URANIUM EQUITIES LIMITED

ACN 009 799 553

NOTICE OF GENERAL MEETING AND EXPLANATORY MEMORANDUM

Time: **10.00 am (WST)**

Date: **Thursday 29 August 2013**

Place: **Level 2, 1292 Hay Street**

West Perth

Western Australia

This Notice of Meeting and the accompanying Explanatory Memorandum should be read in its entirety. If you are in doubt as to how you should vote, you should seek advice from your accountant, solicitor or other professional adviser prior to voting.

CONTENTS

TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

A General Meeting of the Shareholders of Uranium Equities Limited ACN 009 799 553 (**Uranium Equities** or the **Company**) to which this Notice of Meeting relates will be held at 10.00 am (WST) on Thursday 29 August 2013 at:

Level 2, 1292 Hay Street
West Perth
Western Australia

YOUR VOTE IS IMPORTANT

The business of the General Meeting affects your shareholding and your vote is important.

VOTING IN PERSON

To vote in person, attend the General Meeting on the date and at the place set out above.

VOTING BY PROXY

All Shareholders who are entitled to attend and vote at the meeting have the right to appoint a proxy to attend and vote for them. The proxy does not have to be a Shareholder. Shareholders holding two or more Shares can appoint either one or two proxies. If two proxies are appointed, the appointing Shareholder can specify what proportion of their votes they want each proxy to exercise.

To vote by proxy, please complete and sign the proxy form enclosed and either send it:

(a) by post to Uranium Equities Limited, Level 5, 29 King William Street, Adelaide, SA 5000; or
(b) by facsimile to the Company on (+61 8) 8110 0777,

so that it is received **no later than 11.30 am (ACST) on 27 August 2013**, being not less than 48 hours prior to the commencement of the Meeting. Proxy forms received later than this time will be invalid. Where the proxy form is executed under power of attorney, the power of attorney must be lodged in the same way as the proxy form.

BODIES CORPORATE – CORPORATE REPRESENTATION

A body corporate may appoint an individual as its representative to exercise any of the powers the body may exercise at the meeting of Shareholders. The appointment may be a standing one. An Appointment of Corporate Representative is enclosed with this Notice.

VOTING ENTITLEMENTS

The Board has determined that, for the purpose of voting at the meeting, Shareholders are those persons who are the registered holders of the Company's shares at 6.30pm (ACST) on 27 August 2013.

ENQUIRIES

The Company welcomes enquiries in respect of matters covered in this Notice of Meeting and Explanatory Memorandum and the attendance of Shareholders at the General Meeting. Should you require further information please contact:

The Company Secretary
Rolf Heinrich
Phone: (+61 8) 8110 0700
Fax: (+61 8) 8110 0777
Email: rolf.heinrich@uel.com.au

NOTICE OF GENERAL MEETING

NOTICE IS GIVEN that a General Meeting (**Meeting**) of Uranium Equities Limited ACN 009 799 553 (**Uranium Equities** or the **Company**) will be held at Level 2, 1292 Hay Street, West Perth, Western Australia on Thursday 29 August 2013 at 10.00 am (WST).

AGENDA

RESOLUTION 1 – APPROVAL OF DEMERGER

Brief explanation

The purpose of Resolution 1 is for Shareholders to approve the demerger of the Company's interests in the PhosEnergy Process. If the Resolution is approved the demerger will be implemented by:

(a) transferring the interests in the PhosEnergy Process into the Company's wholly owned subsidiary, PhosEnergy Limited (**PEL**) in return for shares in PEL; and

(b) distributing the majority of the shares the Company holds in PEL to Shareholderson an approximately 1 for 10 basis.

On implementation of the Demerger, Shareholders will hold shares in both the Company and PEL. Further details of Resolution 1 and its effect are set out in the attached Explanatory Memorandum which should be read carefully by Shareholders.

Resolution

To consider, and if thought fit, to pass as an ordinary resolution:

That:

(a) in order to implement the demerger of the Company's interests in the PhosEnergy Process; and

(b) for the purpose of section 256C of the Corporations Act and for all other purposes,

*subject to approval of Resolution 2, the issued share capital of the Company be reduced by an amount equal to the fair value of 30,000,000 fully paid ordinary shares in PhosEnergy Limited (ACN 164 573 728) (**Demerger Shares**), by the Company making a pro-rata in specie distribution of the Demerger Shares to the holders of ordinary shares in the Company on the Record Date as further detailed, and on the terms and conditions set out, in the Explanatory Memorandum accompanying this Notice of General Meeting.*

RESOLUTION 2 – AMENDMENT OF CONSTITUTION

Brief explanation

The purpose of Resolution 2 is for Shareholders to approve an amendment to the Company's constitution to facilitate the implementation of the Demerger by ensuring that Shareholders consent to becoming a member of PEL.

Resolution

To consider, and if thought fit, to pass as a special resolution:

That the constitution of the Company is amended by deleting rule 42 and replacing it with the following:

"42. Power to Reduce Capital

42.1 Subject to the Law and the Listing Rules, the Company may reduce its share capital, including without limitation, its paid up capital, asset revaluation reserves and any other reserve account in any manner including, but not limited to, distributing securities of any other body corporate to Shareholders.

42.2 Where the Company reduces its share capital by way of a distribution of shares or other securities in another body corporate:

(a) the Shareholders are deemed to have agreed to become members of that corporation and are bound by the constitution of that body corporate; and

(b) each of the Shareholders appoints the Company or any of the Directors as its agent to execute any transfer of shares or other securities, or other document required to give effect to the distribution of shares or other securities to that Shareholder."

By order of the Board

Rolf Heinrich
Company Secretary
17 July 2013

EXPLANATORY MEMORANDUM

INTRODUCTION

This Explanatory Memorandum has been prepared for the information of Shareholders of Uranium Equities Limited ACN 009 799 553 (**Uranium Equities** or the **Company**) in connection with the business to be transacted at a General Meeting of the Company to be held on Thursday 29 August 2013 (**Meeting**).

The purpose of this Explanatory Memorandum is to provide information that the Board believes to be material to Shareholders in deciding whether or not to pass the two Resolutions. It explains the Resolutions and identifies the Board's reasons for putting it to Shareholders. The Explanatory Memorandum should be read in conjunction with the accompanying Notice of Meeting. If you are in doubt as to how you should vote, you should seek advice from your accountant, solicitor or other professional adviser prior to voting.

RESOLUTION 1 – APPROVAL OF DEMERGER

1 Background

1.1 Separation

On 28 May 2013 the Company announced its intention to evaluate the separation of its two business arms:

(a) the exploration arm, which holds assets in some of the most sought after Australian uranium districts including the Nabarlek Project in the Alligator Rivers Uranium Field in the Northern Territory and the Rudall River Project, adjacent to the Kintyre Uranium Deposit; and

(b) the PhosEnergy arm, which holds an interest in the PhosEnergy Process, a technology developed to extract uranium from an already developed phosphate resource or improves the economics of an undeveloped resource.

The separation would create two independently focussed companies and allow different funding and development strategies to be applied to the substantially different businesses.

Having completed its evaluation of the advantages and disadvantages the Board has resolved, subject to shareholder approval of Resolutions 1 and 2, to proceed with the separation by way of the Demerger.

The timetable for the Demerger is set out in section 8.1 below.

1.2 Internal steps to implement Demerger

Demerger Agreement

In order to facilitate the Demerger, the Company has incorporated a new unlisted public company, PhosEnergy Limited ACN 164 573 728 (**PEL**). The Company and PELhave entered into a conditional share and asset sale agreement (**Demerger Agreement**) pursuant to which it has agreed to transfer its interest in the PhosEnergy Process (including shares in PhosEnergy Inc, the Company's subsidiary that holds its interest in the PhosEnergy Process and certain assets relating to the PhosEnergy Process) to PEL in consideration for the issue of 33,000,000 shares in PhosEnergy. Under the Demerger Agreement, the Company has also agreed to provide a short term (3 month) unsecured interest free loan of $50,000 to PEL to fund its short term operating costs.

The Demerger Agreement is conditional on:

(a) Shareholders approving the Resolutions;

(b) completion of the Debt for Equity Agreement (as detailed below); and

(c) the parties obtaining all necessary consents (including applicable third party consents) and approvals for the Demerger.

Debt for Equity Agreement

In 2008, the Company provided a US$5 million intercompany loan facility to PhosEnergy Inc. As at the date of this Notice of Meeting, the outstanding balance of this facility was US$1,927,153. However, the carrying amount of the loan in the Company's accounts is US$30,619 (A$33,012).

Under a Debt for Equity Conversion Agreement with PhosEnergy Inc, the Company has agreed that, prior to the implementation of the Demerger:

(a) it will terminate the intercompany loan facility and

(b) in consideration for forgiveness of the outstanding balance on the loan, PhosEnergy Inc will issue 111 shares to the Company at an issue price, based on the carrying amount of the loan, of US$275.85 per share.

These shares will be issued to the Company prior to completion of the Demerger Agreement so that all the shares in PhosEnergy Inc will be transferred by the Company to PEL.

1.3 Distribution of Demerger Shares to Shareholders

Subject to Shareholder approval of Resolutions 1 and 2, the Demerger will be completed by way of the Company distributing the majority (approximately 91%) of its shares in PEL (**Demerger Shares**) to the Company's Shareholders as at the Record Date on a pro-rata basis, with Shareholders to receive 1 Demerger Shares for approximately every 10 Shares held on the Record Date, rounded down to the nearest whole number. Shareholders will not have to make any financial payment to the Company to receive the Demerger Shares.

The distribution of the Demerger Shares is referred to in this Notice of Meeting as the Demerger.

Following the Demerger, the Company will retain 3,000,000 shares in PEL (**Retained Shares**), representing approximately 9% of the issued capital of PEL.

1.4 Demerger conditional on amendment of Constitution

Resolution 1 (to effect the Demerger) is conditional on Shareholders approving Resolution 2 (to amend the Constitution). As set out in the section below relating to Resolution 2, the Company's constitution needs to be amended to allow for the distribution of the Demerger Shares to Shareholders.

This means that in order to implement the Demerger, Shareholders need to approve **both** Resolution 1 and Resolution 2.

2 Future operations of PEL

2.1 PhosEnergy Process

After completion of the Demerger, PEL will focus on the development and commercialisation of the PhosEnergy Process in conjunction with Cameco Corporation (TSX:CCO, NYSE:CCJ) (**Cameco**). The patented PhosEnergy Process is a new technology designed to extract uranium from phosphoric acid streams generated in the production of phosphate-based fertilisers. Cameco owns 73 per cent of the process; PEL retains 27 per cent through its wholly owned subsidiary PhosEnergy Inc (which will be transferred to PEL pursuant to the Demerger Agreement).

Sedimentary phosphate rock deposits contain uranium in varying concentrations, generally between 30 and 300 parts per million (ppm) U_3O_8. It is estimated that in the world's 300 billion tonnes (Bt) of reasonably assured phosphate resources, there may be as much as 25 million tonnes (Mt) of recoverable uranium[1]. At the current worldwide phosphate rock production rate of well in excess of 100Mt per annum (phosphoric acid production of 50Mt (as P_2O_5) per annum) there is an opportunity to recover up to 20 million pounds (Mlb) of uranium per annum from phosphate fertiliser facilities[2].A PFS Level Engineering Study (**PFS**) completed in March 2013 has estimated capital and operating costs for a PhosEnergy plant located at the site of a nominal 1-million short tonne P_2O_5 phosphate facility in the south-eastern United States producing approximately 880,000 pounds of uranium per annum (Base Case).

Using the outputs of the PFS, estimated project costs are as follows:

(a) estimated cash operating costs of less than US$18 per pound of U_3O_8; and

(b) estimated capital cost of US$156 million for the Base Case PhosEnergy plant.

Depending on the (normally) available infrastructure at the development site, additional capital may be required (estimated at up to US$9 million for a plant in south eastern United States).

[1] 25Mt U_3O_8 assumes 100ppm U_3O_8 in phosphate ore and 80% uranium recovery.

[2] IDFC 2012/13 Worldwide Phosphoric Acid Capacity by Region.

In the Company's 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.

The initial focus for the commercialisation of the PhosEnergy Process is expected to be on the phosphate fertiliser industry in the United States, where Uranium Equities estimates there is an opportunity to recover approximately 6Mlbs of uranium per annum. The development of a commercial operation in the USA also has potential synergies with Cameco's existing operations in that region.

2.2 PhosEnergy Process Commercialisation Strategy

Cameco and Uranium Equities are seeking to enter commercial arrangements with phosphate producers under which both the technology to recover uranium from phosphates and the capital required to install the process would be provided in exchange for uranium off-take from the third party's facility. PEL will continue these efforts in place of Uranium Equities if the Demerger is completed.

The next phase of commercialisation is expected to comprise a continuous on-site demonstration scale operation at the site of an existing phosphate producer. This phase will underpin a definitive feasibility study (**DFS**) and the basis for a full scale commercial facility.

Uranium Equities estimates that a commercial facility could be constructed and commissioned within three years of the commencement of a DFS.

2.3 Funding

Cameco has invested US$21.0 million to date into the PhosEnergy Process and has committed to fund a minimum 50% of Uranium Equities' (or, after completion of the Demerger, PEL's) proportionate share of capital for construction of the first commercial plant, should this occur, on terms to be negotiated.

The balance of Cameco's most recent investment, of approximately US$4 million, is available to progress development towards the completion of a DFS on the PhosEnergy Process. This funding is expected to be sufficient to cover PhosEnergy Process development costs for the next 12-18 months.

As set out above, prior to completion of the Demerger, the existing US$5 million intercompany loan facility provided by Uranium Equities to PhosEnergy Inc will be terminated , with the outstanding balance on the loan being converted to equity in PhosEnergy Inc.

The short term funding requirements of PEL are minimal and will initially be covered by a short term (3 month) unsecured interest free loan of $50,000 from Uranium Equities under the Demerger Agreement (see section 1.2 above).

After completion of the Demerger, PEL's directors will consider the options available to PEL to meet its long term funding requirements. This may include seeking a cornerstone investor to assist PEL in developing the PhosEnergy Process, if and when required.

2.4 Board of directors and management of PEL

The board of directors of PEL will initially be the same as the Company's Board, being:

Name	Position
Anthony Kiernan	Non-executive Chairman
Bryn Jones	Managing Director*
Tim Goyder	Non-executive Director
Tom Pool	Non-executive Director

*On secondment from Uranium Equities in respect of his management role

Details of each Director's experience and other directorships can be found in the Company's 2012 Annual Report.

Rolf Heinrich will act as Chief Financial Officer and Company Secretary on secondment from Uranium Equities.

2.5 Transitional services arrangements

Uranium Equities and PEL have entered into a Management and Services Agreement under which, subject to implementation of the Demerger, Uranium Equities will provide transitional services to PEL to support PEL's corporate functions in the short term. The agreement covers provision of management services, office facilities, accounting, information technology, company secretarial and general administration assistance. The Management and Services Agreement also contemplates the part time secondment of the services of the Managing Director and Chief Financial Officer and Company Secretary of Uranium Equities. Uranium Equities will not charge PEL for the services for a period of 3 months, after which the agreement will either be terminated or re-negotiated on commercial terms.

2.6 No proposed short term listing

It is proposed that PEL will remain an unlisted public company after completion of the Demerger. There is no proposal for PEL to be listed on ASX or any other securities exchange in the short term. As set out above, the PEL directors may seek a cornerstone investor to assist PEL to develop the PhosEnergy Process.

2.7 Uranium Equities holding in PEL

As detailed above, following the Demerger, Uranium Equities will continue to hold the Retained Shares, being 3,000,000 shares in PEL representing a 9% holding.

3 Reasons for the Demerger

The Board has resolved to pursue the Demerger to facilitate the development of, the PhosEnergy Process by:

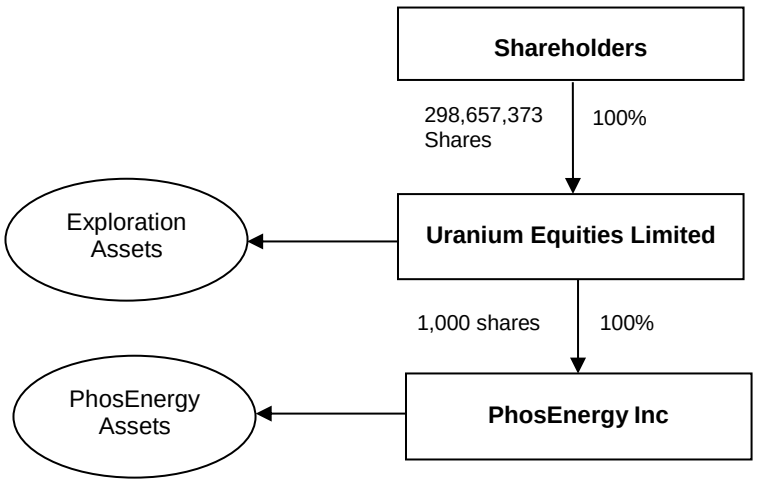
(a) creating an independent entity focussed on the PhosEnergy Process; and

(b) allowing Shareholders and investors to hold or invest in either the exploration assets, the PhosEnergy Process, or both depending on their investment strategies and risk appetite.

4 Proposed structure

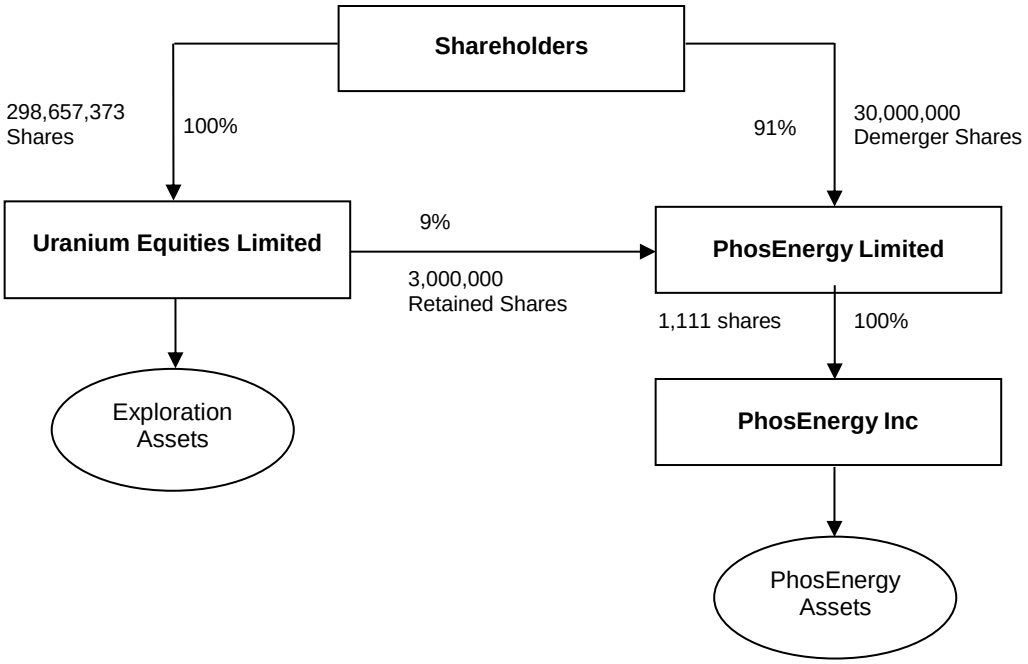
4.1 Current structure

The current structure of Shareholders' interests in the Company's exploration assets and the PhosEnergy Process (held through PhosEnergy Inc) is as follows:



4.2 Structure on completion of the Demerger

If the Demerger is approved by Shareholders and completed, the structure of Shareholders' interests in the Company's exploration assets and PhosEnergy Process (held through PhosEnergy Inc) immediately following completion of the Demerger will be as follows:



5 Effect of the Demerger

5.1 Effect on the Company

The capital structure of the Company as at the date of this Notice of Meeting was:

No. of fully paid ordinary shares	No. of options and performance rights		
298,657,373	6,475,000 unlisted Options as follows:		
	Number	**Exercise Price**	**Expiry Date**
	500,000	30 ¢	02.12.2013
	875,000	25 ¢	15.11.2013
	3,100,000	25 ¢	25.11.2013
	1,300,000	25 ¢	07.07.2014
	500,000	25 ¢	24.11.2014
	300,000	7.8 ¢	21.02.2014
	6,102,500 unlisted Performance Rights with varying vesting conditions		

If Resolution 1 is approved by Shareholders, it will have the effect of reducing the Company's net assets and total contributed equity by $988,396, being the fair value of the Demerger Shares to be distributed to Shareholders (which is also equivalent to the book value). That value equates to approximately 0.3 cents per Uranium Equities Share.

A pro-forma statement of financial position showing the impact of the Demerger on the Company is included in Annexure A to this Explanatory Memorandum. The pro-forma balance sheet is drawn from the unaudited accounts of the Company as at 31 May 2013 adjusted for the impact of the Demerger Agreement, the distribution of the Demerger Shares to the Shareholders and the accounting deconsolidation of PEL.

5.2 Effect on Shareholders

Under the Demerger, Shareholders will receive, for no cost, a pro-rata distribution of Demerger Shares on the basis of 1 Demerger Share for every 9.9552 Shares held on the Record Date (rounded down to the nearest whole number). This number may vary if holders of Options in the Company exercise those Options (which would then convert into Shares) prior to the Record Date. Irrespective of what the final ratio will be, all the Demerger Shares (though not the Retained Shares) will be distributed to Shareholders.

5.3 Effect on creditors

The Demerger involves a reduction in the Company's paid up share capital (contributed equity). However, in the opinion of the Directors, this will not materially prejudice the Company's ability to pay its creditors.

The Demerger will not involve the payment by the Company of any cash amounts (other than the loan funding provided to PEL under the Demerger Agreement for PEL's short term funding requirements) and, in the opinion of the Directors, the Company will have sufficient cash reserves to pay its creditors after the Demerger.

5.4 Effect on Options and Performance Rights

Holders of unlisted options or performance rights in Uranium Equities do not have any rights to shares in PEL as a result of this Demerger.

Options

In accordance with Listing Rule 7.22.3, all Options in the Company will have their exercise price reduced by the same amount as the share capital of the Company is reduced on a per Share basis which means that on completion of the Demerger those Options will have their respective exercise prices reduced by 0.3 cents summarised as follows. This reduction in exercise price applies equally to all Options on issue whether held by Directors or other parties.

	No. of Options	
Number	**Exercise Price**	**Expiry Date**
500,000	29.7¢	02.12.2013
875,000	24.7¢	15.11.2013
3,100,000	24.7¢	25.11.2013
1,300,000	24.7¢	07.07.2014
500,000	24.7¢	24.11.2014
300,000	7.5¢	21.02.2014

Performance rights

The Company currently has on issue 6,102,500 Performance Rights (expiring 30 June 2016) that when vested will entitle the holder to acquire shares in the Company. The Performance Rights are subject to varying vesting conditions. In accordance with the rules of the Company's Employee Long Term Incentive Plan (under which the Performance Rights are issued) and the Listing Rules, the number of shares to which the Performance Rights relates will be adjusted to take into account the effect of the capital return. This will ensure that the holders of Performance Rights will not be disadvantaged as a result of the capital return (but will not receive a benefit that Shareholders do not receive).

The Board has proposed that the Shares to be issued upon conversion of Performance Rights will be adjusted on the following basis:

Adjusted number of Shares upon conversion of Performance Rights after the Demerger = (C x A) / (A – B)

A = the 5 day Volume Weighted Average Share Price of the Company prior to the Record Date

B = the amount of the Demerger in cents per share (being 0.3 cents)

C = the number of Performance Rights held on the Record Date

5.5 Effect on capital structure

The Demerger will have no effect on the total number of Shares, Options or Performance Rights on issue in Uranium Equities (see the table in section 5.1 above).

6 Advantages and Disadvantages of the Demerger

The Board considers that the advantages of the Demerger outweigh the disadvantages.

6.1 Advantages

The Directors believe the principal advantages of the Demerger are that:

(a) it will allow the Company to focus on the exploration projects and PEL to focus on the PhosEnergy Process and other by-product uranium opportunities;

(b) it will allow the Company and PhosEnergy to allocate their capital in accordance with their strategic goals;

(c) it will provide greater Shareholder flexibility as PEL and Uranium Equities will each focus on different strategies and have different risk profiles given the nature of their underlying assets, and are therefore likely to attract different types of investors. By separating the two businesses, Shareholders will be able to make investment decisions in relation to their investments independently and in line with their individual risk profiles and investment preferences. In addition, the separation of PEL and the Company under the Demerger may attract investors to PEL who were reluctant to invest in the Company due to its perception as an exploration company. The separation of PEL may attract investors who want to invest in a technology company with substantial upside, particularly with the PhosEnergy Process;

(d) no payment is required from Shareholders for the in specie distribution of Demerger Shares to them under the Demerger;

(e) all Shareholders retain their interest in the development of the PhosEnergy Process through participation in the pro rata distribution of Demerger Shares; and

(f) all Shareholders will retain their current percentage shareholding in the Company.

6.2 Disadvantages

The Directors believe the principal disadvantages of the Demerger are:

(a) the Demerger will result in two separate companies, each with their own running costs and management, resulting in additional costs being incurred. However, the cost of running an unlisted public company (being PEL) is less than a listed entity and there will be sharing of resources in the short term;

(b) it is currently proposed that the PEL will remain an unlisted public company after the Demerger and, in the absence of PEL obtaining a listing of its securities on a securities exchange, there will be no ready market for the sale or purchase of PEL Securities (however this will be dependent on market conditions at the time);

(c) there will be a loss of diversification of the Company's assets as its PhosEnergy Process assets will be transferred to PEL. After completion of the Demerger, current Shareholders will have ownership in the same assets as they do now (albeit through interests in 2 difference companies, PEL and Uranium Equities), however some Shareholders may prefer a larger company with a diversified portfolio of assets; and

(d) taxation consequences may arise in respect of the distribution of the Demerger Shares to Shareholders. Details of the general taxation effect of the Demerger are set out in section 9 of this Explanatory Memorandum.

7 Regulatory Requirements

7.1 Corporations Act

Shareholder approval for equal capital reduction

The Demerger will be implemented by way of an "equal capital reduction" in accordance with section 256B(2) of the Corporations Act. Pursuant to Section 256C of the Corporations Act, an equal capital reduction must be approved by an ordinary resolution passed at a general meeting of the Company.

As provided in Section 256B of the Corporations Act, the Company may only reduce its share capital if the reduction:

(a) is fair and reasonable to the Shareholders as a whole;

(b) does not materially prejudice the Company's ability to pay its creditors; and

(c) is approved by Shareholders under section 256C of the Corporations Act.

The Directors consider that each of the above requirements is met in respect of the Demerger.

Disclosure requirements for Demerger Shares

Chapter 6D of the Corporations Act restricts:

(a) the Company from inviting Shareholders to vote on the Demerger without the Company issuing a prospectus providing disclosure in respect of the Demerger Shares to be distributed to Shareholders under the Demerger; and

(b) if the Demerger Shares are transferred to Shareholders without a prospectus, Shareholders from on-selling the Demerger Shares transferred to them under the Demerger within the first 12 months after receiving them from the Company.

The Directors are of the view that the disproportionately high cost involved in the Company preparing a prospectus for the transfer of the Demerger Shares are not justified, and considers that these costs outweigh any benefit to Shareholders in receiving a prospectus. The Company has therefore submitted an application to ASIC for relief from the requirement to issue a prospectus in respect of the Demerger Shares.

ASIC has granted the relief, allowing the Company to provide all information required by the Corporations Act in relation to the Demerger Shares in this Notice of Meeting, without the need to also issue and a separate prospectus.

The Notice of Meeting is in substantially the same form as the draft notice of meeting given to ASIC on 15 July 2013.

7.2 Listing Rules

Chapter 11

Chapter 11 of the Listing Rules governs corporate proposals which result in a change to the nature and/or scale of a listed entity's activities. If a transaction results in a substantial change to the nature or scale of an entity's activities, ASX can require the entity to seek shareholder approval for the change and may also require the entity to re-comply with the listing requirements in Chapters 1 and 2 of the Listing Rules.

Given that the PhosEnergy Process comprises a relatively small proportion of the Company's net assets, and the Company is predominantly now, and will remain after completion of the Demerger, a uranium exploration company, the Company does not consider that the Demerger involves a substantial change to the nature or scale of the Company's activities. In that regard, the Company has sought (and obtained) confirmation from ASX that:

(a) ASX does not require Shareholder approval for the Demerger under Listing Rule 11.1.2 (although Shareholder approval is still required under section 256C of the Corporations Act);

(b) ASX will not require the Company to re-comply with Chapters 1 & 2 as part of the Demerger under Listing Rule 11.1.3;

(c) the Demerger does not constitute the disposal of the Company's main undertaking for the purposes of Listing Rule 11.2;

(d) Listing Rule 11.4 does not apply to the Demerger.

In addition, ASX has provided a waiver in respect of the application of Listing Rule 7.25 to the extent of the possible impact of the Demerger on the Company's share price. Listing Rule 7.25 provides that a company must not reorganise its capital if the effect of doing so would be to decrease the price in its shares to an amount less than 20 cents. Uranium Equities currently trades at a price less than 20 cents. While it is not possible to calculate the impact of the Demerger on the Company's share price, it is possible that it may be more difficult for the share price to recover to the 20 cents level.

Listing Rule 7.20

In accordance with Listing Rule 7.20, the following information is provided:

(a) As a result of the Demerger, the number of Shares on issue in the Company will not change.

(b) In determining the number of Demerger Shares a Shareholder will receive, fractional entitlements arising on the Demerger will be rounded down.

(c) Holders of Options will not be entitled to participate in the Demerger. However, if the Options are exercised prior to the Record Date, the holders will, in respect of the Shares issued on exercise of the Options, be entitled to participate in the Demerger. Further details as to treatment of Options are provided in section 5.4 of this Explanatory Memorandum.

8 Additional information for Shareholders

8.1 Timetable for the Demerger

The Demerger will be effected in accordance with the following timetable. The Directors reserve the right to amend this timetable, as required, in accordance with the Listing Rules and the Corporations Act.

Event	Date
Shareholder approval is obtained	29 August 2013
Shares trade on an "ex Demerger" basis	2 September 2013
Record Date to determine entitlement of Shareholders to Demerger Shares	6 September 2013
Distribution of Demerger Shares to Shareholders	13 September 2013

8.2 Overseas Shareholders

Distribution of the Demerger Shares to Shareholders under the Demerger will be subject to legal and regulatory requirements in the relevant jurisdictions. If the requirements of any jurisdiction where a Shareholder is resident restricts or prohibits the distribution of the Demerger Shares as proposed or would impose on the Company, in its reasonable opinion, an undue obligation or burden, the Demerger Shares to which the relevant Shareholder is entitled will be sold by the Company on their behalf as soon as practicable after the implementation of the Demerger and the Company will then account to the Shareholder for the net proceeds of sale after deducting costs and expenses of the sale.

As the Demerger is being represented and satisfied by the distribution to Shareholders of Demerger Shares, and the price of Demerger Shares may vary from time to time (assuming a liquid market is available), the net proceeds of sale may be more or less than the notional value of the Demerger identified in this Explanatory Memorandum.

It will be the responsibility of each Shareholder to comply with the laws to which they are subject in the jurisdictions in which they are resident.

8.3 Small shareholding sale facility

On 12 June 2013 the Company announced a facility whereby the Company intends to sell small shareholdings, valued at less than $500, after 24 July 2013 at or above the minimum sale price of 2.5 cents per Share.

If the sale of the small shareholdings is finalised prior to the Record Date for the distribution, then the holders of those small shareholdings will not be distributed any Demerger Shares.

9 Tax implications of the Demerger

9.1 Introduction and Scope

This section outlines the likely Australian income tax implications for certain Shareholders of the Demerger.

The information outlined in this section is limited solely to the Australian income tax implications of the Demerger for Australian residents who hold their Shares on capital account. This section does not provide information relevant to:

a) Shareholders who hold their Shares on revenue account (for example, Shareholders who are share traders and certain institutional investors);

b) Shareholders whose Shares are subject to the employee share acquisition scheme tax rules and Shareholders who are not the beneficial owners of their Shares;

c) Shareholders who are not residents of Australia for income tax purposes; and

d) Shareholders who acquired their Shares prior to 20 September 1985.

The information outlined in this section is based on the income tax law at the date of this Notice of Meeting. Any changes in the tax law or interpretation of the tax law subsequent to the date of this Notice of Meeting may alter the information contained in this section.

This information is not intended to provide an exhaustive or definitive statement as to all the possible tax outcomes for Shareholders. Accordingly the income tax implications for a particular Shareholder may differ from those detailed in this section, depending on their individual circumstances. Shareholders should not rely on the information outlined in this section as it is only general in nature.

It is recommended that all Shareholders should, in considering the implications to them of the Demerger, obtain independent tax advice regarding the income tax implications specific to their circumstances.

9.2 Summary of transactions

Shareholders are being asked to approve the Demerger. Under the Demerger, Shareholders will:

a) keep their existing Shares; and
b) receive 1 Demerger Share for every 9.552 Shares they own on the Record Date (rounded down to the nearest whole number).

From a taxation perspective, the Demerger will be implemented by way of a demerger distribution (the **Demerger Entitlement**) consisting of a return of share capital component of approximately 0.3]cents per share (the **Capital Reduction Entitlement**) as outlined in section 5.1, and possibly a dividend component (the **Demerger Dividend Entitlement**). The amount of the Demerger Entitlement of each Shareholder will be 1 Demerger Share for every 9.552 Shares.

9.3 Demerger Tax Relief

Uranium Equities considers the Demerger should satisfy the requirements for demerger tax relief under Division 125 of the Income Tax Assessment Act 1997. Accordingly Uranium Equities considers the Demerger should not result in a Shareholder being subject to a current income tax cost as a result of the Demerger.

Uranium Equities does not intend to apply for a class ruling from the Australian Taxation Office (**ATO**) on the Demerger.

9.4 Overview of Australian Income Tax Implications

Following is an overview of the Australian income tax implications that should arise as a consequence of the Demerger for an Australian resident Shareholder who holds Shares on capital account.

Capital Gain/Loss	A capital gain will arise for a Shareholder as a result of the return of capital under the Demerger to the extent that the Capital Reduction Entitlement for a Share exceeds the capital gains tax (**CGT**) cost base of that Share. A capital loss will not arise. Demerger tax relief should be available for the Demerger. In these circumstances, if a Shareholder chooses to obtain capital gains tax rollover relief for the Demerger, then any capital gain discussed above will be disregarded. This means no income tax should be payable on any capital gain that might otherwise arise under the Demerger if this choice is made.
CGT Cost Base	Demerger tax relief should be available in respect of the Demerger. In these circumstances, the CGT cost base and reduced cost base of a Share will be apportioned between the Share and the Demerger Share on the basis of the relative market value of the Share and the Demerger Share immediately after the Demerger happens.
Dividend	Demerger tax relief should be available in respect of the Demerger. In these circumstances, no part of the Demerger Entitlement arising under the Demerger (including the Demerger Dividend Entitlement) should be an assessable dividend to Shareholders.

9.5 ATO determination

As stated above, Uranium Equities considers the Demerger should satisfy the requirements for demerger tax relief.

The income tax legislation includes a provision for the ATO to determine that some or all of the Demerger Entitlement is a dividend for income tax purposes. This determination can be made if the ATO resolve the circumstances relating to the Demerger are such that the Dividend Entitlement is paid to a Shareholder in whole or part in substitution for a taxable dividend. This is despite the Demerger otherwise satisfying the requirements for demerger tax relief.

Uranium Equities considers the circumstances relating to the Demerger do not support a conclusion that the Dividend Entitlement will be paid to a Shareholder in whole or part in substitution for a taxable dividend, if the Demerger is approved by Shareholders.

Notwithstanding this view, Shareholders are advised of the potential for the ATO to make such a determination.

9.6 Stamp duty

There will be no stamp duty payable by Shareholders as a result of the receipt of Demerger Shares.

10 Directors' interests and recommendations

10.1 Directors' Interests

The following table sets out the Directors' interests in Shares and Options as at the date of the Notice of Meeting and the number of Demerger Shares which they (or their associated parties) will receive pursuant to the Demerger, in their capacity as Shareholders, if Shareholder approval of Resolution 1 is obtained:

Director	Uranium Equities Shares	Uranium Equities Options	Uranium Equities Performance Rights	Number of Demerger Shares to be received*
Anthony Kiernan	5,371,570	1,500,000	-	539,572
Bryn Jones	1,230,841	1,000,000	2,850,000	123,637
Tim Goyder	51,377,599	1,000,000	-	5,160,857
Tom Pool	559,548	500,000	-	56,206

*This assumes 1 Demerger Share for every 9.9552 Shares held at the Record Date, however the ultimate ratio will be affected if Options are exercised or additional Shares are issued by the Company prior to the Record Date.

10.2 Directors' Recommendation

Having considered the advantages and disadvantages of the Demerger, the Directors believe that the Demerger is in the best interests of Shareholders and **unanimously recommend** that Shareholders vote in favour of Resolution 1.

11 Other details

11.1 Effect of the Demerger Agreement and Demerger on PEL

The capital structure of PEL as at the date of this Notice of Meeting was:

No. of fully paid ordinary shares	**1***

* New shares in PEL will be issued to the Company on completion of the Demerger Agreement (which is conditional on Shareholders approving Resolution 1).

A pro-forma statement of financial position for PEL is contained in Annexure B to this Explanatory Memorandum which demonstrates the impact of the Demerger Agreement on PEL.

The Demerger will have no impact on the statement of financial position of PEL.

11.2 Lodgement with ASIC

The Company has lodged a copy of this Notice of Meeting and Explanatory Memorandum with the ASIC in accordance with section 256C(5) of the Corporations Act.

11.3 Other material information

There is no information known to the Company that is material to the decision by a Shareholder on how to vote on Resolution 1 other than as disclosed in this Explanatory Memorandum and information that the Company has previously disclosed to Shareholders.

RESOLUTION 2 – AMENDMENT OF CONSTITUTION

1.1 Background

Under the Corporations Act, a member must give consent to be coming a member of a company. So, in order to give effect to the Demerger, each Shareholder must give its consent to becoming a member of the demerged company, namely, PEL. The Constitution, as presently drafted, does not contain this express consent.

Accordingly, approval is sought from Shareholders for the replacement of rule 42 of the Constitution so that where the Company reduces its share capital by way of a distribution of shares or other securities in another body corporate (as it is doing under the Demerger):

(a) Shareholders are deemed to have agreed to become members of that corporation and are bound by the constitution of that body corporate; and

(b) each of the Shareholders appoints the Company or any of the Directors as its agent to execute any transfer of shares or other securities, or other document required to give effect to the distribution of shares or other securities to that Shareholder.

Consenting to become a member of PEL does not impose any specific liabilities upon a Shareholder, nor does it prohibit a Shareholder from subsequently selling or otherwise dealing with the Demerger Shares to be received under the Demerger. A copy of the PEL constitution is available on request from the Company Secretary.

No other changes are being made to the Constitution.

1.2 Demerger conditional on amendment

Resolution 1 (to effect the Demerger) is conditional on Shareholders approving Resolution 2 (to amend the Constitution). This means that in order to implement the Demerger, Shareholders need to approve **both** Resolution 1 and Resolution 2.

1.3 Special resolution

Resolution 2 is a special resolution, meaning that it must be approved by 75% of those Shareholders present and voting (in person, by proxy or representative) on the resolution.

1.4 Directors' recommendation

The Directors **unanimously recommend** that Shareholders vote in favour of Resolution 2.

GLOSSARY

ACST:	means Australian Central Standard Time.
ASIC:	means the Australian Securities and Investments Commission.
ASX:	means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as appropriate.
Board:	means the board of the Directors of the Company.
Constitution:	means the constitution of the Company.
Company or **Uranium Equities:**	means Uranium Equities Limited (ACN 009 799 553).
Corporations Act:	means the *Corporations Act 2001* (Cth).
Directors:	means the directors of the Company.
Demerger:	means the demerger of the Company's interest in the PhosEnergy Process by way of the pro-rata in specie distribution of Demerger Shares to Shareholders as an equal capital reduction.
Demerger Agreement:	means the share and asset sale agreement between the Company and PEL dated 5 July 2013 pursuant to which the Company agreed, amongst other things, to transfer its shares in PhosEnergy Inc (the holding entity for its interest in the PhosEnergy Process) to PEL in consideration for the issue of the Demerger Shares to the Company, subject to receiving all consents and approvals (including Shareholder approval of Resolution 1).
Demerger Shares:	means 30,000,000 fully paid ordinary shares in PEL (which do not include the Retained Shares).
Explanatory Memorandum:	means this explanatory memorandum.
General Meeting or **Meeting:**	means the meeting of Shareholders called by the notice of meeting of which this Explanatory Memorandum forms part.
Listing Rules:	means the listing rules of the ASX.
Notice of Meeting or **Notice:**	means the notice of meeting of which this Explanatory Memorandum forms part.
Option:	means an option to subscribe for a Share.
PEL:	means PhosEnergy Limited (ACN 164 573 728).
Performance Right:	means a right to be issued a Share upon meeting specified performance hurdles.
PhosEnergy Process:	means a technology developed to extract uranium from an already developed phosphate resource or improves the economics of an undeveloped resource, as more further detailed in section 1.1.
Record Date:	means 6 September 2013 (or such other date as determined by the Board).
Resolution:	means a resolution to be considered by the Shareholders at the General Meeting.
Retained Shares:	means 3,000,000 fully paid ordinary shares in PEL, to be retained by the Company following the implementation of the Demerger.
Share:	means a fully paid ordinary share in the capital of the Company.
Shareholder:	means a registered member of the Company.
WST:	means Western Standard Time.

Annexure A: Pro-forma Uranium Equities Statement of Financial Position (unaudited)

	Consolidated May-13	Effect of Demerger	Pro-forma Consolidated post Demerger
Current assets			
Cash and cash equivalents	1,013,387	(50,001)	**963,386**
Trade and other receivables	164,416	50,000	**214,416**
Total current assets	**1,177,804**	**(1)**	**1,177,803**
Non-current assets			
Restricted Cash	1,736,329		**1,736,329**
Equity accounted investees - Energia Minerals Limited	1,215,190		**1,215,190**
Equity accounted investees - UFP Investments LLC	1,086,998	(1,086,998)	**0**
Investment in PhosEnergy Limited	0	98,840	**98,840**
Exploration and evaluation assets	19,048,428		**19,048,428**
Property, Plant and Equipment	226,949	(236)	**226,712**
Total non-current assets	**23,313,894**	**(988,395)**	**22,325,499**
Total assets	**24,491,698**	**(988,396)**	**23,503,301**
Current liabilities			
Trade and other payables	266,882		**266,882**
Provisions	66,205		**66,205**
Interest-bearing loans and borrowings	0		**0**
Employee benefits	131,395		**131,395**
Total current liabilities	**464,481**	**0**	**464,481**
Non-current liabilities			
Provisions	1,547,018		**1,547,018**
Employee benefits	98,861		**98,861**
Total non-current liabilities	**1,645,879**	**0**	**1,645,879**
Total liabilities	**2,110,361**	**0**	**2,110,361**
Net assets	**22,381,337**	**(988,396)**	**21,392,941**
Equity			
Issued capital	48,132,332	(988,396)	**47,143,936**
Reserves	5,510,284	218,989	**5,729,273**
Accumulated losses	(31,261,279)	(218,989)	**(31,480,268)**
Total Equity	**22,381,337**	**(988,396)**	**21,392,941**

Annexure B: Pro-forma PEL Consolidated Statement of Financial Position (unaudited)

	1-Jul-13 Incorporation	Effect of Demerger Agreement	Pro-forma Consolidated Post Demerger Agreement
Current assets			
Cash and cash equivalents	1	50,000	**50,001**
Total current assets	1	50,000	**50,001**
Non-current assets			
Equity accounted investees - UFP Investments LLC		1,086,998	**1,086,998**
Property, Plant and Equipment		236	**236**
Total non-current assets	0	1,087,235	**1,087,235**
Total assets	1	1,137,235	**1,137,236**
Current liabilities			
Trade and other payables		50,000	**50,000**
Total current liabilities	0	50,000	**50,000**
Total liabilities	0	50,000	**50,000**
Net assets	1	1,087,235	**1,087,236**
Equity			
Issued capital	1	1,087,235	**1,087,236**
Retained Profits			**0**
Total Equity	1	1,087,235	**1,087,236**

URANIUM EQUITIES LIMITED
ACN 009 799 553

PROXY FORM

APPOINTMENT OF PROXY

I/We _____

being a Shareholder of Uranium Equities Limited entitled to attend and vote at the General Meeting

appoint _____

Name of proxy

or failing the person so named or, if no person is named, the Chairman of the General Meeting, as my/our proxy to act generally at the General Meeting on my/our behalf and to vote in accordance with the following directions (or, if no directions have been given, as the proxy sees fit) at the General Meeting of Uranium Equities Limited to be held at 10.00 am (WST) on 29 August 2013 at Level 2, 1292 Hay Street, West Perth, Western Australia and at any adjournment or postponement of that meeting.

The Chairman of the Meeting intends to vote all available proxies in favour of the item of business.

Voting on Business of the General Meeting

		FOR	AGAINST	ABSTAIN
Resolution 1	Approval of Demerger	☐	☐	☐
Resolution 2	Amendment of Constitution	☐	☐	☐

If you mark the abstain box, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your shares are not to be counted in computing the required majority on a poll.

DATED _____ 2013

Signed by:

Individuals and joint holders	**Companies (affix common seal if appropriate)**
Signature	Director
Signature	Director/Company Secretary
Signature	Sole Director and Sole Company Secretary

URANIUM EQUITIES LIMITED
ACN 009 799 553

Instructions for Completing 'Appointment of Proxy' Form

1. A Shareholder entitled to attend and vote at a meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the Shareholder's voting rights. If the Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.

2. A duly appointed proxy need not be a Shareholder of the Company.

3. **Signing Instructions**

   You must sign this form as follows in the spaces provided:

   Individual: where the holding is in one name, the holder must sign.

   Joint Holding: where the holding is in more than one name, all of the Shareholders should sign.

   Power of Attorney: to sign under Power of Attorney, you must have already lodged this document with the Company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

   Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

   If a representative of the corporation is to attend the meeting a "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate is either included in the Notice of General Meeting or may be obtained from the Company's share registry.

4. Completion of a proxy form will not prevent individual Shareholders from attending the meeting in person if they wish. Where a Shareholder completes and lodges a valid proxy form and attends the meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the meeting.

5. Please complete and sign the proxy form enclosed and either:

   (a) send the proxy form by post to Uranium Equities Limited, Level 5, 29 King William Street, Adelaide, SA, 5000; or

   (b) send the proxy form by facsimile to the Company on facsimile number (+61 8) 8110 0777,

   so that it is received **no later than 11.30 am (ACST) on 27 August 2013,** being not less than 48 hours prior to the commencement of the meeting. **Proxy forms received later than this time will be invalid.**

Appointment of Corporate Representative

Section 250D of the Corporations Act 2001 (Cwlth)

This is to certify that by a resolution of the directors of:

……..
(**Company**), *(Insert name of company)*

the Company has appointed:

……..……,
(Insert name of corporate representative)

in accordance with the provisions of section 250D of the Corporations Act 2001 (Cwlth), to act as the body corporate representative of that company at the General Meeting of Uranium Equities Limited to be held at 10.00am (WST) on 29 August 2013 at Level 2, 1292 Hay Street, West Perth, Western Australia and at any adjournment or postponement of that meeting.

DATED 2013

Executed by the Company)
)
in accordance with its constituent documents

.....…	.....
Signed by authorised representative	Signed by authorised representative
.....…	.....
Name of authorised representative (print)	Name of authorised representative (print)
……	…….
Position of authorised representative (print)	Position of authorised representative (print)

INSTRUCTIONS FOR COMPLETION

Under Australian law, an appointment of a body corporate representative will only be valid if the Certificate of Appointment is completed precisely and accurately.

Please follow the following instructions to complete the Certificate of Appointment:

1. Execute the Certificate following the procedure required by your company's constitution or other constituent documents.
2. Print the name and position (eg director) of each company officer who signs this Certificate on behalf of the company.
3. Insert the date of execution where indicated.
4. Send or deliver the Certificate to Uranium Equities Limited registered office or fax the Certificate to the registered office at (+61 8) 8110 0777.

This page has been left blank intentionally