HIGHLIGHTS

Quarterly Report – Quarter ended 31 December 2006

Activities

- The completion of two joint ventures has increased the Company's portfolio to 28 uranium exploration projects, on over 18,140km^2, in 3 Australian states and the Northern Territory.
- The previously announced Letter of Intent with Cameco has successfully been concluded into a binding agreement for the formation of an exploration joint venture in West Arnhem Land. The joint venture is located in the Alligator Rivers Uranium region in the Northern Territory, and includes 1,269km^2 of tenements closely surrounding the historic Nabarlek uranium mine.
- Another exploration joint venture was formed with Intermet Resources Limited, the second between the two companies in 2006, to explore the Watson Project in the Gawler Craton region and in the eastern portion of the Eucla Basins of South Australia.
- Exploration continued in Western Australia on both calcrete and palaeochannel targets.
- The Western Australian Supreme Court has reserved its decision with regard to proceedings in relation to the Company's claim to a binding agreement to acquire 50% of the Mulga Rock Poly-metallic Project in Western Australia. The trial was concluded on 28 September 2006.

Corporate

- Liontown Resources Limited listed on the Australian Stock Exchange (ASX:LTR) on 27 December 2006. 35 million shares in Liontown Resources were distributed in-specie to Uranium Equities shareholders registered on 15 May 2006.

Capital Structure

Listed Capital
- ordinary shares 133.3M

Unlisted Capital
- performance shares 14.4M
- options 19.9M

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1 ACTIVITIES

During the quarter, Uranium Equities Limited (Uranium Equities or the Company) entered into two new joint ventures taking the total to 28 projects on 18,140km^2 in three Australian States and the Northern Territory (Figure 1).

The new joint ventures are with Cameco Corporation (Cameco), the world's largest uranium producer, in the Alligator Rivers Uranium Province in the Northern Territory (Nabarlek and Cadell Projects) and Intermet Resources Limited (Watson Project), for palaeochannel and unconformity-style uranium in South Australia.

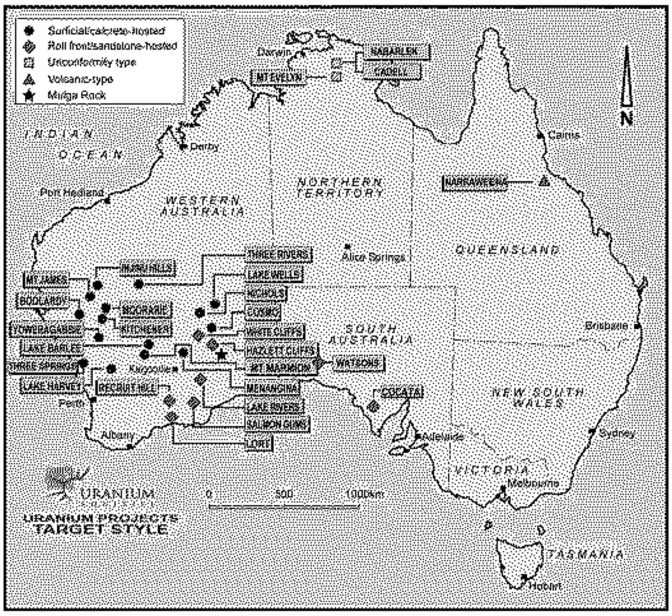

Figure 1 : Uranium Equities Limited – (NEW FIGURE)

1.1 Northern Territory – Joint Venture Executed with Cameco

Uranium Equities concluded the joint venture agreement with Cameco Corporation. Under the agreement, Uranium Equities can earn a 40% interest in two packages of exploration tenements (Nabarlek and Cadell Projects) totaling 1,269 km^2.

The tenements are situated to the east of the Ranger, Jabiluka and Koongarra uranium deposits in the Alligator Rivers Uranium Province and surround the historic high-grade Nabarlek uranium deposit (Figure 2). The uranium mineralization styles in the Alligator Rivers Uranium Province are geologically comparable with the Athabasca Basin, Saskatchewan, the world's premier uranium production province.

Uranium Equities is earning its equity by spending $10 million on exploration over 4 years and will reimburse the operator, Cameco, $400,000 for past exploration expenditures.

The addition of the Nabarlek and Cadell tenement packages together with the Company's large Mount Evelyn uranium exploration project in West Arnhem Land brings the Company's total holdings in the Northern Territory to approximately 6,600km^2.

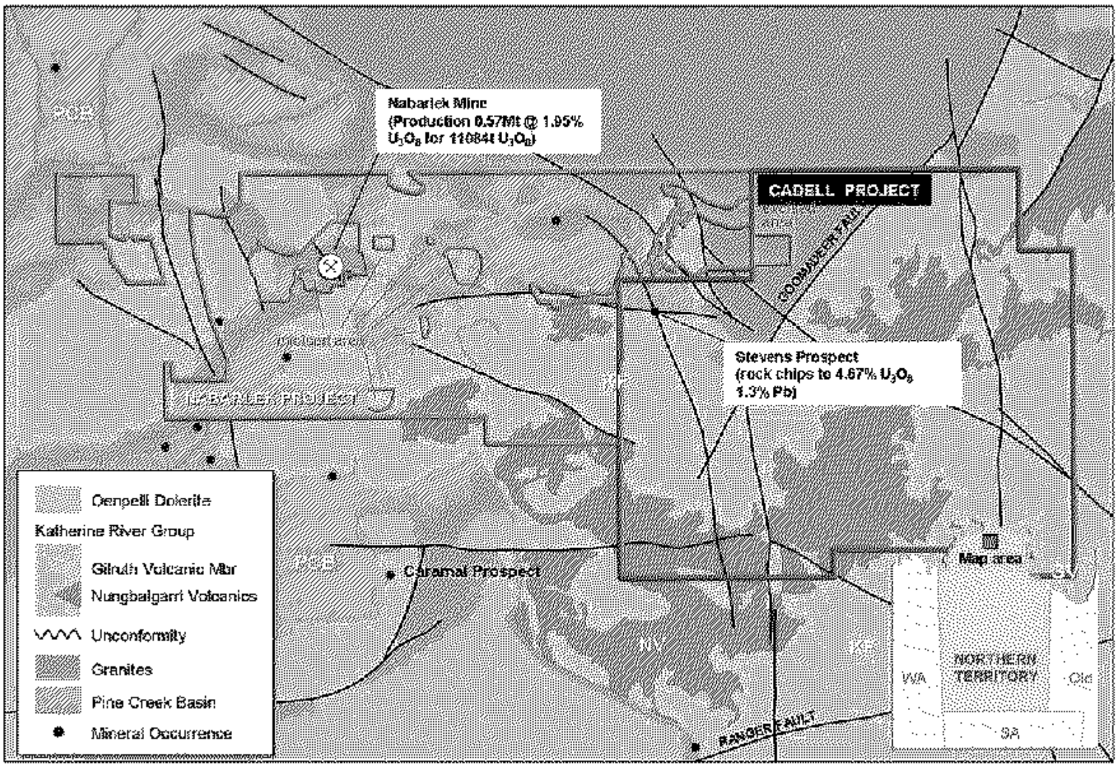

Figure 2: Locations of Uranium Equities' – Cameco, Nabarlek and Cadell Joint Venture tenement packages, Northern Territory of Australia.

1.2 South Australia – Joint Venture with Intermet Resources Limited

During the quarter, Uranium Equities entered into a joint venture with Intermet Resources Limited whereby Uranium Equities can earn up to 80% in the Watson Project (EL's 3323 & 3313 & ELA379/06) by spending $1 million on exploration within 4 years. Uranium Equities can withdraw at any time after an initial appraisal period and after expenditures of at least $100,000 and having met the expenditure conditions of the licenses. The project's emphasis will focus on uranium in a large Tertiary palaeochannel system.

Two recent water exploratory drilling programs on the Watson Project by nearby tenement holder Iluka Resources Ltd have reported anomalous uranium within drill hole samples (up to 70ppm U_3O_8) and within groundwater (up to 602ppb U_3O_8). These values are interpreted by Uranium Equities to be indicative of a potentially mineralized system. In addition, a small airborne EM survey (also flown by Iluka Resources Ltd), has assisted in defining the palaeochannel in the northern part of EL3323 and has provided valuable geological information on the stratigraphy and structure of the palaeochannel. Recent analysis of satellite data by Uranium Equities has further confirmed that the continuation of the palaeochannel through the reminder of the project area to south and southwest (Figure 3). The latter has largely been under-explored using modern uranium exploration techniques.

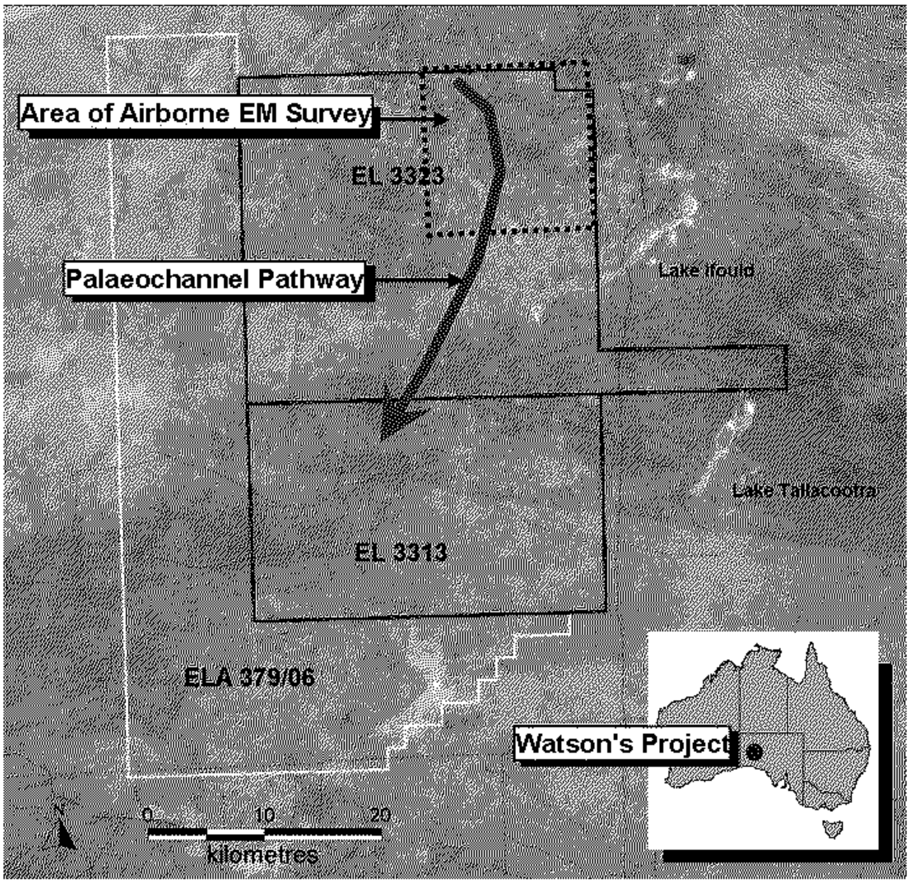

Figure 3: Watson's Project, tenement outline on aerial photograph showing direction of palaeochannel and extent of airborne EM survey.

1.3 Western Australia

The Yowergabbie Project (E59/1205), which is prospective for calcrete-hosted uranium, was granted during the quarter, taking the total of granted license areas in the state to 30.

The grant of a further 11 exploration licence applications in Western Australia, comprising 4 projects (Cosmo, Three Rivers, Boolardy & Three Springs) is awaited.

Reconnaissance fieldwork continued on Injinu Hills, Mt James, Moorarie, Nichols, Lake Wells, Lake Barlee, Yowergabbie & Mount Marmion projects. Work on these projects comprised radiometric measurements and auger sampling (calcrete and soils) in order to follow-up and accurately locate the position of radiometric anomalies detected from previous regional airborne surveys.

Nichols and Lake Wells projects returned no assay results of significance with highest uranium values reaching only up to 31ppm U_3O_8. These results are not indicative of the prospectivity of these projects as access to the radiometric anomalies proximal to the lakes was severely compromised due to flooding.

Assay results from Injinu Hills & Mt James returned maximum uranium assays of up to 23ppm U_3O_8 and 25ppm U_3O_8. Lake Barlee's maximum uranium assay returned 383ppm U_3O_8 (Figure 4), from calcrete outcropping at the south-eastern lake edge. Extensive outcrops of calcrete are present for up to 5km along this lake margin and have coincident low-moderate radiometric anomalies indicative of possible secondary dispersion of more substantial uranium accumulations at depth. This work confirms encouraging results obtained from previous workers in the area (Asarco & Uranerz, 1970-1971).

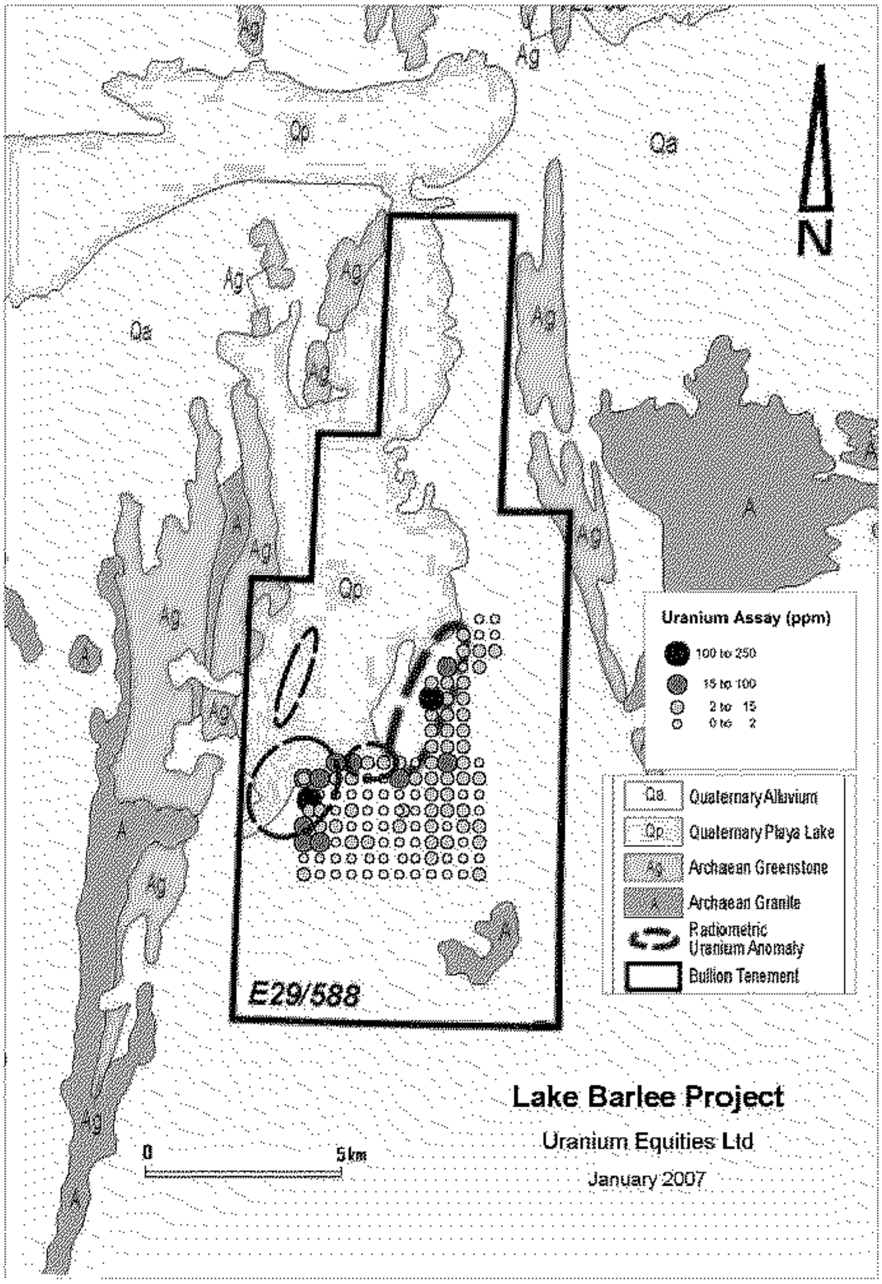

Figure 4: Lake Barlee Project, tenement outline on geology showing recent geochemical results obtained from Uranium Equities' calcrete sampling program.
Note – uranium values here are quoted in ppm U (1ppm U =1.17925 ppmU_3O_8)

1.4 Business development

The Company continued to work with International Nuclear Inc (iNi) of the USA in assessment of overseas uranium production projects on behalf of an international trading house.

iNi's principal activities include evaluation of potential uranium development projects, analysis of uranium production costs and uranium market evaluation. iNi serves a wide variety of clients including nuclear utilities, uranium producers, governments and intermediaries.

Uranium Equities also performed work with Worley Parsons on the BHP Olympic Dam Copper/Uranium project expansion in South Australia.

2 CORPORATE

2.1 Litigation and Plaint

Uranium Equities continued to pursue legal remedies to confirm an Acquisition Agreement in August 2005 to acquire 50% of the Mulga Rock Uranium-Polymetallic Project. The Company is seeking the award of specific performance of the Agreement, as well as equitable damages arising from delay in implementation of the Agreement.

The trial proceedings were heard in the Western Australian Supreme Court between 5 and 28 September 2006. The court has reserved its decision.

Plaints have been lodged by a party unrelated to Uranium Equities against Mulga Rocks exploration licences 39/876 and 39/877, alleging non-compliance with expenditure conditions. The Department of Industry and Resources' register indicates that, in the subject tenement year, the prescribed expenditure was substantially exceeded and so Uranium Equities' legal counsel has advised that the basis of the plaints is not yet apparent.

The registered holder of these licences is Eaglefield Holdings Pty Ltd. Uranium Equities has joined Eaglefield as a defendant to defend these plaints based on its claimed beneficial ownership of a 50% interest in these licences by virtue of the agreement which is the subject of the Supreme Court action. The application for joinder was heard and awarded on 29 November 2006.

MARK CHALMERS
Managing Director

The information in this report that relates to Exploration Results is based upon information compiled by or approved by Mr David A. 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.