



23th March 2009

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

Attn: The Manager – Companies

Dear Sir,

US\$17 Million (AU\$25M) Funding Agreement to Rapidly Advance Development of Uranium Equities' PhosEnergy Process

Uranium Equities Limited (**ASX: UEQ**) is pleased to announce that it has entered into a conditional agreement with a significant uranium producer ("the Uranium Company") under the terms of which the Uranium Company can acquire up to 68% of the UEQ's interest in the PhosEnergy technology development project by the expenditure of US\$17M (AU\$25M).

The agreement is conditional upon the Uranium Company completing its due diligence and upon final agreement being reached with respect to commercial arrangements between UEQ and the major phosphoric acid producer ("the Phosphate Company") with whom UEQ, under the terms of a Technology Development Agreement ("TDA"), has been jointly developing the technology to extract uranium from phosphoric acid streams. Future commercial arrangements are currently the subject of negotiation between the parties to the TDA and the Uranium Company.

Under the terms of the agreement the Uranium Company can acquire up to a 68% shareholding in PhosEnergy Inc a wholly owned subsidiary of UEQ, by funding the next \$US17.0 (\$A25) million of PhosEnergy's expenditure under the TDA.

The Uranium Company's funding obligation under the agreement is staged in 4 tranches, each of which is subject to the technology development programme achieving certain technical and commercial milestones.

The conditional agreement with the Uranium Company follows several years of extensive laboratory scale test work, culminating in the successful execution of a pilot plant test work program, the results of which have been very encouraging.

UEQ believes it is on the verge of a major breakthrough in the development of a new process to extract uranium from phosphoric acid streams. Success in the anticipated upcoming continuous pilot plant test work, scheduled for completion over the next 6-8 months holds the potential to unlock extensive uranium resources that have remained unexploited for more than a decade due to high operating and capital costs associated with existing technologies.

The Phosphate Company and UEQ have jointly filed several applications for patent over key aspects of the process under development.

Mark Chalmers, Managing Director of Uranium Equities said:

“This major funding arrangement is another exciting development for UEQ and certainly provides third party endorsement by a significant uranium producer of the PhosEnergy Process as it currently stands”.

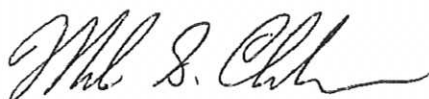
About the PhosEnergy Process

The PhosEnergy Process is “new technology” being developed for extraction of uranium from phosphoric acid streams utilized for the production of phosphate fertilizers. The phosphate fertilizer industry has recently undergone rapid worldwide growth and it is estimated that up to 20 million pounds per annum of U₃O₈.could potentially be extractable over time from these sources worldwide.

Uranium is a common low level constituent in phosphate rock and uranium has historically been produced as a by product from phosphoric acid streams

The PhosEnergy Process is being developed jointly with a leading producer of phosphate fertilizers and phosphoric acid, at a former uranium producing site overseas. The work is carried out in conjunction with, and under exclusive arrangements with the leading Australian uranium processing technology developer, ANSTO (The Australian Nuclear Science and Technology Organisation).

Yours faithfully,



MARK CHALMERS

Managing Director

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