



## **URANIUM EQUITIES LIMITED**

**ACN 009 799 553**

### **NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY MEMORANDUM**

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**Time: 3.00 pm ACST**

**Date: Thursday 27 November 2008**

**Place: Bullion Room**

**Medina Grand Adelaide Treasury**

**Cnr King William Street and Flinders Street**

**Adelaide, South Australia**

This Notice of Meeting and Explanatory Memorandum is designed to comply with the requirements of the Australian Corporations Act, the Listing Rules of the ASX and the requirements of the Australian Securities and Investments Commission ("ASIC").

This Notice of Meeting and the accompanying Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Neither the ASX or ASIC has in any way passed any views on the merits of the transactions contemplated in the Notice of Meeting and accompanying Explanatory Memorandum.

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## CONTENTS

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Notice of Annual General Meeting (setting out the proposed resolutions)	2
Explanatory Statement (explaining the proposed resolutions)	5
Glossary	14
Proxy Form	16
Appointment of Corporate Representative	18

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## TIME AND PLACE OF MEETING AND HOW TO VOTE

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### VENUE

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The Annual General Meeting of the Shareholders of Uranium Equities Limited (**'Uranium Equities'**) to which this Notice of Meeting relates will be held at 3.00 pm [ACST] on Thursday 27 November 2008 at:

Bullion Room  
Medina Grand Adelaide Treasury  
Cnr King William Street and Flinders Street  
Adelaide, South Australia

### YOUR VOTE IS IMPORTANT

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The business of the Annual General Meeting affects your shareholding and your vote is important.

### VOTING IN PERSON

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To vote in person, attend the Annual General Meeting on the date and at the place set out above.

### VOTING BY PROXY

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To vote by proxy, please complete and sign the proxy form enclosed and either:

- (a) send the proxy form by post to Uranium Equities Limited, Level 6 West, 50 Grenfell Street, Adelaide, SA 5000; or
- (b) send the proxy form by facsimile to the Company on + 61 8 8110 0777

so that it is received no later than 3.00 pm (WST) on 25 November 2008.

**Proxy forms received later than this time will be invalid.**

### BODIES CORPORATE – CORPORATE REPRESENTATION

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A body corporate may appoint an individual as its representative to exercise any of the powers the body may exercise at the meeting of Shareholders. The appointment may be a standing one. An Appointment of Corporate Representative is enclosed with this notice.

### ENQUIRIES

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The Company welcomes enquiries in respect of matters covered in this Notice of Meeting and Explanatory Memorandum and attendance of shareholders at the General Meeting proposed. Should you require further information please contact:

The Company Secretary  
Richard Hacker  
Phone: (+61 8) 9322 3990 Fax: (+61 8) 9322 5800  
Email:

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# NOTICE OF ANNUAL GENERAL MEETING

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**NOTICE IS HEREBY GIVEN** that the Annual General Meeting (**Meeting**) of the shareholders of Uranium Equities Limited (the **Company**) will be held at the Bullion Room, Medina Grand Adelaide Treasury, Cnr King William Street and Flinders Street, Adelaide on 27 November 2008 at 3.00 pm (ACST).

## AGENDA

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### ORDINARY BUSINESS

#### FINANCIAL REPORT

To receive, consider and discuss the Company's Financial Report for the year ended 30 June 2008 and the reports of the directors and auditors hereon.

#### RESOLUTION 1 - ADOPTION OF THE REMUNERATION REPORT

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*"That, pursuant to and in accordance with section 250R(2) of the Corporations Act, the Directors' Remuneration Report for the financial year ended 30 June 2008 as contained within the Director's Report be adopted."*

Note: Section 250R(3) of the Corporations Act provides that the vote on Resolution 1 is advisory only and does not bind the Directors.

#### RESOLUTION 2 - RE-ELECTION OF MR TIMOTHY CLIFTON AS A DIRECTOR

To consider and, if thought fit, to pass, the following resolution as an ordinary resolution:

*"To elect as a Director of the Company, Timothy Clifton who retires by rotation in accordance with the Listing Rule 14.5 and clause 75 of the Company's constitution and, being eligible, offers himself for re-election."*

#### RESOLUTION 3 – APPROVAL OF EMPLOYEE SHARE OPTION PLAN

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*"That for the purpose of Listing Rule 7.2 exception 9 and for all other purposes, the shareholders of the Company approve the Employee Share Option Plan, the terms and conditions of which are summarised in the Explanatory Memorandum which accompanies and forms part of the Notice."*

#### **Voting Exclusion Statement**

**The Company will disregard any votes cast on this resolution by:**

- 1. a person who may participate in the issue; and**
- 2. an associate of that person.**

**However, the Company need not disregard a vote if:**

- 3. it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or**
- 4. it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.**

**RESOLUTION 4 – APPROVAL OF ISSUE OF OPTIONS TO DIRECTOR – MR ANTHONY KIERNAN**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*“That for the purposes of Listing Rules 7.1 and 10.11 and Chapter 2E of the Corporations Act and for all other purposes, approval is given for the Company to allot and issue 500,000 Options exercisable at \$0.30 each on or before 30 November 2013 to acquire ordinary fully paid shares in the capital of the Company to Mr Anthony Kiernan or his nominee on the terms and conditions set out in the Explanatory Memorandum which accompanies and forms part of this Notice.”*

***Voting Exclusion Statement***

***The Company will disregard any votes cast on this resolution by:***

- 1. Mr Anthony Kiernan or his nominee; and***
- 2. any of his or his nominee’s associates.***

***However, the Company need not disregard a vote if:***

- 3. it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or***
- 4. it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.***

**RESOLUTION 5 – APPROVAL OF ISSUE OF SHARES AND OPTIONS TO DIRECTOR – MR MARK CHALMERS**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*“That for the purposes of Listing Rules 7.1 and 10.11 and Chapter 2E of the Corporations Act and for all other purposes, approval is given for the Company to allot and issue 269,226 Shares and 269,226 Options exercisable at \$0.191 each on or before 30 November 2011 to Mr Mark Chalmers or his nominee on the terms and conditions set out in the Explanatory Memorandum which accompanies and forms part of this Notice and arising from his interest in Urtek, LLC”*

***Voting Exclusion Statement***

***The Company will disregard any votes cast on this resolution by:***

- 1. Mr Mark Chalmers or his nominee; and***
- 2. any of his or his nominee’s associates.***

***However, the Company need not disregard a vote if:***

- 3. it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or***
- 4. it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.***

## PROXIES

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In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- (a) each Shareholder has a right to appoint a proxy;
- (b) the proxy need not be a member of the Company;
- (c) a Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified then in accordance with Section 249X(3) of the Corporations Act each proxy may exercise one half of the votes.

In accordance with section 250BA of the Corporations Act, the Company specifies the following information for the purposes of receipt of proxy appointments by Shareholders registered on the Company's share register:

Registered Office:      Level 6  
                                    50 Grenfell Street  
                                    ADELAIDE SA 5000

Facsimile Number:      +61 8 8110 0777

Postal Address:         Level 6  
                                    50 Grenfell Street  
                                    ADELAIDE SA 5000

The proxies of Shareholders must be received at the relevant address set forth above no later than 48 hours prior to the time of commencement of the Meeting (ACST).

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations (Cth) that the persons eligible to vote at the General Meeting are those who are registered as Shareholders of the Company on 25 November 2008 at 5.00pm ACST.

By order of the Board



Richard Hacker  
Company Secretary  
21 October 2008

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# EXPLANATORY MEMORANDUM

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## INTRODUCTION

This Explanatory Memorandum has been prepared for the information of shareholders of Uranium Equities Limited (ACN 009 799 553) ("**Company**") in connection with the business to be transacted at the Annual General Meeting of the Company to be held on 27 November 2008 ("**AGM**").

At the AGM, Shareholders will be asked to pass resolutions:

- (i) authorising the adoption of the Remuneration Report;
- (ii) authorising the re-election of Mr Timothy Clifton as a Director of the Company;
- (iii) authorising the use of the Employee Share Option Plan.
- (iv) authorising the issue of options to Mr Anthony Kiernan or his nominee;
- (v) authorising the issue of shares and options to Mr Mark Chalmers or his nominee; and

The purpose of this Explanatory Memorandum is to provide information that the Board believes to be material to Shareholders in deciding whether or not to pass these resolutions. It explains the resolutions and identifies the Board's reasons for putting them to Shareholders. The Explanatory Memorandum should be read in conjunction with the accompanying Notice of Meeting.

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## RESOLUTION 1 – ADOPTION OF THE REMUNERATION REPORT

Section 298 of the Corporations Act requires the annual Directors' Report to contain a remuneration report prepared in accordance with section 300A of the Corporations Act.

The remuneration report of the Company for the financial year ended 30 June 2008 is set out in the Directors' Report contained in the 2008 Annual Report to Shareholders ("**Remuneration Report**").

The Remuneration Report sets out the Company's remuneration arrangements for the Executive and Non-Executive Directors and key management personnel. A reasonable opportunity will be provided for discussion of the Remuneration Report at the Annual General Meeting. In addition, the Corporations Act requires that Resolution 1, to adopt the Remuneration Report, be put to the vote. However, the vote on this Resolution is only advisory and does not bind the Company or its Directors.

The Board unanimously recommends that Shareholders vote in favour of adopting the Remuneration Report.

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## RESOLUTION 2 - RE-ELECTION OF TIMOTHY CLIFTON AS A DIRECTOR OF THE COMPANY

Mr Timothy Clifton was elected as a Director of the Company on 8 May 2006 and is required to resign pursuant to clause 75 of the Company's Constitution. Mr Clifton, being eligible, has offered himself for re-election as a Director of the Company.

Details regarding Mr Clifton are set out in the 2008 Annual Report.

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### **RESOLUTION 3: TO APPROVE THE EMPLOYEE SHARE OPTION PLAN**

Listing Rule 7.1 provides that an entity must not issue or agree to issue more than 15% of its total equity securities without the approval of shareholders, unless one of the exceptions contained in Listing Rule 7.2 applies.

An issue of equity securities under an employee incentive scheme will fall within exception 9 of Listing Rule 7.2 if, within 3 years before the date of the issue, holders of ordinary securities have approved the issue of securities under the scheme as an exception to Listing Rule 7.1.

The Company has an established Employee Share Option Plan to provide a means to reward its employees, upon whom the responsibility for the successful growth of the Company rests, and to recognise the ability and efforts of those who have contributed to the successes of the Company. In order to allow the Company to issue equity securities under the Plan, Shareholder approval is sought pursuant to Listing Rule 7.2, exception 9.

The Employee Share Option Plan was last approved at the meeting of Shareholders dated 29 July 2002.

The Plan is available to both full-time and part-time employees (including Directors) and consultants and its salient terms and conditions are set out below.

Pursuant to the Plan, the Board may issue invitations to eligible employees or eligible consultants inviting applications for a grant of free Options up to a number specified in the invitation ("**Invitation**").

An eligible employee is an employee or a Director of the Company who, in the opinion of the Board, will be substantially responsible for the continued growth and prosperity of the Company. An eligible consultant is a consultant of the Company who, in the opinion of the Board, will provide substantial input to the continued growth and prosperity of the Company.

An application from the eligible employee or eligible consultant for the Options must be received by the Company within the acceptance period, together with any information the Board considers necessary in relation to the applicant's entitlement to lodge an application.

If the Board so determines, the Options will be issued and exercisable by such date as advised in writing by the Company to the participant and if not exercised by that date will lapse and be forfeited.

The Board has the exclusive power to select participants to receive such Options and to determine the amount of Options that will be issued and any conditions that may attach to the grant.

Options must be exercised in multiples of 10,000, unless the holder exercises all Options able to be exercised at that time.

Each issued option shall entitle the holder upon exercise to one Share, which will rank equally with all other Shares. Options will be granted free of charge.

The Board shall not offer or issue Options to a participant if the total number of Shares the subject of the Options, when aggregated with:

- (a) the number of shares in the same class which would be issued were each outstanding offer or invitation or option to acquire unissued shares in the Company, being an offer or invitation made or option acquired pursuant to the Plan or under an employee share scheme, to be accepted or exercised (as the case may be); and
- (b) the number of shares in the same class issued during the previous 5 years pursuant to the Plan or any other employee share scheme, (but disregarding any offer or invitation made, or option acquired or share issued following the making of an offer or invitation, to a person situated at the time of receipt of the offer or invitation outside Australia or by way of excluded offer or invitation within the meaning of the Corporations Act),

would exceed 5% of the total number of issued Shares as at the time or the proposed offer or issue.

If in the opinion of the Board, a participant acts fraudulently or dishonestly or is in breach of his or her obligations to the Company, then the Board may deem any unexercised Options of the participant to have lapsed or be forfeited.

Options may only be exercised by notice in writing to the Company delivered to the registered office of the Company. The notice must specify the number of Options being exercised and must be accompanied by:

- (a) the exercise price, that is amount required to exercise the Options; and
- (b) the certificate for those Options for cancellation by the Company.

Within 10 business days of the notice becoming effective, the Board must allot and issue the number of Shares specified in the notice to the participant, cancel the certificate for the Options being exercised and if applicable, issue a new certificate for any remaining Options covered by the certificate in the accompanying notice.

Options may not be transferred or assigned. Quotation of the Options and the right to be issued an Option on ASX will not be sought, however the Company will apply to ASX for official quotation of the Shares issued on the exercise of the Options.

Unless determined otherwise by the Board, Options may only be exercised during the period commencing one year from their date of issue and prior to the date specified in the Invitation.

A participant shall forfeit his or her unvested entitlement to Options and shall be required to exercise Options that have vested within three (3) months of termination, in the event his/her employment, directorship or consultancy with the Company (as the case may be) is terminated for any reason other than wilful misconduct, gross negligence, death, disability or redundancy prior to the date specified in the Invitation.

In the event that a participant's employment or directorship with the Company terminates due to death, disability or redundancy, any of his/her Options that have vested or vest during this period may be exercised at any time prior to the second anniversary date of such termination or such other period as determined by the Board in its absolute discretion and any Options that have not vested or been exercised by that date shall be forfeited.

Termination of employment, directorship or consultancy for wilful misconduct or gross negligence will result in the participant forfeiting all right to vested and unvested Options.

If:

- (a) the Company enters into a scheme of arrangement;
- (b) a takeover bid for the Company's Shares is announced; or
- (c) a party (or parties) acquires a sufficient interest in the Company to enable them to replace the Board, where that ability was not already held by that person (or its associate) ("**Trigger Event**"),

the Directors may determine:

- (i) that the Options (whether vested or not) may be exercised at any time from the date of such determination, and in any number until the date determined by the Directors acting bona fide so as to permit the holder to participate in the Trigger Event, provided that the Directors will forthwith advise in writing each holder of such determination. Thereafter, the Options shall lapse to the extent they have not been exercised; or
- (ii) to use their reasonable endeavours to procure that an offer is made to holders of Options on like terms (having regard to the nature and value of the Options) to the terms proposed under the Trigger Event, in which case the Directors shall determine an appropriate period during which the holder may elect to accept the offer and, of the holder has not so elected at the end of that period, the Options shall immediately become exercisable and if not exercised within 10 days, shall lapse.

There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the options. However, the Company will ensure that the record date for determining entitlements to any such issue will be at least 10 business days after the issue is announced. Optionholders shall be afforded the opportunity to exercise all options which they are entitled to exercise pursuant to the Plan prior to the date for determining entitlements to participate in such issue.

If the Company makes an issue of Shares to Shareholders by way of capitalisation of profits or reserves ("**Bonus Issue**"), each optionholder holding any Options which have not expired at the time of the record date for determining entitlements to the Bonus Issue shall be entitled to have issued to him upon exercise of any of those options the number of Shares which would have been issued under the Bonus Issue ("**Bonus Shares**") to a person registered as holding the same number of Shares as that number of Shares to which the optionholder may subscribe pursuant to the exercise of those options immediately before the record date determining entitlements under the Bonus Issue (in addition to the Shares which he or she is otherwise entitled to have issued to him or her upon such exercise). The Bonus Shares will be paid by the Company out of the profits or reserves (as the case may be) in the same manner as was applied in relation to the Bonus Issue and upon issue rank pari passu in all respect with the other Shares issued upon the exercise of the options.

In the event of any reconstruction (including a consolidation, subdivision, reduction or return) of the issued capital of the Company prior to the expiry of any options, the number of options to which each optionholder is entitled or the exercise price of his or her options or both or any other terms will be reconstructed in a manner determined by the Board which complies with the provisions of the Listing Rules.

Under current taxation laws, any taxation liability in relation to the options, or the Shares issued on the exercise of the options will fall on the participants. The Company will not be liable to fringe benefits tax in relation to options or Shares issued under the Plan.

The issue of Options does not give a participant any right to continue in the employ or services of the Company and the right to dismiss any participant or terminate the services of any non-employee participant is specifically reserved to the Company.

Participants agree that the issue of Options under the Plan shall not be considered compensation for the purposes of any other benefit, plan or program of the Company.

In accordance with ASX Listing Rule 7.2 exception 9, any votes cast on Resolution 3 (other than by a person as proxy for a member who is entitled to vote where the instrument of proxy specifies how the proxy is to vote on the Resolution, or by the Chairman of the Meeting as an undirected proxy for a member who is entitled to vote) by, or on behalf of, a director of the entity, except one who is ineligible to participate in any employee incentive scheme in relation to the entity will be disregarded.

A copy of the complete rules of the Plan is available upon request by contacting the Company Secretary, Mr Richard Hacker on (08) 9322 3990.

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#### **RESOLUTION 4 - TO APPROVE THE ISSUE OF OPTIONS TO DIRECTOR – MR ANTHONY KIERNAN**

Resolution 4 seeks Shareholder approval for the Company to issue 500,000 unlisted Options to Mr Anthony Kiernan, a Director of the Company, or his nominee.

Shareholder approval for the issue of the Options, the subject of Resolution 4 is sought for the purposes of:

- (a) Division 3 of Part 2E.1 of the Corporations Act, which governs the giving of financial benefits to "related parties", for example directors of a company;
- (b) Listing Rule 7.1, which generally prohibits a company from issuing more than 15% of its capital within a 12 month period without shareholder approval; and
- (c) Listing Rule 10.11, which requires the grant of securities to a director of a company to be approved by shareholders.

## 1. Purpose of the Options Issue

The purpose of the proposed grant of Options is to provide Mr Kiernan with an added incentive in carrying out his duties as a Non-executive Director of the Company. Given the size of the Company and its need to preserve cash, the issue of Options is a valuable part of the compensation to be provided to Mr Kiernan.

## 2. Terms of the Options

The Options will have an exercise price of \$0.30 and a term of 5 years from the date of issue with 500,000 vesting 12 months after the date of issue. Conditions are otherwise established under the Employee Share Option Plan, the subject of Resolution 3.

## 3. Part 2E of the Corporations Act

Part 2E.1 of the Corporations Act prohibits the Company from giving a financial benefit to a related party (such as a director) unless either:

- the giving of the financial benefit falls within one of the nominated exceptions to the relevant provisions of the Corporations Act; or
- Shareholder approval is obtained prior to the giving of the financial benefit.

The proposed grant of unlisted Options to Mr Kiernan or his nominee involves the provision of a financial benefit to a related party of the Company, and therefore, requires Shareholder approval.

In accordance with the requirements of Part 2E of the Corporations Act, and in particular sections 219 and 221, the following information is provided to Shareholders to allow them to assess the proposed issue of Options:

- (a) being a Director, Mr Kiernan is a related party of the Company to whom the financial benefit would be given by virtue of section 228(2) of the Corporations Act;
- (b) the nature of the financial benefit to be given is the grant of unlisted Options noted in section 2 above and otherwise on the terms and conditions established under the Employee Share Option Plan;
- (c) those Directors who have no interest in the outcome of Resolution 4 (being all Directors other than Mr Kiernan) recommend that the Shareholders vote in favour of Resolution 4 on the basis that the Options to be granted provide Mr Kiernan with an appropriate incentive in recognition of his extensive knowledge, experience and capabilities;
- (d) Mr Kiernan makes no recommendation in relation to Resolution 4 on the basis that he has an interest in the outcome of the resolution;
- (e) the Options will be issued free of charge. A total of \$150,000 in additional share capital would be raised if the Options were exercised in full, proceeds of which will be used for the Company's general working capital requirements;
- (f) the exercise price and exercise date for the Options are set out below; and
- (g) based on a Black & Scholes valuation method, the Company estimates that each Option, the subject of Resolution 4, has a value of \$0.063 with assumptions detailed in the table below;

Exercise Price	\$0.30
Market value of underlying Shares at time of setting exercise price	\$0.12
Time to expiration of Option	5 years
Volatility	80%

Risk free interest rate	7.5%
Annualised dividend yield	Nil
The aggregate value of the Options	\$31,471

- (h) Over the past 12 months prior to the date of this Notice of Meeting, the lowest recorded price of Shares trading on ASX was \$0.10 on 12 October 2008 and the highest was \$0.31 on 14 October 2007. At the close of trading on 15 October 2008 the Share price was \$0.105;
- (i) following the passing of Resolution 4, Mr Kiernan will hold an interest in 1,454,068 Shares and 1,500,000 Options;
- (j) Mr Kiernan receives a director's fee of \$25,000 per annum and a consultancy fee of \$4,166.00 per month (terminable at will by either party);
- (k) the Company has 190,141,575 Shares, 14,350,000 Performance Shares and 17,015,774 Options on issue. Assuming that Mr Kiernan exercises all of the Options to be granted to him pursuant to Resolution 4, Mr Kiernan's interest including all the Shares and Options currently held will represent approximately 1.3% of the Company's diluted capital;
- (l) the issue has no taxation consequences for the Company (including exposure to fringe benefits tax);
- (m) neither the Directors nor the Company are aware of any other information that would be reasonably required by the Shareholders to make a decision whether it is in the best interests of the Company to pass Resolution 4; and
- (n) For the purposes of Listing Rule 10.13.3, the Options will be issued within one month of Shareholder approval.

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**RESOLUTION 5 – APPROVAL OF THE ISSUE OF SHARES AND OPTIONS TO DIRECTOR – MR MARK CHALMERS**

Shareholder approval for the issue of the Shares and Options, the subject of Resolution 5 is sought for the purposes of:

- (a) Division 3 of Part 2E.1 of the Corporations Act, which governs the giving of financial benefits to "related parties", for example directors of a company;
- (b) Listing Rule 7.1, which generally prohibits a company from issuing more than 15% of its capital within a 12 month period without shareholder approval; and
- (c) Listing Rule 10.11, which requires the grant of securities to a director of a company to be approved by shareholders.

**1. Purpose of the Issue**

On 20 June 2007 the Company announced the acquisition of a 16% interest in Urtek, LLC which is a USA-based company engaged in the development of new technologies, principally to extract uranium from phosphoric acid. The activities of Urtek have been the subject of a number of ASX announcements, particularly in relation to its Technology Development Agreement with a large phosphate manufacturer in the USA.

Mark Chalmers, the Managing Director of the Company, is an equity participant in Urtek of 18.85%.

Under the agreement pursuant to which the Company acquired its initial 16% interest in Urtek, the Company agreed to issue 1,000,000 ordinary Shares and 1,000,000 Options to the equity participants in Urtek in the event that Urtek lodged a Provisional Patent Application in the USA in

relation to its developing technology of extracting uranium from phosphoric acid. This would then entitle Uranium Equities' interest in Urtek to increase from 16% to 30%.

On 5 August 2008 the Company announced to ASX that a Provisional Patent Application had been lodged with the United States Patent and Trademark Office jointly by Urtek and its venture partner (the phosphate producer in the USA) relating to the extraction of uranium from wet phosphoric acid thus entitling the Company to its increased interest subject to issuing the Shares and Options which the Company has done except for Mr Chalmers' entitlement.

Given his equity participation in Urtek, Mr Chalmers is, subject to the approval of the shareholders of Uranium Equities, entitled to 269,226 Shares and 269,226 Options. Immediately prior to the issue of these Shares and Options, Mr Chalmers held 22.58% equity interest in Urtek. That interest was varied down to 18.85% upon Uranium Equities increasing its interest to 30% in Urtek. Mr Chalmers' entitlement to these Shares and Options is the subject of Resolution 5.

## **2. Terms of the Issue**

Resolution 5 seeks Shareholder approval for the Company to issue 269,226 Shares and 269,226 Options to Mr Chalmers or his nominee. The Shares are ordinary fully paid shares ranking equally with all other fully paid ordinary shares. The Options vest immediately and have an exercise price of \$0.191 and expire on the earlier of 3 years or the date upon which Urtek's current venturer in the USA withdraws from the Technology Development Agreement.

There is no specific and separate consideration for the grant of the Shares and Options other than the Company taking its interest in Urtek from 16% to 30%. Consequently no funds will be raised as a result of the issue of the Shares and grant of the Options. A total of \$51,422 in additional Share capital would be raised if the Options were exercised in full.

Subject to Shareholder approval, the Options will be granted on the terms and conditions set out in Annexure "A" to this Explanatory Memorandum. The Shares on issue will rank equally in all respects with the other ordinary shares on issue of the Company.

## **3. Part 2E of the Corporations Act**

Part 2E.1 of the Corporations Act prohibits the Company from giving a financial benefit to a related party (such as a director) unless either:

- the giving of the financial benefit falls within one of the nominated exceptions to the relevant provisions of the Corporations Act; or
- Shareholder approval is obtained prior to the giving of the financial benefit.

The proposed grant of Shares and Options to Mr Chalmers or his nominee involves the provision of a financial benefit to a related party of the Company, and therefore, requires Shareholder approval.

In accordance with the requirements of Part 2E of the Corporations Act, and in particular sections 219 and 221, the following information is provided to Shareholders to allow them to assess the proposed issue of Shares and grant of Options.

- (a) Being a Director, Mr Chalmers is a related party of the Company to whom the financial benefit would be given by virtue of section 228(2) of the Corporations Act;
- (b) the nature of the financial benefit to be given is the issue of Shares and grant of Options. The terms of the Options are set out in Annexure "A" to this Explanatory Memorandum;
- (c) those Directors who have no interest in the outcome of Resolution 5 (being all Directors other than Mr Chalmers) recommend that the Shareholders vote in favour of Resolution 5 as it completes the acquisition by the Company of its increased equity in Urtek. The Company has the entitlement to further increasing its interest by sole funding future activities of Urtek;
- (d) Mr Chalmers makes no recommendation in relation to Resolution 5 on the basis that he has an interest in the outcome of the resolution;
- (e) any funds raised from the exercise of the Options would be used for the Company's general working capital requirements;

- (f) as noted, the Options expire on the earlier of 3 years from the date of issue or when Urtek's venture partner under the Technology Development Agreement withdraws from that agreement. Therefore, the expiry date of the Options is uncertain; however for the purposes of Shareholder information, the Company has provided two separate valuation scenarios based on expiry dates of 3 years from the date of issue or 18 months from the date of issue. Based on a Black & Scholes valuation method (and reflecting the two separate expiry time periods noted) , the Company estimates that each Option, the subject of Resolution 5, has a value detailed in the table below;

	<b>Scenario 1</b>	<b>Scenario 2</b>
Value of each option	\$0.075	\$0.045
Exercise Price	\$0.191	\$0.191
Market value of underlying Shares at time of setting exercise price	\$0.155	\$0.155
Time to expiration of Option	3 years	18 months
Volatility	80%	80%
Risk free interest rate	7.5%	7.5%
Annualised dividend yield	Nil	Nil
The aggregate value of the Options	\$20,197	\$12,279

- (g) over the past 12 months prior to the date of this Notice of Meeting, the lowest recorded price of Shares trading on ASX was \$0.10 on 12 October 2008 and the highest was \$0.31 on 14 October 2008. At the close of trading on 15 October 2008 the Share price was \$0.105;
- (h) following the passing of Resolution 5, Mr Chalmers will hold an interest in 4,282,976 Shares and 269,226 Options. Mr Chalmers also holds 4,663,750 Performance Shares which entitle him to convert the same into fully paid ordinary shares (on a 1:1 basis) upon the payment of 7.5 cents per Performance Share;
- (i) Mr Chalmers receives a current base remuneration of \$350,000 per annum including superannuation;
- (j) the Company has 190,141,575 fully paid ordinary Shares, 14,350,000 Performance Shares and 17,015,774 Options on issue. Assuming that Mr Chalmers exercises all of the Options to be granted to him pursuant to Resolution 5, Mr Chalmers' interest including all the Shares and Options currently held will represent approximately 1.8% of the Company's diluted capital. Should Mr Chalmers also convert his Performance Shares into fully paid ordinary shares of the Company (by the payment of 7.5 cents per Performance Share), he would hold approximately 4% of the Company's diluted capital;
- (k) there are no taxation consequences for the Company arising from the issue of the Shares and Options to Mr Chalmers (including no fringe benefits tax);
- (l) neither the Directors nor the Company are aware of any other information that would be reasonably required by the Shareholders to make a decision whether it is in the best interests of the Company to pass Resolution 5;
- (m) the Shares and Options will be issued within one month of Shareholder approval;
- (n) as noted above, no funds will be raised from the issue of the Shares or Options and the same are being issued as part of the transaction pursuant to which the Company increases its interest in Urtek from 16% to 30%; and
- (o) the terms of the Options are set out in Annexure "A" to this Explanatory Memorandum.

## GLOSSARY

<b>AGM:</b>	means the meeting of Shareholders called by the notice of meeting of which this Explanatory Memorandum forms part.
<b>ASIC:</b>	means the Australian Securities and Investment Commission.
<b>ASX:</b>	means the ASX Limited (ACN 008 624 691).
<b>Board:</b>	means the board of the Directors of the Company.
<b>Constitution:</b>	means the constitution of the Company.
<b>Company:</b>	means Uranium Equities Limited (ACN 009 799 553).
<b>Corporations Act:</b>	means the <i>Corporations Act 2001</i> (Cth).
<b>Directors:</b>	means the directors of the Company.
<b>Explanatory Memorandum:</b>	means this explanatory memorandum.
<b>Notice of Meeting:</b>	means the notice of meeting of which this Explanatory Memorandum forms part.
<b>Option:</b>	means an unlisted option to subscribe for a Share.
<b>Plan:</b>	means the Company's Employee Share Option Plan.
<b>Resolution:</b>	means a resolution to be considered by the Shareholders at the AGM.
<b>Share:</b>	means an ordinary share in the capital of the Company.
<b>Shareholder:</b>	means a registered member of the Company.
<b>Technology Development Agreement:</b>	means the agreement entered into as between Urtek and a venture partner (in the United States) on 17 August 2007 (as amended effective 17 July 2008) pursuant to which the parties are developing technologies to extract uranium from wet phosphoric acid
<b>Urtek</b>	means Urtek, LLC, an entity incorporated in the United States of America and in which the Company holds a 30% equity interest.

## ANNEXURE A

### TERMS AND CONDITIONS OF GRANT OF OPTIONS

1. Each Option entitles the holder to subscribe for and be allotted one fully paid ordinary share ("**Share**") in the Company.
2. The exercise price of the Options is \$0.191 per Share. ("**Exercise Price**").
3. The Options will lapse at 5.00pm (Australian Eastern Standard Time) on the earlier of 3 years from the date of issue or the date upon which Urtek's venture partner withdraws from the Technology Development Agreement. ("**Expiry Date**").
4. Any Options which have not been exercised on or before 5.00pm (Australian Eastern Standard Time) on the Expiry Date lapse automatically.
5. The Options are not transferable without the prior written consent of the Board.
6. No application will be made to the ASX for Official Quotation of the Options.
7. All Shares allotted upon the exercise of Options will rank pari passu in all respects with other fully paid ordinary shares in the Company then on issue.
8. Options may only be exercised by notice in writing ("**Exercise Notice**") delivered to the registered office of the Company. The Exercise Notice must specify the number of options being exercised and must be accompanied by:
  - (a) the Exercise Price for the number of Options specified in the Exercise Notice; and
  - (b) the certificate for those Options, for cancellation by the Company.
9. The Exercise Notice only becomes effective when the Company has received cleared funds for the full amount of the Exercise Price.
10. Within 10 Business Days after the Exercise Notice becomes effective, the Board must:
  - (a) allot and issue the number of Shares specified in the Exercise Notice to the Option Holder;
  - (b) cancel the certificate for the Options being exercised;
  - (c) If applicable, issue a new certificate for any remaining Options covered by the certificate accompanying the Exercise Notice; and
  - (d) apply for Official Quotation by the ASX of all Shares issued in accordance with the Exercise Notice.
11. There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to the Company's shareholders during the currency of the Options. However, the Company will send a notice to each holder of Options at least nine business days before the record date of any new issues of capital offered to the Company's shareholders. This will give optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
12. If from time to time on or prior to the Expiry Date the Company makes an issue of share to the holders of ordinary shares in the Company by way of capitalisation of profits or reserves (a **bonus issue**), then upon exercise of Options an optionholder will be entitled to have issued to him (in addition to the Shares which would otherwise be issued to him under that bonus issue (**bonus shares**)) if on the record date for the bonus issue the optionholder has been registered as the holder of the number of Shares of which he would have been registered as holder if, immediately prior to that date, he had duly exercised his Options and the Shares the subject of such exercise had been duly allotted and issued to him. The bonus shares will be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in relation to the bonus issue and upon issue will rank pari passu in all respects with the other shares allotted under the bonus issue.
13. In the event of any reorganisation of the issued capital of the Company on or prior to the Expiry Date, the rights of an optionholder will be changed to the extent necessary to comply with the applicable ASX Listing Rules in force at the time of the reorganisation.



**URANIUMN EQUITIES LIMITED**  
**ACN 009 799 553**

**Instructions for Completing 'Appointment of Proxy' Form**

1. A shareholder entitled to attend and vote at a meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the shareholder's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
2. A duly appointed proxy need not be a shareholder of the Company. In the case of joint holders, all must sign.
3. Corporate shareholders should comply with the execution requirements set out on the proxy form or otherwise with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
  - Directors of the company;
  - a Director and a Company Secretary of the company; or
  - for a proprietary company that has a sole Director who is also the sole Company Secretary – that Director.

For the Company to rely on the assumptions set out in Section 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole Director and sole Company Secretary of the company must state that next to his or her signature.

4. Completion of a proxy form will not prevent individual shareholders from attending the meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the meeting.
5. Where a proxy form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.
6. To vote by proxy, please complete and sign the proxy form enclosed and either:
  - (a) send the proxy form by post to Uranium Equities Limited, Level 6 West, 50 Grenfell Street, Adelaide, SA, 5000; or
  - (b) send the proxy form by facsimile to the Company on facsimile number +61 8 98110 0777,

so that it is received no later than 3.00 pm (ACST) on 25 November 2008.

**Proxy forms received later than this time will be invalid.**

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**Appointment of Corporate Representative**

**Section 250D of the Corporations Law**

This is to certify that by a resolution of the directors of:

.....

**(Company),**

*(Insert name of company)*

the Company has appointed:

.....,

*Insert name of corporate representative*

in accordance with the provisions of section 250D of the Corporations Law, to act as the body corporate representative of that company at the meeting of the members of Uranium Equities Limited to be held on **27 November 2008** and at any adjournments of that meeting.

**DATED** 2008

**Executed by** the Company )  
 )  
in accordance with its constituent documents

.....

Signed by authorised representative Signed by authorised representative

.....

Name of authorised representative (print) Name of authorised representative (print)

.....

Position of authorised representative (print) Position of authorised representative (print)

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**INSTRUCTIONS FOR COMPLETION**

Under Australian law, an appointment of a body corporate representative will only be valid if the Certificate of Appointment is completed precisely and accurately.

Please follow the following instructions to complete the Certificate of Appointment:

1. Execute the Certificate following the procedure required by your company's constitution or other constituent documents.
2. Print the name and position (eg director) of each company officer who signs this Certificate on behalf of the company.
3. Insert the date of execution where indicated.
4. Send or deliver the Certificate to Uranium Equities Limited registered office or fax the Certificate to the registered office at (+61 8) 8110 0777.