

ASX ANNOUNCEMENT 3 December 2010

URANIUM EQUITIES LIMITED ACN 009 799 553



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The Company Announcement Officer
Australian Securities Exchange Ltd
via electronic lodgement

Drilling Update – Nabarlek Project, Northern Territory

ENCOURAGING RESULTS FROM RC DRILLING TO TEST NEWLY DISCOVERED ZONES

Highlight:

- **Follow-up RC drilling** over three previously reported geochemical uranium anomalies within the Nabarlek Mineral Lease (ASX 27/10/10) has better defined or extended target areas at all three prospects and intersected significant uranium mineralisation at the **Clapstick** and **Boomerang Prospects**.

Australian uranium explorer Uranium Equities Limited (ASX: UEQ) is pleased to provide an update on results from a recent Reverse Circulation (RC) drilling program to test three new exploration targets generated by recent successful geochemical drilling at 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 of uranium at an average grade of 1.84% U_3O_8 from a mineralised zone only 200m long and extending to a depth of 70m.

RC drilling at the **Boomerang Prospect**, which is located in the central part of the Mineral Lease, has extended the geochemically anomalous zone beneath shallow (5 – 60m) Kombolgie Sandstone cover (Figure 1).

The anomalous zone is defined by the 100 GT (grade thickness) contour (GT = ppm U_3O_8 x metres) which extends over an area of 1300 x 500 metres. Two high grade zones defined by the 500 GT contour will be targeted as a high priority in the 2011 field season.

Major structural features defined by magnetics transect the Boomerang area, including a north-south trending structure that could possibly be related to the Nabarlek Pit mineralisation.

The **Clapstick Prospect** forms an east-southeast trending zone parallel to the northern footwall contact of the Oenpelli Dolerite Sill. The anomalous zone has been defined by the 100 GT contour which extends over an area of 500 x 100 metres.

RC drilling intersected significant widths of uranium mineralisation greater than 100ppm U_3O_8 largely within the dolerite towards the footwall contact. Mineralisation is open to the east towards a faulted contact with the Kombolgie Sandstone. The structural setting is considered analogous to the N147 Deposit on the adjacent West Arnhem Joint Venture with Cameco Australia. The Clapstick Prospect is considered to have significant tonnage potential for medium grade dolerite hosted mineralisation.

Our Strengths

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

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Three RC drill traverses were completed at the **Bullroarer Prospect** to test the better zones of regolith anomalism identified in the region. Drilling encountered basement schist sequences which duplicated anomalism in the weathered regolith zone (from 0 – 30m depth). Further work is required to better understand the relationship between extensive regolith and underlying basement anomalism and define drill targets.

Significant intercepts from this phase of RC drilling at a 100ppm U₃O₈ cut-off grade based on preliminary Niton XRF Analyser⁽¹⁾ analyses carried out by Uranium Equities are summarised below:

Clapstick	NMLR113	3m @ 138ppm U ₃ O ₈ from 21m 4m @ 469ppm U ₃ O ₈ from 60m
	NMLR115	18m @ 930ppm U ₃ O ₈ from 16m Including 12m @ 1,272ppm U₃O₈ from 20m 16m @ 770ppm U ₃ O ₈ from 46m Including 9m @ 1,078ppm U₃O₈ from 46m
Boomerang	NMLR150	1m @ 341ppm U ₃ O ₈ from 63m
	NMLR152	1m @ 830ppm U ₃ O ₈ from 56m
	NMLR153	5m @ 138ppm U ₃ O ₈ from 27m 3m @ 805ppm U ₃ O ₈ from 48m Including 2m @ 1,155ppm U₃O₈ from 48m
Bullroarer	NMLR118	11m @ 118ppm U ₃ O ₈ from 5m
	NMLR119	13m @ 132ppm U ₃ O ₈ from 3m

The 2010 geochemical drilling program has successfully defined a number of promising projects under shallow Kombolgie Sandstone and alluvial/eluvial cover within the mining lease. A major geological, geophysical, structural and alteration review will be undertaken to identify vectors towards high-grade mineralisation and better define targets for the proposed 2011 drill program.

"We are pleased with the initial results from this round of drilling on our 100%-owned Mineral Lease," said Uranium Equities' Managing Director, Mr Bryn Jones. "Our exploration efforts are geared towards the discovery of a uranium orebody of similar dimensions to the Nabarlek Mine. This is challenging under sandstone and alluvial cover, but we believe that the value of the potential target warrants a persistent and systematic exploration effort."

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

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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 will be confirmed by independent laboratory analysis to accurately quantify the grade, which may vary materially from the results reported above. Intercepts calculated using stated cut-off and may contain a maximum internal dilution of 2m. All intercepts are down hole intervals and therefore may not be representative of the true thickness of the zone.

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.

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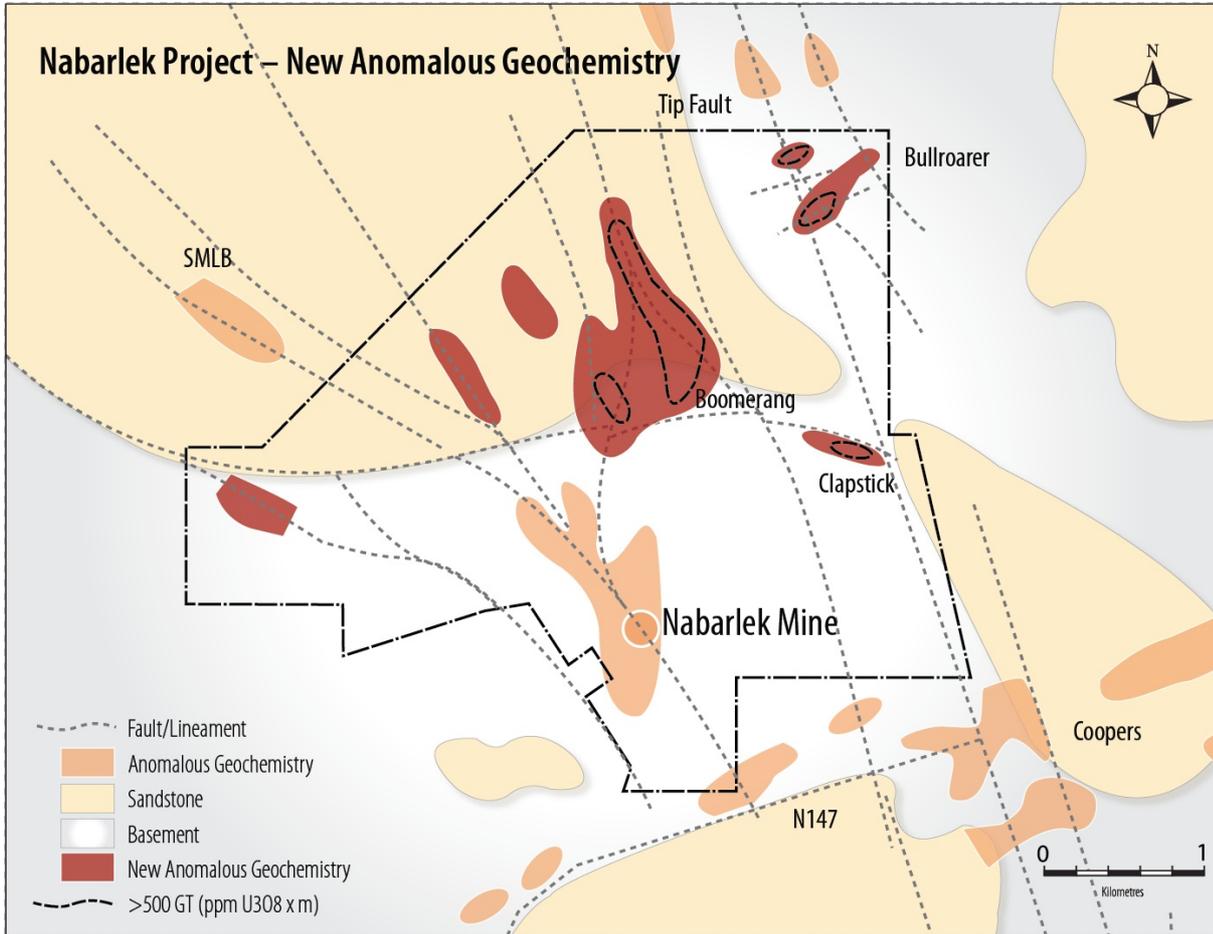


Figure 1 – Prospect Areas on the Nabarlek Mineral Lease