URANIUM EQUITIES

ANNUAL REPORT 2010

URANIUM
EQUITIES

URANIUM EQUITIES LIMITED
ABN 74 009 799 553

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CHAIRMAN'S LETTER

DEAR SHAREHOLDER

The 2010 financial year has seen Uranium Equities make solid progress with the development of both its key assets, the Nabarlek Uranium Project in the Northern Territory and the PhosEnergy Process.

The Company's strong financial position has enabled it to maintain momentum across both assets, while at the same time adding to its uranium exploration portfolio with the acquisition of some strategic ground holdings in the Frome Basin in South Australia – one of Australia's premier uranium districts.

The strong fundamentals of the uranium industry have helped to maintain a relatively stable uranium price during the year and, while we have not seen the extreme price peaks of previous years, I am confident that the industry is again poised for a period of sustainable growth, particularly as planned nuclear power installations proceed toward development in a number of different geographical locations worldwide.

In November 2009, the Company finalised an agreement with Cameco Corporation giving Cameco the right to invest up to US$16.5 million into the further development and commercialisation of our PhosEnergy Process which is a process for the extraction of uranium as a by-product from the production of phosphate-based fertilisers.

To date, Cameco has invested US$7.5 million in the PhosEnergy process and has been an active participant in the continued development of this technology. Cameco's financial backing and uranium industry experience is a substantial and tangible asset to this Project.

From a technical perspective, the robust nature of the PhosEnergy technology continues to be supported by continuous bench-scale development testwork in partnership with ANSTO.

Phosphate samples from three fertiliser production facilities were subjected to this extensive testing in August 2010, with results further supporting our capital and operating cost assumptions for the process.

The results from this latest round of testing will form the basis for ongoing discussions and negotiations with the owners of the phosphate fertiliser facilities.

The Nabarlek Uranium Project in the Northern Territory, with its history of previous high grade discovery and production, also remains an important focus of the Company's exploration efforts.

The recent discovery of significant uranium mineralisation at the U40 Prospect – located within our West Arnhem Joint Venture with Cameco which surrounds the historic Nabarlek Mine – includes one of the highest grade intersections to come out of the Alligator Rivers Region in recent years.

The discovery hole on this prospect intersected 5.2m at 1.34% eU_3O_8[1] from a moderate down-hole depth of 77m.

We are very excited about this discovery, which we believe has significantly enhanced the prospectivity of the Nabarlek Project.

Also within this West Arnhem Joint Venture, recent drilling at the Coopers Prospect has returned significant near-surface intercepts across a broad area. Although it is still early days, the mineralisation remains open and has the potential to lead to a major discovery in the region.

During the year, Tim Clifton, Mark Chalmers and David Brunt stepped down as Directors of the Company to pursue other interests. I would like to record our appreciation for their efforts.

In conclusion, on behalf of my fellow Directors I would like to express my appreciation to you for your ongoing support.

I trust that you will join with us in looking forward to what could be an extremely interesting and eventful year ahead for Uranium Equities, both in our exploration efforts and in the further development (and, potentially, the commercialisation) of the PhosEnergy technology.

TONY KIERNAN
Chairman

MANAGEMENT DISCUSSION ANALYSIS

As the world continued to cautiously recover from the effects of last year's financial crisis, the Company's strong cash position at the start of the year was further consolidated through the conversion of a number of unlisted securities and an option fee relating to the Nabarlek Project.

At financial year-end, the Company had **$10.6 million in cash reserves**, of which $1.8 million is restricted by a performance bond against the Nabarlek Mineral Lease rehabilitation obligations.

The Company has continued its strategy of engaging joint venture partners to increase expenditure on selected projects in order to maximise the potential for discovery. This strategy allowed for prudent management of cash reserves at a time where access to market capital is still uncertain.

To date the Company has attracted major participants in the uranium industry to four of its projects including Cameco's investment in the PhosEnergy Project.

MANAGEMENT DISCUSSION ANALYSIS

Our **key projects** for the coming year are:

THE PHOSENERGY PROCESS

This technology brings together two of the fundamental building blocks of our society: the requirement to feed a growing global population through the use of phosphate fertilisers; and meeting the world's energy requirements through the supply of uranium to the nuclear industry.

Both the scale of the PhosEnergy opportunity and the long-term nature of the potential uranium supply has attracted investment from one of the world's largest uranium producers and suppliers of nuclear fuel services, Cameco Corporation.

The project is now fully funded following the Company's announcement in November 2009 that Cameco Corporation is partnering in the development and commercialisation of the PhosEnergy Process through a staged investment of up to US$16.5 million.

With the support of Cameco, the Company is currently in discussions with major phosphate producers globally with a view to securing a place for the PhosEnergy Process at their operations. The first step will be to build and operate a demonstration plant on site. This will provide the basis of design and inputs into a Feasibility Study prior to confirming development of a commercial facility.

Further development and refinement of the technology continues to support its robust and flexible nature. Testing and development will continue over the following year in conjunction with ANSTO (Australian Nuclear Science and Technology Organisation).

PhosEnergy provides Uranium Equities with ground floor opportunities into major phosphate deposits which are capable of producing uranium at the lower end of the cost curve.

The technology provides multiple concurrent opportunities to achieve our early production objective. Every year more than 20 Mlbs of uranium (15 – 18% of current world U_3O_8 production) is contained in phosphate ore mined for the production of phosphate-based fertilisers. This uranium remains unrecovered.

Securing a phosphate producer to partner in the development of the **PhosEnergy Process** will be a major focus of the Company's activities over the coming year.

MANAGEMENT DISCUSSION ANALYSIS

NABARLEK PROJECT

This Project provides the Company with a rare brownfields exploration opportunity in and around the historic Nabarlek Uranium Deposit, Australia's highest grade orebody (24Mlbs @ 1.84% U_3O_8). The Nabarlek Deposit lies within an extensive uranium mineral system, defined by widespread anomalous uranium in aircore and Reverse Circulation (RC) geochemical drilling and ore grade intercepts at a number of locations.

The mineral system, as currently defined, extends over more than 50 km^2 and is covered outside of the Mineral Lease by Exploration Licences held in joint venture with Cameco Australia Pty Ltd.

A comprehensive drilling program testing several prospects across the West Arnhem Joint Venture has commenced subsequent to the end of the financial year. RC drilling at the Coopers Prospect is testing structural positions on the intersection of the interpreted structures, coincident with strong geochemical results gained in previous drilling.

A recent high-grade intercept at the U40 Prospect (5.2m at 1.34% eU_3O_8[1]), as well as significant mineralisation encountered at the Coopers Prospect, will be further investigated in the coming year. Mineralisation at both prospects remains open and has the potential to lead to a significant discovery.

A reconnaissance reverse circulation (RC) and aircore drill program was also conducted on the Nabarlek Mineral Lease during the 2010 field season. The program was designed to test targets beneath thin alluvial sands or sandstone cover in the northern areas of the Lease to give information on geological and structural framework of the region and provide useful geochemical and alteration information to assist with targeting future programs.

Preliminary results confirm the presence of widespread geochemical anomalism associated with interpreted structural corridors on the Mineral Lease.

In November 2009 Mitsui & Co., Ltd (Mitsui) paid a $2 million option fee to secure the right, until the end of August 2010, to purchase a 25% interest in the Nabarlek Mineral Lease and a 9% interest in the West Arnhem Joint Venture (WAJV) from Uranium Equities.

Mitsui subsequently advised that, following an internal review by Mitsui of its global resources investment strategy, it will not exercise the option. Discussions are continuing with Mitsui regarding a possible commercial arrangement.

The Company's management, technical skills and financial resources will be focused towards advancing both **the PhosEnergy** and **Nabarlek Projects** in the coming year.

Uranium Equities Limited recognises that its activities must be conducted in a way that meets the principles of sustainable development. The Company strives to conduct its operations so that the social, environmental and economic impacts are balanced. Uranium Equities Limited operates under the principle of working towards and maintaining a social licence to operate.

A successful rehabilitation program was carried out during the year focused on rehabilitating the old Nabarlek Camp under an agreement with the Traditional Owners and continuing weed management and revegetation programs. Indigenous workers and contractors have and will continue to be employed on this key project.

KEY PROJECTS

PROCESS DEVELOPMENT • EXPLORATION

Uranium Equities has two main areas of focus – namely, the development of the **PhosEnergy Process** and exploration activities directed towards a portfolio of high quality Australian uranium exploration assets including the key **Nabarlek Project.**

PROCESS DEVELOPMENT

The **PhosEnergy Process** is an innovative, patented process for the extraction of uranium as a by-product from phosphate in the production of phosphate-based fertilisers.

The global annual production potential of uranium from the phosphate industry is in the order of 20Mlbs of U_3O_8. This quantity of uranium is mined annually with phosphate ores but not recovered on a worldwide basis. The major phosphate-based fertiliser producers are located in Northern Africa, North America and Asia (see Figure 1).

The PhosEnergy Process has been proven to pilot scale with results establishing a robust process capable of achieving high levels of uranium recovery at the lower end of the cost curve.

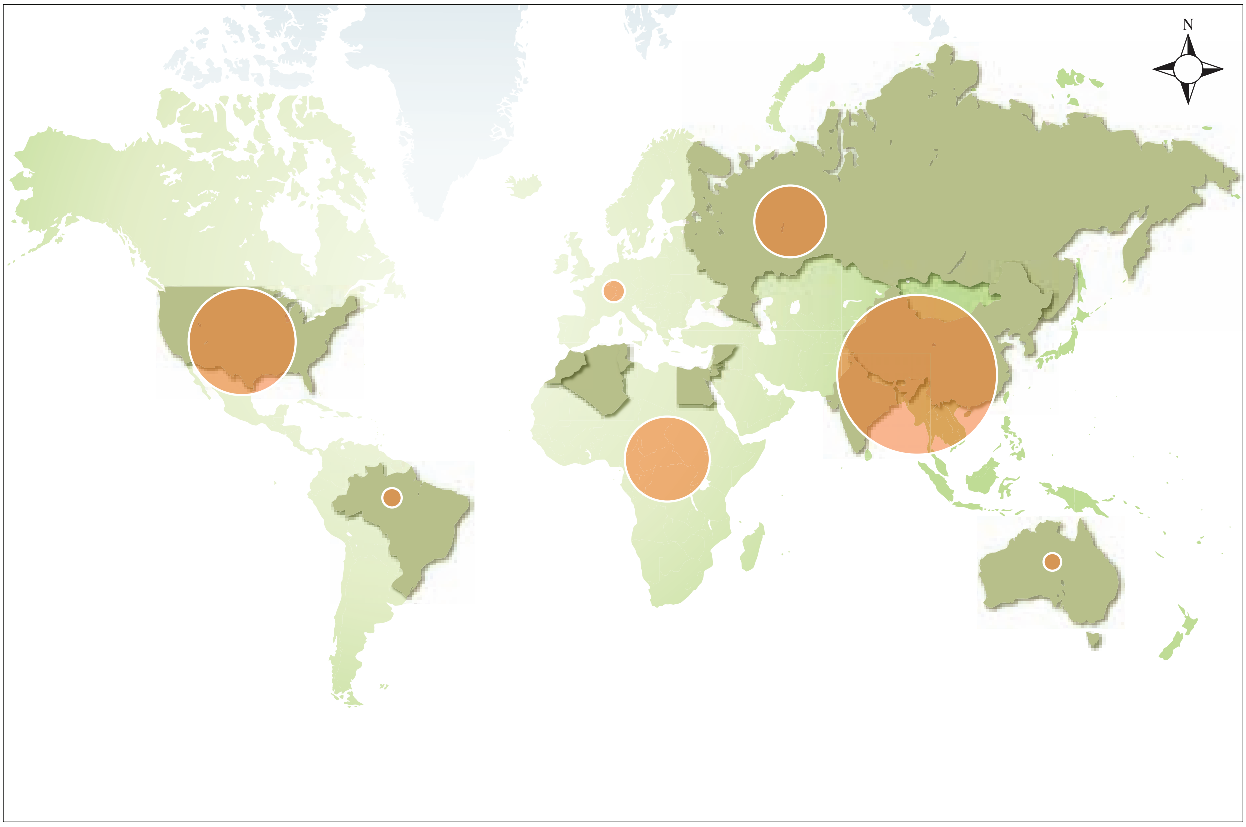


Figure 1 – Location of worldwide phosphate processing facilities

EXPLORATION

The **Nabarlek Project** represents a rare near-mine exploration opportunity surrounding the historic Nabarlek uranium deposit in the Northern Territory (24 Mlbs @ 1.84% U_3O_8). The deposit lies within an extensive uranium mineral system which extends over more than 50 square kilometres within the Mineral Lease and the surrounding tenements.

This mineral system, which contains widespread anomalous uranium geochemistry and ore grade mineralisation at several locations, remains largely untested.

THE PHOSENERGY PROCESS

FUNDING • TECHNICAL AND BUSINESS DEVELOPMENT

Uranium Equities, through USA-registered Urtek LLC ("Urtek"), is developing a new technology for the extraction of uranium from phosphoric acid streams produced in the production of phosphate-based fertilisers (referred to as "the **PhosEnergy Process**").

A non-provisional patent application has been filed for this technology in the USA, Jordan and the Patent Cooperation Treaty (PCT) signatory countries. Additional provisional patent applications outlining potentially significant improvements to the Process have also been filed in Australia.

The **PhosEnergy Process** has the potential to substantially reduce the capital and operating costs of the extraction of by-product uranium from phosphate streams when compared to existing technologies.

The **PhosEnergy Process** also improves the operability of the extraction process and reduces the production of radioactive process wastes when compared to extraction processes used historically.

FUNDING

In November 2009, the Company announced that Cameco Corporation ("Cameco") would partner with it in the ongoing development and commercialisation of the **PhosEnergy Process** through a staged investment of up to US$16.5 million. In July 2010 Cameco made the second of a possible four investments, bringing its total contribution to date to US$7.5 million.

If Cameco invests the entire US$16.5 million, the ownership of the technology related to the PhosEnergy Process will be:

Cameco	63%
Uranium Equities	27%
Original developers	10%

Additionally, if Cameco earns its interest it has agreed to provide funding for a minimum of 50% of Uranium Equities' portion of capital expenditure for the construction of the first commercial plant, repayable out of earnings.

TECHNICAL AND BUSINESS DEVELOPMENT

Discussions continued during the year with a number of fertiliser facility operators to develop the process on their sites through construction of an on-site demonstration facility. Continuous 24 hour testing of the process on phosphate streams from these facilities has been successfully completed with results supporting the robust and flexible nature of the **PhosEnergy Process.**

Cost and operating assumptions used in Uranium Equities' process model have been confirmed through this continuous bench-scale testing of phosphate streams from three separate phosphate producing regions globally.

The testing was conducted at both ANSTO (Australian Nuclear Science and Technology Organisation) and at Urtek's dedicated laboratory in Adelaide.

THE PHOSENERGY PROCESS

THE PHOSENERGY OPPORTUNITY

Worldwide more than 100 million tonnes of phosphate rock is processed into phosphoric acid annually in the production of phosphate fertilisers. It is estimated that in the order of 20Mlbs of recoverable uranium, representing approximately US$1 billion in potential revenue, is contained in these streams. This uranium is currently not being recovered, leaving a large dormant resource waiting to be exploited.

Historically, production from phosphoric acid peaked at over 5Mlbs U_3O_8 per annum during 1978 – 1983. All worldwide uranium production from these sources ceased in the late 1990s as a consequence of high operating costs and falling (low) uranium prices.

The operating cost of the historic process, if revived in today's economic climate, is estimated to be US$50-70/lb U_3O_8 which is above current spot prices and at the levels of long term industry uranium price forecasts.

The development of the **PhosEnergy Process** has progressed past the pilot plant scale stage at a significant USA-based phosphoric acid facility with positive results. Operating cost estimates based on the pilot plant operation results indicate that, with contingency[2], the **PhosEnergy Process** is capable of producing uranium at operating costs in the order of US$25-$30/lb with over 90% uranium recovery.

This cost structure places the **PhosEnergy Process** in the bottom half of the cost curve for all uranium production worldwide and in the first quartile of operating cost estimates for 'new' uranium production coming on-line over the next five years.

These costs are half the predicted operating costs associated with technologies used during the 1970's and 1980's in the production of uranium from phosphoric acid streams.

The **PhosEnergy Process**, based on results achieved to date, will be capable of exceeding the stringent environmental standards currently applied to both the broader uranium extraction industries and the phosphoric acid industry.

The estimated low operating costs indicate that commercially robust production is achievable via the **PhosEnergy Process** in volatile market conditions. These estimated production costs will place the **PhosEnergy Process** in the lowest quartile of 'new' uranium production.

Based upon the results achieved to date, the application of the **PhosEnergy Process** provides the potential for Uranium Equities Limited to secure a significant position in the future production of uranium from phosphate ores on a worldwide basis.

[2] Operating cost contingency of 35% has been used. Cost estimates were for production in central Florida, USA.

THE NABARLEK PROJECT

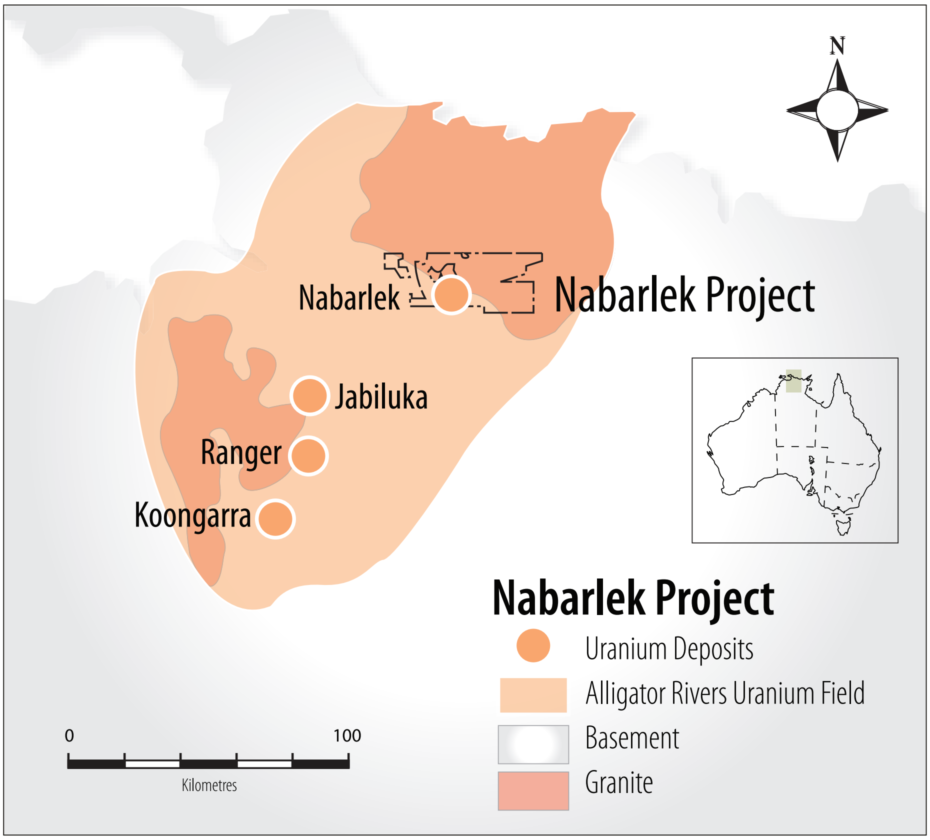
The **Nabarlek Project** comprises the Nabarlek Mineral Lease (MLN 962), which is 100%-owned by Uranium Equities and which contains the historic Nabarlek Mine. The surrounding Exploration Licences are held in joint venture with Cameco Australia Limited (UEQ 40%, Cameco 60%).

The tenements are contiguous and together cover an area of more than 477km^2 in the heart of the Alligator Rivers Uranium Field in the Northern Territory (Figure 2).

The Alligator Rivers Uranium Field is a world-class uranium province which is analogous to the Athabasca Uranium Province, Canada in terms of uranium endowment. In contrast to the Athabasca, the Alligator Rivers Uranium Field is in the early phase of its exploration history, having received less than 1/10th of the exploration expenditure of its Canadian counterpart.

The Alligator Rivers Uranium Field hosts the major operating Ranger Uranium Mine and the large Koongarra, Jabiluka and Nabarlek deposits (Figure 2). The Field's mineral endowment, including mined resources, exceeds 950Mlbs of U_3O_8.

Figure 2 – Nabarlek Project Location



The uranium mineralisation in the main mineralised centres in the Alligator Rivers Uranium Field, as evidenced in the Ranger-Jabiluka area, occurs as clusters of structurally controlled deposits over strike distances of 2 – 6 kilometres.

The Alligator Rivers Uranium Field is one of the most prospective terrains in which to find high-grade, world-class uranium deposits in Australia.

THE NABARLEK PROJECT

EXPLORATION ACTIVITIES

NABARLEK MINERAL LEASE – *"Exploration in the shadow of the headframe"*

The Nabarlek Uranium Deposit was discovered in 1970 by Queensland Mines Pty Ltd. Ore was mined and processed in the period from 1979 – 1988 (resulting in the production of 24Mlbs @ 1.84% U_3O_8). Uranium Equities Limited acquired Queensland Mines Pty Ltd in 2008 and has undertaken drill programs at Nabarlek each year since then.

The Company is operating under an approved Mine Management Plan and the Traditional Owners have approved all of its work programs.

Although the site has been substantially rehabilitated, a bond has been established with the Northern Territory Government totalling $1.8 million to cover legacy rehabilitation issues. A program of rehabilitation continued during the year aimed at progressing the site to regulatory release.

EXPLORATION ACTIVITIES

Regionally, Nabarlek lies within a northwest trending structural corridor, a complex array of faulting, shearing and low angle thrusts, which extends over several kilometres across the Mineral Lease and the surrounding Cameco-Uranium Equities Limited West Arnhem Joint Venture tenement.

Following completion of the 2009 Nabarlek Project drilling programs, analysis of the available geological, drilling and geophysical datasets have revealed the likelihood of untested or poorly tested structural positions within the Mineral Lease. Large parts of the Mineral Lease had previously had little or no effective drill testing, with previous investigations focusing on drilling within the immediate environs of the historical mine workings.

Reconnaissance drill programs on the Mineral Lease were undertaken during the 2010 field season with the aim of extending systematic drill testing beneath shallow sandstone sequences and areas of transported alluvial cover to define near-surface geochemical anomalies.

The Reverse Circulation (RC) drilling program consisted of drilling broadly spaced traverses providing vital information on geological and structural framework of the region as well as identifying anomalous geochemistry and alteration information to assist with targeting future programs. A total of 48 RC drill holes were completed for 4,445 metres.

An aircore drilling program targeting areas of geochemical and alteration dispersion beneath thin alluvial cover over bedrock was also completed in the eastern portion of the Mineral Lease.

Preliminary results confirm the presence of widespread geochemical anomalism associated with interpreted structural corridors on the Mineral Lease (Figure 3 overleaf). These results will enable more focussed follow up drilling programs.

THE NABARLEK PROJECT

EXPLORATION ACTIVITIES – CONTINUED

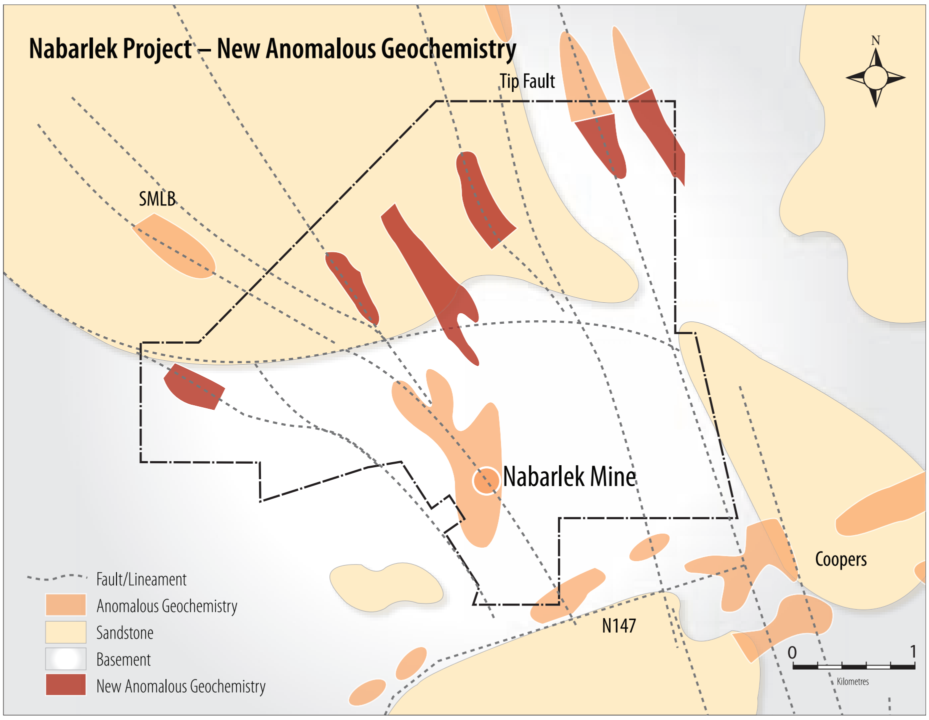


Figure 3 – New anomalous geochemistry from 2010 drilling programs

Uranium Equities considers any geochemical dispersion over 20ppm U_3O_8 to be anomalous in this region.

Results obtained from the current RC and aircore program using a 20ppm U_3O_8 cut-off include:

NMLR072	7m @ 40ppm U_3O_8 from 19m[3] 4m @ 50ppm U_3O_8 from 96m[2] 5m @ 41ppm U_3O_8 from 103m[3]
NMLR085	2m @ 188ppm U_3O_8 from 40m[3]
NMLR106	**12m @ 383ppm U_3O_8 from 54m[3]** **including 1m @ 3835ppm U_3O_8 from 55m[3]**
NMLA098	15m @ 103ppm U_3O_8 from 1m to EOH[3]
NMLA320	**14m @ 343ppm U_3O_8 from 2m[3]** **including 7m @ 606ppm U_3O_8 from 6m[3]**

[3] Uranium (U_3O_8) analyses were obtained on-site using a calibrated Niton handheld X-Ray Fluorescence ("XRF") Analyser and should be treated as preliminary only. Results to be confirmed by laboratory analysis. Intercepts calculated using stated cut-off and may contain a maximum internal dilution of 2m. All intercepts are down hole lengths.

THE NABARLEK PROJECT

WEST ARNHEM JOINT VENTURE • U40 PROSPECT

The West Arnhem Joint Venture was formed in 2007 to explore the Exploration Licences surrounding the Nabarlek Mineral Lease. Cameco Australia Pty Ltd and Uranium Equities are parties to the joint venture, holding 60% and 40% joint venture interests respectively.

A comprehensive drilling program testing several prospects across the West Arnhem Joint Venture commenced in July 2010.

The program is targeting a combination of geochemical and geophysical anomalies. A number of significant intercepts have been encountered at the U40 and Coopers Prospects (Figure 4).

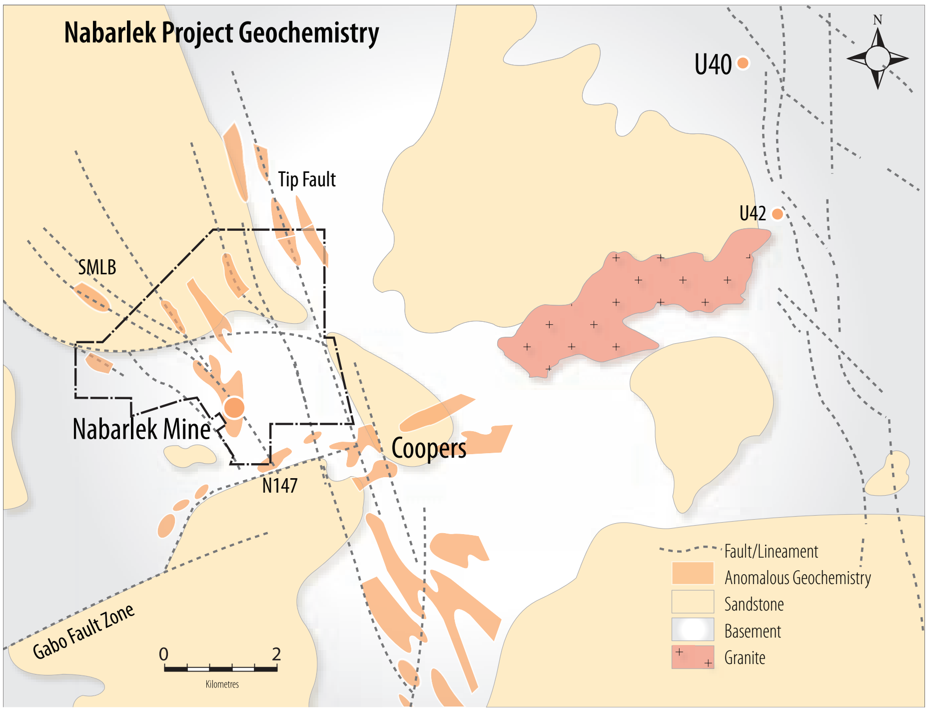


Figure 4 – Nabarlek Project prospects and regional structural framework with geochemistry

U40 PROSPECT

Six RC holes were drilled on an east – west fence to test basement structures identified from prior drilling.

One hole intersected high-grade mineralisation on the sheared contact between schists and quartzites within basement sequences. Significant intercepts based on down-hole gamma probe results at a 200ppm eU_3O_8 cut off grade are as follows:

NAR7389	6.5 m @ 0.102% eU_3O_8 from 56.2m[1]
	5.2 m @ 1.34% eU_3O_8 from 77.6m[1]
	including 2.7 m @ 2.28% eU_3O_8 from 79.1m[1]

The mineralisation appears to be associated with an east-dipping reverse fault offsetting the overlying Kombolgie Sandstone and unconformity; however, further drilling is required to clarify the structural controls and orientation of mineralisation.

[1] Holes were logged with Auslog Total Gamma probes in open hole where possible and through the drill rods where holes were blocked. Grades calculated using proprietary Cameco gamma logging software. Tool Serial Number S092; Dead Time Correction Factor 1.279857E-05 and Calibration Constant (k) 4.445419E-05. Tool Serial Number S838; Dead Time Correction Factor 9.826405E-06 and Calibration Constant (k) 4.803875E-05. Tool Serial Number S591; Dead Time Correction Factor 1.681906E-05 and Calibration Constant (k) 5.125910E-06. All tools use these additional correction factors: Water Factor=1.0; Casing Factor=1.95; Logging Speeds=3 m/min. Tools were calibrated in the South Australia Glenside test pits in February 2010.

THE NABARLEK PROJECT

COOPERS PROSPECT

The Coopers Prospect is located 2.4 km east of the Nabarlek Mine close to the south-east corner of the Nabarlek Mineral Lease. Thirteen RC holes have been drilled targeting a uranium bedrock geochemical anomaly previously defined by aircore drilling.

Significant intercepts based on down-hole gamma probe results at a 200ppm eU_3O_8 cut off grade are as follows:

NAR7370	6.55m @ 612ppm eU_3O_8 from 32.7m[1]
NAR7371	18.35m @ 873ppm eU_3O_8 from 33.3m[1]
NAR7377	9.80m @ 413ppm eU_3O_8 from 29.2m[1]

In addition, two holes, for which gamma results were unavailable, returned the following indicative intercepts at a 200ppm cut-off grade based on Niton XRF Analyser[3] analyses carried out by Uranium Equities:

NAR7374	6m @ 1910ppm U_3O_8 from 23m[3]
NAR7386	24m @ 1624ppm U_3O_8 from 39m[3]

The uranium mineralisation is hosted by a dolerite sill within sandstone immediately above the Kombolgie unconformity and is open to the south south-west of NAR7386 in which visible secondary uranium mineralisation is observed.

Strong hematite and chlorite alteration is associated with the mineralisation and occurs in the underlying basement rocks opening up the potential for hidden unconformity related mineralisation below the sill.

The Coopers Prospect is considered to be highly prospective, lying within 2.4km of the Nabarlek Mine (historic production of 24Mlbs at 1.84% U_3O_8), and 800m east north-east of the N147 Prospect.

OTHER EXPLORATION ACTIVITIES

OTHER 'BROWNFIELDS' EXPLORATION PROJECTS

Figure 6 – Project location map

RUDALL RIVER

Uranium Equities has three Exploration Licence Applications (ELA's) covering a total area of 172km^2 in the Rudall River region of Western Australia. These ELA's adjoin the Kintyre Uranium Deposit (62 – 80 Mlbs U_3O_8 with an average grade between 0.3 – 0.4% U_3O_8) in the East Pilbara, Western Australia. Cameco Australia Pty Ltd and Uranium Equities are parties to the joint venture, holding 60% and 40% joint venture interests respectively.

The Rudall River Joint Venture tenements cover historic uranium prospects and analogous geological and structural settings to those seen at Kintyre. TEMPEST electromagnetic targets have recently been identified and remain to be systematically tested. Native title negotiations are expected to be completed early 2011.

NARRAWEENA

Uranium Equities Limited holds (100%) Exploration Licences and Applications covering a total area of 369km^2 in North Queensland covering extensions to the structure and host rocks to the Ben Lomond Uranium Deposit owned by Mega Uranium. Published reports indicate that the Ben Lomond Deposit may contain up to 10.7Mlbs @ 0.25% U_3O_8.

OTHER EXPLORATION ACTIVITIES

'GREENFIELDS' OPPORTUNITIES

FROME BASIN

Uranium Equities has established a strategic land holding in the highly prospective Frome Embayment of South Australia, which also hosts the Beverley, Four Mile and Honeymoon Deposits.

The position covers a total area of 2,263 km^2 comprising 100%-owned tenements and in joint venture with Cauldron Energy Limited's West Lake Frome Project (Figure 7). Uranium Equities can earn 80% of the West Lake Frome Project by funding $5 million in exploration expenditures over the next five years.

Figure 7 – Frome Basin tenement location and geological setting

The Cauldron and Uranium Equities tenements are located between the uranium-rich Mount Painter Inlier to the north and the Willyama Complex to the south and extend approximately 100km along the Arrowie-Paralana Fault System which lies along the western margin of the Frome Embayment.

Structures associated with the Arrowie-Paralana Fault System are considered to have potentially influenced the mineralisation at the Beverley and Four Mile Uranium deposits, located 40km to the north.

Previous exploration in the area has identified uranium-anomalous palaeochannels associated with the Erudina palaeochannel system. Palaeochannel sands have been identified within both the prospective Namba Formation (host to Beverley), and possibly deeper in the Eyre Formation (host to Four Mile). However, drilling has been sparse and distribution of palaeochannel sands and potential redox boundaries remain poorly defined.

Immediate target areas have been identified to the east of the Arrowie Fault associated with palaeochannel sands in an inferred tributary of the Erudina Palaeochannel draining eastward off the moderately enriched Precambrian basement of the Flinders Ranges.

OTHER EXPLORATION ACTIVITIES

'GREENFIELDS' OPPORTUNITIES

HEADWATERS

Uranium Equities Limited has a joint venture with Vale Exploration Pty Ltd, a wholly-owned subsidiary of Vale S.A. ("Vale"), under which Vale can earn up to 80% equity in the project area covering 5,352km^2 in the Alligator Rivers Uranium Field, Northern Territory by sole funding exploration to the completion of a bankable feasibility study.

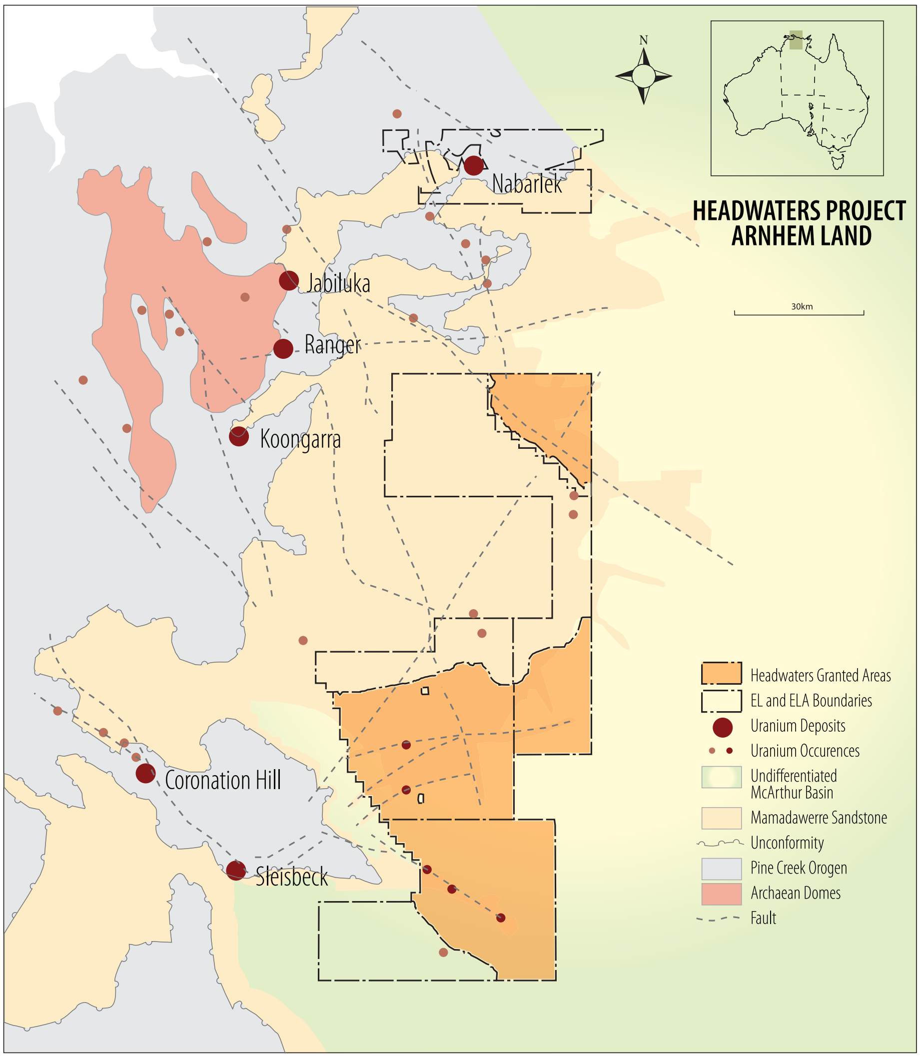


Figure 8 – Location of 3,070km^2 of granted Headwaters exploration licences

Land access negotiations were completed in March 2010 with the Northern Land Council on behalf of Traditional Owners and the NT Government. Granted Exploration Licences now cover 3,070km^2 of the project area within the Arnhem Land Plateau along the western margin of the Proterozoic McArthur Basin (Figure 8).

Rocks consist of fluvial sandstone with minor inter-bedded volcanic sequences overlying the strongly deformed and metamorphosed basement rocks which host the major unconformity-related uranium deposits of the Alligator Rivers Region.

A review of the exploration potential of the Headwaters Project has identified geological environments that hold similarities to the style of uranium mineralisation present at Westmoreland in north-west Queensland.

An exploration program has commenced, comprising a detailed airborne radiometric survey over the southern region of the project area to identify areas of potential anomalism, and heli-assisted diamond drilling in the northernmost tenement designed to test the Westmoreland-style targets.

A $100,000 co-funding grant was awarded for the diamond drilling program by the NT Government under the 'Bringing Forward Discovery' Initiative.

OTHER EXPLORATION ACTIVITIES

LAKE BLANCHE

Uranium Equities has a joint venture with Cameco Australia Pty Ltd. Under the terms of the Joint Venture Agreement, Cameco can earn 51% interest through exploration expenditure of $3.5m over four years. A further 9% interest can be earned through additional expenditure of $1 million. Cameco has elected to manage the joint venture in 2010.

The Lake Blanche Project targets sandstone-hosted uranium located within the Eromanga Basin, 80 to 190 km northeast of the highly uraniferous Mt Painter Block, in South Australia. The tenement package comprises seven Exploration Licences totalling 6,074km^2.

The project geology comprises Tertiary and Mesozoic basin sediments prospective for sedimentary uranium deposits similar to those found in the world-class uranium producing sedimentary basins in Kazakhstan.

Field work on a ground EM survey to test the presence of one or more interpreted palaeochannels has been completed. Analyses of the results are pending but will assist in planning a 3,000 metre rotary-mud drill program to follow up the favourable Tertiary and Mesozoic sand sequences identified during the 2009 reconnaissance drilling program.

OODNADATTA & MARLA PROJECTS

Uranium Equities has applied for two large exploration landholdings in the north of South Australia, covering a total area of 13,963km^2.

The Exploration Licence Applications can broadly be divided into two areas, the Marla and Oodnadatta Projects. The primary target is large, low cost, sandstone hosted uranium mineralisation.

The regions were targeted as they show similarities in geological setting to the Frome Basin but have not been the focus of the same extensive investigations. Regional data compilation has shown the existence of large unexplored palaeochannel systems evident in Night Time Infra Red (NTIR) imagery, anomalous groundwater uranium geochemistry, major deep-seated structures associated with the margin of the Gawler Craton, uranium rich basement highs, favourable permeable sandstones with clay aquitards, and the presence of basin hydrocarbons.

These factors all indicate favourable geological conditions exist for the target deposit type, which, when combined with the minimal exploration, adds up to an excellent greenfields exploration opportunity.

Competent Persons Statement

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

SUSTAINABLE DEVELOPMENT

Uranium Equities' activities are directed towards establishing reliable, economic uranium resources through activities conducted through its technology development and exploration business units. In conducting these activities the Company seeks to meet the principles of sustainable development.

The Company recognises that sustainable development requires social, environmental and economic impacts to be balanced in all its operations and it maintains a strong internal emphasis on monitoring social and environmental performance. To this end we have developed a sustainable development policy outlining the values and principles to which the Company seeks to adhere. These principles include:

"Developing partnerships that enhance the social and economic development of local communities;" and to "Preserve the future land use of all our sites through biodiversity management and rehabilitation of all land disturbed in its exploration and development activities..."

In these early stages of Uranium Equities' development the Company's commitment to sustainable development is focused on:

- Safe, efficient project activities;
- Sound Environmental Management;
- Open and consultative Community Relations activities;
- Support of Uranium Industry groups in establishing Uranium as a sustainable energy solution; and
- Appropriate returns on investment.

SUSTAINABLE DEVELOPMENT

SAFETY • ENVIRONMENTAL MANAGEMENT

SAFETY

Uranium Equities places the safety of its employees and all persons interacting with their sites as their main priority. This commitment is reflected in our occupational health and safety policy implemented within risk and safety management plans covering all operational activities. There were no lost time injuries over the year on projects managed by Uranium Equities.

ENVIRONMENTAL MANAGEMENT

Uranium Equities understands that responsible environmental management is essential to sustainable business success and is committed to environmental best practice.

During the year the Company continued rehabilitation of legacy areas of the Nabarlek Mineral Lease (MLN962) which the Company acquired in June 2008. The rehabilitation activities at Nabarlek were concentrated on three main aspects:

WEED MANAGEMENT AND REVEGETATION

Management of weeds was focused on reducing the weed seed bank available for subsequent growing periods through a combination of chemical control and wet season burning and preventing the introduction of new species. The program was successful in further reducing the seed bank, particularly in areas with difficult access following investment in additional specialised equipment.

Revegetation of selected areas of the MLN was carried out through the year with approximately 2,500 seedlings planted (Figure 8).

Figure 8 – Revegetation at the Nabarlek Mineral Lease

INFRASTRUCTURE REMOVAL

The historic Nabarlek camp site was rehabilitated during the year following approval of criteria by the NT Government. Completion of this work meets one of the key commitments Uranium Equities had made to the various stakeholders.

ENVIRONMENTAL MONITORING

Ground and surface water monitoring continued on the site in conjunction with the NT Government.

Results during the year show water chemistry to be consistent with previous years. Analysis of results from the latest sampling undertaken in July 2010 is currently being finalised.

SUSTAINABLE DEVELOPMENT

COMMUNITY RELATIONS

Uranium Equities strives to make community and stakeholder engagement an integral aspect of its business whether inside Australia or in its worldwide development of the PhosEnergy Process. At the core of the Company's community relations activities is the belief that open and effective communication with stakeholders set the basis for a good business relationship.

There are several regulatory bodies and community groups with stakeholder interest in the Alligator Rivers region which includes the Nabarlek and Headwaters Projects. These include but are not limited to:

- Northern Land Council (NLC)
- Department of Resources, NT (DoR)
- WorkSafe NT
- Supervising Scientist Division (SSD)
- Jawoyn Association

Regular and open communications with these and other key stakeholders are in place where plans for exploration and rehabilitation work are tabled and discussed. The Company's recent completion of rehabilitation works on the historic Nabarlek Camp demonstrates the Company's commitment to the Nabarlek Mineral Lease and the Alligator Rivers Region.

Uranium Equities is committed to indigenous employment with local Oenpelli residents and members of the Nabarlek traditional owners group being employed on site during the year. In addition, the Company continued to engage a local indigenous business to undertake weed management works, assist with site-wide fire management and provide and plant out locally grown seedlings.

TENEMENT SCHEDULE

STATE	PROJECT	TENEMENT	STATUS	CURRENT EQUITY
NT	NABARLEK	EL10176	Granted	40%
		EL24371	Granted	40%
		EL23700	Granted	40%
		MLN962	Granted	100%
	HEADWATERS	EL24711	Granted	100%
		EL24712	Granted	100%
		EL24713	Granted	100%
		EL25220	Granted	100%
		ELA27153	Application	100%
		ELA27513	Application	100%
		ELA27514	Application	100%
		ELA27515	Application	100%
	WOODSIDE	ELA27684	Application	100%
QLD	NARRAWEENA	EPM15101	Granted	100%
		EPM18466	Application	100%
SA	FROME BASIN	EL4507	Granted	100%
		EL4558	Granted	100%
	LAKE BLANCHE	EL4005	Granted	100%
		EL4006	Granted	100%
		EL4007	Granted	100%
		EL4008	Granted	100%
		EL4009	Granted	100%
		EL4010	Granted	100%
		EL4011	Granted	100%
	MARLA	ELA124/10	Application	100%
		ELA125/10	Application	100%
		ELA126/10	Application	100%
		ELA127/10	Application	100%
		ELA128/10	Application	100%
		ELA129/10	Application	100%
		ELA130/10	Application	100%
		ELA131/10	Application	100%
		ELA133/10	Application	100%
		ELA134/10	Application	100%
		ELA135/10	Application	100%
	OODNADATTA	ELA138/10	Application	100%
		ELA139/10	Application	100%
		ELA140/10	Application	100%
		ELA151/10	Application	100%
		ELA154/10	Application	100%
		ELA155/10	Application	100%
		ELA156/10	Application	100%
		ELA157/10	Application	100%
		ELA158/10	Application	100%
		ELA242/10	Application	100%
		ELA243/10	Application	100%
		ELA266/10	Application	100%
WA	RUDALL RIVER	E45/3118	Application	100%
		E45/3119	Application	100%
		E45/3126	Application	100%

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2010

FINANCIAL REPORT

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FINANCIAL REPORT

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 2010 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:

NAME, QUALIFICATIONS AND INDEPENDENCE STATUS	EXPERIENCE, SPECIAL RESPONSIBILITIES AND OTHER DIRECTORSHIPS
A W Kiernan LLB Non-executive Chairman	Tony is a lawyer and general corporate advisor with extensive experience in the administration and operation of listed public companies. He is Chairman of BC Iron Limited and Venturex Resources Limited and a Director of Liontown Resources Limited and Chalice Gold Mines Limited. Tony has been a Director since 2003 and is a member of the Company's Audit Committee. Tony was also a Director of North Queensland Metals Limited, HLI Limited and Solbec Pharmaceuticals Limited (now named FYI Resources Limited) in the last three years.
B L Jones BAppSc, FAusIMM Managing Director (appointed 17th September 2009)	Bryn is an Industrial Chemist who since joining the Company in 2006 has been instrumental in the development of the Company's uranium from phosphoric acid technology, the "PhosEnergy Process". Bryn has extensive experience in the uranium industry, particularly in the development and operation of In-Situ Recovery (ISR) mines gained during his time at Heathgate Resources, the operator of the Beverley Uranium Mine. Bryn has also worked for Worley Parsons on the Olympic Dam Expansion Project and consulted on various ISR operations around the world. Bryn has been a Director since 2009 and is a member of the Company's Audit Committee.
T R B Goyder 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 Liontown Resources Limited, Executive Chairman of Chalice Gold Mines Limited and Director of Strike Energy Limited. Tim has been a Director since 2002 and is a member of the Company's Audit Committee.
T M Clifton BSc (Hons), B. Juris LLB, FAus IMM Non-executive Director (resigned 23rd June 2010)	Tim is a Geologist and qualified Lawyer with over 40 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 Chairman of Strike Energy Limited. Tim was a Director from 2006 until 23rd June 2010 and was Chairman until 5th August 2009.
M S Chalmers BSc, PE, SME Non-executive Director (resigned 19th November, 2009)	
D A Brunt FAusIMM, BSc Hons MBA Non-executive Director (resigned 16th November, 2009)	

2. COMPANY SECRETARY

NAME, QUALIFICATIONS AND INDEPENDENCE STATUS	EXPERIENCE, SPECIAL RESPONSIBILITIES AND OTHER DIRECTORSHIPS
R A Heinrich B.Com, CPA (appointed 17th September 2009)	Rolf has significant professional and corporate experience across a variety of sectors in both Australia and the United Kingdom. Rolf has worked in senior finance roles with companies including, most recently, Elders Limited as Finance Manager for the Farm Supplies division and prior to this Newcrest Mining Limited as the group's Manager of Business Analysis. Rolf has been CFO since 2008 and Company Secretary since 2009.
R K Hacker B.Com, ACA, ACIS (resigned 17th September 2009)	

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
A W Kiernan	8	8
B L Jones	6	6
T R B Goyder	7	8
T M Clifton	8	8
M S Chalmers	2	2
D A Brunt	1	2

A number of matters were also approved by the unanimous written consent of the directors. Two meetings of the Audit Committee took place 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.

DIRECTORS' REPORT

5. REVIEW AND RESULTS OF OPERATIONS

PhosEnergy - Uranium Extraction Technology

- In November 2009 the Company announced that Cameco Corporation (Cameco) is to partner in the continued development and commercialisation of the PhosEnergy Process.
- Through a staged investment of up to US$16.5M in the continued development and commercialisation of the Process, Cameco will have the right to earn up to 70% of the Company's right to earn a 90% stake in the technology. As at the date of this report Cameco has invested US$7.5M.
- Laboratory scale testwork to refine the PhosEnergy Process continued with significant advances being achieved which offer the opportunity to substantially improve the projected process operating and capital costs. Previous pilot plant test work indicated potential operating costs in the range of US$25 to US$30 per pound U_3O_8 produced.
- Continuous bench scale development testwork was completed on phosphate samples from two fertiliser production facilities. The results from the testing of these phosphate streams will form the basis for ongoing discussions with the owners of the phosphate fertiliser facilities.
- Non-provisional patent applications were filed in the USA, Jordan and the Patent Cooperation Treaty signatory countries. A provisional patent for a process complementary to the PhosEnergy Process was also filed in Australia.

Exploration

- In November 2009 Mitsui & Co, Ltd. paid $2M for an option to invest in the Nabarlek Project. The option, exercisable prior to the end August 2010, gives Mitsui the right to purchase a 25% interest in the Nabarlek MLN and a 9% interest in the West Arnhem Land Joint Venture for a minimum of $15M. On 31st August 2010 the Company announced that following an internal review by Mitsui of its global resources investment strategy, it will not be exercising the option.
- An aircore drilling program completed in 2009 on the West Arnhem Land Joint Venture (Cameco 60%: UEQ 40%) extended the anomalism identified in 2008 at the Coopers Prospect with a peak value of 1993ppm U_3O_8.
- Anomalous geochemical uranium results from reconnaissance drilling on the Nabarlek Mineral Lease during the 2010 field season returned a peak value of 3835ppm U_3O_8.
- Three Exploration Licences were granted at Headwaters in the East Alligator Uranium Field bringing the total granted area to over 3000km^2. As a result, the exploration agreement with Vale Exploration became unconditional.
- A strategic holding in the prospective Frome Basin was secured and with the offer to grant of two exploration licences, covering 819km^2. The area offers potential for the development of sandstone-hosted roll-front and palaeochannel targets of the type developed at the Four Mile and Beverley Deposits in the western Frome Basin. Subsequent to the year end a joint venture agreement with Cauldron Energy Limited was signed under which the Company can earn 80% of the West Lake Frome Project by spending $5M over 5 years with a minimum commitment of $0.7M.

Corporate

- Bryn Jones was appointed Managing Director of the Company in September 2009.

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'.

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 responsibility 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), 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, subject to a residual discretion of the Directors, must be exercised within 3 months of termination. Right to exercise the options is usually based on the option holder remaining with the Company for a defined period of time. 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.

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 Managing Director's employment contract for Mr Bryn Jones came into effect on 17 September 2009. The terms and conditions include annual remuneration of $240,000 plus superannuation, no fixed term and a standard notice period of 3 months. In the event of a takeover where Mr Jones is not offered the same terms and conditions, 6 month's salary 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. Other than superannuation, Non-executive Directors are not provided with retirement benefits.

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			
		SALARY & FEES $	NON-MONETARY BENEFITS $	TOTAL $	SUPER-ANNUATION BENEFITS $	$	OPTIONS AND RIGHTS (A) $	PERFORMANCE SHARES (B) $	TOTAL $	VALUE OF OPTIONS AND PERFORMANCE SHARES AS PROPORTION OF REMUNERATION %
DIRECTORS										
A W Kiernan	2010	25,761	3,863	29,624	23,405	-	10,940	-	63,969	17%
	2009	20,027	2,993	23,020	13,723	-	36,109	-	72,852	50%
B L Jones [1]	2010	229,394	3,227	232,621	20,645	-	32,058	-	285,324	11%
(appointed 17 September 2009)	2009	-	-	-	-	-	-	-	-	-
T R B Goyder	2010	36,697	3,863	40,560	3,303	-	-	-	43,863	0%
	2009	40,520	2,992	43,512	3,647	-	-	-	47,159	0%
T M Clifton	2010	29,282	3,863	33,145	10,833	-	-	-	43,978	0%
(resigned 23 June 2010)	2009	-	2,992	2,992	54,167	-	-	-	57,159	0%
M S Chalmers	2010	57,083	1,610	58,693	14,319	162,500	-	-	235,512	0%
(resigned 19 November 2009)	2009	270,343	3,312	273,655	50,491	-	-	298,718	622,864	48%
D A Brunt	2010	-	1,610	1,610	15,026	50,000	-	-	66,636	0%
(resigned 16 November 2009)	2009	166,224	3,313	169,537	95,000	-	-	298,718	563,255	53%
A R Bantock	2010	-	-	-	-	-	-	-	-	-
(resigned 4 August 2008)	2009	6,875	249	7,124	344	25,000	-	-	32,468	0%
[1]Includes remuneration from 1 July 2009.										
EXECUTIVES										
R A Heinrich (CFO & Company Secretary)	2010	156,250	4,448	160,698	14,063	-	12,311	-	187,072	7%
(appointed CFO 1 December 2008 and Company Secretary 17 September 2009)	2009	78,093	2,269	80,362	7,028	-	906	-	88,296	1%
R K Hacker (Company Secretary)	2010	-	966	966	-	-	-	-	966	0%
(appointed 1 August 2008 and resigned 17 September 2009)	2009	-	2,744	2,744	-	-	-	-	2,744	0%
A M Reynolds (Company Secretary)	2010	-	-	-	-	-	-	-	-	-
(appointed 1 April 2008 and resigned 1 August 2008)	2009	-	249	249	-	-	-	-	249	0%
TOTAL COMPENSATION	**2010**	**534,467**	**23,450**	**557,917**	**101,594**	**212,500**	**55,309**	**-**	**927,320**	**6%**
	2009	582,082	21,113	603,195	224,400	25,000	37,015	597,436	1,487,046	43%

Note: Company secretarial services were provided by Richard Hacker on commercial terms under an arrangement with Chalice Gold Mines Limited until 17th September 2009.

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
10-Jul-09	01-Jul-12	$0.03	$0.30	$0.11	80%	3.00%	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 each 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 2010	GRANT DATE	NUMBER OF OPTIONS VESTED DURING 2010	FAIR VALUE PER OPTION AT GRANT DATE ($)	EXERCISE PRICE ($)	EXPIRY DATE
DIRECTORS [1]						
B L Jones	1,000,000	10-Jul-09	500,000	0.03	0.30	1-Jul-12

[1] The options were granted to Mr Jones prior to his appointment as Managing Director of the Company on 17 September 2009. Mr Jones was an employee of Uranium Equities at the time of grant but was not in a Key Management Personnel position.

7.3.2 Exercise of options granted as compensation

The following shares were issued on the exercise of options previously granted as compensation during the year:

	NUMBER OF SHARES	AMOUNT PAID ($/SHARE)
DIRECTORS		
A W Kiernan	500,000	0.155

There are no amounts unpaid on the shares as a result of the exercise of the options.

DIRECTORS' REPORT

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
DIRECTORS [1]					
B L Jones	500,000	10-Jul-09	100	-	2010
B L Jones	500,000	10-Jul-09	-	-	2011

[1] See 7.3.1 above

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.

	GRANTED IN YEAR $ (A)	VALUE OF OPTIONS EXERCISED IN YEAR $ (B)	FORFEITED IN YEAR $ (C)
DIRECTORS			
B L Jones	32,058	-	-
A W Kiernan	-	7,500	-

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.

9. EVENTS SUBSEQUENT TO REPORTING DATE

Except as mentioned below, in the opinion of the directors there has not arisen in the interval between the end of the financial year and the date of this report any matter or circumstance that has significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

On 5th July 2010 the Company announced that Cameco Corporation elected to make the US$5M second stage investment in the development and commercialisation of the PhosEnergy Process, bringing its total investment to US$7.5M.

On 30th August 2010 the Company announced that it had secured a major strategic position in the uranium rich Frome Basin region of South Australia. A joint venture agreement with Cauldron Energy Limited has been signed under which Uranium Equities can earn 80% of the West Lake Frome Project by spending $5M over 5 years with a minimum commitment of $0.7M.

On 31st August 2010 the Company announced that the option granted to Mitsui & Co, Ltd to purchase a 25% interest in the Company's Nabarlek Mineral Lease and a 9% interest in the West Arnhem Joint Venture had not been exercised. Mitsui advised that its decision was not based on an assessment of the Nabarlek Project as such, but forms part of a global review of its resources investment strategy.

10. LIKELYDEVEL OPMENTS

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
A W Kiernan	2,264,068	1,000,000
B L Jones	270,000	2,000,000
T R B Goyder	20,624,199	-

12. SHARE OPTIONS & PERFORMANCE SHARES

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
DIRECTORS [1]			
B L Jones	1,000,000	0.30	1-Jul-12

All options were granted during the financial year. No options have been granted since the end of the financial year.

[1]See 7.3.1 above

DIRECTORS' REPORT

Unissued shares under options

At the date of this report, 11,280,000 unissued ordinary shares of the Company are under option on the following terms and conditions:

EXPIRY DATE	EXERCISE PRICE	NUMBER OF OPTIONS
15-Dec-10	$0.350	150,000
15-Dec-10	$0.550	250,000
20-Dec-10	$0.155	100,000
28-Feb-11	$0.600	30,000
13-May-11	$0.300	125,000
31-May-11	$0.350	1,700,000
31-Jul-11	$0.191	1,000,000
01-Sep-11	$0.350	700,000
01-Nov-11	$0.550	25,000
01-Dec-11	$0.550	400,000
01-Dec-11	$0.300	500,000
17-Jan-12	$0.550	250,000
21-Jun-12	$0.600	100,000
01-Jul-12	$0.300	1,900,000
15-Nov-12	$0.600	500,000
01-Mar-13	$0.300	2,300,000
01-Mar-13	$0.450	750,000
02-Dec-13	$0.300	500,000

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 issued ordinary shares as a result of the exercise of options as follows (there are no amounts unpaid on the shares issued):

NUMBER OF SHARES	AMOUNT PAID ($/SHARE)
5,500,000	0.155

Shares issued on conversion of performance shares

During or since the end of the financial year, the Company issued ordinary shares as a result of the conversion of partly paid performance shares as follows (there are no amounts unpaid on the shares issued):

NUMBER OF SHARES	AMOUNT PAID ($/SHARE)
14,350,000	0.075

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 $22,536 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 and 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-AUDITS ERVICES

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

15. LEAD AUDITOR'S INDEPENDENCE DECLARATION

The Lead auditor's independence declaration is set out on page 33 and forms part of the directors' report for financial year ended 30 June 2010.

This report is made with a resolution of the directors:

Bryn Jones
Managing Director

Dated at Adelaide this the 6th day of September 2010.

LEAD AUDITOR'S INDEPENDENCE DECLARATION

KPMG

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 2010 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

Derek Meates
Partner

Adelaide

6 September 2010

KPMG , an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2010

	Note	CONSOLIDATED 2010	2009
Option fee	3	1,777,778	-
Advisory and other income		123,357	157,590
TOTAL REVENUE		**1,901,135**	157,590
Impairment losses on exploration and evaluation assets	14	(95,243)	(2,593,490)
Corporate and administration expenses	4	(1,493,260)	(2,219,812)
Profit/(Loss) on disposal of a fixed asset	15	(51,836)	(7,427)
Reversal of impairment of investments	12	10,667	-
Impairment of investments		-	(8,911)
RESULTS FROM OPERATING ACTIVITIES		**271, 463**	(4,672,050)
Finance income	7	411, 384	620,810
Finance costs	7	(198,045)	(167,048)
NET FINANCE INCOME		**213,339**	453,762
Impairment loss on equity accounted investees	13	(1,246,710)	(1,657,503)
Share of equity accounted investee losses	13	(658,866)	(730,221)
LOSS BEFORE INCOME TAX		**(1,420,774)**	(6,606,012)
Income tax benefit	8	179,748	111,164
LOSS FOR THE PERIOD		**(1,241,026)**	(6,494,848)
OTHER COMPREHENSIVE INCOME			
Foreign currency translation differences from foreign operations		118,984	-
TOTAL OTHER COMPREHENSIVE INCOME		**118,984**	(6,494,848)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR PERIOD		**(1,122,042)**	(6,494,848)
LOSS ATTRIBUTABLE TO:			
Owners of the Company		(891,406)	(6,494,848)
Non-Controlling Interest		(230,636)	-
LOSS FOR THE PERIOD		**(1,122,042)**	(6,494,848)
TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO:			
Owners of the Company		(891,406)	(6,494,848)
Non-Controlling Interest		(230,636)	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR PERIOD		**(1,122,042)**	(6,494,848)
EARNINGS PER SHARE			
Basic loss per share attributable to ordinary equity holders (cents per share)	9	(0.005)	(0.034)
Diluted loss per share attributable to ordinary equity holders (cents per share)	9	(0.005)	(0.034)

The statement of comprehensive income is to be read in conjunction with the notes of the financial statements set out on page 39 to 67.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2010

CONSOLIDATED	Note	SHARE CAPITAL $	SHARE OPTION RESERVE $	TRANSLATION RESERVE $	ACCUMULATED LOSSES $	TOTAL $	NON-CONTROLLING INTEREST $	TOTAL EQUITY $
		ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP						
BALANCE AT 1 JULY 2009		**43,068,654**	**4,899,880**	**-**	**(30,126,149)**	**17,842,385**	**-**	**17,842,385**
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD								
Profit or (Loss)		-	-	-	(997,778)	(997,778)	(243,248)	(1,241,026)
OTHER COMPREHENSIVE INCOME/(LOSS)								
Foreign Currency Translation Reserve		-	-	106,372	-	106,372	12,612	118,984
Total Other Comprehensive Income/(Loss)		-	-	106,372	-	106,372	12,612	118,984
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		**-**	**-**	**106,372**	**(997,778)**	**(891,406)**	**(230,636)**	**(1,122,042)**
TRANSACTIONS WITH OWNERS, RECORDED DIRECTLY TO EQUITY								
Share options exercised		852,500	-	-	-	852,500	-	852,500
Conversion of partly paid performance shares to ordinary shares		1,076,250	-	-	-	1,076,250	-	1,076,250
Share-based payment transactions		-	93,768	-	-	93,768	-	93,768
Total contributions by and distributions to owners		1,928,750	93,768	-	-	2,022,518	-	2,022,518
Total changes in ownership interest in subsidiaries	25	-	-	-	2,408,665	2,408,665	285,591	2,694,256
Total transactions with owners		1,928,750	93,768	-	2,408,665	4,431,183	285,591	4,716,774
BALANCE AT 30 JUNE 2010		**44,997,404**	**4,993,648**	**106,372**	**(28,715,262)**	**21,382,162**	**54,955**	**21,437,117**

The statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 39 to 67.

STATEMENT OF CHANGES IN EQUITY – CONTINUED

FOR THE YEAR ENDED 30 JUNE 2010

CONSOLIDATED	Note	ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP						
		SHARE CAPITAL $	SHARE OPTION RESERVE $	TRANSLATION RESERVE $	ACCUMULATED LOSSES $	TOTAL $	NON-CONTROLLING INTEREST $	TOTAL EQUITY $
BALANCE AT 1 JULY 2008		**42,942,884**	**4,080,608**	**-**	**(23,631,301)**	**23,392,191**	**-**	**23,392,191**
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD								
Profit or (Loss)		-	-	-	(6,494,848)	(6,494,848)	-	(6,494,848)
OTHER COMPREHENSIVE INCOME/(LOSS)								
Foreign Currency Translation Reserve		-	-	-	-	-	-	-
Total Other Comprehensive Income/(Loss)		-	-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		**-**	**-**	**-**	**(6,494,848)**	**(6,494,848)**	**-**	**(6,494,848)**
TRANSACTIONS WITH OWNERS, RECORDED DIRECTLY TO EQUITY								
Share options exercised		-	-	-	-	-	-	
Conversion of partly paid performance shares to ordinary shares		-	-	-	-	-	-	-
Share-based payment transactions		125,770	819,272	-	-	945,042	-	945,042
Total contributions by and distributions to owners		125,770	819,272	-	-	945,042	-	945,042
Total changes in ownership interest in subsidiaries	25	-	-	-	-	-	-	-
Total transactions with owners		125,770	819,272	-	-	945,042	-	945,042
BALANCE AT 30 JUNE 2009		**43,068,654**	**4,899,880**	**-**	**(30,126,149)**	**17,842,385**	**-**	**17,842,385**

The statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 39 to 67.

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE 2010

		CONSOLIDATED	
	Note	**2010**	2009
CURRENT ASSETS			
Cash and cash equivalents	10	10,555,254	8,750,004
Trade and other receivables	11	573,960	352,956
Financial assets	12	10,667	-
TOTAL CURRENT ASSETS		**11,139,881**	9,102,960
NON-CURRENT ASSETS			
Financial assets	12	45,804	13,324
Equity accounted investees	13	-	-
Exploration and evaluation assets	14	13,185,912	11,214,617
Property, plant and equipment	15	408,181	423,339
TOTAL NON-CURRENT ASSETS		**13,639,897**	11,651,280
TOTAL ASSETS		**24,779,778**	20,754,240
CURRENT LIABILITIES			
Trade and other payables	16	716,357	420,709
Deferred Income	3	222,222	-
Provisions	17	1,016,830	759,705
Employee benefits	18	125,385	140,201
TOTAL CURRENT LIABILITIES		**2,080,794**	1,320,615
NON-CURRENT LIABILITIES			
Provisions	17	1,226,995	1,558,060
Employee benefits	18	34,872	33,180
TOTAL NON-CURRENT LIABILITIES		**1,261,867**	1,591,240
TOTAL LIABILITIES		**3,342,661**	2,911,855
NET ASSETS		**21,437,117**	17,842,385
EQUITY			
Issued capital	19	44,997,404	43,068,654
Reserves		5,100,020	4,899,880
Accumulated losses		(28,715,262)	(30,126,149)
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		**21,382,162**	17,842,385
Non-Controlling Interest	25	54,955	-
TOTAL EQUITY		**21,437,117**	17,842,385

The statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 39 to 67.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2010

		CONSOLIDATED	
	Note	**2010**	2009
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from operations		2,180,189	102,739
Cash paid to suppliers and employees		(1,378,106)	(1,753,842)
Interest paid		(37,143)	(17,220)
Interest received		413, 502	585,827
Income tax received		111,164	-
NET CASH FROM/(USED) IN OPERATING ACTIVITIES	27	**1,289,606**	(1,082,496)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of investments		-	32,631
Payments for investments		(1,905,576)	(4,511,733)
Reimbursement of investment in equity accounted investee	13	-	3,354,794
Consideration received for non-controlling interest		2,694,256	-
Payments for mining exploration and evaluation and rehabilitation		(2,082,733)	(3,773,370)
Acquisition of property, plant and equipment		(149,180)	(101,193)
NET CASH USED IN INVESTING ACTIVITIES		**(1,443,233)**	(4,998,871)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from issue of shares		1,916,561	-
NET CASH FROM FINANCING ACTIVITIES		**1,916,561**	-
Net increase/(decrease) in cash and cash equivalents		1,762,934	(6,081,367)
Cash and cash equivalents at 1 July		8,750,004	14,831,371
Effect of exchange rate fluctuations on cash held		42,316	-
CASH AND CASH EQUIVALENTS AT 30 JUNE	10	**10,555,254**	8,750,004

The statement of cash flows are to be read in conjunction with the notes to the financial statements set out on pages 39 to 67.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

Uranium Equities Limited is a company domiciled in Australia at Level 5, 29 King William Street, Adelaide, South Australia. The consolidated financial report of the Company for the financial year ended 30 June 2010 comprises the Company and its subsidiaries (together referred to as the 'consolidated entity').

The financial report was authorised for issue by the directors on 6th September 2010.

(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 consolidated entity complies 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 2010 the consolidated entity had accumulated losses of $28.7 million, however net assets are $21.4 million and the Directors believe the consolidated entity has sufficient cash and cash equivalents of $10.6 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. The Directors consider that the consolidated entity has the ability to fund its projects through a combination of use of existing cash, joint venture 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 Company applies revised AASB 101 Presentation of Financial Statements, which became effective as 1 July 2009. As a result, the Company presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

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.

(iii) Rehabilitation provision

Estimates and assumptions of the appropriate discount rate at which to discount the liability, the timing of cash flows, the application of relevant environmental legislation and the future expected costs of rehabilitation are all used in determining the carrying value of the rehabilitation provision.

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 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.

All business combinations occurring on or after 1 July 2009 are accounted for by applying the acquisition method. Transaction costs that the consolidated entity incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(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.

(v) Accounting policy elections

The transfer of the consolidated entity's 43% investment in Urtek LLC from PhosEnergy Inc to UFP Investments LLC was made whilst both companies were under common control. The Company had a choice as to whether intra-group transactions were recorded at book value or fair value. The Company has elected to record the transfer at book value.

An election has also been made to record dilution gains and losses on increases in non-controlling interests directly to equity rather than the consolidated statement of comprehensive income, reflecting the view that non-controlling interests are equity interests. This election applies to the initial Cameco investment into UFP Investments LLC (see note 25).

(d) Foreign currency translation

Items included in the financial statements of each of the consolidated entity's controlled entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when they are deferred in equity as part of the net investment in a foreign operation.

Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are included in the fair value reserve in equity.

The results and financial position of all the consolidated entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each statement of comprehensive income are translated at the exchange rates prevailing at the dates of the transactions, and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are taken to shareholders' equity. When a foreign operation is sold, a proportionate share of such exchange differences are recognised in the statement of comprehensive income, as part of the gain or loss on sale where applicable. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

(e) Segment reporting

The Company determines and presents operating segments based on the information that internally is provided to the Managing Director, who is the consolidated entity's chief operating decision maker.

An operating segment is a component of the consolidated entity that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the consolidated entity's other components.

Segment results that are reported to the Managing Director included items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's corporate office), corporate office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

(f) 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 (l)). 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 (l)).

(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 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 statement of comprehensive income as an expense as incurred.

(g) 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.

(h) 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 statement of financial position 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 the 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(i) 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 reporting 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 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.

(j) Trade and other receivables

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

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and term deposits which are readily convertible to cash.
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.

(l) 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 statement of comprehensive income 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 statement of comprehensive income. Receivables with a short duration are not discounted.

(m) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(n) 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.

(o) 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.

(p) Employee benefits

(i) Superannuation

Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of comprehensive income 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 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 long service 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(q) Provisions

A provision is recognised in the statement of financial position 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 (h) and (l).

(r) Trade and other payables

Trade and other payables are stated at amortised cost.

(s) 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) Option Fee

Revenue from option fees is recognised in the statement of comprehensive income in proportion to the stage of completion of the transaction at the reporting date. Any balance not taken to the statement of comprehensive income is recorded as deferred income in the statement of financial position.

(iii) Other income - sales of assets and investments

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

(t) Expenses

(i) Operating lease payments

Payments made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of comprehensive income 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 statement of comprehensive income as it accrues, using the effective interest method. The interest expense component of finance lease payments is recognised in the statement of comprehensive income using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(u) Income tax

Income tax in the statement of comprehensive income for the periods presented comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income 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 statement of financial position. 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 statement of comprehensive income, 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.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(v) 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.

(w) 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.

(x) Goodwill

The Group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

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.

Acquisition of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(y) 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 statement of comprehensive income 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.

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 statement of comprehensive income when the asset is derecognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SEGMENT REPORTING

Business segments

The consolidated entity comprises the following reportable segments which are strategic business units:

i) PhosEnergy – development of uranium extraction technology from phosphoric acid
ii) Exploration – brownfields and greenfields mineral exploration

The PhosEnergy process is being developed in Australia with business development being pursued internationally. Exploration activities are based in Australia, mainly in the Northern Territory, South Australia and Western Australia.

	PHOSENERGY		EXPLORATION		TOTAL	
	2010	2009	**2010**	2009	**2010**	2009
SEGMENT REVENUE	-	-	1,777,778	-	1,777,778	-
Advisory and other income					123,357	157,590
TOTAL REVENUE					**1,901,135**	157,590
SEGMENT RESULT	(1,984,452)	(2,396,479)	1,682,535	(2,593,490)	(301,917)	(4,989,969)
Corporate administrative expenses					(1,493,260)	(2,219,812)
Net financing income					213,339	452,762
Other					161,064	150,007
LOSS BEFORE INCOME TAX					**(1,420,774)**	(6,606,012)
SEGMENT ASSETS	549,045	-	13,185,912	11,214,617	13,734,957	11,214,617
Unallocated assets					11,044,821	9,539,623
TOTAL ASSETS					**24,779,778**	20,754,240
SEGMENT LIABILITIES	30,601	-	2,283,890	2,452,783	2,314,491	2,452,783
Unallocated liabilities					1,028,170	459,072
TOTAL LIABILITIES					**3,342,661**	2,911,855

3. REVENUE

	2010	2009
Option fee	1,777,778	-
Advisory fees	87,212	152,782
Other	36,145	4,808
	1,901,135	157,590

In November 2009 the Company announced that Mitsui & Co. Ltd ("Mitsui") had been granted an option ("the Option") to invest in the strategic Nabarlek Project.

Under the terms of the agreement Mitsui has paid a non-refundable $2,000,000 Option fee for the right to purchase a stake in the Nabarlek Project and receive any project data generated over the option period to 31 July 2010. The Option fee has been pro-rated over the option period on a straight line basis in accordance with AASB 118 "Revenue". The remaining balance not taken to profit in the period has been recorded as Deferred Income in the Statement of Financial Position. Subsequent to year end the option period was extended to 31 August 2010.

The Option gave Mitsui the right to purchase, from the Company, a 25% interest in the Nabarlek Mineral Lease (UEQ 100%); and a 9% interest in the West Arnhem Land Joint Venture (WALJV) with Cameco Australia (UEQ 40%, Cameco 60%). Consideration for the purchase would have been $15M or a value determined by an agreed valuation model, whichever is the greater.

On 31st August 2010 the Company announced that the option had not been exercised. Mitsui advised that its decision was not based on an assessment of the Narbarlek Project as such, but forms part of a global review of its resources investment strategy.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. CORPORATE ADMINISTRATIVE EXPENSES

	Note	2010	2009
Accounting fees		118,934	80,199
Annual report costs		15,934	41,260
ASX fees		44,543	24,240
Audit fees	6	58,500	55,863
Depreciation and amortisation		92,560	94,956
Insurance		65,933	52,936
Legal fees		116,096	62,150
Marketing		13,799	14,154
Rent and outgoings		15,112	29,993
Personnel expenses	5	730,329	1,539,365
Printing and stationery		3,667	3,596
Share registry		20,175	24,150
Travel and accommodation		97,155	75,001
Recruitment		-	28,385
Other		100,523	93,564
		1,493,260	2,219,812

5. PERSONNEL EXPENSES

	Note	2010	2009
Wages and salaries		357,761	274,929
Directors' fees		155,797	167,636
Consulting fees		8,750	48,007
Other associated personnel expenses		74,363	80,001
Superannuation fund contributions		53,014	159,544
Increase/(decrease) in liability for annual leave		(14,816)	16,219
Increase in provision for long service leave		1,692	33,180
Equity-settled transactions	19	93,768	759,849
		730,329	1,539,365

6. AUDITORS' REMUNERATION

AUDIT SERVICES	2010	2009
Auditors of the Company		
KPMG Australia:		
Audit and review of financial reports	**58,500**	55,863

7. NET FINANCING INCOME

	2010	2009
Interest income	411,384	620,810
Unwind of discount on rehabilitation provision	(81,996)	(97,280)
Net foreign exchange gain/(loss)	(78,906)	(52,548)
Interest expense	(37,143)	(17,220)
Total financial expenses	(198,045)	(167,048)
Net financing income	**213,339**	453,762

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. INCOME TAX

	2010	2009
Current tax benefit	179,748	111,164
Deferred tax benefit	-	-
Total income tax benefit reported in the statement of comprehensive income	**179,748**	111,164

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

	2010	2009
Loss before tax	1,420,774	6,606,012
Income tax benefit using the domestic corporation tax rate of 30% (2009: 30%)	426,233	1,981,804
Decrease in income tax benefit due to:		
Non-deductible expenses	(34,076)	(228,502)
Over/(under) provision in prior period	168,367	(571,177)
Current and deferred tax benefit not recognised	(380,776)	(1,070,961)
Income tax benefit on loss before tax	**179,748**	111,164

Deferred tax assets and liabilities for the consolidated entity are attributable to the following:

CONSOLIDATED	ASSETS		LIABILITIES		NET	
	2010	2009	2010	2009	2010	2009
Exploration and evaluation assets	-	-	3,955,774	3,364,385	3,955,774	3,364,385
Capital raising costs	(52,291)	(104,582)	-	-	(52,291)	(104,582)
Legal costs	(146,080)	(233,093)	-	-	(146,080)	(233,093)
Rehabilitation provision	(673,147)	(695,329)	-	-	(673,147)	(695,329)
Deferred Income	(66,667)	-	-	-	(66,667)	-
Other items	(55,427)	(59,364)	10,926	11,695	(44,501)	(47,669)
	(993,612)	(1,092,368)	**3,966,700**	3,376,080	**2,973,088**	2,283,712
Tax losses used to offset net deferred tax liability					**(2,973,088)**	(2,283,712)
Net deferred tax assets and liabilities					**-**	-

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

	2010	2009
Tax losses – Revenue	5,112,196	6,217,183
Tax losses – Capital	142,675	1,828,736
Tax losses – Total	**5,254,871**	8,045,919
Potential tax benefit at 30%	**1,576,461**	2,413,776

The unrecognised benefit from temporary differences on capital items amounts to $1,815,756.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. EARNINGS PER SHARE

Basic and diluted earnings/(loss) per share

The calculation of basic and diluted loss per share at 30 June 2010 was based on the loss attributable to ordinary shareholders of the parent entity of $997,778 (2009: $6,494,848) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2010 of 204,649,626 (2009: 190,238,094).

10. CASH AND CASH EQUIVALENTS

	2010	2009
Bank balances	1,773,045	209,675
Term deposits	8,782,209	8,540,329
Cash and cash equivalents in the statement of cash flows	**10,555,254**	8,750,004

The effective interest rate earned on deposits is 4.39%.

11. TRADE AND OTHER RECEIVABLES

	2010	2009
CURRENT		
Other trade receivables	344,832	204,266
Prepayments	49,380	37,527
Income tax receivable	179,748	111,164
	573,960	352,956

12. FINANCIAL ASSETS

	2010	2009
CURRENT		
Listed equity securities available-for-sale	10,667	-
	10,667	-
NON-CURRENT INVESTMENTS		
Bond in relation to office premises	45,804	13,324
	45,804	13,324

13. EQUITY ACCOUNTED INVESTEES

	2010	2009
Investment in equity accounted investee	2,213,685	4,696,926
Reimbursement of funds	-	(2,309,202)
Share of equity accounted investee losses	(658,866)	(730,221)
Impairment losses	(1,554,819)	(1,657,503)
	-	-

The consolidated entity transferred its interest in Urtek LLC, a limited liability company incorporated in the USA. for the purposes of developing the "PhosEnergy Process", to a newly incorporated limited liability company UFP Investments LLC (UFP) in October 2009. As discussed in note 25, Cameco Corporation is funding development of the PhosEnergy Process via investment in UFP. At 30 June 2010 UFP held 49% in Urtek LLC.

The consolidated entity's share of the losses of Urtek LLC for the year was $658,866 (2009: $730,221). Impairment losses have been recognised in relation to the investment in Urtek LLC as the PhosEnergy Process is in the research and development phase. The impairment loss recognised in the Statement of Comprehensive Income by the consolidated entity was reduced by $308,109 to $1,246,710 representing a part reimbursement of prior year's investment upon Cameco's initial contribution of US$2,500,000.

As discussed in note 28, Mark Chalmers, a former Director of the Company has a 13.73% interest in Urtek LLC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. EXPLORATION AND EVALUATION EXPENDITURE

	2010	2009
Cost brought forward	11,214,617	10,992,039
Expenditure incurred during the year	1,748,794	2,816,068
Increase in rehabilitation provision	317,744	-
Impairment losses	(95,243)	(2,593,490)
	13,185,912	11,214,617

Interests in exploration projects in Western Australia were relinquished during the year.

15. PROPERTY, PLANT AND EQUIPMENT

	2010	2009
At cost	847,649	777,368
Less: accumulated depreciation	(439,468)	(354,029)
	408,181	423,339
PLANT AND EQUIPMENT		
Carrying amount at beginning of financial year	423,339	447,200
Additions	149,180	101,284
Disposals/written-off	(51,836)	(7,518)
Depreciation	(112,502)	(117,627)
Carrying amount at end of financial year	**408,181**	423,339
TOTAL PROPERTY, PLANT AND EQUIPMENT	**408,181**	423,339

16. TRADE AND OTHER PAYABLES

	2010	2009
Trade payables	557,174	200,479
Other creditors and accrued expenses	159,183	220,230
	716,357	420,709

17. PROVISIONS

	2010	2009
CURRENT		
Rehabilitation	1,016,830	759,705
	1,016,830	759,705
NON-CURRENT		
Rehabilitation	1,226,995	1,558,060
	1,226,995	1,558,060

The Company assumed all obligations for rehabilitation at the Nabarlek Mineral Lease following the acquisition of Queensland Mines Pty Ltd in 2008. During the year substantial planting of native vegetation, weed control activities and water monitoring were undertaken on the lease, reducing the provision. This was offset by an upwards revaluation of the provision of $317,744 made in December 2009 to reflect the expected cost of rehabilitating the old mine camp.

18. EMPLOYEE BENEFITS

	2010	2009
CURRENT		
Liability for annual leave	125,385	140,201
NON-CURRENT		
Provision for long service leave	34,872	33,180
	160,257	173,381

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 most recently approved at the annual general meeting held on 27 November 2008.

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:

GRANT DATE	NUMBER OF INSTRUMENTS	CONTRACTUAL LIFE OF OPTIONS
10 July 2009	1,900,000	3 years

50% of the options vested immediately with the balance vesting one year from grant.

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

	WEIGHTED AVERAGE EXERCISE PRICE 2010	NUMBER OF OPTIONS 2010	WEIGHTED AVERAGE EXERCISE PRICE 2009	NUMBER OF OPTIONS 2009
Outstanding at the beginning of the period	$0.36	18,005,000	$0.29	16,435,000
Forfeited during the period	$0.73	(3,125,000)	$0.47	(430,000)
Exercised during the period	$0.155	(5,500,000)	-	-
Granted during the period	$0.30	1,900,000	$0.25	2,000,000
Outstanding at the end of the period	$0.35	11,280,000	$0.36	18,005,000
Exercisable at the end of the period	$0.35	10,080,000	$0.36	15,880,000

The options outstanding at the end of the period have an exercise price in the range of $0.155 to $0.60 and a weighted average contractual life of 4 years. These include 1 million options issued with an exercise price of $0.191 to the founding members of Urtek LLC upon the consolidated entity increasing its interest from 16.13% to 30% in July 2008.

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 2010.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(a) Employee and Consultant Share Option Plan - continued

FAIR VALUE OF SHARE OPTIONS AND ASSUMPTIONS (WEIGHTED AVERAGE)	2010	2009
Share price at grant date	$0.11	$0.11
Exercise price	$0.30	$0.25
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)	3 years	3 years
Expected dividends	-	-
Risk-free interest rate	3.0%	5.1%

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

Employee 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.

(b) Partly Paid Performance Shares

No performance shares were issued during the years ended 30 June 2010 or 30 June 2009.

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

	WEIGHTED AVERAGE AMOUNT TO BE PAID UP 2010	NUMBER OF PARTLY PAID PERFORMANCE SHARES 2010	WEIGHTED AVERAGE AMOUNT TO BE PAID UP 2009	NUMBER OF PARTLY PAID PERFORMANCE SHARES 2009
Outstanding at the beginning of the period	$0.075	9,327,500	$0.075	9,327,500
Converted to ordinary shares during the period	$0.075	(9,327,500)	-	-
Granted during the period	-	-	-	-
Outstanding at the end of the period	-	-	$0.075	9,327,500
Number able to be converted to ordinary shares at the end of the period	-	-	$0.075	9,327,500

Following the resignation of Mark Chalmers as Managing Director on 5th August 2009 the Company advised all partly paid performance shareholders they have until 5th November 2009 (unless extended by mutual agreement) to pay the balance of $0.075 per share. All partly paid performance share holders converted their performance shares to ordinary shares by payment of the outstanding $0.075 prior to this date.

(c) Employee Expenses

	2010	2009
Share options granted in 2007 - equity settled	-	41,512
Share options granted in 2008 - equity settled	23,106	192,109
Share options granted in 2009 - equity settled	16,793	7,093
Share options granted in 2010 - equity settled	60,911	-
Partly paid performance shares granted in 2006 – equity settled	-	597,437
Share options forfeited and prior year cost written back	(7,043)	(78,302)
TOTAL EXPENSE RECOGNISED AS EMPLOYEE COSTS (NOTE 5)	**93,767**	759,849

19. CAPITAL AND RESERVES

(a) Share Capital

	CONSOLIDATED			
	ORDINARY SHARES		PARTLY PAID PERFORMANCE SHARES	
	2010	2009	**2010**	2009
On issue at 1 July	190,410,801	189,410,801	14,350,000	14,350,000
Exercise of unlisted options	5,500,000	-	-	-
Conversion of performance shares	14,350,000	-	(14,350,000)	-
Equity Settled Transactions	-	1,000,000	-	-
On issue at 30 June	**210,260,801**	190,410,801	**-**	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.

5,500,000 ordinary shares were issued upon exercise of unlisted options during the year at an exercise price of $0.155. A further 14,350,000 ordinary shares were issued upon conversion of partly paid performance shares (see below).

Partly paid performance shares

Partly paid performance shares were issued in 2006 at $0.15 of which $0.075 was credited as paid with $0.075 remaining to be paid to convert the same into ordinary shares in the Company.

On issue, the conditions attached to converting each partly paid performance share prior to 17 May 2016 were:

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. On 5th August 2009 Mark Chalmers resigned as Managing Director of the Company. Consequently, at the Company's discretion, all partly paid performance shareholders were advised that any performance shares not converted to ordinary shares by 5th November, 2009 would be forfeited. All 14,350,000 partly paid performance shares were converted to ordinary shares by payment of the remaining $0.075 prior to this date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(b) Share Options

	CONSOLIDATED UNLISTED SHARE OPTIONS	
	2010	2009
On issue at beginning of year	18,005,000	16,435,000
Options issued during the year	1,900,000	2,000,000
Options forfeited during the year	(3,125,000)	(430,000)
Options exercised during the year	(5,500,000)	-
On issue at end of year	**11,280,000**	18,005,000

At 30 June 2010, the Company had 11,280,000 unlisted options on issue under the following terms and conditions.

Number	Expiry Date	Exercise Price
150,000	15-Dec-10	$0.350
250,000	15-Dec-10	$0.550
100,000	20-Dec-10	$0.155
30,000	28-Feb-11	$0.600
125,000	13-May-11	$0.300
1,700,000	31-May-11	$0.350
1,000,000	31-Jul-11	$0.191
700,000	01-Sep-11	$0.350
25,000	01-Nov-11	$0.550
400,000	01-Dec-11	$0.550
500,000	01-Dec-11	$0.300
250,000	17-Jan-12	$0.550
100,000	21-Jun-12	$0.600
1,900,000	01-Jul-12	$0.300
500,000	15-Nov-12	$0.600
2,300,000	01-Mar-13	$0.300
750,000	01-Mar-13	$0.450
500,000	02-Dec-13	$0.300

The increase in Share Options Reserve of $93,768 in 2010 represents employee equity-settled compensation.
The increase of $819,272 in 2009 comprises $759,849 in employee equity-settled compensation and $59,423 relating to 1,000,000 options issued in consideration for the consolidated entity increasing its interest in Urtek LLC from 16.13% to 30% in July 2008.

20. 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 19 and the Statement of Changes in Equity.

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 holds USD, mainly in UFP Investments LLC. These funds are subsequently invested into Urtek LLC for the development of the PhosEnergy Process. The exposure to foreign exchange rate risk and effective weighted average exchange rates are set out below for 2010.

The consolidated entity currently had no significant exposure to foreign exchange rates in 2009.

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

CONSOLIDATED ENTITY									
		FIXED INTEREST MATURING IN:							
30 JUNE 2010	Note	1 YEAR OR LESS $	OVER 1 TO 5 YEARS $	FLOATING INTEREST $	NON-INTEREST BEARING $	TOTAL $	WEIGHTED AVERAGE INT. RATE	BALANCE USD	WEIGHTED AVERAGE FX RATE (USD)
FINANCIAL ASSETS									
Bank balances - AUD	10	1,217,554	-	-	-	1,217,554	2.22%	-	-
Bank balances – Foreign Currency	10	555,491	-	-	-	555,491	-	473,445	0.90
Term deposits	10	8,782,209	-	-	-	8,782,209	4.18%	-	-
Trade and other receivables	11	-	-	-	573,960	573,960	-	-	-
Investments	12	45,805	-	-	10,667	56,472	-	-	-
FINANCIAL LIABILITIES									
Trade payables and accrued expenses	16	-	-	-	685,756	685,756	-	-	-
Trade payables – Foreign Currency	16	-	-	-	30,601	30,601	-	26,081	0.88

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Interest Rate Risk – continued

CONSOLIDATED ENTITY

30 JUNE 2009	Note	FIXED INTEREST MATURING IN: 1 YEAR OR LESS $	OVER 1 TO 5 YEARS $	FLOATING INTEREST $	NON-INTEREST BEARING $	TOTAL $	WEIGHTED AVERAGE INT. RATE
FINANCIAL ASSETS							
Bank balances	10	209,675	-	-	-	209,675	4.07%
Term deposits	10	8,540,329	-	-	-	8,540,329	5.20%
Trade and other receivables	11	-	-	-	352,956	352,956	-
Investments	12	13,324	-	-		13,324	-
FINANCIAL LIABILITIES							
Trade payables and accrued expenses	16	-	-	-	420,709	420,709	-

A change of 100 basis points in interest rates on bank balances and term deposits over the reporting period would have increased / (decreased) the consolidated entity's profit and loss by $104,280.

A 10% change in the AUD/USD exchange rate on USD exposures at 30 June 2010 would increase / (decrease) the consolidated entity's net assets by $47,131.

(c) 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 consolidate 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.

(d) 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 $716,357 all of which are due within 60 days.

(e) Net fair values of financial assets and liabilities

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

21. OPERATING LEASES

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	2010	2009
Less than one year	126,663	96,737
Between one and five years	213,591	-
More than five years	-	-
	340,254	96,737

The consolidated entity leases an office under operating lease in Adelaide. The lease runs for a further period of approximately three years, with an option to extend the lease for a further three years. Lease payments are increased every year. The Consolidated entity also leases transportable buildings and equipment for the Nabarlek camp on three separate leases that run on a month to month basis. None of the leases include contingent rentals.

During the financial year ended 30 June 2010, $6,319 was recognised in the statement of comprehensive income in respect of operating leases (2009: $17,219).

22. 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	
	2010	2009
Within one year	1,792,694	1,288,244
One year or later and no later than five years	3,361,301	2,415,458
Later than five years	-	-
	5,153,995	3,703,702

Bank Guarantees

As at 30 June 2010 the consolidated entity had a bank guarantee with a face value of $1,800,000 representing a performance bond with the Northern Territory Department of Regional Development, Primary Industry, Fisheries and Resources for rehabilitation obligations on the Nabarlek Mineral Lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. CONTROLLED ENTITIES

		COUNTRY OF INCORPORATION	OWNERSHIP INTEREST	
			2010	2009
PARENT ENTITY				
Uranium Equities Limited		Australia		
SUBSIDIARIES				
G E 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%	100%
PhosEnergy Inc		USA	100%	100%
UFP Investments LLC (Incorporated 6 October 2009)	25	USA	89.4%	0%

24. ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

There were no acquisitions or disposals of subsidiaries during the years ended 30 June 2010 and 30 June 2009.

25. NON-CONTROLLING INTERESTS

	2010	2009
Non-controlling interest	54,955	-
Accumulated losses – dilution gain on transfer of non-controlling interest	2,408,665	-

In November 2009 UEQ announced that Cameco Corporation (Cameco) will partner in the continued development and commercialisation of the PhosEnergy Process. Through a staged investment of up to US$16.5M in the continued development and commercialisation of the Process, Cameco will have the right to earn up to 70% of UEQ's right to earn a 90% stake in the technology. A new USA registered company, UFP Investments LLC (UFP) has been incorporated which holds the investment in Urtek LLC and into which Cameco is investing.

The first payment of US$2.5M was invested by Cameco into UFP Investments LLC in November 2009, earning Cameco a 10.6% interest. These funds are required to be applied towards the development of the PhosEnergy Process and day to day operating expenses of UFP under the terms of the agreement. On 5 July 2010 the Company announced Cameco had committed the next US$5M, taking their interest to 31.8%.

As UEQ has control of UFP Investments LLC the entity has been consolidated into the Group's financial statements with an associated non-controlling interest. The dilution gain of $2,408,665 made on Cameco's initial US$2.5M investment has been recorded against Accumulated Losses, reflecting the fact that non-controlling interests are equity interests.

26. PARENT ENTITY DISCLOSURES

The parent entity of the group was Uranium Equities Limited throughout the years ended 30 June 2010 and 30 June 2009.

	COMPANY	
	2010	2009
RESULT OF THE PARENT ENTITY		
Profit for the period	1,063,078	(6,296,891)
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**1,063,078**	(6,296,891)
FINANCIAL POSITION OF THE PARENT ENTITY AT YEAR END		
Current assets	10,495,868	3,375,059
Total assets	21,956,151	18,298,753
Current liabilities	993,298	423,187
Total liabilities	1,028,170	456,367
TOTAL EQUITY OF THE PARENT ENTITY COMPRISING OF:		
Share capital	44,997,404	43,068,654
Share option reserve	4,993,648	4,899,880
Accumulated losses	(29,063,071)	(30,126,149)
TOTAL EQUITY	**20,927,981**	17,842,385

There were no parent entity contingencies or capital commitments for the purchase of property, plant and equipment as at 30 June 2010.

27. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	CONSOLIDATED	
	2010	2009
Loss for the period	(1,241,026)	(6,494,848)
CASH FLOWS FROM OPERATING ACTIVITIES		
Adjustments for:		
Depreciation and amortisation	92,560	94,956
(Profit)/loss on disposal of fixed assets	51,836	7,427
Write-off of exploration and evaluation expenditure	95,243	2,593,490
Impairment loss on equity accounted investee	1,246,710	1,657,503
Share of equity accounted investee losses	658,866	730,221
Impairment write-down of investment in controlled entity	(26,668)	-
Interest charge / (unwind) on fair value of rehabilitation provision	81,996	97,281
Impairment of investments	16,000	8,911
Equity-settled share-based payment expenses	93,768	759,849
Income tax received	111,164	-
OPERATING LOSS BEFORE CHANGES IN WORKING CAPITAL AND PROVISIONS	**1,180,449**	(545,210)
Decrease/(increase) in trade and other receivables	101,423	(200,998)
Increase/(decrease) in trade payables and accruals	20,857	(385,687)
Increase/(decrease) in provisions	(13,124)	49,399
NET CASH FROM/(USED) IN OPERATING ACTIVITIES	**1,289,606**	(1,082,496)

28. 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

A W Kiernan	(Chairman)
T R B Goyder	
T M Clifton	(Resigned 23 June 2010, Managing Director from 5 August to 17 September 2009)
M S Chalmers	(Resigned 19 November 2009, Managing Director until 5 August 2009)
D A Brunt	(Resigned 16 November 2009)

Executive directors

B L Jones	(Managing Director) Appointed 17 September 2009

Executives

R A Heinrich	(Chief Financial Officer & Company Secretary) Appointed Company Secretary 17 September 2009

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

	2010	2009
Short-term employee benefits	556,951	600,452
Post-employment benefits	101,594	224,400
Termination payment	212,500	25,000
Equity compensation benefits	55,309	634,451
	926,354	1,484,303

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.

28. RELATED PARTIES DISCLOSURES - CONTINUED

(a) Key management personnel - continued

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:

		Note	2010	2009
KEY MANAGEMENT PERSONS	**TRANSACTION**			
A W Kiernan	Legal & Advisory Fees	(i)	(68,993)	(74,997)
T M Clifton	Consulting fees	(ii)	(40,900)	
T R B Goyder A W Kiernan	Corporate service fees	(iii)	(8,750)	(49,369)
D A Brunt	Consulting fees	(iv)		(11,100)
M S Chalmers	Urtek LLC investment	(v)	(2,213,685)	(2,442,724)
M S Chalmers	Consulting fees	(vi)	(37,500)	-

(i) The Company used the legal and advisory services of Anthony Kiernan during the course of the financial year.

(ii) Tim Clifton provided consultancy services to the group throughout the year.

(iii) The Company procured company secretarial services under a Corporate Services Agreement with Chalice Gold Mines Limited until September 2009. Timothy Goyder and Anthony Kiernan are directors of Chalice Gold Mines Limited.

(iv) David Brunt provided consultancy services to the group in June 2009

(v) Mark Chalmers owns 13.73% of Urtek LLC, a company established to develop technology to extract uranium from phosphoric acid (the "PhosEnergy" process). At 30 June 2010 the consolidated entity held a 49% ownership interest in Urtek LLC through its subsidiary UFP Investments LLC.

(vi) Mark Chalmers provided consultancy services in relation to Urtek LLC.

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

	2010	2009
ASSETS AND LIABILITIES ARISING FROM THE ABOVE TRANSACTIONS		
Trade payables	4,166	14,017
	4,166	14,017

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 2009[3]	GRANTED[3]	EXERCISED	FORFEITED	HELD AT 30 JUNE 2010	VESTED DURING THE YEAR	VESTED AND EXERCISABLE AT 30 JUNE 2010
DIRECTORS							
A W Kiernan	1,500,000	-	500,000	-	1,000,000	750,000	1,000,000
B L Jones	1,000,000	1,000,000	-	-	2,000,000	500,000	1,500,000
T R B Goyder	-	-	-	-	-	-	-
FORMER DIRECTORS							
T M Clifton	-	-	-	-	[2]	-	[2]
M S Chalmers	269,226	-	-	-	[1]	-	[1]
D A Brunt	-	-	-	-	[2]	-	[2]
EXECUTIVE							
R A Heinrich	500,000	-	-	-	500,000	250,000	250,000

[1] MS Chalmers resigned on 19 November 2009. His option balance at this date was 269,226. As Mr Chalmers is no longer a director his option holding at 30 June 2010 has not been disclosed.

[2] A Brunt resigned on 16 November 2009 and TM Clifton resigned on 23 June 2010. Their option holdings at these dates were nil.

[3] The balance of options held by key management personnel at 1 July 2009 was 2,269,226. The balance of options at 1 July 2009 and options granted during the financial year have been adjusted to reflect the option holdings of Mr Jones prior to his appointment as Managing Director on 17 September 2009.

	HELD AT 1 JULY 2008	GRANTED	EXERCISED	FORFEITED	HELD AT 30 JUNE 2009	VESTED DURING THE YEAR	VESTED AND EXERCISABLE AT 30 JUNE 2009
DIRECTORS							
A W Kiernan	1,000,000	500,000	-	-	1,500,000	250,000	750,000
T R B Goyder	-	-	-	-	-	-	-
FORMER DIRECTORS							
T M Clifton	-	-	-	-	-	-	-
M S Chalmers	-	269,226	-	-	269,226	269,226	269,226
D A Brunt	-	-	-	-	-	-	-
A R Bantock	5,000,000	-	-	-	[4]	-	[4]
EXECUTIVE							
R A Heinrich	-	500,000	-	-	500,000	-	-
FORMER EXECUTIVES							
A M Reynolds	150,000	-	-	150,000	[5]	-	[5]

[4] AR Bantock resigned on 4 August 2008. His option balance at this date was 5,000,000. As Mr Bantock is no longer a director his option holding at 30 June 2009 has not been disclosed.

[5] AM Reynolds resigned on 1 August 2008. His option balance at this date was 500,000. These options were subsequently forfeited.

28. RELATED PARTIES DISCLOSURES - CONTINUED

(a) Key management personnel - continued

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 2009[4]	ADDITIONS	RECEIVED ON EXERCISE OF OPTIONS/ PERFORMANCE SHARES	SALES	HELD AT 30 JUNE 2010
DIRECTORS					
A W Kiernan	1,454,068	-	500,000	-	1,954,068
B L Jones	70,000	100,000	-	-	170,000
T R B Goyder	20,300,000	-	-	-	20,300,000
FORMER DIRECTORS					
T M Clifton	6,070,000	-	2,870,000	-	[1]
M S Chalmers	4,282,976	-	4,663,750	-	[2]
D A Brunt	4,013,750	-	4,663,750	-	[3]
EXECUTIVE					
R A Heinrich	100,000	-	-	-	100,000

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

[6] TM Clifton resigned on 23 June 2010. His shareholding at this date was 8,940,000. As Mr Clifton is no longer a director his option holding at 30 June 2010 has not been disclosed.

[7] MS Chalmers resigned on 19 November 2009. His shareholding at this date was 8,946,726. As Mr Chalmers is no longer a director his option holding at 30 June 2010 has not been disclosed.

[8] DA Brunt resigned on 16 November 2009. His shareholding at this date was 8,677,500. As Mr Brunt is no longer a director his option holding at 30 June 2010 has not been disclosed.

[9] The balance of shares held by key management personnel at 1 July 2009 was 36,220,794. The balance of shares at 1 July 2009 has been adjusted to reflect the shareholdings of Mr Jones prior to his appointment as Managing Director on 17 September 2009.

	HELD AT 1 JULY 2008	ADDITIONS	RECEIVED ON EXERCISE OF OPTIONS	SALES	HELD AT 30 JUNE 2009
DIRECTORS					
A W Kiernan	1,454,068	-	-	-	1,454,068
T R B Goyder	20,100,000	200,000	-	-	20,300,000
FORMER DIRECTORS					
T M Clifton	6,070,000	-	-	-	6,070,000
M S Chalmers	4,013,750	269,226	-	-	4,282,976
D A Brunt	4,013,750	-	-	-	4,013,750
A R Bantock	4,418,500	-	-	[5]	[5]
EXECUTIVE					
R A Heinrich	-	100,000	-	-	100,000

Mark Chalmers was issued 269,226 shares in Uranium Equities as consideration for Uranium Equities' equity interest in Urtek LLC increasing from 16.13% to 30%. The issue of shares was approved by the shareholders at the AGM on 27th November 2008.

[10] AR Bantock resigned on 4 August 2008. His shareholding at this date was 4,418,500. As Mr Bantock is no longer a director his shareholding at 30 June 2009 has not been disclosed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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:

	HELD AT 1 JULY 2009	CONVERTED	HELD AT 30 JUNE 2010	VESTED DURING THE YEAR	VESTED AND CONVERTIBLE TO ORDINARY SHARES UPON PAYMENT
FORMER DIRECTORS					
T M Clifton	2,870,000	(2,870,000)	-	-	-
M S Chalmers	4,663,750	(4,663,750)	-	-	-
D A Brunt	4,663,750	(4,663,750)	-	-	-

	HELD AT 1 JULY 2008	CONVERTED	HELD AT 30 JUNE 2009	VESTED DURING THE YEAR	VESTED AND CONVERTIBLE TO ORDINARY SHARES UPON PAYMENT
FORMER DIRECTORS					
T M 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

29. SUBSEQUENT EVENTS

Except as mentioned below, in the opinion of the Directors there has not arisen in the interval between the end of the financial year and the date of this report any matter or circumstance that has significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

On 5th July 2010 the Company announced that Cameco Corporation elected to make the US$5M second stage investment in the development and commercialisation of the PhosEnergy Process, bringing its total investment to US$7.5M.

On 30th August 2010 the Company announced that it had secured a major strategic position in the uranium rich Frome Basin region of South Australia. A joint venture agreement with Cauldron Energy Limited has been signed under which Uranium Equities can earn 80% of the West Lake Frome Project by spending $5M over 5 years with a minimum commitment of $0.7M.

On 31st August 2010 the Company announced that the option granted to Mitsui & Co, Ltd to purchase a 25% interest in the Company's Nabarlek Mineral Lease and a 9% interest in the West Arnhem Joint Venture had not been exercised. Mitsui advised that its decision was not based on an assessment of the Nabarlek Project as such, but forms part of a global review of its resources investment strategy.

DIRECTORS' DECLARATION

1 In the opinion of the Directors of Uranium Equities Limited:

(a) the financial statements and notes, set out on pages 34 to 67 and the Remuneration report in the Directors' report, set out on pages 23 to 32, are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its 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(a); and

(c) there are reasonable grounds to believe that the consolidated entity 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 2010.

Dated at Adelaide the 6th day of September 2010.

Signed in accordance with a resolution of the Directors:

Bryn Jones
Managing Director

INDEPENDENT AUDIT REPORT

KPMG

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

Report on the financial report

We have audited the accompanying financial report of the Group comprising Uranium Equities Limited (the Company) and the entities it controlled at the year's end or from time to time during the financial year, which comprises the statement of financial position as at 30 June 2010, and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a description of significant accounting policies and other explanatory notes 1 to 29 and the directors' declaration.

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 Group's financial position and of its 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*.

INDEPENDENT AUDIT REPORT

KPMG

Auditor's opinion

In our opinion:

(a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2010 and of its 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 section 7 of the directors' report for the year ended 30 June 2010. 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 2010, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Derek Meates
Partner

Adelaide

6 September 2010

CORPORATE GOVERNANCE REPORT

Uranium Equities is committed to a high level of corporate governance in accordance with the Corporations Act and ASX Listing Rules. The Company's Corporate Governance Statement details the principles and practices adopted and can be found on the Company website (www.uel.com.au).

The following information is supplementary to the Corporate Governance Statement and addresses the principles which are not met:

DIRECTORS AND MANAGEMENT

Details of each Director's qualifications, experience and special responsibilities, their attendance at board meetings and the Company Secretary's qualifications and experience are disclosed on pages 3 and 4. Information on the principles and structure of remuneration for Executive Directors, Non-executive Directors and senior executives is disclosed in the Remuneration Report (Section 7 of the Director's Report).

During the year the Company undertook reviews of the Board composition and executive management in accordance with sections 1.1 and 1.2 of the Corporate Governance Statement.

Mr Clifton stepped down as Non-executive Chairman on 2nd July 2009 and was replaced as Chairman by Mr Kiernan. Mr Clifton remained on the Board as a Non-executive Director until 5th August 2009 at which time he was appointed Managing Director on an interim basis whilst the Company performed executive search for a new Managing Director. Mr Jones was appointed Managing Director on 17th September 2009 at which time Mr Clifton became a Non-executive Director. On 23rd June 2010 Mr Clifton stepped down from the Board.

Mr Chalmers stepped down as Managing Director on 5th August 2009. Mr Chalmers remained a non-executive director of the Company until he resigned on 19th November 2009. Mr Brunt resigned as Non-executive Director on 16th November 2009.

There are no independent directors as specified in the ASX Corporate Governance Principles. The Board believes that the individuals on the Board can make, and do make, quality and independent judgements in the best interests of the Company on all relevant issues. 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 independent non-executive directors.

COMMITTEES

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, such as a nomination committee or remuneration committee, 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 Audit Committee met on two occasions during the year. The external auditors attended both of these meetings. A copy of the Audit Committee Charter can be found on the Company website (www.uel.com.au) under the Corporate Responsibility section.

RISK MANAGEMENT

The Managing Director and Chief Financial Officer have assured the Board that the declaration provided in accordance with s295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks. Management has also reported to the Board that the Company's management of material business risks is effective.

CORPORATE COMMUNICATIONS

During the year the Company developed a new, more user friendly website and email subscriber service. Subscribers to the service are emailed in real time as ASX releases, presentations or news items are posted on the website or announced on the ASX. Subscribers can also determine which category of announcements they wish to receive.

CORPORATE GOVERNANCE REPORT

ASX Corporate Governance Council Recommendations

		COMPLY	CGS REFERENCE*
PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
1.1	Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.	✓	1.1
1.2	Companies should disclose the process for evaluating the performance of senior executives.	✓	1.1
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1.	✓	
PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE			
2.1	A majority of the Board should be independent directors.	✗	1.2
2.2	The chair should be an independent director.	✗	1.2
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	✓	1.2
2.4	The Board should establish a nomination committee.	✗	1.3
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	✓	1.1
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2.	✓	
PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING			
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: • the practices necessary to maintain confidence in the Company's integrity. • the practices necessary to take into account their legal obligations and the reasonable expectations of their Shareholders. • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	✓	2.1 2.2
3.2	Companies should establish a policy concerning trading in Company securities by directors, senior executives and employees and disclose the policy or a summary of that policy.	✓	2.3
3.3	Companies should provide the information indicated in the Guide to reporting on Principle 3.	✓	
PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING			
4.1	The board should establish an audit committee.	✓	1.3
4.2	The audit committee should be structured so that it: • consists only of non-executive directors • consists of a majority of independent directors • is chaired by an independent chair, who is not chair of the board • has at least three members	 ✗ ✗ ✗ ✓	1.3
4.3	The audit committee should have a formal charter.	✓	1.3
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.	✓	

CORPORATE GOVERNANCE REPORT

		COMPLY	CGS REFERENCE*
PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE			
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior level for that compliance and disclose those policies or a summary of those policies.	✓	3.1
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5.	✓	
PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS			
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	✓	3.2
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6.	✓	
PRINCIPLE 7: RECOGNISE AND MANAGE RISK			
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	✓	4.1
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	✓	4.2
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	✓	4.2
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7.	✓	
PRINCIPLE 8: REMUNERATE FAIRLY & RESPONSIBLY			
8.1	The board should establish a remuneration committee.	✗	1.3
8.2	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	✓	5, Rem. Report
8.3	Companies should provide the information indicated in the Guide to reporting on Principle 8.	✓	

* Refer Corporate Governance Statement on the Company's website

ASX ADDITIONAL INFORMATION

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 27 August 2010 were:

SHAREHOLDER	NUMBER OF ORDINARY SHARES HELD	PERCENTAGE OF CAPITAL HELD %
Lagoon Creek Resources Pty Ltd	20,971,654	9.97
Timothy R B Goyder	20,624,199	9.81

Class of Shares and Voting Rights

At 27 August 2010 there were 2,083 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 -
>
> a) at meetings of members or classes of members each member entitled to vote in person or by proxy or attorney: and
>
> b) 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 do not have voting rights.

Distribution of equity security holders as at 27 August 2010:

	NUMBER OF EQUITY SECURITY HOLDERS	
CATEGORY	ORDINARY SHARES	UNLISTED SHARE OPTIONS
1 – 1,000	92	-
1,001 – 5,000	476	-
5,001 – 10,000	412	-
10,001 – 100,000	908	5
100,001 and over	195	15
TOTAL	**2083**	**20**

The number of shareholders holding less than a marketable parcel at 27 August 2010 was 461.

ASX ADDITIONAL INFORMATION

TWENTY LARGEST ORDINARY FULLY PAID SHAREHOLDERS AS AT 27 AUGUST 2010

NAME	NUMBER OF ORDINARY SHARES HELD	PERCENTAGE OF CAPITAL HELD %
Lagoon Creek Resources Pty Ltd	20,971,654	9.97
Mr Timothy R B Goyder	19,274,199	9.17
ANZ Nominees Limited <Cash Income A/C>	13,774,726	6.55
Resolute (Treasury) Pty Ltd	9,470,000	4.50
Calm Holdings Pty Ltd <Clifton Super Fund A/C>	8,640,000	4.11
Mr Mark Stephen Chalmers + Ms Robi Diane Chalmers <M & R Chalmers Family A/C>	8,521,726	4.05
Mr David Andrew Brunt <Brentwood Super Fund A/C>	7,800,000	3.71
HSBC Custody Nominees (Australia) Limited	7,274,087	3.46
Citicorp Nominees Pty Ltd	5,533,650	2.63
Ginostra Capital Pty Ltd <Pullini Investment A/C>	3,001,022	1.43
Trebble Sum Pty Ltd <Trebble Sum A/C>	2,485,000	1.18
M W McDonald Nominees Pty Ltd <McDonald Property Inv A/C>	2,152,500	1.02
Dr Mark Alexander Trebble + Mr Stephen Mark Trebble <Trebble Sum A/C>	2,100,000	1.00
J P Morgan Nominees Australia Limited	1,788,000	0.85
Mr Andrew Roderic Bantock	1,715,000	0.82
Mrs Angela Mary McDonald & Mr Michael Walsh McDonald <M & A McDonald Super Fund A/C>	1,702,500	0.81
Plato Prospecting Pty Ltd <TRB Goyder Super Fund A/C>	1,350,000	0.64
Penally Management Limited	1,100,000	0.52
VBS Exchange Pty Ltd	1,100,000	0.52
Twynam Agricultural Group Pty Ltd	1,022,171	0.49
TOTAL	**120,452,036**	**57.44**

NOTES

URANIUM
EQUITIES

URANIUM EQUITIES LIMITED
ABN 74 009 799 553

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