



21 May 2008

Australian Securities Exchange Limited
Exchange Plaza
2 The Esplanade
PERTH WA 6000
Attn: The Manager – Companies

Dear Sir,

**OUTCROPPING HIGH-GRADE URANIUM MINERALISATION AT NARRAWEENA,
QUEENSLAND**

Reconnaissance sampling over uranium anomalies detected in new airborne radiometric data (ASX release 21/12/07) has confirmed the presence of outcropping high-grade secondary uranium (carnotite) mineralisation in three locations, 3km south east of Mega Uranium's (TSX:MGA) Ben Lomond U-Mo Deposit (NI43-101 compliant total indicated and inferred resource of 1.93 million tonnes @ 0.25% U₃O₈ (10.7 m lbs U₃O₈) Figure 1.

The highest assay obtained from individual grab samples was **1.39% U₃O₈** at the Scylla Prospect. Other anomalous assays of 0.185% and 0.024% U₃O₈ were obtained from the central part of this radiometric anomaly.

Sampling at the Gympie Prospect returned highest assays of 0.104% and 0.11% U₃O₈ from grab samples taken 500m apart.

The area sampled was the focus of limited historical exploration drilling in the early-mid 1980's by Total Mining Australia Pty Ltd with mixed results. Whilst some holes failed to intersect uranium mineralisation, other shallow holes reported anomalous values. Further drilling is required to determine the significance of these results.

The next phase of exploration by the Company will involve systematic sampling and geological mapping of the full extent of each of the prospects and along the strike of the thrust zone and related structures.

The location of the uranium mineralisation at Scylla and Gympie occurs in a similar structural and stratigraphic setting to the Ben Lomond deposit. Outcrops of uranium mineralisation at Ben Lomond are similar in character to the carnotite mineralisation seen at Scylla and Gympie.

The structure and the prospective host rocks extend for 2.6km within the Uranium Equities tenement and, with the exception of Gympie and Scylla, is largely unexplored. Potential for repetitions of Ben Lomond-style uranium mineralisation within Uranium Equities ground is considered to be high.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Mark S. Chalmers".

MARK CHALMERS

Managing Director

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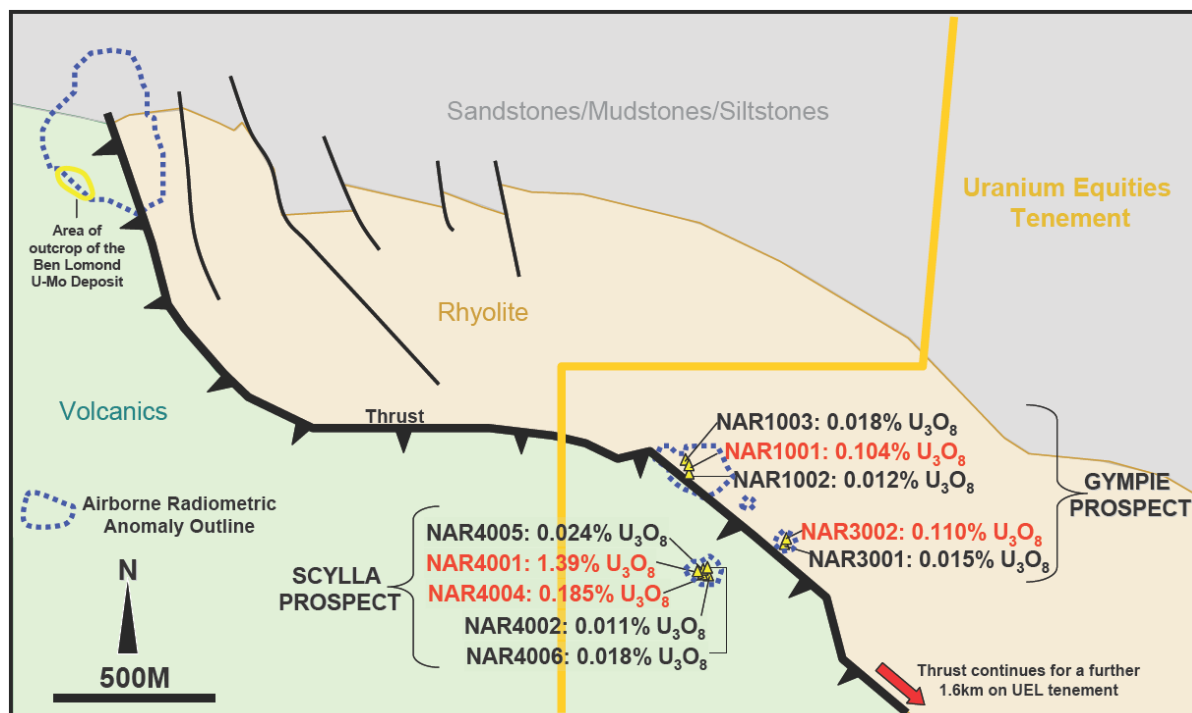


Figure 1: Gympie & Scylla Prospects showing assay results from grab samples above 0.01% U_3O_8 (100ppm).

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

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