

ASX ANNOUNCEMENT

21 October 2010

URANIUM EQUITIES LIMITED ACN 009 799 553



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The Company Announcement Officer
Australian Securities Exchange Ltd
via electronic lodgement

Follow-Up Drilling Confirms High Uranium Grades at Nabarlek Project, Northern Territory

*TWINNED AND SCISSOR DIAMOND DRILL HOLES RETURN
6.65m @ 2.6% eU₃O₈⁽¹⁾ AND 6.35m @ 1.39% eU₃O₈⁽¹⁾*

Australian uranium explorer Uranium Equities Limited (ASX: UEQ) is pleased to announce that the Joint Venture operator, Cameco Australia, has advised follow-up diamond drilling at the Nabarlek Joint Venture in the Northern Territory has confirmed the widths and outstanding high uranium grades achieved in recent RC drilling at the **U40 Prospect**.

Previously at the U40 Prospect, RC hole NAR7389 intersected 5.2m @ 1.34% eU₃O₈⁽¹⁾ incl. 2.7m @ 2.28% eU₃O₈⁽¹⁾ (see ASX Announcement – 24 September 2010). Twin and scissor holes to NAR7389 returned the following intersections:

Twin Hole	NAD7492 returning 6.65m @ 2.6% eU₃O₈⁽¹⁾ from 74.2m; and
Scissor Hole	NAD7493 returning 6.35m @ 1.39% eU₃O₈⁽¹⁾ from 79.8m.

The U40 Prospect is located 10km east-north-east of the historic Nabarlek Uranium Mine (Figure 1) within the 477km² West Arnhem Joint Venture between Uranium Equities (40%) and Cameco (60%).

The tenements are located in the Alligator Rivers Uranium Field, a world-class uranium province which hosts the major operating Ranger Uranium Mine and the large Koongarra, Jabiluka and Nabarlek deposits. This field's total mineral endowment, including mined resources, exceeds 950Mlbs of U₃O₈.

Two additional diamond holes drilled to the north and south of the high-grade intercepts to test for continuity of mineralisation failed to intersect significant uranium however results were still anomalous as outlined below:

NAD7494 returning **6.6m @ 0.06% eU₃O₈⁽¹⁾ from 62.7m; and**

NAD7495 returning **0.95m @ 0.09% eU₃O₈⁽¹⁾ from 57.85m**

and 0.45m @ 0.06% eU₃O₈⁽¹⁾ from 84.6m

A preliminary structural assessment of this drilling indicates that significant potential for extension to the mineralisation exists.

Our Strengths

- PhosEnergy Process – Low cost by-product uranium recovery
- Nabarlek Project – A highly endowed uranium region
- Multiple near term growth opportunities

HEAD OFFICE

Level 5
29 King William Street
Adelaide, SA 5000
T: +61 8 8110 0700
F: +61 8 8110 0777
E: reception@uel.com.au

PERTH OFFICE

Level 2, 1292 Hay Street
West Perth, WA 6005
GPO Box 2890
Perth, WA 6001
T: +61 8 9322 3990
F: +61 8 9322 5800

www.uel.com.au

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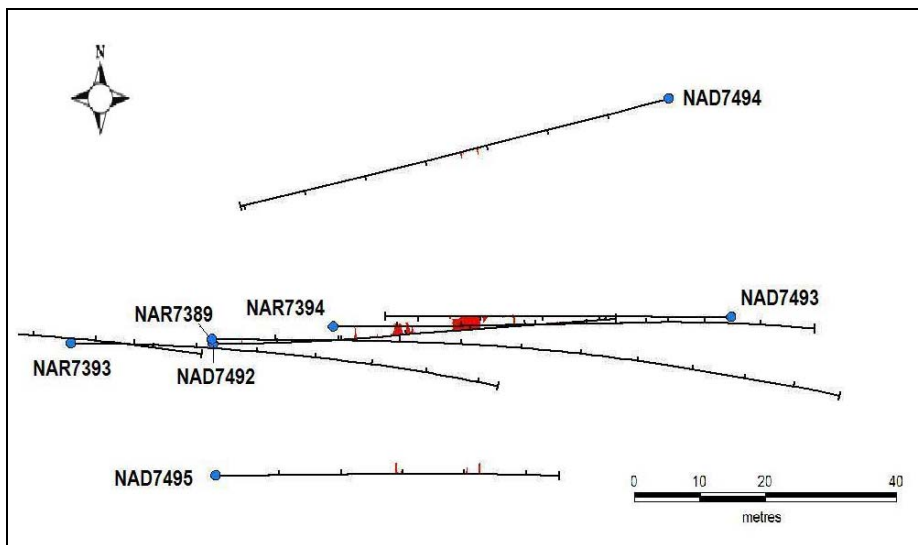
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The high-grade intercepts remain the most significant recorded to date in the Nabarlek Project area outside the old Nabarlek Mine and highlight the potential for the discovery of further high-grade Nabarlek-style mineralisation, which typically occurs as small but high-grade deposits.

A plan layout of the holes drilled to date on the U40 Prospect is shown below:



NAD7492 is the twin of NAR7389 and is projected to have intersected the mineralisation approximately one metre to the north of the mineralisation in NAR7389. This was followed up by a second scissor diamond drill hole (NAD7493) which intersected the same structure approximately 4m further north.

It should be noted that both of these mineralised intervals are down-hole and are therefore not representative of the true thickness of the zone. The intersected uranium results are from preliminary down-hole gamma probing and need to be assayed by an independent laboratory to accurately quantify the grade, which may vary materially from the equivalent grades (eU_3O_8) reported above⁽⁷⁾.

The lithologies encountered in the drill holes are extremely altered, sheared and deformed. Mineralisation occurs as pitchblende in massive blebs hosted within a highly chlorite altered rock.

Further work is required to better define orientation and possible controls of the mineralisation.

"We are very encouraged by these excellent results which have confirmed the outstanding grades returned from RC drilling in September at the U40 Prospect. While additional drilling in the vicinity of these intersections did not return significant results, we now have a much better understanding of the structure and controls on the mineralisation and further drilling is planned as a priority next year," said Uranium Equities' Managing Director, Mr Bryn Jones.

Bryn Jones
Managing Director
Mobile: +61 (0) 412 577 406

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¹ Holes were logged with Auslog total count gamma probes within drill rods and open hole (where possible) with equivalent uranium estimated by Cameco using proprietary gamma logging software. Known issues with the conversion to equivalent uranium include: a) extending beyond the maximum calibrations pits (.92% U₃O₈), b) the working limits of the probes is likely to have occurred causing saturation, and c) the z-effect has not been accounted for. Tool serial number S207 (model A635) and S591 (model A031) has been used where the latter is able to resolve higher grades before saturation occurs. The probes were calibrated at the South Australia Glenside test pits in April and February of 2010 respectively.

Competent Person Statement

The information in this announcement that relates to Exploration Results is based on joint venture information supplied by the Joint Venture operator Cameco Australia but 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.

About Uranium Equities

Uranium Equities Limited (UEQ) has two main areas of focus: The development of the **PhosEnergy Process**; and exploration activities directed at a small core of high quality exploration assets which include the key **Nabarlek Project**.

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 20 Mlbs U₃O₈. This quantity of uranium is mined in phosphate ores but not recovered annually on a worldwide basis. The major phosphate based fertiliser producers are located in Northern Africa, North America and Asia.

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.

The Nabarlek Project provides a rare near mine exploration opportunity surrounding the historic Nabarlek uranium deposit (24 Mlbs @ 1.84% U₃O₈). 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. The mineral system which contains widespread anomalous uranium geochemistry and ore grade mineralisation at several locations remains largely untested.

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Figure 1

