ASX ANNOUNCEMENT 31 August 2011

URANIUM EQUITIES LIMITED ACN 009 799 553

URANIUM EQUITIES

The Company Announcement Officer
Australian Securities Exchange Ltd
via electronic lodgement

Cameco consolidates position in the PhosEnergy Process for Uranium Recovery

Purchase of Founders' Shareholding and UEQ option to participate

Highlights:

- Cameco has purchased the Founders' 10% interest in the PhosEnergy Process for US$4.5 million.
- UEQ has a 6-month option to purchase its pro-rata 30% of this interest from Cameco.

International uranium company **Cameco Corporation** ("Cameco") has advised Uranium Equities Limited (ASX: UEQ) that it has consolidated its ownership in the PhosEnergy Process through the purchase of the Founders' 10% shareholding (the Founders' Shares) for US$4.5 million.

The consideration of US$4.5 million represents a substantial 80% premium to the pro-rata earn-in rights which Cameco and UEQ currently hold in the PhosEnergy Process.

UEQ has a six month option to acquire 30% of these Founders' Shares for US$1.35 million payable to Cameco plus reasonable cash holding costs.

Cameco has to date invested US$12.5 million in the development of the process through a Strategic Alliance with UEQ, of which ~US$5 million remains cash at bank. Cameco has the right to invest a final tranche of US$4 million in the PhosEnergy Process to complete its 70% earn-in to UEQ's ownership in the Process.

If Cameco elects to invest its final tranche and UEQ exercises its option to acquire its pro-rata interest in the Founders' Shares, the final equity of the parties will be: Cameco 70%; UEQ 30%.

The PhosEnergy Process is being developed with UEQ for the recovery of uranium as a by-product of phosphate fertiliser production.

PhosEnergy applies conventional technologies in an innovative manner to achieve low operating costs for uranium production (estimated at US$20-25/lb[(1)]) and high uranium recoveries (estimated at 92%) with improved environmental outcomes and reduced waste.

Cameco is one of the world's largest uranium producers, accounting for about 16% of the world's primary uranium production.

Our Strengths

- Breakthrough PhosEnergy Process
- Nabarlek Project – A rare investment opportunity
- Multiple near term growth opportunities

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Bryn Jones, Managing Director of UEQ said: *"Cameco's consolidation of its interest in the PhosEnergy Process reflects its strong support of the venture as it advances towards commercialisation."*

Bryn Jones
Managing Director
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(1) Cost estimate is based on a 1 million tonne per annum P_2O_5 phosphate production facility operating in the USA and incorporates a significant contingency of 40%

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 U_3O_8. 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% 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. The mineral system which contains widespread anomalous uranium geochemistry and ore grade mineralisation at several locations remains largely untested.