

**URANIUM EQUITIES LIMITED**

**ABN 74 009 799 553**

**Annual Financial Report  
30 June 2008**

# Uranium Equities Limited and its controlled entities

## Corporate directory

### Directors

T M Clifton - Chairman  
M S Chalmers - Managing Director  
D A Brunt - Executive Director  
T R B Goyder - Non-executive Director  
A W Kiernan - Non-executive Director

### Company Secretary

R K Hacker

### Principal Place of Business & Registered Office

#### Head & Registered Office:

Level 6 West, 50 Grenfell Street  
ADELAIDE SA 5000  
Tel: (08) 8110 0700  
Fax: (08) 8110 0777  
Web: [www.uel.com.au](http://www.uel.com.au)  
Email: [info@uel.com.au](mailto:info@uel.com.au)

#### Perth Office:

Level 2, 1292 Hay Street  
WEST PERTH WA 6005  
Tel: (08) 9322 3990  
Fax: (08) 9322 5800

### Auditors

KPMG  
151 Pirie Street  
Adelaide SA 5000

### Solicitors

McDonald Stead McGrath  
262-266 Pirie Street  
Adelaide SA 5000

### Share Registry

Computershare Investor Services Pty Limited  
Level 2 Reserve Bank Building  
45 St Georges Terrace  
PERTH WA 6000  
Tel: 1300 557 010

### Home Exchange

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

### ASX Code

Share Code: UEQ

# Uranium Equities Limited and its controlled entities

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# Uranium Equities Limited and its controlled entities

## Directors' report

The directors present their report together with the financial report of Uranium Equities Limited ('Uranium Equities' or 'the Company') and of the consolidated entity, being the Company and its controlled entities, for the financial year ended 30 June 2008 and the auditor's report thereon.

### 1. Directors

The directors of the Company at any time during or since the end of the financial year are:

<b>Name, qualifications and independence status</b>	<b>Experience, special responsibilities and other directorships</b>
<b>T M Clifton</b> BSc (Hons), B. Juris LLB, FAus IMM Non-executive Chairman	Tim is a Geologist with over 35 years experience in the Australian mining industry at both a technical and corporate level. He was co-founder of Perilya Limited, a significant base metal producer in Australia and is currently a Director of Strike Oil Limited. Tim has been a Director since 2006.
<b>M S Chalmers</b> BSc, PE, SME Managing Director	Mark is a Mining Engineer who has extensive uranium development and mining experience in Australia and internationally. Until 2005 Mark was Senior Vice President of Heathgate Resources Pty Ltd and was responsible for the Beverley in-situ leach (ISL) uranium project, one of the largest producing ISL uranium mines in the world, in South Australia. He has been involved with over a dozen uranium projects during his 30 year career. Over the past year, Mark has Chaired the Uranium Industry Framework (UIF) Implementation Group, an Australian Federal Government initiative established by The Honourable Ian Macfarlane, the Australian Federal Minister for Industry, Tourism and Resources. Mark has been a Director since 2006.
<b>D A Brunt</b> FAusIMM, BSc Hons MBA Executive Director	David is a Geologist with over 30 years of Australian and international experience in the uranium industry. David was formerly Vice President of Exploration and Development of Heathgate Resources Pty Ltd. He was actively involved with the Beverley ISL uranium project from 1990 until 2006. David was also co-discoverer of the Honeymoon deposit and leader of the team that discovered the South Australian Beverley Four Mile and Beverley Deep South uranium deposits. David has been a Director since 2006.
<b>T R B Goyder</b> Non-executive Director	Tim has over 30 years experience in the resource industry. He has been involved in the formation and management of a number of publicly-listed companies and is currently Chairman of Liantown Resources Limited and a Director of Chalice Gold Mines Limited. Until January 2007, Tim was proprietor of Grimwood Davies Pty Ltd, a leading Australian drilling contractor. Tim has been a Director since 2002.
<b>A W Kiernan</b> LLB Non-Executive Director (Independent)	Tony is a Solicitor with considerable experience in the administration and operation of listed public companies. He practices extensively in the areas of media, resources and information technology law. In addition to his legal practice, Tony provides commercial and corporate advice to various entities. He is Chairman of Anglicare (WA) and BC Iron Limited. He is also a Director of Liantown Resources Limited and Chalice Gold Mines Limited. Tony has been a Director since 2003.
<b>A R Bantock</b> B.Com, ACA Non-executive Director (resigned 4 August 2008)	Andrew has extensive professional, corporate and commercial experience in the resources, resource contracting and infrastructure sectors. He is currently Chairman of Chalice Gold Mines Limited and a Director of Water Corporation, Western Australia's water utility. Andrew was a Director since 2004 until he resigned on 4 August 2008.

# Uranium Equities Limited and its controlled entities

## Directors' report

### 2. Company secretary

#### **R K Hacker**

B.Com, ACA, ACIS  
(Appointed 31 January 2008, Resigned 1 April 2008, Re-appointed 1 August 2008)

Richard has 15 years professional and corporate experience in the resource and energy sectors in both Australia and the United Kingdom. He has worked in senior finance roles with global energy companies including Woodside Petroleum Limited and Centrica Plc. Prior to this, Richard worked with leading accounting practices. Richard is both a Chartered Accountant and a Chartered Secretary.

#### **A M Reynolds**

B.Com, CFTP, SAFin  
(Appointed 1 April 2008)  
Resigned 1 August 2008)

The position of Company Secretary was assumed on a temporary basis by Richard Hacker (a former Company Secretary of the Company) in January following the resignation of the incumbent. Richard Hacker was replaced by Andrew Reynolds in April 2008, however, subsequent to year end, Richard Hacker assumed the role again following the resignation of Andrew Reynolds.

#### **L R Curyer**

B A (Acc), ACA  
(Appointed 16 May 2007  
Resigned 31 January 2008)

### 3. Directors' meetings

The number of directors' meetings and the number of meetings attended by each of the directors of the Company during the financial year were:

Director	Number of board meetings attended	Number of meetings held during the time the director held office during the year
T M Clifton	8	8
M S Chalmers	8	8
D A Brunt	8	8
A R Bantock	7	8
T R B Goyder	7	8
A W Kiernan	7	8

The company has established an Audit Committee of which Mark Chalmers, Tim Goyder and Anthony Kiernan are members. Meetings take place periodically to approve financial statement releases.

### 4. Principal activities

The principal activities of the consolidated entity during the course of the financial year were mineral exploration and evaluation.

# Uranium Equities Limited and its controlled entities

## Directors' report

### 5. Review and results of operations

During and since the end of the financial year, Uranium Equities Limited:

- streamlined its core asset base, focussing its efforts on the highly prospective Alligator Rivers Uranium Province in the Northern Territory, Australia, and advanced the development of technologies to extract uranium from phosphoric acid streams using the PhosEnergy Process (patent pending).
- completed the acquisition of Queensland Mines Pty Ltd on 30 June 2008, owner of the historic and now dormant high grade Nabarlek Mine which produced 24 million pounds U3O8 from 570,000t of ore at an average grade of 1.84% U3O8;
- continued an active exploration program at Nabarlek, within the West-Arnhem Joint Venture area. At the N147 Prospect, exceptional drilling results have enhanced the potential for extension of mineralisation;
- progressed research and development activities to the pilot plant test-work stage to extract uranium from phosphoric acid using the PhosEnergy Process; and
- continued to assess greenfields, brownfields and near-term production opportunities as they arise, utilising the depth of experience and track record that the Company has assembled in the uranium industry.

### 6. Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Company other than those detailed in section 5 'Review and results of operations' or in the Financial Report.

### 7. Remuneration report – audited

This report outlines remuneration arrangements in place for directors and executives of Uranium Equities.

#### 7.1 Principles of compensation – audited

Key management personnel have authority and responsible for planning, directing and controlling the activities of the Company and the consolidated entity and include directors and other executives.

The broad remuneration policy of the Company is to ensure that remuneration levels for executive directors, secretaries and other key management personnel are set at competitive levels to attract and retain appropriately qualified and experienced personnel. Remuneration packages include a combination of fixed remuneration and long term incentives.

#### Fixed compensation

Fixed remuneration consists of base remuneration (which is calculated on a total cost basis and includes any FBT charges related to employee benefits, including motor vehicles), as well as employer contributions to superannuation funds.

Remuneration levels are reviewed annually through a process that considers the person's responsibilities, expertise, duties and personal performance.

#### Long-term incentives

Options may be issued under the Employee and Consultants Option Plan to directors (subject to shareholder approval), employees and consultants of the Company and must be exercised within 3 months of termination. The ability to exercise the options is usually based on the option holder remaining with the Company for at least one year. Other than the vesting period, typically there is no performance hurdle required to be achieved by the Company to enable the options to be exercised.

The Company, during the year ended 30 June 2006, issued partly paid performance shares to two of its key executives, Mark Chalmers and David Brunt, as part of the acquisition of Uranium Equity Limited (now named Uranium Services Pty Ltd).

# Uranium Equities Limited and its controlled entities

## Directors' report

These performance shares were only capable of conversion to ordinary shares on achievement of performance hurdles dependent on the Company's Australian Stock Exchange ('ASX') share price and the employees' contracts being in full force and effect, thus aligning the interests of shareholders and management. The partly paid performance shares were issued at \$0.15, credited as paid to \$0.075 with \$0.075 to pay on conversion to ordinary shares. All performance hurdles have now been met in respect of these partly paid performance shares with future conversion of the same now only subject to Messrs Chalmers and Brunt continuing to meet their service commitments of their employment contracts and paying the balance of \$0.075 per share.

### Performance Related Compensation

The Company currently has no formal performance related remuneration policy which governs the payment of annual cash bonuses upon meeting pre-determined performance targets. However, the Board may consider performance related remuneration in the form of cash or share options when they consider these to be warranted.

### Employment contracts

The employment contracts of the Managing Director, Mark Chalmers and Executive Director, David Brunt were acquired as part of the acquisition of Uranium Equity Limited (now named Uranium Services Pty Ltd), a company controlled by Messrs Chalmers and Brunt.

The following table sets out the contractual provisions of executive directors and senior managers.

Name and Job Title	Contract Duration	Notice Period	Termination Provision
<b>Executive Directors</b>			
M S Chalmers Managing Director	Fixed term contract expiring 1 March 2009 subject to extension	No notice period provision	No termination payment in the event of misconduct.  In the event of a takeover where Mark Chalmers is not offered the same terms and conditions, 12 months salary is payable.  For all other events resulting in termination, the balance of the fixed term contract is payable.
D A Brunt Executive Director	Fixed term contract expiring 1 March 2009 subject to extension	No notice period provision	No termination payment in the event of misconduct.  In the event of a takeover where David Brunt is not offered the same terms and conditions, 12 months salary is payable.  For all other events resulting in termination, the balance of the fixed term contract is payable.

### Non-executive directors

The Board recognises the importance of attracting and retaining talented non-executive directors and aims to remunerate these directors in line with fees paid to directors of companies in the mining and exploration industry of a similar size and complexity.

Total fees for all non-executive directors, last voted upon by shareholders at the 2006 Annual General Meeting ('AGM') is not to exceed \$200,000 per annum.

# Uranium Equities Limited and its controlled entities

## Directors' report

### 7.2 Directors' and executive officers' remuneration (Company and Consolidated)

Details of the nature and amount of each major element of remuneration of each director of the Company and each of the named Company executives who receive the highest remuneration and other key management personnel are:

Consolidated and the Company Key Management Personnel		Short-term payments			Post- employment payments	Termination benefits	Share-based payments		Total \$	Value of options and performance shares as proportion of remuneration %
		Salary & fees \$	Non- monetary benefits \$	Total \$	Super- annuation benefits \$	Options and rights (A) \$	Performance shares (B) \$			
<b>Directors</b>										
T M Clifton	2008	5,000	2,777	7,777	55,000	-	-	-	62,777	-
	2007	-	2,629	2,629	60,000	-	-	-	62,629	-
M S Chalmers	2008	307,101	2,777	309,878	42,899	-	-	350,420	703,197	50%
	2007	321,101	2,629	323,730	28,899	-	-	349,463	702,092	50%
D A Brunt	2008	198,846	2,777	201,623	100,000	-	-	350,420	652,043	54%
	2007	194,887	2,629	197,516	105,113	-	-	349,463	652,092	54%
A R Bantock	2008	45,872	2,777	48,649	4,128	-	-	-	52,777	-
	2007	68,808	2,629	71,437	6,192	-	-	-	77,629	-
T R B Goyder	2008	45,872	2,777	48,649	4,128	-	-	-	52,777	-
	2007	45,872	2,629	48,501	4,128	-	-	-	52,629	-
A W Kiernan	2008	12,000	2,777	14,777	13,000	-	32,039	-	59,816	54%
	2007	12,000	2,629	14,629	13,000	-	-	-	27,629	-
<b>Executives</b>										
R K Hacker (Company Secretary) (appointed 31 January 2008, resigned 1 April 2008)	2008	-	463	463	-	-	-	-	463	-
	2007	-	1,476	1,476	-	-	4,432	-	5,908	75%
A M Reynolds (Company Secretary) (appointed 1 April 2008)	2008	-	694	694	-	-	1,531	-	2,225	69%
	2007	-	-	-	-	-	-	-	-	-
L R Curyer (Company Secretary) (appointed 16 May 2007 and resigned 31 January 2008)	2008	124,814	1,620	126,434	11,625	115,000	23,814	-	276,873	9%
	2007	98,044	1,153	99,197	8,824	-	51,966	-	159,987	32%
<b>Total compensation</b>	<b>2008</b>	<b>739,505</b>	<b>19,439</b>	<b>758,944</b>	<b>230,780</b>	<b>115,000</b>	<b>57,384</b>	<b>700,840</b>	<b>1,862,948</b>	
	<b>2007</b>	<b>740,712</b>	<b>18,403</b>	<b>759,115</b>	<b>226,156</b>	<b>-</b>	<b>56,398</b>	<b>698,926</b>	<b>1,740,595</b>	

Note: Company secretarial services are provided by Richard Hacker on commercial terms under an arrangement with Chalice Gold Mines Limited.



# Uranium Equities Limited and its controlled entities

## Directors' report

### Notes in relation to the table of directors' and executive officers' remuneration

- A. The fair value of the options is calculated at the date of grant using a binomial option-pricing model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed is the portion of the fair value of the options allocated to this reporting period. The following factors and assumptions were used in determining the fair value of options granted to key management personnel during the year:

Grant Date	Expiry Date	Fair value per option	Exercise price	Price of ordinary shares on grant date	Expected volatility	Risk free interest rate	Dividend yield
15-Nov-07	15-Nov-12	\$0.14	\$0.60	\$0.26	80%	6.06%	Nil
13-May-08	13-May-11	\$0.11	\$0.30	\$0.22	80%	7.50%	Nil

- B. The fair value of the partly paid performance shares was calculated at the date of grant using a Monte Carlo Simulation valuation model and is allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed is the portion of the fair value of the partly paid performance shares allocated to this reporting period. In valuing these shares, market conditions have been taken into account.

No performance shares were granted during the year.

### Details of performance related remuneration

Details of the consolidated entity's policy in relation to the proportion of remuneration that is performance related is discussed in section 7.1 of this report.

## 7.3 Equity instruments

### 7.3.1 Options and rights over equity instruments granted as compensation

Details on options over ordinary shares in the Company that were granted as compensation to each key management person during the reporting period and details on options that vested during the reporting period are as follows:

	Number of options granted during 2008	Grant date	Number of options vested during 2008	Fair value per option at grant date (\$)	Exercise Price (\$)	Expiry date
<b>Directors</b>						
A W Kiernan	500,000	15-Nov-07	-	0.14	0.60	15-Nov-12
<b>Executive</b>						
A M Reynolds	150,000	13-May-08	-	0.11	0.30	13-May-11

Vesting periods for the options granted above are 50% on the first and second anniversaries of the grant dates.

Subject to shareholder approval at the Company's next General Meeting, Mr Kiernan will be issued a further 500,000 options at an exercise price of \$0.30, expiring 5 years from the date of issue.

# Uranium Equities Limited and its controlled entities

## Directors' report

### 7.3.2 Exercise of options granted as compensation

During the reporting period, no shares were issued on the exercise of options previously granted as compensation.

### 7.3.3 Analysis of options and rights over equity instruments granted as compensation

Details of the vesting profile of the options granted as remuneration to each director of the Company and each of the named Company executives are set out below.

	Number granted	Date granted	% vested in year	Forfeited in year	Financial year in which grant vests
<b>Directors</b>					
A W Kiernan	250,000	15-Nov-07	-	-	2009
A W Kiernan	250,000	15-Nov-07	-	-	2010
<b>Executives</b>					
A M Reynolds	75,000	13-May-08	-	-	2009
A M Reynolds	75,000	13-May-08	-	-	2010

Subject to shareholder approval at the Company's next General Meeting, Mr Kiernan will be issued a further 500,000 options at an exercise price of \$0.30, expiring 5 years from the date of issue.

### 7.3.4 Analysis of movement in options

The movement during the reporting period, by value, of options over ordinary shares in the Company held by each Company director and each of the named Company executives is detailed below.

	Value of Options			Total option value in year \$
	Granted in year \$ (A)	Exercised in year \$ (B)	Forfeited in year \$ (C)	
<b>Directors</b>				
A W Kiernan	68,419	-	-	68,419
<b>Executives</b>				
A M Reynolds	16,194	-	-	16,194
<b>Former Executive</b>				
L R Curyer	-	-	241,890	241,890

- A. The value of options granted in the year is the fair value of the options calculated at grant date using a binomial option-pricing model. The total value of the options granted is included in the table above. This amount is allocated to remuneration over the vesting period.
- B. The value of options exercised during the year is calculated as the market price of shares of the Company on the ASX as at close of trading on the date the options were exercised after deducting the price paid to exercise the option.
- C. The value of the options that lapsed during the year represents the benefit foregone and is calculated at the date the option lapsed using a binomial option-pricing model with no adjustments for whether the performance criteria have or have not been achieved.

## 8. Dividends

No dividends were declared or paid for the previous year and the directors recommend that no dividend be paid for the current year.

# Uranium Equities Limited and its controlled entities

## Directors' report

### 9. Events subsequent to reporting date

Subsequent to year end, Uranium Equities increased its ownership interest in Urtek LLC, a company incorporated in the USA for the purpose of developing technology to extract uranium from phosphoric acid. The ownership interest increased from 16.1% to 30% following the lodgement of a patent application and the issue of 730,774 shares and options in Uranium Equities to the other members of Urtek LLC. Subject to shareholder approval at the Company's next general meeting, a further 269,226 shares and 269,226 options will be issued Mark Chalmers (refer to note 27).

### 10. Likely developments

The Company will continue activities in the exploration, evaluation and acquisition of uranium projects with the objective of establishing a significant uranium production business.

### 11. Directors' interests

The relevant interest of each director in the shares, rights or options over such instruments issued by the Company and other related bodies corporate, as notified by the directors to the ASX in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

	Ordinary shares	Options over ordinary shares	Partly Paid Performance Shares
T M Clifton	6,070,000	-	2,870,000
M S Chalmers	4,013,750	-	4,663,750
D A Brunt	4,013,750	-	4,663,750
T R B Goyder	20,100,000	-	-
A W Kiernan	1,454,068	1,000,000	-

### 12. Share options

#### Options granted to directors and officers of the Company

During or since the end of the financial year, the Company granted options for no consideration over unissued ordinary shares in the Company to the following directors and to the most highly remunerated officers of the Company as part of their remuneration:

	Number of options granted	Exercise price (\$)	Expiry date
<b>Directors</b>			
A W Kiernan	500,000	0.60	15-Nov-12
<b>Executives</b>			
A M Reynolds	150,000	0.30	13-May-11

All options were granted during the financial year. No options have been granted since the end of the financial year. Refer to section 7.3.3 regarding options issued subject to shareholder approval.

# Uranium Equities Limited and its controlled entities

## Directors' report

### Unissued shares under options

At the date of this report, 17,015,774 unissued ordinary shares of the Company are under option on the following terms and conditions:

Expiry date	Exercise price	Number of options
13-May-11	\$0.300	250,000
1-Mar-13	\$0.450	750,000
1-Mar-13	\$0.300	2,300,000
21-Jun-12	\$0.600	660,000
28-Mar-10	\$0.750	3,000,000
17-Jan-12	\$0.550	750,000
1-Dec-11	\$0.550	400,000
1-Nov-11	\$0.550	25,000
1-Oct-11	\$0.350	150,000
1-Sep-11	\$0.350	700,000
31-May-11	\$0.350	1,700,000
20-Dec-10	\$0.155	100,000
30-Nov-09	\$0.155	500,000
21-Oct-09	\$0.155	5,000,000
31-Jul-11	\$0.191	730,774

These options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

### Shares issued on exercise of options

During or since the end of the financial year, the Company has not issued any ordinary shares as a result of the exercise of options.

### 13. Indemnification and insurance of directors and officers

The Company has agreed to indemnify all the directors and officers who have held office of the Company or its controlled entities during this financial year, against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as directors or officers of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

During the financial year the Company has paid insurance premiums of \$19,439 in respect of directors and officers' liability and legal expenses insurance contracts, for current and former directors and officers, including executive officers of the Company and directors, executive officers and secretaries of its controlled entities. The insurance premiums relate to:

- costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome; and
- other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

The amount of insurance paid is included in directors and executives remuneration.

### 14. Non-audit services

During the year KPMG, the Company's auditor, has performed no other services in addition to their statutory audit duties.

# Uranium Equities Limited and its controlled entities

## Directors' report

### 15. Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 13 and forms part of the directors' report for financial year ended 30 June 2008.

This report is made with a resolution of the directors:



Timothy M Clifton  
Chairman

Dated at Perth this the 15<sup>th</sup> day of September 2008.



***Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001***

To: the directors of Uranium Equities Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2008 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

*KPMG*

KPMG

A handwritten signature in black ink, appearing to read 'Derek Meates', written in a cursive style.

Derek Meates  
Partner

Adelaide

15 September 2008

# Uranium Equities Limited and its controlled entities

## Income statements

For the year ending 30 June 2008

	Note	Consolidated		The Company	
		2008	2007	2008	2007
Revenue	3	214,923	660,120	-	2,298
Write-off of exploration and evaluation assets	14	(2,675,175)	(1,143,209)	(500)	(33,620)
Corporate administrative expenses	4	(4,129,646)	(5,536,653)	(3,710,695)	(4,585,584)
Profit on sale of exploration and evaluation assets		55,304	221,122	55,304	221,122
Impairment loss on equity accounted investees	13	(1,451,371)	-	(1,451,371)	-
Share of equity accounted investee losses	13	(270,622)	-	(270,622)	-
Profit on sale of available for sale investments		-	315,728	-	315,728
Impairment of available for sale investments	12	(105,669)	-	(76,842)	-
Impairment loss on investment in controlled entity	12	-	-	(2,939,833)	(1,143,209)
<b>Loss before financing costs</b>		<b>(8,362,256)</b>	<b>(5,482,892)</b>	<b>(8,394,559)</b>	<b>(5,223,265)</b>
Financial income	7	1,312,008	507,667	1,312,008	504,586
Financial expenses	7	(6,930)	113,251	(6,806)	114,253
Net financing income		1,305,078	620,918	1,305,202	618,839
<b>Loss before tax</b>		<b>(7,057,178)</b>	<b>(4,861,974)</b>	<b>(7,089,357)</b>	<b>(4,604,426)</b>
Income tax expense	8	-	-	-	-
<b>Loss for the year</b>		<b>(7,057,178)</b>	<b>(4,861,974)</b>	<b>(7,089,357)</b>	<b>(4,604,426)</b>
Basic earnings per share	9	(0.04)	(0.02)		
Diluted earnings per share	9	(0.04)	(0.02)		

The income statements are to be read in conjunction with the notes of the financial statements set out on pages 18 to 48.

Uranium Equities Limited and its controlled entities  
**Statements of recognised income and expense**  
For the year ending 30 June 2008

	Note	Consolidated		The Company	
		2008	2007	2008	2007
Change in fair value of financial assets available for sale	20	-	(379,500)	-	(379,500)
Net loss recognised directly in equity	20	-	(379,500)	-	(379,500)
Loss for the year		(7,057,178)	(4,861,974)	(7,089,357)	(4,604,426)
Total recognised income and expense for the year		(7,057,178)	(5,241,474)	(7,089,357)	(4,983,926)

The statements of recognised income and expense are to be read in conjunction with the notes to the financial statements set out on pages 18 to 48.



# Uranium Equities Limited and its controlled entities

## Balance Sheets

For the year ending 30 June 2008

	Note	Consolidated		The Company	
		2008	2007	2008	2007
<b>Current assets</b>					
Cash and cash equivalents	10	14,831,371	23,139,569	14,810,591	22,908,332
Trade and other receivables	11	1,298,086	2,162,568	1,190,599	2,004,330
Financial assets	12	41,541	91,907	41,541	63,079
<b>Total current assets</b>		<b>16,170,998</b>	<b>25,394,044</b>	<b>16,042,731</b>	<b>24,975,741</b>
<b>Non-current assets</b>					
Financial assets	12	12,061	86,160	8,080,482	5,195,877
Equity accounted investees	13	-	-	-	-
Exploration and evaluation assets	14	10,992,039	4,787,553	-	-
Property, plant and equipment	15	447,200	326,546	350,848	326,546
Intangible assets	16	-	206,995	-	-
<b>Total non-current assets</b>		<b>11,451,300</b>	<b>5,407,254</b>	<b>8,431,330</b>	<b>5,522,423</b>
<b>Total assets</b>		<b>27,622,298</b>	<b>30,801,298</b>	<b>24,474,061</b>	<b>30,498,164</b>
<b>Current liabilities</b>					
Trade and other payables	17	1,164,596	1,429,505	1,155,845	1,293,563
Provisions	18	365,000	-	-	-
Employee benefits	19	123,982	73,236	123,982	73,236
<b>Total current liabilities</b>		<b>1,653,578</b>	<b>1,502,741</b>	<b>1,279,827</b>	<b>1,366,799</b>
<b>Non-current liabilities</b>					
Provisions	18	2,576,529	-	-	-
<b>Total non-current liabilities</b>		<b>2,576,529</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>		<b>4,230,107</b>	<b>1,502,741</b>	<b>1,279,827</b>	<b>1,366,799</b>
<b>Net assets</b>		<b>23,392,191</b>	<b>29,298,557</b>	<b>23,194,234</b>	<b>29,131,365</b>
<b>Equity</b>					
Issued capital	20	42,942,884	42,942,884	42,942,884	42,942,884
Reserves	20	4,080,608	2,928,382	4,080,608	2,928,382
Accumulated losses	20	(23,631,301)	(16,572,709)	(23,829,258)	(16,739,901)
<b>Total Equity</b>		<b>23,392,191</b>	<b>29,298,557</b>	<b>23,194,234</b>	<b>29,131,365</b>

The balance sheets are to be read in conjunction with the notes to the financial statements set out on pages 18 to 48.

# Uranium Equities Limited and its controlled entities

## Statements of Cashflows

For the year ending 30 June 2008

	Note	Consolidated		The Company	
		2008	2007	2008	2007
<b>Cash flows from operating activities</b>					
Cash receipts from operations		532,906	476,276	242,185	125,756
Cash paid to suppliers and employees		(2,253,695)	(3,267,508)	(1,887,955)	(2,979,384)
Interest paid		(6,930)	(11,749)	(6,806)	(10,746)
Interest received		1,389,722	439,993	1,389,722	436,913
<b>Net cash used in operating activities</b>	26	<b>(337,997)</b>	<b>(2,362,988)</b>	<b>(262,854)</b>	<b>(2,427,461)</b>
<b>Cash flows from investing activities</b>					
Proceeds from sale of investments		-	1,312,349	-	1,292,591
Payments for investments	13	(2,767,585)	-	(3,084,448)	-
Deferred consideration from sale of tenements		1,250,000	-	1,250,000	(21,380)
Payments for mining exploration and evaluation		(5,938,133)	(5,324,411)	(500)	-
Acquisition of property, plant and equipment		(197,620)	(204,630)	(197,620)	(204,630)
Acquisition of subsidiary	25	(316,863)	-	(316,863)	-
Loans to controlled entities		-	-	(5,485,456)	(5,448,037)
Loans repaid from other entities		-	28,600	-	28,600
<b>Net cash used in investing activities</b>		<b>(7,749,690)</b>	<b>(4,188,092)</b>	<b>(7,614,376)</b>	<b>(4,352,856)</b>
<b>Cash flows from financing activities</b>					
Net proceeds from issue of shares		-	25,295,734	-	25,295,734
<b>Net cash from financing activities</b>		<b>-</b>	<b>25,295,734</b>	<b>-</b>	<b>25,295,734</b>
Net increase/(decrease) in cash and cash equivalents		(8,308,198)	18,744,654	(8,097,741)	18,515,417
Cash and cash equivalents at 1 July		23,139,569	4,394,915	22,908,332	4,392,915
<b>Cash and cash equivalents at 30 June</b>	10	<b>14,831,371</b>	<b>23,139,569</b>	<b>14,810,591</b>	<b>22,908,332</b>

The statements of cash flows are to be read in conjunction with the notes to the financial statements set out on pages 18 to 48.

# Uranium Equities Limited and its controlled entities

## Notes to the financial statements

For the year ending 30 June 2008

### 1. Significant accounting policies

Uranium Equities Limited is a company domiciled in Australia at Level 6, 50 Grenfell Street, Adelaide, South Australia. The consolidated financial report of the Company for the financial year ended 30 June 2008 comprises the Company and its subsidiaries (together referred to as the 'consolidated entity').

The financial report was authorised for issue by the directors on 15 September 2008.

#### (a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ('AASBs') including Australian Interpretations adopted by the Australian Accounting Standards Board and the Corporations Act 2001. The consolidated financial report of the Group and the financial report of the Company comply with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

#### (b) Basis of Preparation

The financial report is presented in Australian dollars, the consolidated entity's functional currency, and is prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: financial instruments classified as available for sale.

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. As at 30 June 2008 the consolidated entity had accumulated losses of \$23.6 million, however net assets are \$23.4 million and the Directors believe the consolidated entity has sufficient cash of \$14.8 million to pay its debts as and when they fall due and to fund near term anticipated exploration and corporate activities. It is the intention of the Directors to continue to explore the consolidated entity's areas of interest for which rights of tenure are current, and fund its PhosEnergy technology development project. The Directors consider that the consolidated entity has the ability to fund its projects through a combination of use of existing cash, partnership arrangements and access to the equity market if necessary. The directors will take the appropriate action to ensure these funds are available as and when they are required

The following standards and amendments have been identified as those which may impact the consolidated entity in the period of initial application. They are available for early adoption at 30 June 2008, but have not been applied in preparing this financial report.

Revised AASB 3 'Business Combinations' changes the application of acquisition accounting for business combinations and the accounting for non-controlling (minority) interests. Key changes include: the immediate expensing of all transaction costs; measurement of contingent consideration at acquisition date with subsequent changes through the income statement; measurement of non-controlling (minority) interests at full fair value or the proportionate share of the fair value of the underlying net assets; guidance on issues such as reacquired rights and vendor indemnities; and the inclusion of combinations by contract alone and those involving mutuals. The revised standard becomes mandatory for the Company's 30 June 2010 financial statements. The Company has not yet determined the potential effect of the revised standard on the Company's financial report.

AASB 8 'Operating Segments' introduces the "management approach" to segment reporting. AASB 8, which becomes mandatory for the Company's 30 June 2010 financial statements, will require the disclosure of segment information based on the internal reports regularly reviewed by the Company's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them. Currently the Company presents segment information in respect of its business and geographical segments (refer to note 2). The Company will assess how segment is presented under the management approach in the lead up to the year ended 30 June 2010.

# Uranium Equities Limited and its controlled entities

## Notes to the financial statements

For the year ending 30 June 2008

Revised AASB 101 'Presentation of Financial Statements' introduces as a financial statement (formerly "primary" statement) the "statement of comprehensive income". The revised standard does not change the recognition, measurement or disclosure of transactions and events that are required by other AASBs. The revised AASB 101 will become mandatory for the Company's 30 June 2010 financial statements. The Company has not yet determined the potential effect of the revised standard on the Company's disclosures.

AASB 2008-1 Amendments to Australian Accounting Standard – 'Share-based Payment: Vesting Conditions and Cancellations changes the measurement of share-based payments that contain non-vesting conditions'. AASB 2008-1 becomes mandatory for the Company's 30 June 2010 financial statements. The Company has not yet determined the potential effect of the amending standard on the Company's financial report

Other standards issued and available for early adoption but not applied by the consolidated entity are not expected to have a significant impact on the financial report of the consolidated entity and the Company.

### Use of Estimates and Judgements

The preparation of a financial report in conformity with AASB's requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by each entity in the consolidated entity.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The critical estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are listed below.

#### (i) Recoverability of exploration expenditure

The carrying amount of exploration and evaluation expenditure is dependent on the future successful outcome from exploration activity or alternatively the sale of the respective areas of interest.

#### (ii) Shared-based payment transactions

The consolidated entity measures the cost of equity-settled share-based payments at fair value at the grant date using a binomial formula taking into account the terms and conditions upon which the instruments were granted.

The accounting policies described below have been applied consistently to all periods presented and to all entities in the group.

### (c) Basis of consolidation

#### (i) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial report

# Uranium Equities Limited and its controlled entities

## Notes to the financial statements

For the year ending 30 June 2008

from the date that control commences until the date that control ceases. Investments in subsidiaries are carried at cost of acquisition in the Company's financial statements less impairment losses.

### (ii) Associates

Associates are those entities in which the consolidated entity has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the consolidated entity holds between 20 and 50 percent of the voting power of another entity. Other qualitative factors are also considered in determining if the consolidated entity has significant influence where the consolidated entity holds less than 20 percent of the voting power.

Associates are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The financial statements include the consolidated entity's share of the income and expenses and equity movements of equity accounted investees, after adjustment to align the accounting policies with those of the consolidated entity, from the date that significant influence commences until the date that significant influence ceases. When the consolidated entity's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the consolidated entity has an obligation or has made payments on behalf of the investee.

### (iii) Joint ventures

The interests of the consolidated entity in unincorporated joint ventures and jointly controlled assets are brought to account by recognising in its financial statements its share of jointly controlled assets, jointly incurred liabilities and expenses, and its share of income that it earns from the sale of any goods or services by the joint venture.

### (iv) Transactions eliminated on consolidation

Intra-group balances, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

## (d) Property, plant and equipment

### (i) Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see accounting policy (j)). The cost of assets includes the cost of materials, direct labour, and where appropriate, an appropriate proportion of overheads.

### (ii) Leased assets

Leases in terms of which the consolidated entity assumes substantially all of the risks and rewards of ownership are classified as finance leases. The plant and equipment acquired by way of a finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation (see below) and impairment losses (see accounting policy (j)).

### (iii) Subsequent costs

The consolidated entity recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it

# Uranium Equities Limited and its controlled entities

## Notes to the financial statements

For the year ending 30 June 2008

is probable that the future economic benefits embodied within the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

### (e) Depreciation

Depreciation is charged to the income statement on a diminishing value basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives in the current and comparative periods are as follows:

- plant and equipment 7%-40%
- fixtures and fittings 11%-22%
- motor vehicles 22.5%

The residual value, if not insignificant, is reassessed annually.

### (f) Exploration, evaluation, development and tenement acquisition costs

Exploration, evaluation, development and tenement acquisition costs in relation to separate areas of interest for which rights of tenure are current, are capitalised in the period in which they are incurred and are carried at cost less accumulated impairment losses. The cost of acquisition of an area of interest and exploration expenditure relating to that area of interest is carried forward as an asset in the Balance Sheet so long as the following conditions are satisfied:

- 1) the rights to tenure of the area of interest are current; and
- 2) at least one of the following conditions is also met:
  - the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
  - exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation expenditure is assessed for impairment when facts and circumstances suggest that their carrying amount exceeds its recoverable amount and where this is the case an impairment loss is recognised. Should a project or an area of interest be abandoned, the expenditure will be written off in the period in which the decision is made. Where a decision is made to proceed with development, accumulated expenditure will be amortised over the life of the reserves associated with the area of interest once mining operations have commenced.

### (g) Investments

Financial instruments held by the consolidated entity are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss recognised directly in equity, except for impairment losses. Where these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss.

The fair value of financial instruments classified as available-for-sale is their quoted bid price at the balance sheet date.

Financial instruments classified as available-for-sale investments are recognised or derecognised by the consolidated entity on the date it commits to purchase or sell the investments.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is

# Uranium Equities Limited and its controlled entities

## Notes to the financial statements

For the year ending 30 June 2008

recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

### (h) Trade and other receivables

Trade and other receivables are stated at their cost less impairment losses (see accounting policy (j)).

### (i) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the consolidated entity's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

### (j) Impairment

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. Value in use is the present value of the future cash flows expected to be derived from the asset or cash generating unit. A cash generating unit is the smallest group of assets that generate cashflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

In estimating value in use, a pre-tax discount rate is used which reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cashflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Impairment losses are recognised in the income statement unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the income statement. Receivables with a short duration are not discounted.

### (k) Reversals of impairment

Impairment losses, other than in respect of goodwill, are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount.

An impairment loss in respect of goodwill is not reversed.

An impairment loss in respect of a held-to-maturity security or receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available for sale is not reversed through profit or loss. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognised in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.



# Uranium Equities Limited and its controlled entities

## Notes to the financial statements

For the year ending 30 June 2008

### (l) Share capital

#### (i) Ordinary share capital

Ordinary shares and partly paid shares are classified as equity.

#### (ii) Transaction costs

Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit.

### (m) Leases

Finance leases, which transfer substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of minimum lease payments.

### (n) Employee benefits

#### (i) Superannuation

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

#### (ii) Share-based payment transactions

The Company provides benefits to employees (including directors) in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The Company currently provides benefits under an Employee Share Option Plan.

The cost of these equity-settled transactions with employees and directors is measured by reference to the fair value at the date at which they are granted.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ('market conditions'). The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

- (i) the extent to which the vesting period has expired; and
- (ii) the number of awards that, in the opinion of the directors, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised



# Uranium Equities Limited and its controlled entities

## Notes to the financial statements

For the year ending 30 June 2008

immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

### **(iii) Wages, salaries, annual leave, sick leave and non-monetary benefits**

Liabilities for employee benefits for wages, salaries, annual leave and sick leave represent present obligations resulting from employees' services provided to reporting date, calculated at undiscounted amounts based on remuneration wage and salary rates that the consolidated entity expects to pay as at reporting date including related on-costs, such as, workers compensation insurance and payroll tax.

### **(o) Provisions**

A provision is recognised in the balance sheet when the consolidated entity has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

The consolidated entity records the present value of the estimated cost of legal and constructive obligations to restore operating locations in the period in which the obligation arises. The nature of restoration activities includes the removal of facilities and restoration of affected areas.

When the liability is initially recorded, the estimated cost is capitalised by increasing the carrying amount of the related exploration and evaluation assets. Over time, the liability is increased for the change in the present value based on a risk adjusted pre-tax discount rate appropriate to the risks inherent in the liability.

The unwinding of the discount is recorded as an accretion charge within finance costs. The carrying amount capitalised in exploration and evaluation assets is capitalised in accordance with accounting policy (f) and (j).

### **(p) Trade and other payables**

Trade and other payables are stated at amortised cost.

### **(q) Revenue**

#### **(i) Advisory income**

Revenue from services rendered is recognised as the service is performed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the costs incurred or to be incurred cannot be measured reliably.

#### **(ii) Other income - sales of assets and investments**

Income from the sale of assets and investments is recognised in the income statement when the significant risks and rewards of ownership have been transferred to external parties.

### **(r) Expenses**

#### **(i) Operating lease payments**

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised

# Uranium Equities Limited and its controlled entities

## Notes to the financial statements

For the year ending 30 June 2008

in the income statement as an integral part of the total lease expense and spread over the lease term.

### (ii) Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

### (iii) Net financing costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest method and interest receivable on funds invested.

Interest income is recognised in the income statement as it accrues, using the effective interest method. The interest expense component of finance lease payments is recognised in the income statement using the effective interest method.

### (s) Income tax

Income tax in the income statement for the periods presented comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

#### (i) Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

#### (ii) Deferred tax

Deferred tax is accounted for using the balance sheet liability method. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the balance sheet. The tax base of an asset or liability is the amount attributed to the asset or liability for tax purposes.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company/ consolidated entity intends to settle its current tax assets and liabilities on a net basis.

#### (iii) Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

# Uranium Equities Limited and its controlled entities

## Notes to the financial statements

For the year ending 30 June 2008

### (iv) Tax funding and tax sharing arrangements

The company and all its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. Uranium Equities Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the company (as head entity in the tax-consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement.

The tax sharing agreement entered into between members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. The effect of the tax sharing agreement is that each member's liability for tax payable by the tax consolidated group is limited to the amount payable to the head entity under the tax funding arrangement.

### (t) Segment reporting

A segment is a distinguishable component of the consolidated entity that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

### (u) Non-current assets held for sale and discontinued operations

Immediately before classification as held for sale, the measurement of the assets (and all assets and liabilities in a disposal group) is brought up to date in accordance with applicable AASB's. Then, on initial classification as held for sale, non-current assets and disposal groups are recognised at the lower of carrying amount and fair value less costs to sell.

Impairment losses on initial classification as held for sale are included in profit or loss, even when there is a revaluation. The same applies to gains and losses on subsequent re-measurement.

A discontinued operation is a component of the consolidated entity's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. A disposal group that is to be abandoned also may qualify.

# Uranium Equities Limited and its controlled entities

## Notes to the financial statements

For the year ending 30 June 2008

### (v) Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax ('GST'), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

### (w) Goodwill

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates.

Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.

Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

### (x) Other intangible assets

#### *Acquired both separately and from a business combination*

Intangible assets acquired separately are capitalised at cost and from a business combination are capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets.

The useful lives of these intangible assets are assessed to be either finite or indefinite. Where amortisation is charged on assets with finite lives, this expense is taken to the income statement through the corporate 'administrative expenses' line item.

Intangible assets created within the business are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

## Uranium Equities Limited and its controlled entities

### **Notes to the financial statements**

**For the year ending 30 June 2008**

Intangible assets are tested for impairment where an indicator of impairment exists, and in the case of indefinite life intangibles annually, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

# Uranium Equities Limited and its controlled entities

## Notes to the financial statements

For the year ending 30 June 2008

### 2. Segment reporting

The Company currently only operates in one business segment and one geographical segment being the mining and exploration industry in Australia. Advisory services are provided on a consultancy basis within the mining and exploration industry.

### 3. Revenue

	Consolidated		The Company	
	2008	2007	2008	2007
Advisory fees	214,924	657,822	-	-
Other	-	2,298	-	2,298
	214,924	660,120	-	2,298

### 4. Corporate administrative expenses

	Note	Consolidated		The Company	
		2008	2007	2008	2007
Accounting fees		67,050	254,330	67,050	254,330
Annual report costs		39,838	21,109	39,838	21,109
ASX fees		30,946	124,358	30,946	84,059
Audit fees		46,540	71,767	46,540	64,467
Corporate and administration service fees		-	157,500	-	157,500
Depreciation and amortisation		380,313	192,889	173,318	81,289
Insurance		56,873	144,616	56,873	105,559
Legal fees		680,360	599,801	680,360	586,804
Marketing		20,314	25,315	20,314	14,808
Rent and Outgoings		84,714	32,427	84,714	32,427
Personnel expenses	5	2,230,226	3,213,469	2,016,245	2,512,209
Printing and stationery		12,940	23,249	12,940	23,249
Share registry		35,864	35,421	35,864	35,421
Stamp duty		410	410	410	410
Travel and accommodation		141,878	332,148	143,052	320,767
Recruitment		-	21,734	-	21,734
Other		301,380	286,110	302,231	269,442
		4,129,646	5,536,653	3,710,695	4,585,584

### 5. Personnel expenses

	Note	Consolidated		The Company	
		2008	2007	2008	2007
Wages and salaries		490,513	786,016	276,531	526,016
Directors fees		185,000	143,965	108,744	138,056
Consulting fees		33,696	499,174	33,695	87,223
Other associated personnel expenses		117,323	139,981	117,324	139,981
Defined contribution superannuation fund contributions		209,290	239,435	285,547	216,035
Increase in liability for annual leave		42,178	57,127	42,178	57,127
Equity-settled transactions	20	1,152,226	1,347,771	1,152,226	1,347,771
		2,230,226	3,213,469	2,016,245	2,512,209

# Uranium Equities Limited and its controlled entities

## Notes to the financial statements

For the year ending 30 June 2008

### 6. Auditors' remuneration

	Consolidated		The Company	
	2008	2007	2008	2007
<b>Audit services</b>				
Auditors of the Company				
KPMG Australia: Audit and review of financial reports	46,540	71,767	46,540	64,467

### 7. Net financing income

	Consolidated		The Company	
	2008	2007	2008	2007
Interest income	1,312,008	507,667	1,312,008	504,586
Non current receivable discount	-	125,000	-	125,000
Interest expense	(6,930)	(11,749)	(6,806)	(10,747)
Net financing income	1,305,078	620,918	1,305,202	618,839

### 8. Income Tax

	Consolidated		The Company	
	2008	2007	2008	2007
Current tax expense	-	-	-	-
Deferred tax	-	-	-	-
Total income tax expense reported in the income statement	-	-	-	-

Numerical reconciliation between tax expense and pre-tax net loss:

	Consolidated		The Company	
	2008	2007	2008	2007
Loss before tax	(7,057,178)	(4,861,974)	(7,089,857)	(4,604,426)
Income tax benefit using the domestic corporation tax rate of 30% (2007: 30%)	(2,117,153)	(1,458,592)	(2,126,957)	(1,381,328)
Decrease in income tax benefit due to:				
Non-deductible expenses	1,161,158	1,360,574	1,161,158	1,360,574
Current and deferred tax benefit not recognised	955,995	98,018	965,799	20,754
Income tax expense on loss before tax	-	-	-	-

# Uranium Equities Limited and its controlled entities

## Notes to the financial statements

For the year ending 30 June 2008

Deferred tax assets and liabilities are attributable to the following:

Consolidated	Assets		Liabilities		Net	
	2008	2007	2008	2007	2008	2007
Exploration and evaluation assets	-	-	2,415,153	1,436,266	2,415,153	1,436,266
Capital raising costs	(159,284)	(318,568)	-	-	(159,284)	(318,568)
Legal costs	(87,278)	-	-	-	(87,278)	-
Other items	(41,545)	(111,971)	-	62,099	(41,545)	(49,872)
Deferred receivable	-	-	-	375,000	-	375,000
	(288,107)	(430,539)	2,415,153	1,873,365	2,127,046	1,442,826
Tax losses used to offset net deferred tax liability					(2,127,046)	(1,442,826)
Net deferred tax assets and liabilities					-	-

Deferred tax assets have not been recognised in respect of the following items:

	Consolidated		The Company	
	2008	2007	2008	2007
Tax losses	3,824,520	9,102,420	3,824,520	9,102,420
Potential tax benefit at 30%	1,147,356	2,730,726	1,147,356	2,730,726

The unrecognised benefit from temporary differences on capital items amounts to \$553,771.

### 9. Earnings per share

#### Basic and diluted earnings per share

The calculation of basic and diluted earnings per share at 30 June 2008 was based on the loss attributable to ordinary shareholders of \$7,057,178 (2007: \$4,861,974) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2008 of 189,410,801 (2007: 156,192,993).

### 10. Cash and cash equivalents

	Consolidated		The Company	
	2008	2007	2008	2007
Bank balances	1,426,794	3,139,569	1,406,014	2,908,332
Term deposits	13,404,577	20,000,000	13,404,577	20,000,000
Cash and cash equivalents in the statement of cash flows	14,831,371	23,139,569	14,810,591	22,908,332

The effective interest rate earned on deposits is 7.35%.

### 11. Trade and other receivables

	Consolidated		The Company	
	2008	2007	2008	2007
<b>Current</b>				
Other trade receivables	1,265,878	869,840	1,158,391	711,602
Prepayments	32,208	42,728	32,208	42,728
Other receivables	-	1,250,000	-	1,250,000
	1,298,086	2,162,568	1,190,599	2,004,330



# Uranium Equities Limited and its controlled entities

## Notes to the financial statements

For the year ending 30 June 2008

### 12. Financial Assets

	Note	Consolidated		The Company	
		2008	2007	2008	2007
<b>Current</b>					
Unlisted securities available-for-sale		-	28,828	-	-
Listed equity securities available-for-sale		41,541	63,079	41,541	63,079
		41,541	91,907	41,541	63,079
<b>Non-current investments</b>					
Investments in related companies		-	74,760	-	74,761
Investments in controlled entities - at cost	24	-	-	11,008,254	6,252,925
Impairment losses		-	-	(2,939,833)	(1,143,209)
		-	74,760	8,068,421	5,184,477
Bond in relation to office premises		12,061	11,400	12,061	11,400
		12,061	86,160	8,080,482	5,195,877

The consolidated entity holds an investment in an Australian Securities Exchange listed company. This investment is classified as available-for-sale with movements in the underlying value of the asset recorded through the investment revaluation reserve, with the exception of impairment losses. During the year, impairment losses were recognised on the listed investment and the unlisted investment amounting to \$80,447 and \$25,222 respectively.

An impairment loss has also been recognised for the Company's investments in controlled entities. Investments are impaired to the extent that the investment exceeds the underlying net assets of the subsidiary.

### 13. Equity Accounted Investees

	Note	Consolidated		The Company	
		2008	2007	2008	2007
Investment in equity accounted investee		2,767,585	-	2,767,585	-
Reimbursement of funds		(1,045,592)	-	(1,045,592)	-
Share of equity accounted investee losses		(270,622)	-	(270,622)	-
Impairment losses		(1,451,371)	-	(1,451,371)	-
		-	-	-	-

The consolidated entity owns 16.13% of Urtek LLC, a limited liability company incorporated in the USA for the purposes of developing technology for the extraction of uranium from phosphoric acid.

The consolidated entity's share of the losses of Urtek LLC for the year was \$270,622. Impairment losses have been recognised in relation to the investment in Urtek LLC as Urtek LLC's technology ('the PhosEnergy Process') is in the research and development phase. Commercial application of the PhosEnergy Process has not yet been proven.

As discussed in note 27, the Company's Managing Director, Mark Chalmers has a 22.5% interest in Urtek LLC.

# Uranium Equities Limited and its controlled entities

## Notes to the financial statements

For the year ending 30 June 2008

### 14. Exploration and evaluation expenditure

	Note	Consolidated		The Company	
		2008	2007	2008	2007
Cost brought forward		4,787,553	594,111	-	-
Expenditure incurred during the year		5,938,132	5,336,651	500	33,620
Acquisition of exploration and evaluation assets	25	2,941,529	-	-	-
Impairment losses		(2,675,175)	(1,143,209)	(500)	(33,620)
		<u>10,992,039</u>	<u>4,787,553</u>	<u>-</u>	<u>-</u>

An impairment loss of \$2,675,175 was incurred following the relinquishment of the Company's interest in the Cadell exploration project (part of the West Arnhem Joint Venture with Cameco Australia Pty Ltd) in the Northern Territory, Australia. Certain other interests in exploration projects in Western Australia were also relinquished during the year.

### 15. Property, plant and equipment

	Consolidated		The Company	
	2008	2007	2008	2007
At cost	707,608	413,638	611,256	413,638
Less: accumulated depreciation	(260,408)	(87,092)	(260,408)	(87,092)
	<u>447,200</u>	<u>326,546</u>	<u>350,848</u>	<u>326,546</u>
<b>Plant and equipment</b>				
Carrying amount at beginning of financial year	326,546	203,205	326,546	203,205
Additions	293,972	204,630	197,620	204,630
Disposals/written-off	-	-	-	-
Depreciation	(173,318)	(81,289)	(173,318)	(81,289)
Carrying amount at end of financial year	<u>447,200</u>	<u>326,546</u>	<u>350,848</u>	<u>326,546</u>
<b>Total property, plant and equipment</b>	<u>447,200</u>	<u>326,546</u>	<u>350,848</u>	<u>326,546</u>

### 16. Intangible assets

	Consolidated		The Company	
	2008	2007	2008	2007
<b>Advisory contracts</b>				
Carrying amount at 1 July	206,995	318,595	-	-
Less: amortisation	(206,995)	(111,600)	-	-
Total carrying amount of intangible asset at 30 June	<u>-</u>	<u>206,995</u>	<u>-</u>	<u>-</u>

#### Advisory Contracts

The acquisition of Uranium Equity Limited (now named Uranium Services Pty Ltd) resulted in an Advisory Agreement being recorded as an intangible asset. This intangible asset has been fully amortised.

# Uranium Equities Limited and its controlled entities

## Notes to the financial statements

For the year ending 30 June 2008

### 17. Trade and other payables

	Consolidated		The Company	
	2008	2007	2008	2007
Trade payables	935,208	660,893	935,208	660,893
Other creditors and accrued expenses	229,388	768,612	220,637	632,670
	<b>1,164,596</b>	<b>1,429,505</b>	<b>1,155,845</b>	<b>1,293,563</b>

### 18. Provisions

	Consolidated		The Company	
	2008	2007	2008	2007
<b>Current</b>				
Rehabilitation	365,000	-	-	-
	<b>365,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Non-current</b>				
Rehabilitation	2,576,529	-	-	-
	<b>2,576,529</b>	<b>-</b>	<b>-</b>	<b>-</b>

The company assumed all obligations for rehabilitation at the Nabarlek Mining Lease following the acquisition of Queensland Mines Pty Ltd (refer to note 25).

### 19. Employee benefits

	Consolidated		The Company	
	2008	2007	2008	2007
<b>Current</b>				
Liability for annual leave	123,982	73,236	123,982	73,236
	<b>123,982</b>	<b>73,236</b>	<b>123,982</b>	<b>73,236</b>

#### Share based payments

##### (a) Employee and Consultant Share Option Plan

The Company has an Employee and Consultant Share Option Plan (ESOP) in place which was approved at the general meeting held on 29 July 2002 and amended pursuant to a resolution of the Board of Directors dated 22 June 2005.

Under the terms of the Employees and Consultants Option Plan, the Board may offer options at no consideration to full-time or part-time employees (including persons engaged under a consultancy agreement) and executive and non-executive directors.

Each option entitles the holder, on exercise, to one ordinary fully paid share in the Company. There is no issue price for the options. The exercise price for the options is such price as determined by the Board.

An option may only be exercised after that option has vested and any other conditions imposed by the Board on exercise are satisfied. The Board may determine the vesting period, if any.

There are no voting or dividend rights attached to the options. There are no voting rights attached to the unissued ordinary shares. Voting rights will be attached to the unissued ordinary shares when the options have been exercised.

Share options were granted to directors, employees and consultants on the following terms and conditions during the year:

# Uranium Equities Limited and its controlled entities

## Notes to the financial statements

For the year ending 30 June 2008

Grant date	Number of instruments	Contractual life of options
15 November 2007	500,000	5 years
1 March 2008	3,050,000	5 years
13 May 2008	400,000	3 years

Vesting conditions are generally 50% on the first anniversary of the grant date and the balance on the second anniversary of the grant date.

The number and weighted average exercise prices of share options is as follows:

	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
	2008	2008	2007	2007
Outstanding at the beginning of the period	0.40	14,385,000	\$0.21	8,000,000
Forfeited during the period	0.49	(1,900,000)	-	-
Exercised during the period	-	-	-	-
Granted during the period	0.37	3,950,000	\$0.62	6,385,000
Outstanding at the end of the period	0.29	16,435,000	\$0.40	14,385,000
Exercisable at the end of the period	0.30	11,392,500	\$0.24	9,800,000

The options outstanding at the end of the period have an exercise price in the range of \$0.155 to \$0.75 and a weighted average contractual life of 5 years. These include 3 million options issued to advisors with an exercise price of \$0.75 as part of the Company's capital raising in 2007.

The fair value of the options is estimated at the date of grant using the binomial model. The following table gives the assumptions made in determining the fair value of the options granted in the year to 30 June 2008.

Fair value of share options and assumptions (weighted average)	2008	2007
Share price at grant date	\$0.16	0.46
Exercise price	\$0.37	\$0.62
Expected volatility (expressed as weighted average volatility used in the modelling under binominal option-pricing model)	80%	80%
Option life (expressed as weighted average life used in the modelling under binominal option-pricing model)	5 years	5 years
Expected dividends	-	-
Risk-free interest rate	7.3%	5.9%

The expected volatility is based on the historic volatility, adjusted for any expected changes to future volatility due to publicly available information.

Share options are granted under a service condition. Non-market performance conditions are not taken into account in the grant date fair value measurement of the services received.

# Uranium Equities Limited and its controlled entities

## Notes to the financial statements

For the year ending 30 June 2008

### (b) Partly Paid Performance Shares

No performance shares were issued during the year ended 30 June 2008 or 30 June 2007.

The number and weighted average exercise prices of partly paid performance shares is as follows:

	Weighted average amount to be paid up 2008	Number of partly paid performance shares 2008	Weighted average amount to be paid up 2007	Number of partly paid performance shares 2007
Outstanding at the beginning of the period	\$0.075	9,327,500	\$0.075	9,327,500
Amounts credited as paid during the period	-	-	-	-
Granted during the period	-	-	-	-
Outstanding at the end of the period	\$0.075	9,327,500	\$0.075	9,327,500
Number able to be converted to ordinary shares at the end of the period	\$0.075	9,327,500	\$0.075	9,327,500

The partly paid performance shares outstanding at 30 June 2008 have an amount to be paid on conversion to ordinary shares of \$0.075 and a weighted average contractual life of 10 years.

	Consolidated		The Company	
	2008	2007	2008	2007
	\$	\$	\$	\$
Share options granted in 2006 - equity settled	74,076	329,964	74,076	329,964
Share options granted in 2007 - equity settled	340,655	318,883	340,655	318,883
Share options granted in 2008 - equity settled	103,803	-	103,803	-
Partly paid performance shares granted in 2006 – equity settled	700,839	698,924	700,839	698,924
Share options forfeited and prior year cost written back	(67,147)	-	(67,147)	-
Total expense recognised as employee costs (Note 5)	1,152,226	1,347,771	1,152,226	1,347,771

# Uranium Equities Limited and its controlled entities

## Notes to the financial statements

For the year ending 30 June 2008

### 20. Capital and reserves

#### Reconciliation of movement in capital and reserves attributable to equity holders of the parent

##### Consolidated

	Share capital (a) \$	Investment Revaluation Reserve (b) \$	Share Option Reserve (c) \$	Accumulated Losses \$	Total Equity \$
<b>2008</b>					
Balance at 1 July 2007	42,942,884	-	2,928,382	(16,572,709)	29,298,557
Share-based payments	-	-	1,152,226	-	1,152,226
Other	-	-	-	(1,414)	(1,414)
Loss for the period	-	-	-	(7,057,178)	(7,057,178)
Balance at 30 June 2008	42,942,884	-	4,080,608	(23,631,301)	23,392,191

##### Consolidated

	Share capital (a) \$	Investment Revaluation Reserve (b) \$	Share Option Reserve (c) \$	Accumulated Losses \$	Total Equity \$
<b>2007</b>					
Balance at 1 July 2006	20,895,859	379,500	-	(11,853,588)	9,421,771
Share options exercised	3,500,000	-	-	-	3,500,000
Issue of fully paid ordinary shares	23,000,000	-	-	-	23,000,000
Transfer to share option reserve	(895,181)	-	895,181	-	-
Share issue costs – cash settled	(1,327,365)	-	-	-	(1,327,365)
Share issue costs – equity settled	(685,430)	-	685,430	-	-
Changes in value of available-for-sale investments	-	(379,500)	-	-	(379,500)
Capital reduction (refer note 25)	(1,599,999)	-	-	-	(1,599,999)
Share-based payments	55,000	-	1,347,771	-	1,402,771
Deconsolidation of Liontown Resources Limited	-	-	-	142,853	142,853
Loss for the period	-	-	-	(4,861,974)	(4,861,974)
Balance at 30 June 2007	42,942,884	-	2,928,382	(16,572,709)	29,298,557

##### Company

	Share capital (a) \$	Investment Revaluation Reserve (b) \$	Share Option Reserve (c) \$	Accumulated Losses \$	Total Equity \$
<b>2008</b>					
Balance at 1 July 2007	42,942,884	-	2,928,382	(16,739,901)	29,131,365
Share-based payments	-	-	1,152,226	-	1,152,226
Loss for the period	-	-	-	(7,089,357)	(7,089,357)
Balance at 30 June 2008	42,942,884	-	4,080,608	(23,829,258)	23,194,234

# Uranium Equities Limited and its controlled entities

## Notes to the financial statements

For the year ending 30 June 2008

Company	Share capital (a) \$	Investment Revaluation Reserve (b) \$	Share Option Reserve (c)	Accumulated Losses \$	Total Equity \$
<b>2007</b>					
Balance at 1 July 2006	20,895,859	379,500	-	(12,135,475)	9,139,884
Share options exercised	3,500,000	-	-	-	3,500,000
Issue of fully paid ordinary shares	23,000,000	-	-	-	23,000,000
Transfer to share option reserve	(895,181)	-	895,181	-	-
Share issue costs – cash settled	(1,327,365)	-	-	-	(1,327,365)
Share issue costs – equity settled	(685,430)	-	685,430	-	-
Capital reduction	-	(379,500)	-	-	(379,500)
Share-based payments	(1,599,999)	-	-	-	(1,599,999)
Deconsolidation of Liontown Resources Limited	55,000	-	1,347,771	-	1,402,771
Loss for the period	-	-	-	(4,604,426)	(4,604,426)
Balance at 30 June 2007	42,942,884	-	2,928,382	(16,739,901)	29,131,365

### (a) Share capital

	Consolidated and the Company			
	Ordinary Shares		Partly paid performance shares	
	2008	2007	2008	2007
On issue at 1 July	189,410,801	133,310,801	14,350,000	14,350,000
Exercise of share options	-	10,000,000	-	-
Placement of shares	-	46,000,000	-	-
Share-based payments	-	100,000	-	-
On issue at 30 June	189,410,801	189,410,801	14,350,000	14,350,000

### Ordinary shares

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company, the ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds on liquidation.

### Partly paid performance shares

Each partly paid performance share was issued in 2006 at \$0.15 of which \$0.075 is credited as paid with \$0.075 remaining to be paid to convert the same into ordinary shares in the Company.

The unpaid amount on each partly paid performance share may be paid prior to 17 May 2016 but subject to:

# Uranium Equities Limited and its controlled entities

## Notes to the financial statements

For the year ending 30 June 2008

- (i) the service agreements with Mark Chalmers and David Brunt remaining in full force and effect;
- (ii) as to 8,000,000 partly paid performance shares, the ordinary shares of the Company trading on the ASX at no less than \$0.25 per share for 15 consecutive business days;
- (iii) as to 5,000,000 partly paid performance shares, the ordinary shares of the Company trading on the ASX at no less than \$0.35 per share for 15 consecutive business days; and
- (iv) as to 1,350,000 Performance shares, the ordinary shares of the Company trading on the ASX at no less than \$0.50 per share for 15 consecutive business days.

All the above ASX share price hurdles have been met from date of issue. The share must be converted to ordinary shares within 10 years from date of issue.

The partly paid performance shares are not transferable and carry no voting rights at a meeting of the Company. There are also no participating rights to dividend by return of capital and holders will not be entitled to participate in new issues of capital offered to shareholders.

In the event that the holder of the partly paid performance shares wishes to accept a takeover offer or scheme of arrangement or merger, any vesting conditions not at that time met shall be deemed to be met upon payment of the unpaid amounts on the shares.

### (b) Investment revaluation reserve

The fair value reserve includes the cumulative net change in the fair value of available for sale investments until the investment is derecognised.

### (c) Share Options

	<b>Consolidated and the Company Unlisted Share Options</b>	
	<b>2008</b>	<b>2007</b>
On issue at beginning of year	14,385,000	18,000,000
Options issued during the year	3,950,000	6,385,000
Options forfeited during the year	(1,900,000)	-
Options exercised during the year	-	(10,000,000)
On issue at end of year	<b>16,435,000</b>	<b>14,385,000</b>

At 30 June 2008, the Company had 16,435,000 unlisted options on issue under the following terms and conditions.

<b>Number</b>	<b>Expiry Date</b>	<b>Exercise Price</b>
400,000	13-May-11	\$0.300
750,000	1-Mar-13	\$0.450
2,300,000	1-Mar-13	\$0.300
660,000	21-Jun-12	\$0.600
3,000,000	28-Mar-10	\$0.750
750,000	17-Jan-12	\$0.550
400,000	1-Dec-11	\$0.550
25,000	1-Nov-11	\$0.550
150,000	1-Oct-11	\$0.350
700,000	1-Sep-11	\$0.350
1,700,000	31-May-11	\$0.350
100,000	20-Dec-10	\$0.155
500,000	30-Nov-09	\$0.155
5,000,000	21-Oct-09	\$0.155



# Uranium Equities Limited and its controlled entities

## Notes to the financial statements

For the year ending 30 June 2008

Subject to shareholder approval at the Company's next General Meeting, a further 500,000 options will be issued to a Director of the Company with an exercise price of \$0.30 and an expiry date of 5 years from the date of issue.

### 21. Financial instruments

#### (a) Capital risk management

The company and consolidated entity manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders.

The capital structure of the company and consolidated entity consists of equity attributable to equity holders, comprising issued capital, reserves and retained earnings is disclosed in note 20.

The board reviews the capital structure on a regular basis and considers the cost of capital and the risks associated with each class of capital. The company and the consolidated entity will balance its overall capital structure through new share issues as well as the issue of debt, if the need arises.

#### (b) Market risk exposures

Market risk is the risk that changes in market prices such as foreign exchange rates, equity prices and interest rates will affect the Consolidated Entity's income or value of its holdings of financial instruments.

##### Foreign exchange rate risk

The consolidated entity currently has no significant exposure to foreign exchange rates.

##### Equity prices

Equity investments held for sale are recorded at their fair value, exposures of which are discussed in note 12.

##### Interest rate risk

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below:

30 June 2008	Note	Fixed interest maturing in:			Non-interest bearing	Total	Weighted average int. rate
		1 year or less	Over 1 to 5 years	Floating interest			
		\$	\$	\$	\$		
<b>Financial assets</b>							
Bank balances	10	1,426,794	-	-	-	1,426,794	6.85%
Term deposits	10	13,404,577	-	-	-	13,404,577	7.35%
Trade and other receivables	11		-	-	1,298,086	1,298,086	-
Investments	12	12,061	-	-	41,541	57,602	-
<b>Financial liabilities</b>							
Trade payables and accrued expenses	17		-	-	1,164,597	1,164,597	-

# Uranium Equities Limited and its controlled entities

## Notes to the financial statements

For the year ending 30 June 2008

30 June 2007	Fixed interest maturing in:					Total \$	Weighted average int. rate
	Note	1 year or less \$	Over 1 to 5 years \$	Floating interest \$	Non- interest bearing \$		
<b>Financial assets</b>							
Bank balances	10	3,139,568	-	-	-	3,139,568	5.8%
Term deposits	10	20,000,000	-	-	-	20,000,000	6.4%
Trade and other receivables	11	-	-	-	2,162,568	2,162,568	-
Investments	12	-	-	-	86,160	86,160	-
<b>Financial liabilities</b>							
Trade payables and accrued expenses	17	-	-	-	1,429,505	1,429,505	-

A change of 100 basis points in interest rates on bank balances and term deposits at the reporting date would have increased / (decreased) the consolidated entity and the Company's profit and loss by \$179,577.

### (b) Credit risk exposure

Credit risk is the risk of financial loss to the consolidated entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The consolidated entity's exposure to credit risk is not significant and currently arises principally from sundry receivables (see note 11) which represent an insignificant proportion of the consolidated entity's activities. The parent entity's exposure to credit risk arises from its loans to wholly owned subsidiaries.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provision for doubtful debts, as disclosed in the notes to the financial statements.

### (c) Liquidity risk exposure

Liquidity risk is the risk that the consolidated entity will not be able to meet its financial obligations as they fall due. The Board actively monitors the consolidated entity's ability to pay its debts as and when they fall due by regularly reviewing the current and forecast cash position based on the expected future activities.

The consolidated entity has non-derivative financial liabilities which include trade and other payables of \$1,164,597 all of which are due within 60 days.

### (d) Net fair values of financial assets and liabilities

The carrying amounts of all financial assets and liabilities approximate the net fair values.

## 22. Operating leases

### Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Consolidated		The Company	
	2008	2007	2008	2007
Less than one year	63,699	69,437	63,699	69,437
Between one and five years	13,200	84,359	13,200	84,359
More than five years	-	-	-	-
	76,899	153,796	76,899	153,796

# Uranium Equities Limited and its controlled entities

## Notes to the financial statements

For the year ending 30 June 2008

The consolidated entity leases an office under operating lease in Adelaide. The lease runs for a further period of approximately two years, with an option to renew the lease after that date. Lease payments are increased every year to reflect market rentals. None of the leases include contingent rentals.

During the financial year ended 30 June 2008, \$48,773 was recognised in the income statement in respect of operating leases (2007: \$42,209).

### 23. Capital and other commitments

#### Exploration expenditure commitments

In order to maintain current rights of tenure to exploration tenements, the consolidated entity is required to perform minimum exploration work to meet the minimum expenditure requirements specified by various State governments. These amounts are subject to renegotiation when application for a mining lease is made and at other times. These amounts are not provided for in the financial report and are payable:

	Consolidated		The Company	
	2008	2007	2008	2007
Within one year	3,103,880	3,770,214	-	-
One year or later and no later than five years	5,819,775	7,069,151	-	-
Later than five years	-	-	-	-
	<b>8,923,655</b>	<b>10,839,365</b>	<b>-</b>	<b>-</b>
<b>Employee compensation commitments</b>				
Key management personnel (consolidated and the Company)				
Commitments under non-cancellable employment contracts not provided for in the financial statements and payable:				
Within one year	487,500	650,000	487,500	650,000
One year or later and no later than five years	-	487,500	-	487,500
	<b>487,500</b>	<b>1,137,500</b>	<b>487,500</b>	<b>1,137,500</b>

### 24. Controlled entities

	Country of Incorporation	Ownership interest	
		2008	2007
<b>Parent entity</b>			
Uranium Equities Limited	Australia		
<b>Subsidiaries</b>			
GE Resources Pty Ltd	Australia	100%	100%
Uranium Services Pty Ltd	Australia	100%	100%
Bullion Minerals Pty Ltd	Australia	100%	100%
Queensland Mines Pty Ltd	Australia	100%	-
PhosEnergy Inc (incorporated 4 June 2008)	USA	100%	-

# Uranium Equities Limited and its controlled entities

## Notes to the financial statements

For the year ending 30 June 2008

### 25. Acquisitions and disposals of subsidiaries

#### 2008: Acquisition of Queensland Mines Pty Ltd

On 30 June 2008, the Company acquired all the shares of Queensland Mines Pty Ltd for \$316,863 (including costs of acquisition of \$220,511) in cash. The company is the owner of the Nabarlek Mining Lease in the Alligator Rivers uranium province in the Australian Northern Territory. As part of the acquisition, Uranium Equities has assumed all obligations for rehabilitation of the mining lease.

Queensland Mines Pty Ltd has been dormant since 1988. If the acquisition had occurred on 1 July 2007, there would have been no impact on the consolidated loss for the year.

#### Acquiree's net assets at the acquisition date

	Note	Carrying amounts \$	Adjustment\$	Recognised values \$
Plant and equipment		96,352	-	96,352
Exploration and evaluation assets		-	3,162,040	3,162,040
Provision for rehabilitation		-	(2,941,529)	(2,941,529)
Net identifiable assets and liabilities		96,352	220,511	316,863
Goodwill on acquisition				-
Consideration paid				96,352
Costs of acquisition				220,511
Net cash outflow				316,863

Following the acquisition, a security bond of \$1.8 million has been placed with the Northern Territory government regarding the obligation to rehabilitate the Nabarlek Mining Lease.

#### 2007: Deconsolidation of subsidiary

Liontown Resources Limited ("Liontown") (formerly Base Resources Limited) was incorporated on 2 February 2006 and was 100% wholly owned by the Company until 15 December 2006. During this time, and as approved by shareholders on 8 May 2006, the Company disposed of a number of tenements to Liontown. Also pursuant to shareholder approval, Liontown was subsequently demerged on 15 December 2006 following a pro-rata in-specie distribution to Uranium Equities shareholders registered on 15 May 2006. The demerger was accounted in the Company by reducing its investment in Liontown to nil with a corresponding capital reduction of \$1.6 million.

# Uranium Equities Limited and its controlled entities

## Notes to the financial statements

For the year ending 30 June 2008

### 26. Reconciliation of cash flows from operating activities

	Consolidated		The Company	
	2008	2007	2008	2007
Loss for the period	(7,057,178)	(4,861,974)	(7,089,357)	(4,604,426)
<b>Cash flows from operating activities</b>				
Adjustments for:				
Depreciation and amortisation	380,313	192,889	173,318	81,289
(Profit)/loss on disposal of listed shares/ exploration and evaluation assets	-	(536,850)	-	(536,850)
Write-off of exploration and evaluation expenditure	2,675,175	1,143,209	500	33,620
Impairment loss on equity accounted investee	1,451,371	-	1,451,371	-
Share of equity accounted investee losses	270,622	-	270,622	-
Interest charge / (unwind) on fair value of monetary asset receivable	-	(125,000)	-	(125,000)
Impairment write-down of investment in controlled entity	-	-	2,939,833	1,143,209
Change in value of quoted investments	50,365	-	21,538	-
Equity-settled share-based payment expenses	1,152,226	1,347,771	1,152,226	1,347,771
<b>Operating loss before changes in working capital and provisions</b>	<b>(1,077,106)</b>	<b>(2,839,955)</b>	<b>(1,079,949)</b>	<b>(2,660,387)</b>
Decrease/(increase) in trade and other receivables	745,105	(600,452)	694,353	(682,926)
Increase/(decrease) in trade creditors and accruals	(56,742)	1,046,386	71,996	884,819
Increase/(decrease) in provisions	50,746	57,128	50,746	57,128
Increase/(decrease) in lease incentive	-	(26,095)	-	(26,095)
<b>Net cash used in operating activities</b>	<b>(337,997)</b>	<b>(2,362,988)</b>	<b>(262,854)</b>	<b>(2,427,461)</b>

### 27. Related Parties Disclosures

#### (a) Key management personnel

The following were key management personnel of the consolidated entity at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

#### Non-executive directors

T M Clifton (Chairperson)

T R B Goyder

A W Kiernan

#### Executive directors

M S Chalmers (Managing Director)

D A Brunt (Executive Director)

A R Bantock (resigned 4 August 2008)

#### Executives

A M Reynolds (Company Secretary)

(appointed 1 April 2008 and resigned 1 August 2008)

L R Curyer (Company Secretary)

(resigned 31 January 2008)

R K Hacker (Company Secretary)

(appointed 31 January 2008, resigned 1 April 2008 and re-appointed 1 August 2008)

# Uranium Equities Limited and its controlled entities

## Notes to the financial statements

For the year ending 30 June 2008

The key management personnel compensation included in 'personnel expenses' (see note 5) are as follows:

	Consolidated		The Company	
	2008	2007	2008	2007
Short-term employee benefits	873,944	759,115	873,944	759,115
Post-employment benefits	230,780	226,156	230,780	226,156
Equity compensation benefits	758,224	755,324	758,224	755,324
	<b>1,862,948</b>	<b>1,740,595</b>	<b>1,862,948</b>	<b>1,740,595</b>

### Individual directors and executives compensation disclosures

Information regarding individual directors and executives compensation is provided in the Remuneration Report section of the Directors' report.

### Loans to key management personnel and their related parties (consolidated)

No loans were made to key management personnel and their related parties.

### Other key management personnel transactions with the Company or its controlled entities

A number of key management persons, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

A number of these entities transacted with the Company or its subsidiaries in the reporting period. The terms and conditions of the transactions with management persons and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis.

The aggregate amounts recognised during the year relating to key management personnel and their related parties were as follows:

Key management persons	Transaction	Note	Consolidated		The Company	
			2008	2007	2008	2007
A W Kiernan	Legal Fees	(i)	(74,162)	(36,061)	(74,162)	(36,061)
A R Bantock	Corporate and administration service fees	(ii)	(6,188)	(157,500)	(6,188)	(157,500)
T R B Goyder						
A W Kiernan						
R K Hacker						
M S Chalmers	Urtek LLC	(iii)	(2,798,276)	-	(2,798,276)	-
R K Hacker	Corporate Services	(iv)	(17,777)	-	(17,777)	-

- (i) The Company used the legal services of Anthony Kiernan and Christensen Vaughan (a company of which Anthony Kiernan is a consultant) during the course of the financial year.
- (ii) The Company procured corporate services such as accounting and company secretarial services under a Corporate Services Agreement with Chalice Gold Mines Limited. This services agreement ended in May 2007. Andrew Bantock, Timothy Goyder and Anthony Kiernan are directors of Chalice Gold Mines Limited and Richard Hacker was the Company Secretary.

# Uranium Equities Limited and its controlled entities

## Notes to the financial statements

For the year ending 30 June 2008

- (iii) Mark Chalmers, the Company's Managing Director, owns 22.58% of Urtek LLC, a company established to develop technology to extract uranium from phosphoric acid. The Company acquired a 16.13% equity interest in Urtek LLC on 6 February 2007 for consideration comprising 100,000 ordinary shares in the Company. The \$2,798,276 comprises a \$1.7 million investment which has been fully provided for and \$1 million of reimbursable costs (refer to note 13). On 14 June 2007 the Company entered into an agreement with Urtek LLC to increase its shareholding to 90% through funding of up to US\$15 million of project development costs. Subsequent to year end, the Company's ownership interest increased from 16.1% to 30% following the lodgement of a patent application and the issue of 730,774 shares and options in Uranium Equities to the other members of Urtek LLC. Subject to shareholder approval at the Company's next general meeting, a further 269,226 shares and 269,226 options will be issued Mark Chalmers.
- (iv) Richard Hacker provided financial management services to the group from February 2008 to June 2008.

Amounts payable to key management personnel at reporting date arising from these transactions were as follows:

	Consolidated		The Company	
	2008	2007	2008	2007
<b>Assets and liabilities arising from the above transactions</b>				
Trade creditors	6,110	3,055	-	3,055
	<b>6,110</b>	<b>3,055</b>	<b>-</b>	<b>3,055</b>

### Options and rights over equity instruments granted as compensation

#### Movement in Options

The movement during the reporting period in the number of options over ordinary shares in the Company held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Held at 1 July 2007	Granted as compensation	Exercised	Forfeited	Held at 30 June 2008	Vested during the year	Vested and exercisable at 30 June 2008
<b>Directors</b>							
T M Clifton	-	-	-	-	-	-	-
M S Chalmers	-	-	-	-	-	-	-
D A Brunt	-	-	-	-	-	-	-
A R Bantock	5,000,000	-	-	-	5,000,000	-	5,000,000
T R B Goyder	-	-	-	-	-	-	-
A W Kiernan	500,000	500,000	-	-	1,000,000	-	500,000
<b>Executive</b>							
A M Reynolds	-	150,000	-	-	150,000	-	-
<b>Former Executives</b>							
L R Curyer	1,000,000	-	-	1,000,000	-	-	-
R K Hacker	100,000	-	-	-	100,000	-	100,000

# Uranium Equities Limited and its controlled entities

## Notes to the financial statements

For the year ending 30 June 2008

	Held at 1 July 2006	Granted as compensation	Exercised	Forfeited	Held at 30 June 2007	Vested during the year	Vested and exercisable at 30 June 2007
<b>Directors</b>							
T M Clifton	-	-	-	-	-	-	-
M S Chalmers	-	-	-	-	-	-	-
D A Brunt	-	-	-	-	-	-	-
A R Bantock	5,000,000	-	-	-	5,000,000	-	5,000,000
T R B Goyder	-	-	-	-	-	-	-
A W Kiernan	500,000	-	-	-	500,000	-	500,000
<b>Executive</b>							
L R Curyer	-	1,000,000	-	-	1,000,000	-	-
<b>Former Executives</b>							
R K Hacker	100,000	-	-	-	100,000	100,000	100,000

### Movements in ordinary shares

The movement during the reporting period in the number of ordinary shares in the Company held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Held at 1 July 2007	Additions	Received on exercise of options	Sales	Held at 30 June 2008
<b>Directors</b>					
T M Clifton	3,070,000	3,000,000	-	-	6,070,000
M S Chalmers	4,013,750	-	-	-	4,013,750
D A Brunt	4,013,750	-	-	-	4,013,750
A R Bantock (A)	4,418,500	-	-	-	4,418,500
T R B Goyder	18,221,294	1,878,706	-	-	20,100,000
A W Kiernan	404,068	1,050,000	-	-	1,454,068

(A) Resigned on 4 August 2008.

	Held at 1 July 2006	Additions	Received on exercise of options	Sales	Held at 30 June 2007
<b>Directors</b>					
T M Clifton	3,070,000	-	-	-	3,070,000
M S Chalmers	4,013,750	-	-	-	4,013,750
D A Brunt	4,013,750	-	-	-	4,013,750
A R Bantock	4,418,500	-	-	-	4,418,500
T R B Goyder	18,221,294	-	-	-	18,221,294
A W Kiernan	404,068	-	-	-	404,068
<b>Former Executive</b>					
R K Hacker	192,910	-	-	192,910	-

No ordinary shares were granted to key management personnel during the reporting period as compensation.

### Movements in partly paid performance shares

The movement during the reporting period in the number of partly paid performance shares in Uranium Equities held, directly, indirectly or beneficially, by key management persons, including their related parties, is as follows:



# Uranium Equities Limited and its controlled entities

## Notes to the financial statements

For the year ending 30 June 2008

	Held at 1 July 2007	Additions	Held at 30 June 2008	Vested during the year	Vested and convertible to ordinary shares upon payment
<b>Directors</b>					
T Clifton	2,870,000	-	2,870,000	-	2,870,000
M S Chalmers	4,663,750	-	4,663,750	-	4,663,750
D A Brunt	4,663,750	-	4,663,750	-	4,663,750

	Held at 1 July 2006	Additions	Held at 30 June 2007	Vested during the year	Vested and convertible to ordinary shares upon payment
<b>Directors</b>					
T Clifton	2,870,000	-	2,870,000	-	2,870,000
M S Chalmers	4,663,750	-	4,663,750	2,063,750 <sup>(1)</sup>	4,663,750
D A Brunt	4,663,750	-	4,663,750	2,063,750 <sup>(1)</sup>	4,663,000

<sup>(1)</sup> The second and third performance hurdles of the Company share price trading above \$0.35 and \$0.50 for 15 consecutive ASX business days have been met. Vesting is subject to the service agreements of M S Chalmers and D A Brunt respectively remaining in full force. The performance shares are being expensed over the current service period of the agreements.

### (b) Non-key management personnel disclosures

#### Identity of related parties

The consolidated entity has a related party relationship with its subsidiaries (see note 24) and with its key management personnel (see note 27a).

#### Other related party transactions

##### Subsidiaries

Loans are made by the Company to wholly owned subsidiaries. With the exception of the specific transactions noted below, loans outstanding between the Company and its controlled entities have no fixed date of repayment and are non-interest bearing. At 30 June 2008, such loans to subsidiaries totalled \$8,068,421 (2007: \$4,825,139). These loans have been recognised as an additional investment in subsidiaries.

28. Subsequent to year end, Uranium Equities increased its ownership interest in Urtek LLC, a company incorporated in the USA for the purpose of developing technology to extract uranium from phosphoric acid. The ownership interest increased from 16.1% to 30% following the lodgement of a patent application and the issue of 730,774 shares and options in Uranium Equities to the other members of Urtek LLC. Subject to shareholder approval at the Company's next general meeting, a further 269,226 shares and 269,226 options will be issued Mark Chalmers (refer to note 27).

# Uranium Equities Limited and its controlled entities

## Directors' Declaration

- 1 In the opinion of the directors of Uranium Equities Limited (the Company):
  - (a) the financial statements and notes, set out on pages 14 to 48 and the Remuneration report in the Directors' report, set out on pages 5 to 9, are in accordance with the Corporations Act 2001, including:
    - (i) giving a true and fair view of the Company's and the Group's financial position as at 30 June 2008 and of their performance for the financial year ended on that date; and
    - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
  - (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1; and
  - (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- 2 The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer (or equivalent) and chief financial officer (or equivalent) for the financial year ended 30 June 2008.

Dated at Perth the 15<sup>th</sup> day of September 2008.

Signed in accordance with a resolution of the directors:



Timothy M Clifton  
Chairman



## **Independent auditor's report to the members of Uranium Equities Limited**

### **Report on the financial report**

We have audited the accompanying financial report of Uranium Equities Limited (the Company), which comprises the balance sheets as at 30 June 2008, and the income statements, statements of recognised income and expense and cash flow statements for the year ended on that date, a description of significant accounting policies and other explanatory notes 1 to 28 and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

#### *Directors' responsibility for the financial report*

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report of the Group, comprising the financial statements and notes, complies with International Financial Reporting Standards.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Company's and the Group's financial position and of their performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



*Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

*Auditor's opinion*

In our opinion:

- (a) the financial report of Uranium Equities Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Company's and the Group's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- (b) the financial report of the Group also complies with International Financial Reporting Standards as disclosed in note 1(a).

**Report on the remuneration report**

We have audited the Remuneration Report included in pages 5 to 9 of the directors' report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

*Auditor's opinion*

In our opinion, the remuneration report of Uranium Equities Limited for the year ended 30 June 2008, complies with Section 300A of the *Corporations Act 2001*.

*KPMG*

KPMG

Derek Meates  
Partner

Adelaide

15 September 2008



# Uranium Equities Limited and its controlled entities

## Corporate Governance

Corporate Governance is a matter of high importance in the Company and is undertaken with due regard to all of the Company's stakeholders and its role in the community. The key corporate governance practices of the Company are summarised below.

### 1. Board of directors

#### 1.1 Role of the Board and management

The Board represents shareholders' interests in continuing a successful business, which seeks to optimise medium to long-term financial gains for shareholders. The Board believes that this focus will ultimately result in the interests of all stakeholders being appropriately addressed when making business decisions.

The Board is responsible for ensuring that the Company is managed in such a way to best achieve this desired result. Given the current size and operations of the business, the Board currently undertakes an active, not passive, role.

The Board is responsible for evaluating and setting the strategic directions for the Company, establishing goals for management and monitoring the achievement of these goals. The Managing Director and Executive Director are responsible to the Board for the day-to-day management of the Company.

The Board has sole responsibility for the following:

- Appointing and removing the Managing Director and approving senior executive remuneration;
- Determining the strategic direction of the Company and measuring performance of management against approved strategies;
- Reviewing the adequacy of resources for management to properly carry out approved strategies and business plans;
- Adopting operating and capital expenditure budgets at the commencement of each financial year and monitoring progress against them;
- Monitoring capital and cash flow requirements;
- Approving and monitoring financial and other reporting to regulatory bodies, shareholders and other organisations;
- Determining that satisfactory arrangements are in place for auditing the Company's financial affairs; and
- Ensuring that policies and compliance systems consistent with the Company's objectives, external best practice and the Company's size and scope of operations are in place and that the Company and its officers act legally, ethically and responsibly on all matters.

The Board's role and the Company's corporate governance practices are being continually reviewed and amended as required.

#### 1.2 Composition of the Board and new appointments

The Company's Constitution provides that the number of directors shall not be less than three and not more than ten. There is no requirement for any share holding qualification.

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the appointment and further expense of an independent non-executive chairman and additional independent Non-executive directors. The Board believes that the individuals on the Board can make, and do make, quality and independent judgments in the best interests of the Company on all relevant issues.

The composition of the Board is reviewed periodically in view of the underlying scale, scope and complexity of the Company's operations. Changes are made where appropriate.

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The membership of the Board and its activities are subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board shall include quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the Company's scope of activities, intellectual ability to contribute to Board's duties and physical ability to undertake Board's duties and responsibilities.

Directors are initially appointed by the full Board subject to election by shareholders at the next annual general meeting. Under the Company's Constitution the tenure of directors (other than the Managing Director, and only one Managing Director where the position is jointly held) is subject to reappointment by shareholders not later than the third anniversary following his last appointment. Subject to the requirements of the Corporations Act 2001, the Board does not subscribe to the principle of retirement age and there is no maximum period of service as a director. A Managing Director may be appointed for any period and on any terms the directors think fit and, subject to the terms of any agreement entered into, the Board may revoke any appointment.

### 1.3 Committees of the Board

The Board has established an Audit Committee which assists in the discharge of the Board's responsibilities.

The Audit Committee assists the Board in discharging its responsibilities to ensure that the Company complies with appropriate and effective accounting, auditing, internal control, business risk management, compliance and reporting practices.

The role of the Audit Committee is to:

- Monitor the integrity of the financial statements of the Company, reviewing significant financial reporting judgements;
- Review the Company's internal financial control system and risk management systems;
- Monitor and review the effectiveness of the Company's external audit function including matters concerning appointment and remuneration, independence and non-audit services; and
- Perform such other functions as assigned by law, the Company's constitution, or the Board.

The Audit Committee comprises three members; Anthony Kiernan, Mark Chalmers and Tim Goyder.

The Audit Committee meets as required and at any other time requested by a Board member, Company Secretary or external auditor. The external auditors attend as required and on other occasions where circumstance warrant.

With the exception of the Audit Committee, the Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of any other separate or special committees at this time. The Board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards.

The full Board currently holds meetings at such times as may be necessary to address any general or specific matters as required.

If the Company's activities increase in size, scope and nature, the appointment of separate or special committees will be reviewed by the Board and implemented if appropriate.

### 1.4 Conflicts of interest

In accordance with the Corporations Act and the Company's Constitution, directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board believes that a significant conflict exists, the director concerned does not receive the relevant board papers and is not present at the meeting whilst the item is considered.

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### 1.5 Independent professional advice

The Board has determined that individual directors have the right in connection with their duties and responsibilities as directors, to seek independent professional advice at the Company's expense. The engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably. If appropriate, any advice so received will be made available to all Board members.

## 2. Ethical standards

The Board acknowledges the need for continued maintenance of a professional standard of corporate governance practice and ethical conduct by all directors and employees of the Company.

### 2.1 Code of Conduct for directors

The Board has adopted a Code of Conduct for directors to promote ethical and responsible decision-making by the directors. The code is based on a code of conduct for directors prepared by the Australian Institute of Company Directors.

The principles of the code are:

- A director must act honestly, in good faith and in the best interests of the Company as a whole.
- A director has a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office.
- A director must use the powers of office for a proper purpose, in the best interests of the Company as a whole.
- A director must recognise that the primary responsibility is to the Company's shareholders as a whole but should, where appropriate, have regard for the interest of all stakeholders of the Company.
- A director must not make improper use of information acquired as a director.
- A director must not take improper advantage of the position of director.
- A director must not allow personal interests, or the interests of any associated person, to conflict with the interests of the Company.
- A director has an obligation to be independent in judgment and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken as a Board.
- Confidential information received by a director in the course of the exercise of directorial duties remains the property of the Company and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the Company, or the person from whom the information is provided, or is required by law.
- A director should not engage in conduct likely to bring discredit upon the Company.
- A director has an obligation at all times, to comply with the spirit, as well as the letter of the law and with the principles of the Code.

The principles are supported by guidelines as set out by the Australian Institute of Company Directors for their interpretation. Directors are also obliged to comply with the Company's Code of Ethics and Conduct, as outlined below.

### 2.2 Code of Ethics and Conduct

The Company has implemented a Code of Ethics and Conduct, which provides guidelines aimed at maintaining high ethical standards, corporate behaviour and accountability within the Company.

All employees and directors are expected to:

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- respect the law and act in accordance with it;
- respect confidentiality and not misuse company information, assets or facilities;
- value and maintain professionalism;
- avoid real or perceived conflicts of interest;
- act in the best interests of shareholders;
- by their actions contribute to the company's reputation as a good corporate citizen which seeks the respect of the community and environment in which it operates;
- perform their duties in ways that minimise environmental impacts and maximise workplace safety;
- exercise fairness, courtesy, respect, consideration and sensitivity in all dealings within their workplace and with customers, suppliers and the public generally; and
- act with honesty, integrity decency and responsibility at all times.

An employee that breaches the Code of Ethics and Conduct may face disciplinary action. If an employee suspects that a breach of the Code of Ethics and Conduct has occurred or will occur, he or she must notify that breach to management. No employee will be disadvantaged or prejudiced if he or she reports in good faith a suspected breach. All reports will be acted upon and kept confidential.

### 2.3 Dealings in company securities

The Company's share trading policy imposes basic trading restrictions on all employees of the Company with 'inside information', and additional trading restrictions on the directors of the Company.

'Inside information' is information that:

- is not generally available; and
- if it were generally available, it would, or would be likely to influence investors in deciding whether to buy or sell the Company's securities.

If an employee possesses inside information, the person must not:

- trade in the Company's securities;
- advise others or procure others to trade in the Company's securities; or
- pass on the inside information to others – including colleagues, family or friends – knowing (or where the employee or director should have reasonably known) that the other persons will use that information to trade in, or procure someone else to trade in, the Company's securities.

This prohibition applies regardless of how the employee or director learns the information.

In addition to the above, directors must notify the Company Secretary as soon as practicable, but not later than 2 business days, after they have bought or sold the Company's securities or exercised options. In accordance with the provisions of the Corporations Act and the Listing rules of the ASX, the Company on behalf of the directors must advise the ASX of any transactions conducted by them in the securities of the Company. Breaches of this policy will be subject to disciplinary action, which may include termination of employment.



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### 2.4 Interests of other stakeholders

The Company's objective is to maximise returns to shareholders through the continued exploration and development of current projects and the identification and acquisition of quality mining and/or exploration projects.

To assist in meeting its objective, the Company conducts its business within the Code of Ethics and Conduct, as outlined in 2.2 above.

### 3. Disclosure of information

#### 3.1 Continuous disclosure to ASX

The continuous disclosure policy requires all executives and directors to inform the Managing Director or in his absence the Company Secretary of any potentially material information as soon as practicable after they become aware of that information.

Information is material if it is considered likely that the information would influence investors who commonly acquire securities on ASX in deciding whether to buy, sell or hold the Company's securities.

Information is not material and need not be disclosed if:

- a) a reasonable person would not expect the information to be disclosed or is material but due to a specific valid commercial reason is not to be disclosed; and
- b) the information is confidential; or
- c) one of the following applies:
  - i. It would breach a law or regulation to disclose the information;
  - ii. The information concerns an incomplete proposal or negotiation;
  - iii. The information comprises matters of supposition or is insufficiently definite to warrant disclosure;
  - iv. The information is generated for internal management purposes;
  - v. The information is a trade secret;
  - vi. It would breach a material term of an agreement, to which the company is a party, to disclose the information;
  - vii. It would harm the company's potential application or possible patent application; or
  - viii. The information is scientific data that release of which may benefit the company's potential competitors.

The Managing Director is responsible for interpreting and monitoring the Company's disclosure policy and where necessary informing the Board. The Company Secretary is responsible for all communications with ASX.

#### 3.2 Communication with shareholders

The Company places considerable importance on effective communications with shareholders.

The Company's communication strategy requires communication with shareholders and other stakeholders in an open, regular and timely manner so that the market has sufficient information to make informed investment decisions on the operations and results of the Company. The strategy provides for the use of systems that ensure a regular and timely release of information about the Company is provided to shareholders. Mechanisms employed include:

- Announcements lodged with ASX;
- ASX Quarterly Activity and Cash Flow Reports;
- Half Yearly Report;

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- Presentations at the Annual General Meeting/General Meeting's; and
- Annual Report.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and understanding of the Company's strategy and goals.

The Company also posts reports, ASX and media releases and copies of significant business presentations on the Company's website.

### **4. Risk management**

#### **4.1 Identification of risk**

The Board and Audit Committee are responsible for overseeing the Company's risk management and control framework. Responsibility for control and risk management is delegated to the appropriate level of management within the Company with the Managing Director having ultimate responsibility to the Board for the risk management and control framework.

Arrangements put in place by the Board to monitor risk management include monthly reporting to the Board in respect of operations and the financial position of the Company.

#### **4.2 Integrity of financial reporting**

The Company's Managing Director and Chief Financial Officer (or equivalent) will report in writing to the Board that:

- the consolidated financial statements of the Company and its controlled entities for each half and full year present a true and fair view, in all material aspects, of the Company's financial condition and operational results and are in accordance with accounting standards;
- the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- the Company's risk management and internal compliance and control framework is operating efficiently and effectively in all material respects.

#### **4.3 Role of Auditor**

The Company's practice is to invite the auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

### **5. Performance review**

The Board has adopted a self-evaluation process to measure its own performance during each financial year. Also, an annual review is undertaken in relation to the composition and skills mix of the directors of the Company.

Arrangements put in place by the Board to monitor the performance of the Company's executives include annual performance appraisal meetings with each individual to ensure that the level of reward is aligned with respective responsibilities and individual contributions made to the success of the Company.

### **6. Remuneration arrangements**

The broad remuneration policy is to ensure that remuneration properly reflects the relevant person's duties and responsibilities, and that the remuneration is competitive in attracting, retaining and motivating people of the highest quality. The Board believes that the best way to achieve this objective is to provide executive directors and executives with a remuneration package consisting of components that reflect the person's responsibilities, duties, personal and corporate performance.

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The remuneration of non-executive directors is determined by the Board as a whole having regard to the level of fees paid to non-executive directors by other companies of similar size in the industry.

The aggregate amount payable to the Company's non-executive directors must not exceed the maximum annual amount approved by the Company's shareholders.

### **ASX Corporate Governance Council: Principles of Good Corporate Governance and Best Practice Recommendations**

#### **Council Principle 1:**

##### **Lay solid foundations for management and oversight**

Council Recommendation 1.1:

Formalise and disclose the functions reserved to the board and those delegated to management.

The Company complies with this recommendation. Refer Section 1.1 of Corporate Governance Statement.

#### **Council Principle 2**

##### **Structure the board to add value**

Council Recommendation 2.1:

A majority of the board should be independent directors.

The Board considers that Tony Kiernan is an independent director in accordance with Recommendation 2.1. Whilst the remainder of the Board are not independent, the Board believes that all the individuals on the Board can make, and do make, quality and independent judgments in the best interests of the Company on all relevant issues. Directors having a conflict of interest in relation to a particular item of business must absent themselves from the Board Meeting before commencement of discussion on the topic.

Refer Section 1.2 of Corporate Governance Statement.

Council Recommendation 2.2:

The chairperson should be an independent director.

The Company's Chairman, Timothy Clifton, is considered by the Board not to be independent in terms of the ASX Corporate Governance Council's definition of independent director. However the Board believes that the Chairman is able and does bring quality and independent judgment to all relevant issues falling within the scope of the role of a Chairman.

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the expense of the appointment of an independent Non-executive Chairman.

Refer Section 1.2 of Corporate Governance Statement.

Council Recommendation 2.3:

The roles of the Chairperson and Chief Executive Officer should not be exercised by the same individual.

The Company complies with this recommendation.

Council Recommendation 2.4:

The board should establish a nomination committee.

The Board considers that the Company is not currently of a size to justify the formation of a nomination committee. The Board as a whole undertakes the process of reviewing the skill base and experience of

# Uranium Equities Limited and its controlled entities

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existing directors to enable identification of attributes required in new directors. Where appropriate independent consultants are engaged to identify possible new candidates for the Board.

The Board acknowledges this does not comply with recommendation 2.4 of the ASX Corporate Governance Guidelines. If the Company's activities increase in size, scope and nature, the appointment of a nomination committee will be reviewed by the Board and implemented if appropriate.

Refer Section 1.3 of Corporate Governance Statement.

### **Council Principle 3:**

#### **Promote ethical and responsible decision-making**

Council Recommendation 3.1:

Establish a code of conduct to guide the directors, the Chief Executive Officer (or equivalent), the Chief Financial Officer (or equivalent) and any other key executives as to:

- 3.1.1 the practices necessary to maintain confidence in the company's integrity;
- 3.1.2 the responsibility and accountability of individuals for reporting and investigating reports of unethical practice.

The Company complies with this recommendation. Refer Sections 2.1 and 2.2 of Corporate Governance Statement.

Council Recommendation 3.2:

Disclose the policy concerning trading in company securities by directors, officers and employees.

The Company complies with this recommendation. Refer Section 2.3 of Corporate Governance Statement.

### **Council Principle 4:**

#### **Safeguard integrity in financial reporting**

Council Recommendation 4.1:

Require the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) to state in writing to the board that the company's financial reports present a true and fair view, in all material respects, of the company's financial condition and operational results and are in accordance with relevant accounting standards.

The Company complies with this recommendation.

Council Recommendation 4.2:

The board should establish an audit committee.

The Board complies with this recommendation.

Council Recommendation 4.3:

Structure the audit committee so that it consists of:

- only non-executive directors;
- a majority of independent directors;
- an independent chairperson, who is not chairperson of the board;
- at least three members.

Refer Recommendation 2.1 and 2.2.

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Council Recommendation 4.4

The audit committee should have a formal operating charter.

The Company<sup>6</sup> complies with this recommendation.

### **Council Principle 5:**

#### **Make timely and balanced disclosure**

Council Recommendation 5.1:

Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.

The Company complies with this recommendation. Refer Section 3.1 of Corporate Governance Statement.

### **Council Principle 6:**

#### **Respect the rights of shareholders**

Council Recommendation 6.1:

Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.

The Company complies with this recommendation. Refer Section 3.2 of Corporate Governance Statement.

Council Recommendation 6.2:

Request the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

The Company complies with this recommendation. Refer Section 4.3 of Corporate Governance Statement.

### **Council Principle 7:**

#### **Recognise and manage risk**

Council Recommendation 7.1:

The Board or appropriate board committee should establish policies on risk oversight and management.

The Company complies with this recommendation. Refer Section 4.1 of Corporate Governance Statement.

Council Recommendation 7.2

The Chief Executive Officer and the Chief Financial Officer (or equivalent) should state in writing that:

- 7.2.1 the statement given in accordance with best practice recommendation 4.1 is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board;
- 7.2.2 the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

The Company complies with this recommendation. Refer Section 4.1 of Corporate Governance Statement.

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### **Council Principle 8:**

#### **Encourage enhanced performance**

Council Recommendation 8.1:

Disclose the process for performance evaluation of the board, its committees and individual directors, and key executives.

The Company complies with this recommendation. Refer Section 5 of Corporate Governance Statement.

### **Council Principle 9:**

#### **Remunerate fairly and responsibly**

Council Recommendation 9.1:

Provide disclosure in relation to the company's remuneration policies to enable investors to understand (i) the costs and benefits of those policies and (ii) the link between remuneration paid to directors and key executives and corporate performance.

The Company complies with this recommendation. Refer Section 6 of Corporate Governance Statement.

Council Recommendation 9.2

The board should establish a remuneration committee.

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of a remuneration committee. The Board as a whole is responsible for the remuneration arrangements for directors and executives of the Company.

The Board acknowledges this does not comply with recommendation 9.2 of the ASX Corporate Governance Guidelines. If the Company's activities increase in size, scope and nature, the appointment of a remuneration committee will be reviewed by the Board and implemented if appropriate.

Refer Section 1.3 of Corporate Governance Statement.

Council Recommendation 9.3

Clearly distinguish the structure of Non-executive directors' remuneration from that of executives.

The Company complies with this recommendation. Refer Section 6 of Corporate Governance Statement.

Council Recommendation 9.4

Ensure that payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders.

The Company complies with this recommendation. The Company currently has in place an Employee and Consultant option plan. Any issue of options made to eligible participants is made in accordance with that plan.

### **Council Principle 10:**

#### **Recognise the legitimate interests of stakeholders**

Council Recommendation 10.1:

Establish and disclose a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders.

The Company complies with this recommendation. Refer Section 2.4 of Corporate Governance Statement.

# Uranium Equities Limited and its controlled entities

## ASX additional information

As at 12 September 2008

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below.

### Shareholdings

#### Substantial shareholders

The number of shares held by substantial shareholders and their associated interests as at 12 September 2008 were:

Shareholder	Number of ordinary shares held	Percentage of capital held %
Lagoon Creek Resources Pty Ltd	24,000,000	12.62
Timothy R B Goyder	20,100,000	10.57

#### Class of Shares and Voting Rights

At 12 September 2008 there were 1,993 holders of the ordinary shares of the Company.

The voting rights to the ordinary shares set out in the Company's Constitution are:

"Subject to any rights or restrictions for the time being attached to any class or Classes of shares -

- at meetings of members or classes of members each member entitled to vote in person or by proxy or attorney: and
- on a show of hands every person who is a member has one vote and on a poll every person in person or by proxy or attorney has one vote for each ordinary share held."

Holders of options and performance shares do not have voting rights.

#### Distribution of equity security holders as at 12 September 2008:

Category	Number of equity security holders		
	Ordinary Shares	Unlisted Share Options	Partly paid performance shares
1 – 1,000	97	-	-
1,001 – 5,000	506	-	-
5,001 – 10,000	428	-	-
10,000 – 100,000	807	7	-
100,001 and over	155	16	3
<b>Total</b>	<b>1,993</b>	<b>23</b>	<b>3</b>

The number of shareholders holding less than a marketable parcel at 12 September 2008 was 405.

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## ASX additional information

As at 12 September 2008

### Twenty largest Ordinary Fully Paid Shareholders as at 12 September 2008

Name	Number of ordinary shares held	Percentage of capital held %
Lagoon Creek Resources Pty Ltd	24,000,000	12.62
Plato Prospecting Pty Ltd	20,100,000	10.57
ANZ Nominees Limited <Cash Income A/C>	15,337,917	8.07
National Nominees Limited	10,280,968	5.41
Resolute (Treasury) Pty Ltd	9,470,000	4.98
Calm Holdings Pty Ltd	5,770,000	3.04
NLM Capital Partners	5,000,000	2.63
HSBC Custody Nominees (Australia) Limited	4,752,750	2.50
Define Consulting Pty Ltd <The Define Consulting A/C>	4,418,500	2.32
Citicorp Nominees Pty Ltd	4,088,576	2.15
Mr David Andrew Brunt	4,013,750	2.11
Mr Mark Stephen Chalmers	4,013,750	2.11
Balfes (Qld) Pty Ltd <Balfes Super Fund A/C>	2,500,000	1.31
Mrs Angela Mary McDonald & Mr Michael Walsh McDonald <M & A McDonald S/F A/C>	1,952,500	1.03
Penally Management Limited	1,100,000	0.58
Central Manhattan Pty Ltd	1,000,000	0.53
Ellamar Pty Ltd <KB investment Fund A/C>	1,000,000	0.52
Lost Ark Nominees Pty Ltd	1,000,000	0.53
Twynam Agricultural Group Pty Ltd	1,000,000	0.53
Nefco Nominees Pty Ltd	900,000	0.47
<b>Total</b>	<b>121,698,711</b>	<b>64.01</b>