium Equities Adds to NT Uranium Portfolio' created on 16th June, 2014 and available to view at 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 all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

⁽²⁾ The information that is included in the report in relation to the U40 Prospect is extracted from the ASX Announcement entitled 'High-Grade Uranium Hits at Nabarlek Project, NT' created on the 8th September, 2014 and available to view at 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 all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Competent Person Statement

The information in this report that relates to Exploration Results is based on information compiled by Grant Williamson who is a full-time employee of the Company and a member of the Australasian Institute of Geoscientists. Mr Williamson has sufficient experience that is relevant to the styles of mineralisation, the types of deposits under consideration and to the activities undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Williamson consents to the inclusion in this report of the matters based on information in the form and context in which it appears.

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Appendix 1 – Tenement Schedule

State	Project	Tenement	Status	Current Equity
NT	Nabarlek	EL10176	Granted	40%
		EL24371	Granted	40%
		EL23700	Granted	40%
		ELA24878	Application	40%
		MLN962	Granted	100%
	Arnhem Minerals	ELA25384	Application	100%
		ELA25385	Application	100%
		ELA25386	Application	100%
		ELA25387	Application	100%
		ELA25389	Application	100%
		ELA25391	Application	100%
		ELA25393	Application	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%	
WA	Rudall River	E45/3118	Granted	100%
		E45/3119	Granted	100%
		E45/3126	Granted	100%

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

Uranium Equities Limited

ABN

74 009 799 553

Quarter ended ("current quarter")

30 September 2014

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(607) - - (132)	(607) - - (132)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	11	11
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes (paid)/received	-	-
1.7 Other (management fees received)	-	-
Net Operating Cash Flows	(728)	(728)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	- (91) -	- (91) -
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	- - -	- - -
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	(91)	(91)
1.13 Total operating and investing cash flows (carried forward)	(819)	(819)

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(819)	(819)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	1,380	1,380
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (movement in restricted cash)	-	-
	Net financing cash flows	1,380	1,380
	Net increase (decrease) in cash held	561	561
1.20	Cash at beginning of quarter/year to date	313	313
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	874	874

Notes:

- (1) Cash balance excludes \$1.589 million held against bank guarantees for rehabilitation obligations on the Nabarlek Mineral Lease and West Arnhem Land tenements and an office lease, which is treated as Restricted Cash in the Company's financial statements.

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	46
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Item 1.23 Current quarter consists of director's fees (\$4k) and process engineering consulting fees in relation to PhosEnergy paid to a company in which a director has a beneficial interest (\$42k) all of which has been recovered from charges to Urtek LLC. All transactions are on commercial terms.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

-

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

\$25k was spent during the quarter by Cameco, the Company's joint venture partner in the Rudall River Project.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	250
4.2 Development	-
4.3 Production	-
4.4 Administration	120
Total	370

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	828	313
5.2 Deposits at call	46	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	874	313

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	N/A	N/A	N/A
6.2	Interests in mining tenements and petroleum tenements acquired or increased	N/A	N/A	N/A

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	N/A	N/A	N/A	N/A
7.2	N/A	N/A	N/A	N/A
7.3	450,251,704	450,251,704	N/A	N/A
7.4	146,312,926	146,312,926	1 cent	1 cent
	-	-	N/A	N/A
7.5	N/A	N/A	N/A	N/A

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	N/A	N/A	N/A	N/A
7.7	Options (unlisted share options)	500,000	Nil	<i>Exercise price</i> \$0.247	<i>Expiry date</i> 24.11.2014
	Unlisted Performance Rights ⁽¹⁾	1,506,406	Nil	N/A	30.06.2016
7.8	Issued during quarter	N/A	N/A	N/A	N/A
7.9	Exercised during quarter	N/A	N/A	N/A	N/A
7.10	Expired during quarter				
	Options	1,300,000	Nil	\$0.247	07.07.2014
	Performance Rights	N/A	Nil	N/A	N/A
7.11	Debentures (totals only)	N/A	N/A		
7.12	Unsecured notes (totals only)	N/A	N/A		

- ⁽¹⁾ Performance Rights do not represent ordinary or preference securities and have therefore been disclosed within options for this purpose. Each right entitles the holder to 1.119 ordinary shares for nil consideration. Vesting of the 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. Rights expire at the earlier of the date the employee ceases to be employed or 30 June 2016.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



Company secretary

Date: 31 October 2014

Print name: Kym Verheyen

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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