



12th March 2009

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

Attn: The Manager – Companies

Dear Sir,

Major Mining Group to fund exploration of Uranium Equities' Headwaters Project, West Arnhem Land.

Highlights:

- **Agreement reached with Vale Exploration Pty Ltd, a wholly owned subsidiary of Companhia Vale do Rio Doce (Vale), to acquire up to an 80% equity in UEQ's Headwaters Project, West Arnhem Land, through sole funding exploration to completion of a Bankable Feasibility Study.**
 - **Land access negotiations with Traditional Owners are progressing positively. Approval for grant of the first Exploration Licence has been finalised with remaining approvals expected in 2009.**
 - **10 outstanding prospects identified by previous explorers. Surface radiometric anomalies with sampling to 1.56% U₃O₈.**
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Exploration Agreement:

Agreement has been reached with Vale Exploration Pty Ltd, a wholly owned subsidiary of Companhia Vale do Rio Doce ("Vale"), whereby, Vale can earn up to an 80% equity in Uranium Equities Limited's ("UEQ") Headwaters Project (previously called Mt Evelyn)¹ located in the East Alligator Uranium Field, West Arnhem Land, NT.

Vale, headquartered in Brazil, is the second-largest metals and mining company in the world. Vale is the world's largest producer of iron ore and one of the largest producers of nickel. Vale also produces copper, manganese, ferro alloys, bauxite, alumina, aluminium, coal, cobalt, PGMs among other raw materials important to the global industrial sector. To support Vale's growth strategy, the company is actively engaged in mineral exploration efforts in 22 countries around the globe including Australia.

Terms of the Agreement:

The Terms of Agreement provide for:

- Vale to commit to sole funding the first \$1,000,000 of exploration expenditure within 2 years from the date of granting of 2 of the 4 Exploration Licences comprising the Headwaters Project;

¹ Name changed at the request of the Traditional Owners.

- Vale to earn a 70% interest in the Headwaters Project through sole funding all exploration expenditure to a decision to undertake a Bankable Feasibility Study (“BFS”) within a period of 5 years from completion of the initial earning requirement;
- The Parties to jointly fund, in proportion to their respective interests (Vale 70%; UEQ 30%), completion of a BFS with the proviso that prior to commencement of a BFS, Vale may, if agreed by UEQ, proceed to acquire an additional 10% interest in the joint venture by sole funding the BFS.
- UEQ shall continue as project manager during the initial commitment period, but Vale may elect to become project manager at any time subsequently.

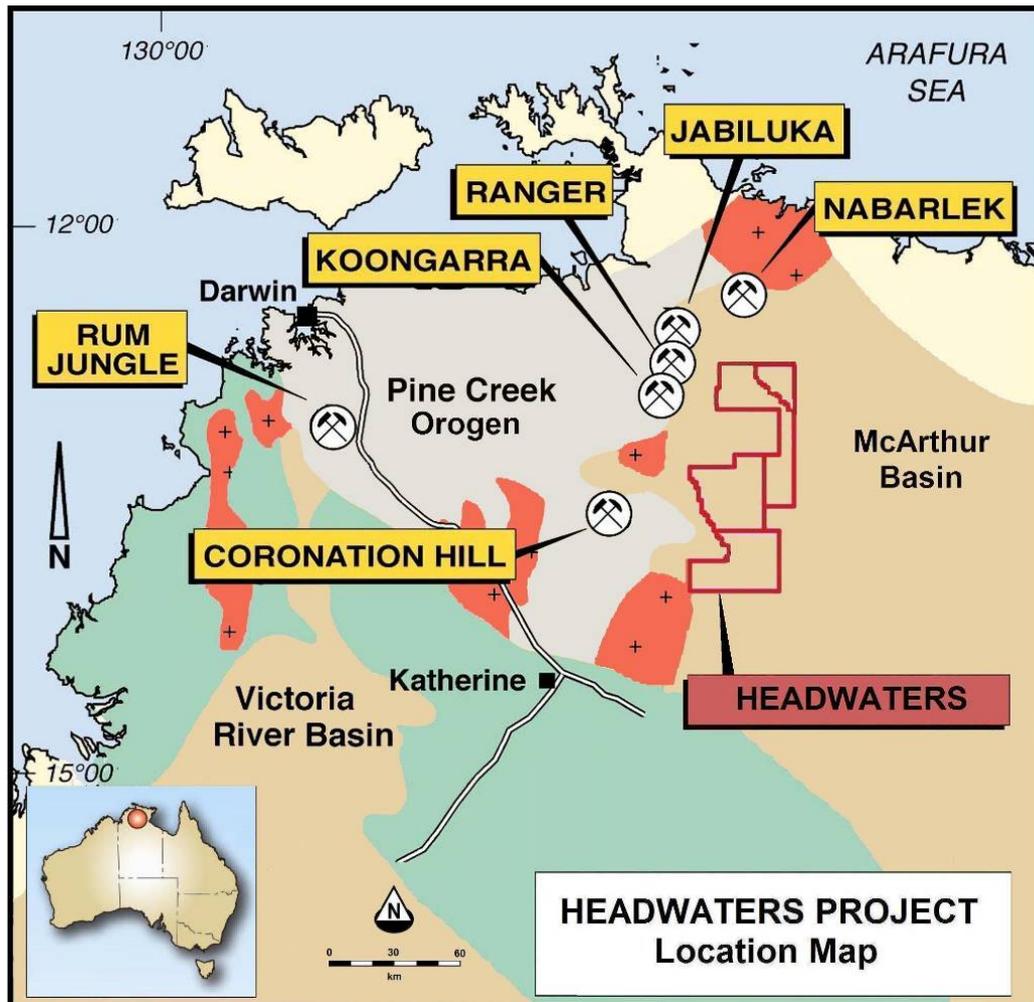


Figure 1: Location Map - Headwaters Project, NT

Tenements:

The Headwaters Project is located within the Alligator Rivers Uranium Field to the south east of the major uranium deposits, Ranger, Jabiluka and Koongarra and Nabarlek (Figure 1).

Covering an area of 5,351.7km² the project comprises 4 initial Exploration Licence Applications. One Exploration Licence Application (EL 25220) was recently advanced to granting following the completion of a standard Arnhem Land Exploration Agreement with the Traditional Owners.

The Traditional Owners are expected to undertake consideration of similar agreements relating to the remaining 3 initial Exploration Licence Applications at a meeting

scheduled for April 2009. Subject to acceptance of the terms of agreement by the Traditional Owners and to NT Government administrative procedures, all licences are expected to be granted in 2009.

Exploration Targets:

The tenements lie within the Arnhem Land Plateau along the western margin of the Proterozoic McArthur Basin (Figure 2).

Rocks consist of shelf sequences of sandstone and volcanics overlying the strongly deformed and metamorphosed basement rocks which host the major unconformity-related uranium deposits of the Alligator Rivers Region.

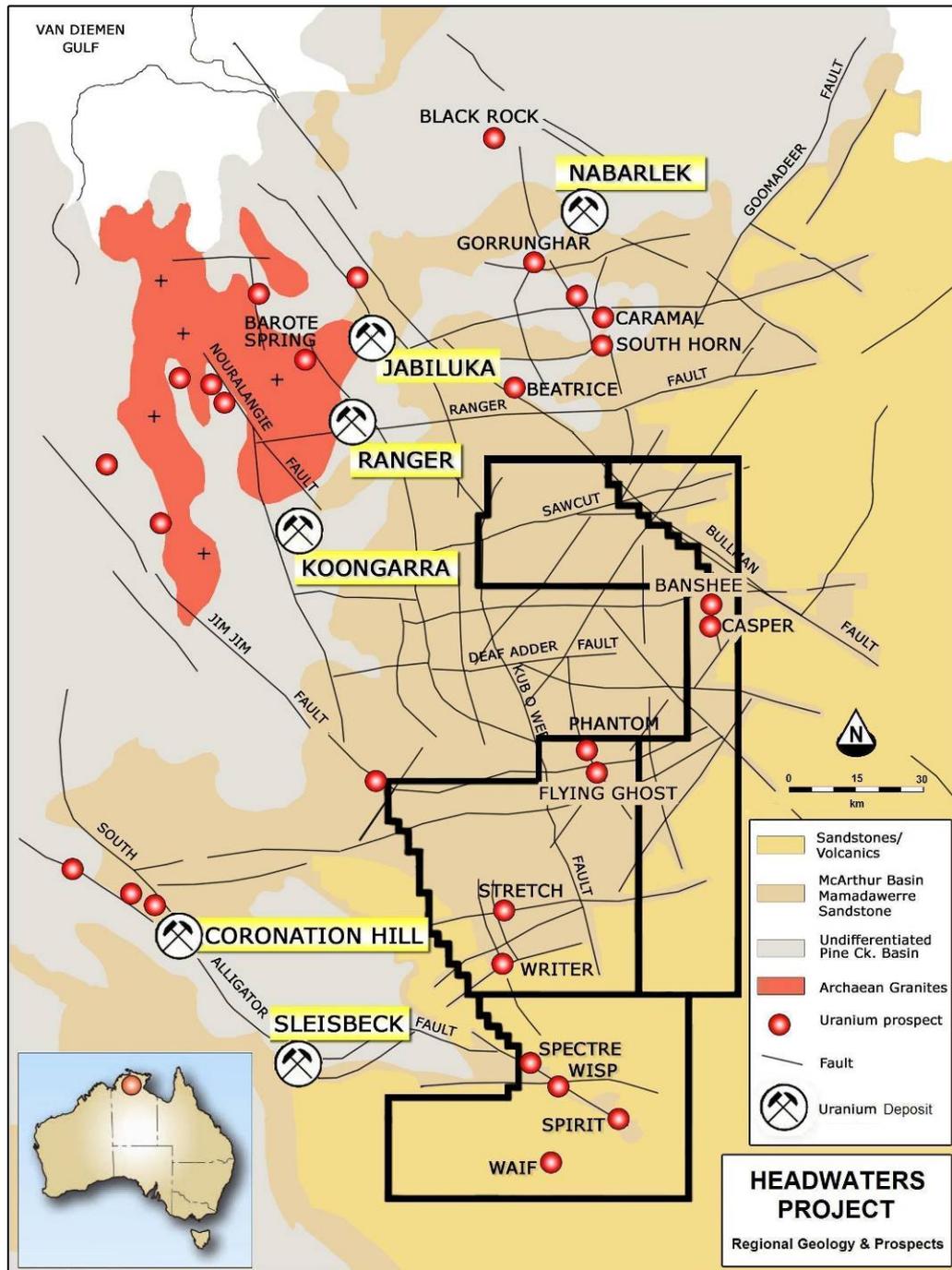


Figure 2: Regional Geology, Key Structures and known Uranium Prospects

Previous exploration, in the period 1996-2000, identified significant uranium, gold and platinum group mineralisation within the near surface and outcropping shelf sediments and volcanics of the McArthur River Basin sequences. Results included:

- 10 prospects with strong uranium exploration potential, identified from air and ground radiometric surveys;
- Secondary uranium mineralisation in sandstone with reported values up to 1.51% U₃O₈ at the Casper–Banshee Prospects;
- Anomalous gold (236.6ppm Au), platinum group elements (49.6ppm Pd) and (8.03ppm Pt) from rock chip samples at the Casper Prospect;
- Secondary uranium minerals in selected rock chip samples up to 1.56% U₃O₈ associated with fractures and up to 1.52% U₃O₈ recorded in loose boulder float at the Flying Ghost Prospect.
- 5 diamond drillholes at Flying Ghost recorded strongly elevated gamma counts from down-hole gamma logging.

A review of the exploration potential of the Headwaters project has identified geological environments associated with some of the known uranium mineralisation that hold similarities with the style of uranium mineralisation present at Westmoreland in north-west Queensland.

The Westmoreland Deposits are associated with regional structures and volcanic rocks within McArthur Basin sequences which are equivalent to the sequences widely distributed throughout the Headwaters Project area.

In commenting on the Headwaters Project agreement with Vale, UEQ Executive Director, David Brunt said:

“Uranium Equities welcomes the strategic association with Vale Exploration in the highly prospective, yet under-explored Headwaters Project”.

Yours faithfully,



MARK CHALMERS

Managing Director

The information in this report that relates to Exploration Results is based on information compiled by Mr David Brunt, a full-time employee of Uranium Equities Limited, who is a Fellow of the Australasian Institute of Mining and Metallurgy Inc. Mr. Brunt has sufficient experience in the field of activity being reported to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves, and consents to the release of information in the form and context in which it appears here.

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