

ASX ANNOUNCEMENT 27 October 2010

URANIUM EQUITIES LIMITED ACN 009 799 553



URANIUM
EQUITIES

The Company Announcement Officer
Australian Securities Exchange Ltd
via electronic lodgement

Nabarlek Project Update, Northern Territory

RC DRILLING COMMENCING EARLY NOVEMBER TO TEST NEWLY DISCOVERED ZONES

Highlights:

- Three new anomalous zones of uranium mineralisation identified from recently completed extensive geochemical drilling program on the Nabarlek Mineral Lease (UEQ 100%).
- Follow-up RC drilling program scheduled to commence in early November 2010.

Australian uranium explorer Uranium Equities Limited (ASX: UEQ) is pleased to advise that a new program of Reverse Circulation (RC) drilling is scheduled to commence next month to test three new exploration targets generated by recent successful geochemical drilling on its 100%-owned **Nabarlek Mineral Lease** in the Northern Territory.

The Nabarlek Mineral Lease surrounds the historic Nabarlek Uranium Mine, which was a small deposit with a very high net value, producing 24Mlbs at an average grade of 1.84% U₃O₈ from a mineralised zone only 200m long and to a depth of 70m.

Exploration for an orebody of similar dimensions to the Nabarlek Mine is challenging under sandstone and alluvial cover but the Company believes the potential target warrants a persistent and systematic exploration effort.

Uranium Equities' exploration programs during 2010 have been directed towards systematic geochemical drilling across much of the Mineral Lease to generate new target areas.

This geochemical style of exploration has been successfully employed elsewhere in the Nabarlek region, highlighting the Coopers Prospect anomalism in an area of extensive alluvial cover within the Company's adjacent West Arnhem Joint Venture with Cameco (Cameco 60% and operator: UEQ 40%).

The geochemical drilling program undertaken on the Mineral Lease this year comprised 305 aircore drillholes for 5,024 metres and 48 RC drillholes for 4,445 metres.

Aircore drilling focused on the eastern part of the Mineral Lease in areas of thin unconsolidated transported alluvium overlying basement sequences. RC drilling traversed across areas covered by a thin sandstone veneer in the north and central parts of the Mineral Lease. The aim of these drilling campaigns was to identify targets for further exploration with the eventual exploration target being repetitions of the Nabarlek Mine.

Our Strengths

- PhosEnergy Process – Low cost by-product uranium recovery
- Nabarlek Project – A highly endowed uranium region
- Multiple near term growth opportunities

HEAD OFFICE

Level 5
29 King William Street
Adelaide, SA 5000
T: +61 8 8110 0700
F: +61 8 8110 0777
E: reception@uel.com.au

PERTH OFFICE

Level 2, 1292 Hay Street
West Perth, WA 6005
GPO Box 2890
Perth, WA 6001
T: +61 8 9322 3990
F: +61 8 9322 5800

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Targets for follow-up

The 2010 geochemical sampling program has generated three standout target areas – namely the **Boomerang**, **Bullroarer** and **Clapstick** Prospects (see *Figure 1*). These targets justify additional follow-up RC drilling to further define their structural setting.

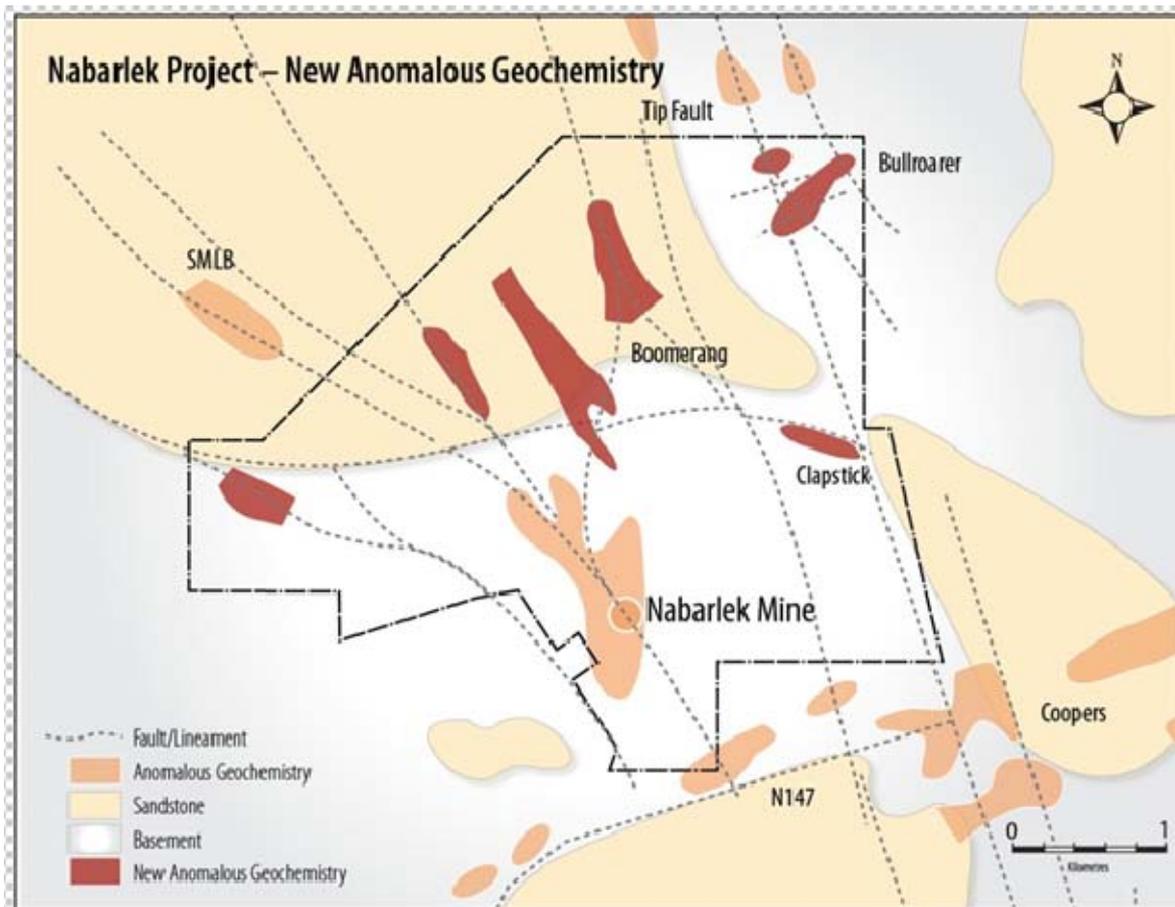


Figure 1 – Geochemical anomalism on the Nabarlek Mineral Lease

The **Boomerang Prospect** is in the central part of the ML, approximately 2km north of the Nabarlek Mine. A geochemically anomalous zone 1400 x 300m was outlined beneath shallow (5 – 60m) Kombolgie Sandstone cover. Drilling through the area was initially completed on a 400 x 200m grid pattern across the structural corridor hosting the Nabarlek, N147 and Coopers Prospect uranium mineralisation.

Major structural features defined by magnetics cut the area including a north – south trending structure that could possibly be related to the Nabarlek Pit mineralisation. The intersection of the major structures provides a focus for follow-up RC drilling.

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Indicative intercepts from the Boomerang Prospect at a 20ppm U₃O₈ cut-off grade based on Niton XRF Analyser⁽¹⁾ analyses carried out by UEQ are as follows:

NMLR072	7m @ 40ppm U ₃ O ₈ from 19m 4m @ 50ppm U ₃ O ₈ from 96m 5m @ 41ppm U ₃ O ₈ from 103m
NMLR085	2m @ 188ppm U ₃ O ₈ from 40m
NMLR106 <i>including</i>	12m @ 383ppm U ₃ O ₈ from 54m 1m @ 3835ppm U ₃ O ₈ from 55m

The **Bullroarer Prospect** has been revealed by regolith anomalism producing two east-northeast trending target areas. Aircore drilling in the area was initially completed on a 200 x 100m grid pattern, but has been gradually closed-up to a 100 x 50m drill pattern over the area of interest. The main anomaly covers an area of 600 x 200m and appears to be at the intersection of a number of interpreted structures.

Indicative intercepts from the Bullroarer Prospect at a 20ppm U₃O₈ cut-off grade based on Niton XRF Analyser⁽¹⁾ analyses carried out by UEQ are as follows:

NMLA098	15m @ 103ppm U ₃ O ₈ from 1m to EOH
NMLA320	14m @ 343ppm U ₃ O ₈ from 2m

The **Clapstick Prospect** forms an east-southeast trending zone approximately 400 x 100m parallel to the northern (footwall) contact of the Oenpelli Dolerite Sill. The eastern part of the anomalous zone is also in faulted contact with Kombolgie Sandstone sequences. This target is in a similar structural setting to the N147 Prospect where ore grade mineralisation was intercepted in previous drilling (*see ASX announcement dated 15 July 2010*).

An indicative intercept from the Clapstick Prospect at a 20ppm U₃O₈ cut-off grade based on Niton XRF Analyser⁽¹⁾ analyses carried out by UEQ is as follows:

NMLA171	8m @ 46ppm U ₃ O ₈ from 17m
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An RC drill rig is currently mobilising to Nabarlek and is expected to commence drilling operations at the Bullroarer, Clapstick and Boomerang Prospects within a week.

"The 2010 systematic geochemical drilling has been a first for Uranium Equities on our 100%-owned Mineral Lease. We are delighted to have achieved such exciting results highlighting new targets in close proximity to the old Nabarlek Mine, and we look forward to receiving results from the forthcoming drilling campaign," said Uranium Equities' Managing Director, Mr Bryn Jones.

A handwritten signature in black ink, appearing to read "Bryn Jones".

Bryn Jones
Managing Director
Mobile: +61 (0) 412 577 406

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¹ Uranium (U_3O_8) analyses were obtained on-site using a calibrated Niton handheld X-Ray Fluorescence ("XRF") Analyser and should be treated as preliminary only. Results to be confirmed by laboratory analysis. Intercepts calculated using stated cut-off and may contain a maximum internal dilution of 2m. All intercepts are down hole lengths.

Competent Person Statement

The information in this announcement that relates to Exploration Results is based on information compiled by Mr. Grant Williamson, Geology Manager - Exploration of Uranium Equities Limited, who is a Member of the Australian Institute of Geoscientists and of the Australasian Institute of Mining and Metallurgy Inc. Mr. Williamson has sufficient experience in the field of activity being reported to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, and consents to the release of information in the form and context in which it appears here.

About Uranium Equities

Uranium Equities Limited (UEQ) has two main areas of focus: The development of the **PhosEnergy Process**; and exploration activities directed at a small core of high quality exploration assets which include the key **Nabarlek Project**.

The PhosEnergy Process is an innovative patented process for the extraction of uranium as a by-product from phosphate in the production of phosphate based fertilisers.

The global annual production potential of uranium from the phosphate industry is in the order of 20 Mlbs U_3O_8 . This quantity of uranium is mined in phosphate ores but not recovered annually on a worldwide basis. The major phosphate based fertiliser producers are located in Northern Africa, North America and Asia.

The PhosEnergy Process has been proven to pilot scale with results establishing a robust process capable of achieving high levels of uranium recovery at the lower end of the cost curve.

The Nabarlek Project provides a rare near mine exploration opportunity surrounding the historic Nabarlek Uranium Deposit (24 Mlbs @ 1.84% U_3O_8). The deposit lies within an extensive uranium mineral system which extends over more than 50 square kilometres within the Mineral Lease and the surrounding tenements. The mineral system which contains widespread anomalous uranium geochemistry and ore grade mineralisation at several locations remains largely untested.