



23rd June 2008

Australian Securities Exchange Limited
Exchange Plaza
2 The Esplanade
PERTH WA 6000

Attn: The Manager – Companies

Dear Sir,

**Positive Initial Drilling Results
Watson Project, South Australia**

9 holes totaling 621m were completed as part of the reconnaissance drilling program at Watson, located 210km northwest of Ceduna in the far west of South Australia. Uranium Equities is earning up to 80% interest from InterMet Resources Limited in this project.

Results have confirmed the exploration concept. Significant gamma anomalism was encountered in holes WT001, WT004, WT005 and WT006 related to thick sequences of both oxidized and reduced sands near the channel margin. The best intersection was 390 counts per second in hole WT0004 with equivalent grade at 100ppm eU_3O_8 over $1.8m^1$. See Figure 1.

The presence of anomalous gamma within the channel is consistent with previously reported anomalous uranium (ASX release 19th May 2008).

Drilling was planned to investigate a potential uranium depositional site in the northeastern part of the palaeochannel. This site is characterised by a 10km long area of oxidized and reduced sands with anomalous uranium present in water bore samples and cuttings.

Difficult drilling conditions were encountered in penetrating the limestone overlying the target sequence requiring suspension of the program until a more suitable drilling rig is available. Geological interpretation of the initial results is continuing.

¹ Equivalent grades (eU_3O_8) from Borehole Wireline Pty Ltd gamma probe 3349, calibrated at Adelaide Test Pits. Dead Time 4.4078e-6, k factor 2.46874E-5, 51/8th hole, water filled.

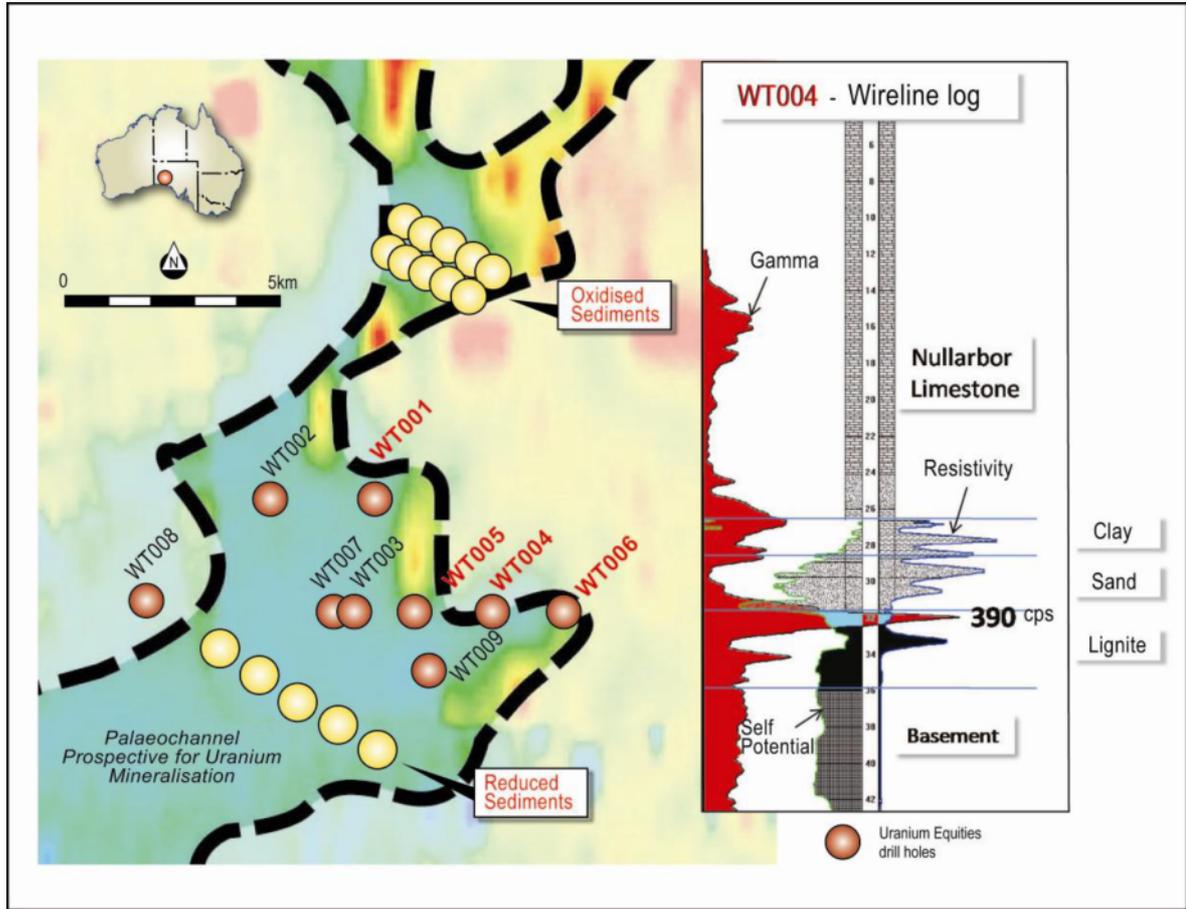


Figure 1: Drill hole locations and representative wireline log for hole WT004, north-eastern Watsons channel.

Yours faithfully,

MARK CHALMERS

Managing Director

The information in this report that relates to Exploration Results is based on information compiled by Mr David Brunt, a full-time employee of Uranium Equities Limited, who is a Fellow of the Australasian Institute of Mining and Metallurgy Inc. Mr. Brunt 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, Minerals Resources and Ore Reserves, and consents to the release of information in the form and context in which it appears here.

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