



URANIUM EQUITIES LIMITED

ABN 74 009 799 553

**Annual Financial Report
30 June 2017**

Uranium Equities Limited

Corporate Directory

Directors

| | |
|------------------|------------------------|
| Tim R B Goyder | Chairman |
| Brendan Bradley | Managing Director |
| Bryn L Jones | Non-executive Director |
| Richard K Hacker | Non-executive Director |
| Dr Kevin M Frost | Non-executive Director |

Company Secretary

Kym A Verheyen

Principal Place of Business & Registered Office

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Fax: (+61 8) 9322 5800
Web: www.uel.com.au
Email: info@uel.com.au

Auditors

HLB Mann Judd
Level 4
130 Stirling Street
PERTH Western Australia 6000

Share Registry

Computershare Investor Services Pty Limited
Level 11
172 St Georges Terrace
PERTH Western Australia 6000
Tel: 1300 850 505

Home Exchange

ASX Compliance Pty Ltd
Central Park
Level 40
152-158 St Georges Terrace
PERTH Western Australia 6000

ASX Code

Share Code: UEQ

Uranium Equities Limited

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Uranium Equities Limited

Operating and Financial Review

1. Business Strategy

The Company will continue to explore Australia's premier uranium district, the Alligator Rivers Uranium Province (ARUP) - Northern Territory, for uranium and associated base and precious metals. The ARUP's reputation as a major host to uranium mineralisation is further enhanced by known occurrences of higher grade uranium mineralisation such as that seen within the company's historical Nabarlek Uranium Mine and at nearby adjacent prospects. In addition, base and precious metals remain under explored within the ARUP and a reassessment is warranted. The Company has also sought to expand its asset base into base and precious metals by several new applications in emerging mineral fields at Junee in New South Wales, and Dundas in Western Australia.

2. Review of Operations

2.1 Overview

The Alligator Rivers Uranium Province (ARUP) in the Northern Territory is a world-class uranium province, comparable to the Athabasca Uranium Province in Canada in terms of its uranium endowment and geological setting. The focus of Uranium Equities' exploration activities in the ARUP is on the discovery of high-grade Alligator Rivers-style, unconformity and structurally-controlled uranium deposits.

The Company has an extensive tenement holding of 5,117km² (Figure 1) in the ARUP comprising the 100% owned Nabarlek Mining Lease which contains the historic high grade Nabarlek mine (24Mlbs U₃O₈ historical production), the West Arnhem JV where the Company has completed the earn in expenditure (subject to audit) to acquire a 100% interest from Cameco Inc. and exploration licence applications, some of which are located near recent high-grade uranium discoveries (eg., Angularli; Cameco Australia). The Company considers its tenement portfolio is well located within the ARUP so as to offer a significant opportunity for exploration success.

Uranium Equities Limited

Operating and Financial Review

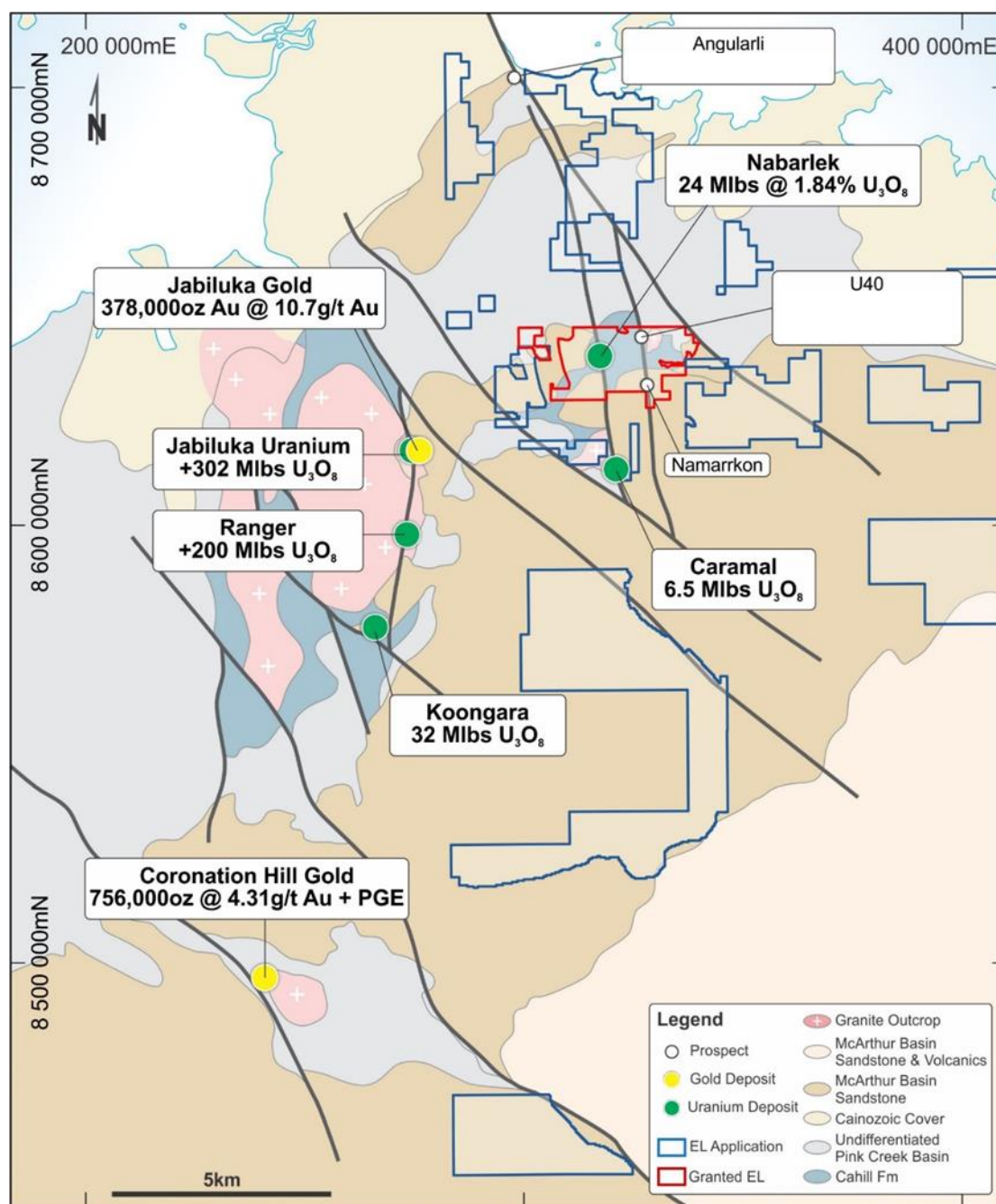


Figure 1. Location map showing the Company's extensive tenement holding in the Alligator Rivers Uranium Province, Northern Territory.

During the year, with limited funds, the Company continued to progress its Nabarlek Project in the ARUP. The Nabarlek Project covers the historical Nabarlek Mining Lease where the Company is targeting structural and geological extensions and repetitions of the high grade Nabarlek orebody. Outside the Nabarlek ML, the Company has identified a number of prospects where drilling has intersected high grade uranium.

Uranium Equities Limited

Operating and Financial Review

2.2 Nabarlek Project

The West Arnhem Joint Venture (WAJV) with Cameco Australia (Uranium Equities right to earn 100%) and the 100%-owned Nabarlek Mineral Lease, located in the ARUP, represent a rare near-mine uranium exploration opportunity surrounding the historic Nabarlek Uranium Mine (previous production: 24Mlb @ 1.84% U_3O_8) – the Nabarlek Project.

During the year, field programs undertaken on the Company's Nabarlek Project have been successful in identifying new targets for immediate exploration follow-up including:

- Ground gravity surveys over three broad target areas (SMLB, GC-11 and East QFZ prospects) to assist with interpreting structural features that have potential to host uranium mineralisation.
- Radon-in-soil surface geochemistry at Namarrkon and GC-11 Prospects.

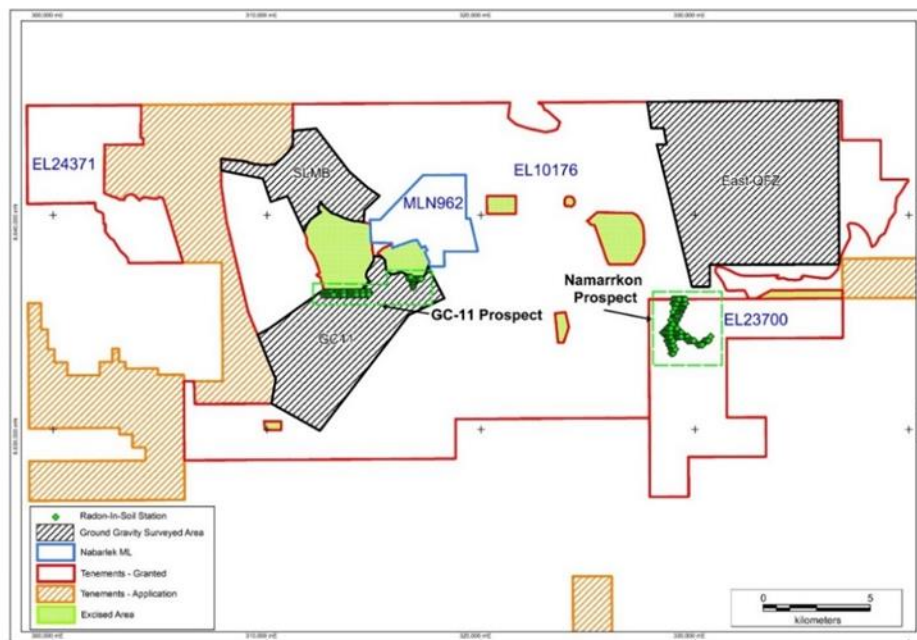


Figure 2. Location map showing areas of follow-up field activities completed at Namarrkon and GC-11 prospects and ground gravity surveys at SMLB, GC-11 and East QFZ prospects.

Ground gravity surveying

Detailed ground gravity surveys were conducted on 100m x 100m stations at three new target areas on the Nabarlek Project for a total coverage of approximately 109km² (see Figure 2 and Figure 3; East QFZ, GC-11 and SMLB prospects). The survey areas were selected on the basis that previous geochemical-based exploration had demonstrated limited effectiveness due to thin but persistent colluvial cover over large areas of poorly exposed basement geology of interpreted Cahill Formation schists and metasediments. All the major uranium deposits in the Alligator Rivers Uranium Province (ARUP) including the Company's Nabarlek uranium mine are hosted in the upper part of the Cahill Formation near the basal unconformity of the overlying Kombolgie Sandstone, and hence large parts of the Nabarlek project are considered prospective for high-grade uranium mineralisation. Uranium mineralisation is not solely restricted to the structures hosting Nabarlek uranium mine. As seen in previous drilling on the Quarry Fault zone, drilling has also intersected high grade uranium mineralisation at U40 prospect (eg. 6.8m @ 6.7% U_3O_8). Ground gravity has an important role in the exploration process through the identification of regional and linked structural trends which when combined with other direct detection methods (airborne radiometric surveys, drilling) can be used to identify favourable zones that could potentially host Nabarlek-style, high grade uranium deposits.

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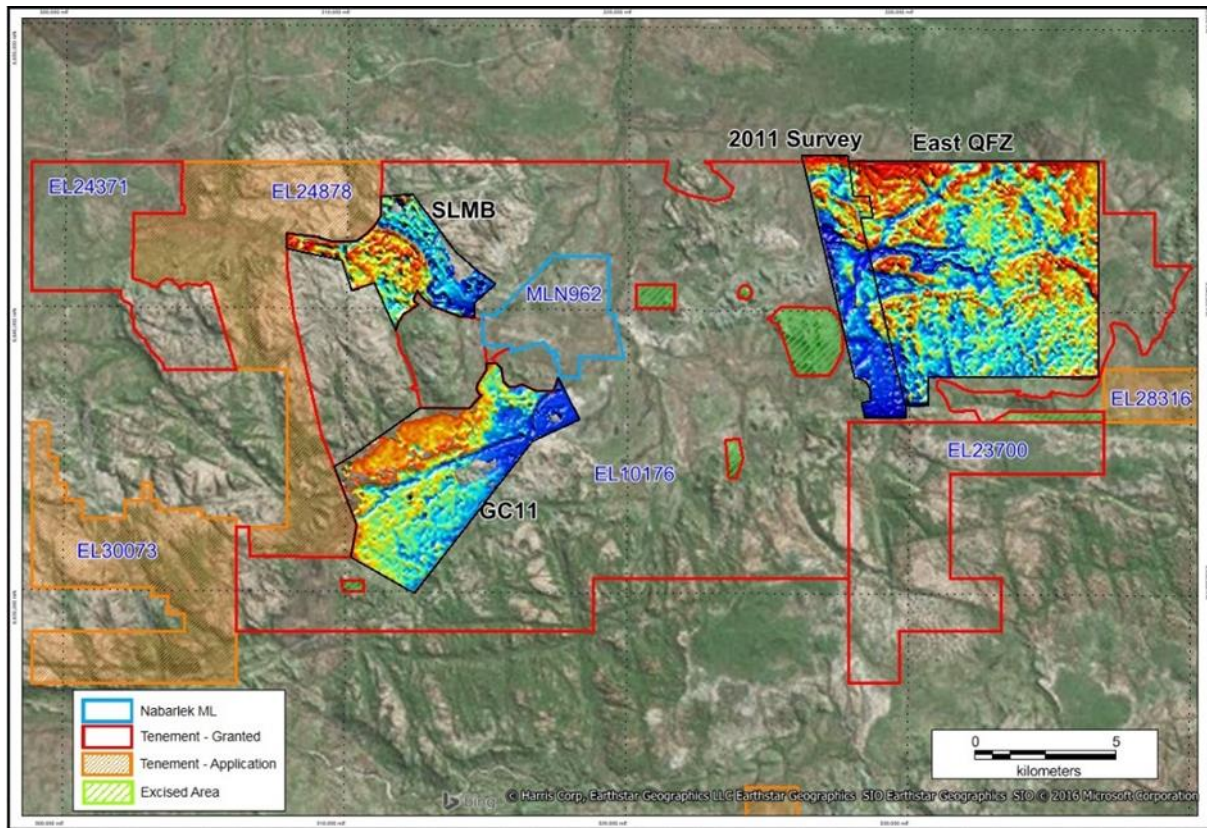


Figure 3. Ground gravity surveying (1st vertical derivative) at the Nabarlek Project. Note the area labelled 2011 survey is a historic survey merged with the current survey data.

Radon-in-soil surveys

The Company has identified high-priority areas of exploration potential in the Nabarlek project that have received inadequate geochemical sampling and two targets were selected for follow-up on the WAJV. A radon-in-soil cup survey was undertaken at Namarrkon and 4 test lines were undertaken at GC-11 using nuclear-track detectors installed on 200m x 100m stations.

Namarrkon (EL23700; West Arnhem Joint Venture)

The Namarrkon target is located along the southern strike extension of the Quarry Fault in an area of outcropping Kombolgie Sandstone which overlies the Cahill Formation at relatively shallow depth (30-60m). A total of 85 stations were set out along the axes of soil-filled valleys that appear to be developed along prominent faults and lineaments (see Figure 3). The majority of the stations cover a north-northwest trending valley along the Quarry Fault and the remainder were laid out along a north-northwest trending side valley parallel to the Lightning Fault (not sampled), and a smaller northeast trending valley which was only partially sampled. Due to the narrow width of the valleys, only 2-11 stations were installed along each of the 200m spaced east-west lines.

The radon-in-soil activity concentrations show a coherent anomaly of about +4000 Bq/m³ extending over a total valley length of approximately 2km with peak values of 53,000 Bq/m³ and 33,000 Bq/m³ (see Figure 2). Local background values are typically below 1200 Bq/m³, as shown by sampling elsewhere in the survey area, so that the peak values are determined as a minimum of approximately 27-44 times background which is considered strongly anomalous.

A separate anomaly with a peak value of approximately 13,000 Bq/m³ is located on the southern-most line of the Quarry Fault. This anomaly is not closed off and additional sampling to the south is warranted.

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Operating and Financial Review

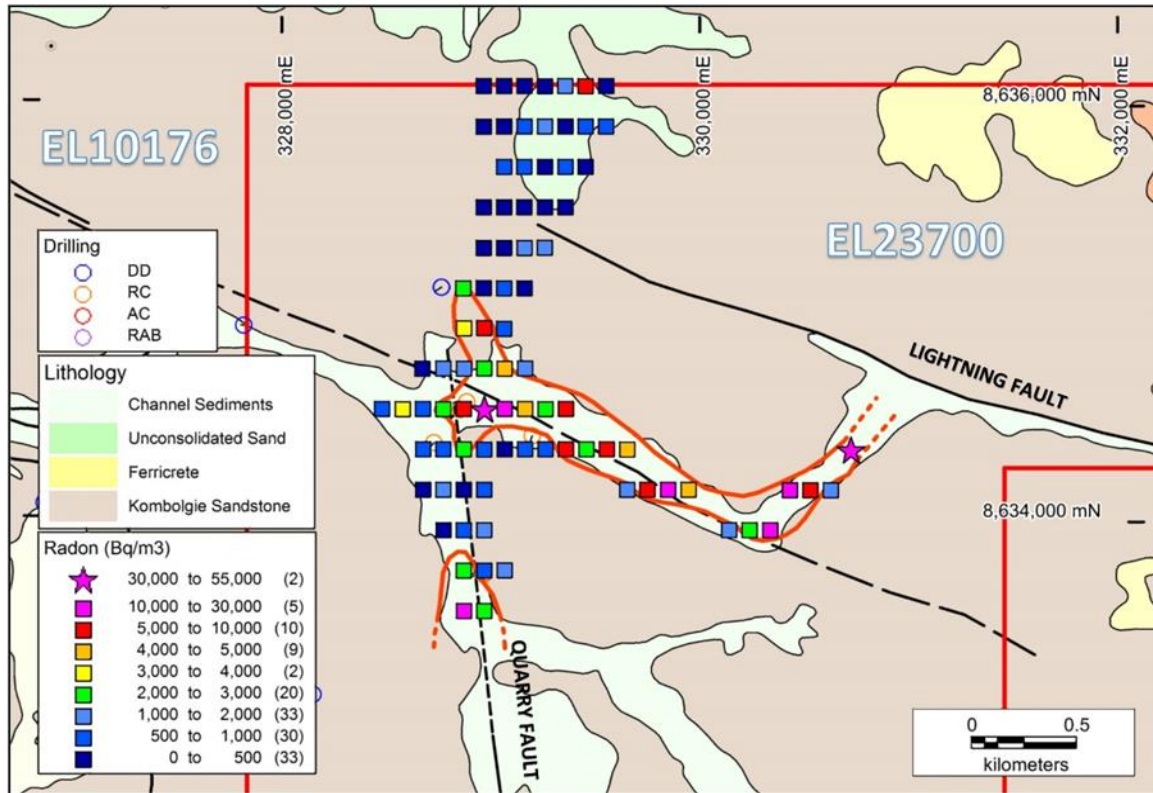


Figure 4. Radon-in-soil survey showing anomalous stations (red outlines) on Oenpelli Sheet 1:100,000 Geology.

A total of 8 historic drill holes are located marginal to the main radon-in-soil anomaly (see Figure 4) and of these only two drill holes have assays recorded for uranium. All historical drill holes are marginal to the main radon-in-soil anomaly and hence the anomaly appears untested.

The historical drilling results do show that in the absence of dolerite, the basal unconformity of the Kombolgie Sandstone is located at a relatively shallow depth and therefore any follow-up drilling would likely test the basal unconformity and the upper part of the Cahill Formation schists in an initial program of relatively shallow depth drill holes (approx. 100-150m).

Surface scintillometer reading identify two isolated areas of elevated radioactivity (each up to 10m x 10m in area) along the south eastern margin of the radon-in-soil anomaly adjacent to an escarpment of Kombolgie Sandstone (see Figure 5). The surface radioactivity recorded at station NM007 is up to a maximum of approximately 970cps (counts per second) and station STN1 of approximately 600cps and both are associated with clay loams developed along higher levels of the valley floor. One soil sample taken at site NM007 returned 88ppm U and Pb207/Pb206 of 0.12, both of which are both considered strongly anomalous. These discrete areas of enhanced radioactivity are interpreted to represent localised faults in the underlying geology where uranium mineralisation has been mobilised to surface.

The Company is encouraged by the results to date on the Namarrkon radon-in-soil anomaly and has designed an RC drill program (approx. 1,500m) to test the prospective basal Kombolgie Sandstone unconformity contact and underlying Cahill Formation basement for the source of the radon anomalism.

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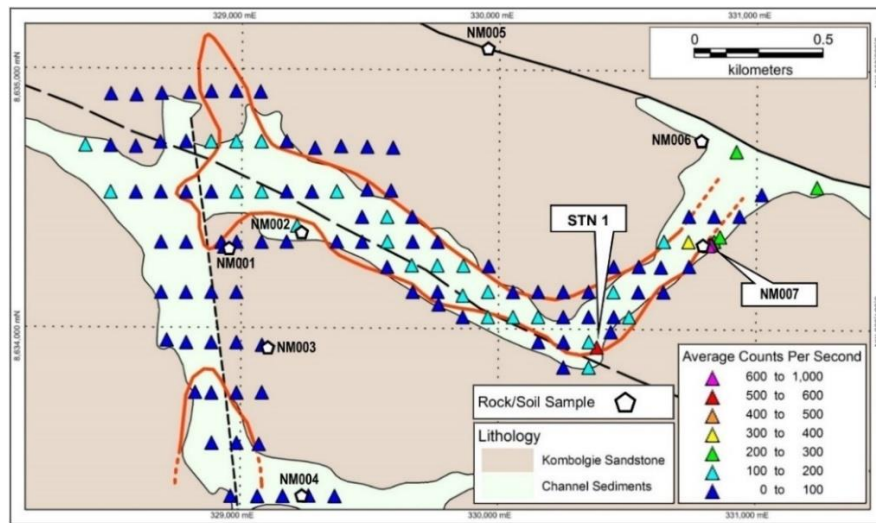


Figure 5. Surface scintillometer survey results, Namarrkon prospect. The red outline defines the radon-in-soil anomalies as shown in Figure 4.

GC-11 prospect (EL10176; West Arnhem Joint Venture)

Four test lines of radon-in-soil stations were completed over two targets at GC-11 prospect to test the application of this technique to areas of extensive colluvial cover (see Figure 6). The eastern survey area overlies a line of RC drilling completed in 2015 which intersected blind uranium mineralisation in the lower section of the Oenpelli Dolerite. A +2000 Bq/m³ radon-in-soil anomaly is identified which is open to the west and south. The western survey lines identified a +2000 Bq/m³ anomaly near the eastern end of the survey lines which is open to the south. There is currently no drilling to confirm the source of the radon-in-soil anomaly and planned field work will further attempt to investigate this anomaly.

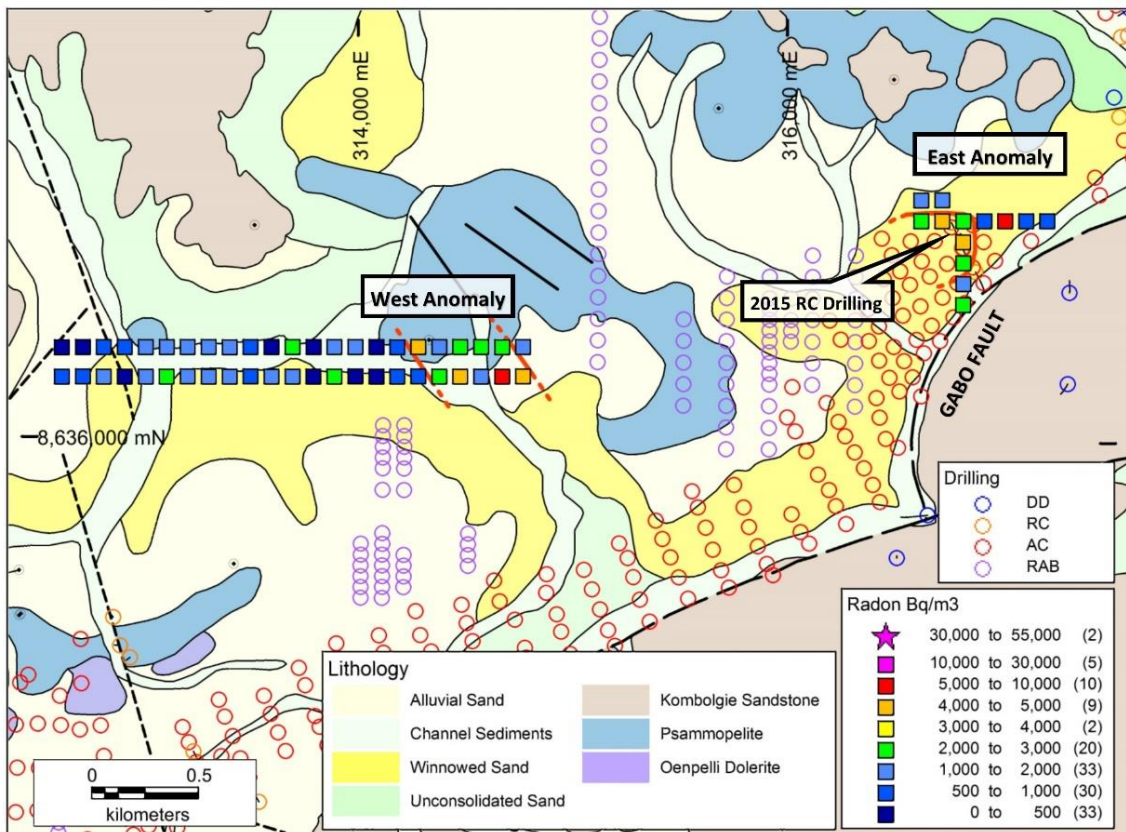


Figure 6. Radon-in-soil surveys at GC-11 prospect. Note the location of 2015 RC drilling over eastern anomaly.

Uranium Equities Limited

Operating and Financial Review

West Arnhem Joint Venture Earn-In update

The Company met the full expenditure commitment of \$2 million pursuant to the terms of the joint venture agreement with Cameco. The expenditure is subject to review by Cameco.

Cameco has clawback rights for 51% of any deposit exceeding 50 million lbs of U_3O_8 within the West Arnhem JV area. EL 10176 and EL24371 are the subject of a 1971 royalty agreement providing for a royalty of 1% of the gross proceeds of sale of Uranium and all other refined saleable substances.

2.3 Other Projects

Arnhem Minerals (NT)

During the reporting period the Company has continued to expedite tenement applications through to grant with the Department of Mines and Energy.

Rudall River (WA)

The Rudall River Project (Uranium Equities 100%) consists of three Exploration Licences covering a total area of 172km². The western-most Exploration Licence adjoins the Cameco/Mitsubishi Kintyre Project (current published NI43-101 compliant measured and indicated resource estimate of 55Mlbs @ 0.58% U_3O_8).

Given its proximity to the Kintyre Project, the Rudall River Project has traditionally been explored for uranium mineralisation over the past 20 years. However, with increased exploration activity in the region – specifically for base and precious metals – the Company has commenced a detailed project-wide review of the exploration potential for other commodities.

Junee Copper Gold (NSW)

The Company was granted an Exploration Licence (EL8622; 281.3km²) in July 2017 securing vacant ground along the Gilmore fault of the central Tasman orogen (Figure 7). The project is located within the boundaries of the East Riverina Mapping Project, a new mapping initiative by the NSW Department of Industry Resources and Energy to integrate new systematic geological mapping with other government geoscience datasets to aid mineral explorers in the region.

The Junee Cu-Au project comprises a sequence of Ordovician/Silurian Junawarra Volcanics and Wagga Group metamorphic rocks juxtaposed along the Gimore Fault zone. The Project contains three historical gold occurrences including the Purple Lady Au mine, Billabong Creek Au and the Riverdale porphyry copper-gold occurrences.

The Company is currently assessing the results of previous exploration to assist with planning additional fieldwork in the 2017 calendar year.

Plateado Cobalt Project (Chile)

During the year the Company entered into a binding option and Joint Venture agreement with Antasitua Chile SPA to earn an 80% interest in the Plateado Cobalt Project in Chile. The Company withdrew from the agreement during the due diligence period in August 2017 following the results from a surface soil sample analysis.

Uranium Equities Limited

Operating and Financial Review

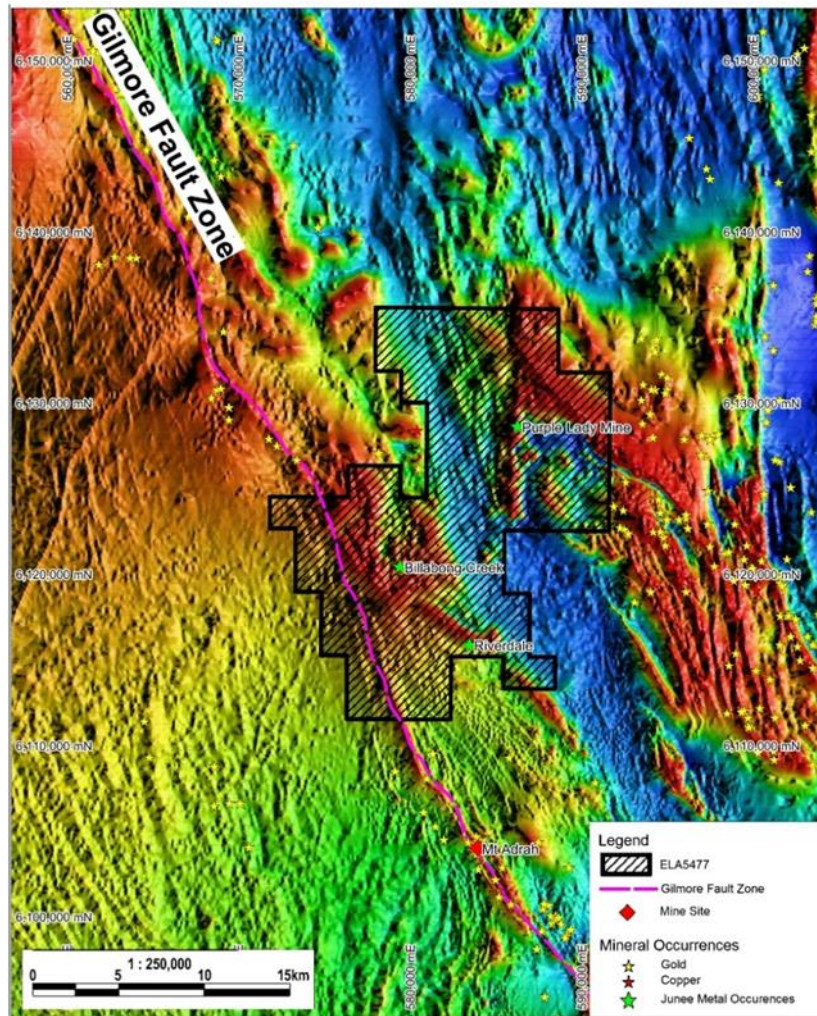


Figure 7. Location map of the Junee Cu-Au Project, central Tasman Orogen, NSW

Dundas Gold Project (WA)

The Company has lodged an Exploration Licence Application (E63/1860; 142.1km²) to secure vacant ground adjacent to Genesis Minerals Limited's Viking Gold Project, hosted within the Albany-Fraser Orogen. The Albany-Fraser Orogen forms part of a regional north-east trending metallogenic belt hosting two of Western Australia's most significant recent mineral discoveries, the Tropicana gold deposit and the Nova-Bollinger nickel deposit.

Recent drilling by Genesis Minerals Limited has intersected high-grade gold mineralisation within the Viking Gold Project, which is directly adjacent to E63/1860. The Company is currently assessing the results of previous exploration to assist with planning additional fieldwork in the 2017 calendar year.

3. SUSTAINABLE DEVELOPMENT

Uranium Equities' activities are directed towards establishing reliable, economic mineral resources through its exploration and business development units. In undertaking these activities, the Company seeks to meet the principles of sustainable development.

The Company recognises that sustainable development requires social, environmental and economic impacts to be balanced in all its operations and it maintains a strong internal emphasis on monitoring social and environmental performance. This is reflected in the Company's Sustainable Development Policy which can be found on the Company's website.

Uranium Equities Limited

Operating and Financial Review

4. INVESTMENTS

PhosEnergy Limited

Uranium Equities retains a 9.9% interest (3,455,371 shares) in the unlisted company PhosEnergy Limited (PEL), a developer of innovative technical and commercial solutions in the recovery of uranium from unconventional uranium sources. The PhosEnergy Process ("Process") is a technology for the extraction of uranium from phosphate streams produced in the production of phosphate-based fertilisers.

PEL and global uranium company Cameco Corporation ("Cameco") are jointly commercialising the Process via a Colorado company called Urtek LLC, which is owned 75 per cent by Cameco and 25 percent by PEL.

An independent Pre-Feasibility Study (PFS) on the Process undertaken by Urtek was completed in 2014, which confirmed the robust operating cost of the Process.

The PFS estimates that a 0.44Mtpa P₂O₅ phosphate facility capable of producing approximately 400,000 pounds of uranium per annum will operate at an estimated cash operating cost of US\$21 per pound. The capital intensity of such a small facility is high compared to conventional mine-mill operations but the life of mine exceeds 25 years in most phosphate facilities operating in the USA.

The Process has been demonstrated on a third party US based phosphate fertilizer facility with the key outcomes of demonstration work including:

- Consistently high uranium extraction (greater than 92 per cent) from the phosphate stream during steady state operation;
- No deleterious build-up of impurities in the extraction media across multiple cycles;
- Chemical and reagent consumptions within expected range;
- Purification and concentration of uranium is achievable without significant uranium losses; and
- The chemistry of the phosphate stream returned to the fertilizer facility is unaffected except for the removal of uranium and vanadium.

Concentrated product from the demonstration plant was shipped to a licensed uranium production facility in Wyoming where the concentrate was converted into a final product for analysis – which indicated production of a saleable final product was achievable through the process.

PEL and Cameco remain committed to the successful commercial application of the process. The investment in PEL provides Uranium Equities with further leverage with continued improvements in the price of uranium.

5. FINANCIAL REVIEW

5.1 Financial Performance

The Group reported a net loss of \$1,186,367 for the year (restated 2016: \$724,807). The current year net loss predominantly relates to the impairment of the PhosEnergy Limited investment and loan to PhosEnergy Limited, as well as the expensing of exploration and evaluation expenditure in accordance with the Group's change in accounting policy.

Corporate and administration expenses have increased by 65% to \$283,058 (2016: \$171,812). The increase mainly relates to an increase in personnel costs with the appointment of two new directors, the resumption of payment of director's fees for Mr Goyder from 1 April 2017 (\$6,264) and the value of the issue of share options vested during the year.

As a cash conservation measure the Board agreed to accrue rather than pay the majority of non-executive director fees from 1 July 2017 until further notice.

5.2 Statement of Cash Flows

Cash and cash equivalents at 30 June 2017 was \$146,071 (2016: \$511,106).

In March 2017, the Company completed a placement raising \$320,000 (before issue costs) at 1 cent per share.

Exploration expenditure decreased by 53% during the year to \$593,779 (restated 2016: \$1,190,282) due to limited funds.

In June 2017, Chairman of the Company, Mr Goyder agreed to establish a loan facility to fund the Company for an amount of up to \$200,000 on normal commercial terms (undrawn at year end).

Uranium Equities Limited

Operating and Financial Review

5.3 Financial Position

At balance date the Group had net liabilities of \$250,621 (restated 2016: net assets of \$706,119), and an excess of current liabilities over current assets of \$241,170 (2016: excess of current assets over current liabilities of \$268,349). The large decrease in net assets is mainly due to the decrease in cash held and the impairment of the investment and loan to PhosEnergy Limited.

A 12 month cash flow forecast suggests that the Company will need to raise additional funds in the coming year to meet its operating expenditure and exploration commitments. If the Company is unable to raise capital, there is a material uncertainty that may cause significant doubt as to whether the Company will be able to continue as a going concern. As a result, the Company's auditors have included in their audit report for the 2017 financial year an "emphasis of matter" paragraph, in relation to going concern.

Current assets decreased by 71% to \$183,097 (2016: \$633,169). The decrease is due to the impairment of the PhosEnergy Loan and a reduction in cash. Non-current assets decreased by 20% due to the impairment of the investment in PhosEnergy Limited.

Current liabilities increased by 16% to \$424,267 in 2017 from \$364,820 in the 2016 financial year. This was mainly attributable to an increase in trade payables.

Brendan Bradley
Managing Director

Competent Person Statement

This information in relation to the Nabarlek Project is extracted from the ASX Announcement entitled 'Quarterly Report for the Quarter Ended 30th September 2016' created on 31st October 2016 and available to view at www.uel.com.au.

The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Forward Looking Statement

This report contains forward-looking statements which involve a number of risks and uncertainties. These forward looking statements are expressed in good faith and believed to have a reasonable basis. These statements reflect current expectations, intentions or strategies regarding the future and assumptions based on currently available information. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary from the expectations, intentions and strategies described in this announcement. No obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.

Uranium Equities Limited

Tenement Schedule

| Australian State/ Country | Project | Tenement | Status | Current Equity |
|------------------------------|-----------------|----------|-------------|----------------|
| NT | Nabarlek | EL10176 | Granted | 40% |
| | | EL24371 | Granted | 40% |
| | | EL23700 | Granted | 40% |
| | | ELA24878 | Application | 40% |
| | | EL31519 | Application | 100% |
| | | EL31520 | Application | 100% |
| | | EL31521 | Application | 100% |
| | | EL31522 | Application | 100% |
| | | EL31523 | Application | 100% |
| | | MLN962 | Granted | 100% |
| | Arnhem Minerals | ELA25384 | Application | 100% |
| | | ELA25385 | Application | 100% |
| | | ELA25386 | Application | 100% |
| | | ELA25387 | Application | 100% |
| | | ELA25389 | Application | 100% |
| | | ELA25391 | Application | 100% |
| | | ELA25393 | Application | 100% |
| | Headwaters | ELA27153 | Application | 100% |
| | | ELA27513 | Application | 100% |
| | | ELA27514 | Application | 100% |
| | | ELA27515 | Application | 100% |
| | Woodside | ELA29947 | Application | 100% |
| | Browse | ELA29945 | Application | 100% |
| | Cadel North | ELA28316 | Application | 100% |
| | Aurari Bay | ELA29897 | Application | 100% |
| | Pluto | ELA30073 | Application | 100% |
| NSW | Junee | EL8622 | Granted | 100% |
| WA | Rudall River | E45/3118 | Granted | 100% |
| | | E45/3119 | Granted | 100% |
| | | E45/3126 | Granted | 100% |
| | Dundas | E63/1860 | Application | 100% |

Uranium Equities Limited

Directors' Report

The directors present their report together with the financial statements of the Group consisting of Uranium Equities Limited ('Uranium Equities' or 'the Company') and its controlled entities ('the Group') for the financial year ended 30 June 2017 and the independent auditor's report thereon.

1. Directors

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

| Name, qualifications and independence status | Experience, special responsibilities and other directorships |
|--|---|
| T R B Goyder Chairman | Tim has considerable years' experience in the resource industry. He has been involved in the formation and management of a number of publicly-listed companies and is currently Managing Director of Chalice Gold Mines Limited (since 2006), Chairman of Lontown Resources Limited (since 2006) and a Director of PhosEnergy Limited (since 2013) and Strike Energy Limited (since 2017). He has been a Director since 2002 and Chairman since November 2013. |
| B J Bradley BSc, Hons, MAIG Managing Director Appointed 1 June 2017 | Mr Bradley is a geologist with over 20 years of mineral exploration, mining and resource development experience in a broad range of geological settings. For the past eight years, he has been working in the Asian region in a variety of business development roles for mid-tier gold miners Kingsgate Consolidated and Dominion Mining. Mr Bradley holds a Bachelor of Applied Science with Honours and is a Member of the Australian Institute of Geoscientists. |
| B L Jones BAppSc, MMinEng, FAusIMM Non-executive Director | Bryn is an Industrial Chemist with extensive experience in the uranium industry, particularly in the development of the PhosEnergy Process and operation of In-Situ Recovery (ISR) mines gained during his time at Heathgate Resources, the operator of the Beverley Uranium Mine. Bryn has also worked for Worley Parsons on the Olympic Dam Expansion Project and consulted on various ISR operations around the world. Bryn is Managing Director of PhosEnergy Limited (since 2013) and Chief Operating Officer of Laramide Resources Ltd. He has been a Director of the Company since 2009 and is a member of the Company's Audit Committee. |
| R K Hacker B.Com, CA, ACIS Independent Non-executive Director | Richard has significant professional and corporate experience in the energy and resources sector in Australia and the United Kingdom. Richard has previously worked in senior finance roles with global energy companies including Woodside Petroleum Limited and Centrica Plc. He is a Chartered Accountant and Chartered Secretary. Richard has been a Director since 2013 and is the Chairman of the Company's Audit Committee. |
| Dr K M Frost BSc, Hons, PhD, MAIG Non-executive Director Appointed 9 February 2017 | Dr. Frost is an exploration geologist with over 25 years' experience in mostly senior roles with a range of mining companies from junior explorers through to international mining houses. Dr. Frost has a solid understanding of economic geology from a background in project generation and evaluation of exploration projects from grass roots through to mining, and in 2009 he was a joint recipient of the AMEC Prospectors award for the discovery of the Spotted Quoll nickel sulphide deposit located in the Forrestania greenstone belt of Western Australia. Dr. Frost was also responsible for Western Area Limited's first significant nickel sulphide discovery (Flying Fox, 2003) which propelled Western Areas through to its current position as a dominant player in the nickel sulphide market. Dr. Frost was part of Western Area's team that progressed both nickel sulphide discoveries through to feasibility studies and ultimately through to mine production. Dr Frost is a member of the Company's Audit Committee. |

2. Company secretary

| | |
|----------------------------------|---|
| K A Verheyen B.Com, CA | Kym is a Chartered Accountant with over 25 years' experience gained in both public practice and commerce. Kym commenced her career with Deloitte and has since held finance positions in a diverse range of industries. Kym is also the Company Secretary of Lontown Resources Limited. |
|----------------------------------|---|

Uranium Equities Limited

Directors' Report

3. Directors' meetings

The number of directors' meetings (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

| Director | Directors' Meetings | Audit | Remuneration** | Nomination** |
|---|---------------------|-------|----------------|--------------|
| Number of meetings held: | 4 | 2 | - | - |
| Number of meetings attended: | | | | |
| T R B Goyder | 4 | 2 | - | - |
| B J Bradley (appointed 1 June 2017) | 1 | - | - | - |
| B L Jones | 4 | 1 | - | - |
| R K Hacker | 4 | 2 | - | - |
| Dr K M Frost (appointed 9 February 2017) | 3 | 1 | - | - |

**The full Board did not officially convene as a nomination or remuneration committee during the reporting period, however, nomination and remuneration discussions occurred at Board meetings as required.

On 20 June 2017 the Board resolved to appoint a separate Audit Committee due to the increase in the number of board members.

In addition, during the year, certain matters were attended to by circular resolutions.

Given the current size and composition of the Board, the Company has not established a separate remuneration or nomination committee.

4. Principal activities

The principal activities of the Group during the course of the financial year were mineral exploration and evaluation and there have been no significant changes in the nature of those activities during the year.

5. Operating and Financial Review

The directors of Uranium Equities Limited present the Operating and Financial Review of the Group, prepared in accordance with section 299A of the Corporations Act 2001 for the year ended 30 June 2017. The information provided in this review forms part of the Directors' Report and provides information to assist users in assessing the operations, financial position and business strategies of the Company. Please refer to page 3 for further details.

6. Significant changes in the state of affairs

Other than the progress documented above, the state of affairs of the Group was not affected by any other significant changes during the year.

7. Remuneration report – audited

7.1 Introduction

This remuneration report for the year ended 30 June 2017 outlines remuneration arrangements in place for directors and other members of the key management personnel ("KMP") of Uranium Equities in accordance with the requirements of the Corporations Act 2001 (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report details the remuneration for key management personnel who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company, or any controlled entity. KMPs during or since year end were:

(i) Directors

T R B Goyder (Chairman)
 B J Bradley (Managing Director) (appointed 1 June 2017)
 B L Jones (Non-executive Director)
 R K Hacker (Non-executive Director)
 Dr K M Frost (Non-executive Director) (appointed 9 February 2017)

There were no other changes to KMP after the reporting date and before the date the financial report was authorised for issue.

Uranium Equities Limited

Directors' Report

7.1.1 Remuneration philosophy

The performance of the Company depends upon the quality of the directors and executives. The philosophy of the Company in determining remuneration levels is to set competitive remuneration packages to attract and retain high calibre employees and to link a significant component of executive rewards to shareholder value creation. The size, nature and financial strength of the Company are also taken into account when setting remuneration levels so as to ensure that the operations of the Company remain sustainable.

7.1.2 Remuneration committee

The Board performs the role of the Remuneration Committee and is responsible for determining and reviewing compensation arrangements for the directors, the Managing Director (or equivalent) and any executives.

7.1.3 Remuneration Structure

In accordance with best practice corporate governance, the structure of non-executive and executive remuneration is separate and distinct.

a) Non-executive director remuneration

The Board recognises the importance of attracting and retaining talented non-executive directors and aims to remunerate these directors in line with fees paid to directors of companies of a similar size and complexity in the mining and exploration industry. The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The Company's Constitution and the ASX Listing Rules specify that the aggregate fees to be paid to non-executive directors for their role as a director are to be approved by shareholders at a general meeting. The latest determination was at the 2006 AGM, whereby Shareholders approved an aggregate amount of up to \$200,000 per year (including superannuation).

The amount of total compensation apportioned amongst directors is reviewed annually and the Board considers advice from external shareholders as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process. The Board will not seek any increase for the non-executive pool at the 2017 AGM.

The remuneration of non-executive directors consists of directors' fees. Each director receives a fee for being a director of the Company. No additional fees are paid for each Board committee which a director sits due to the size of the Company. The non-executive directors are not entitled to receive retirement benefits and, at the discretion of the Board, may participate in the Employee Share Option Plan, subject to the usual approvals required by shareholders.

The Board considers it may be appropriate to issue options to non-executive directors given the current nature and size of the Company as, until profits are generated, conservation of cash reserves remains a high priority. Any options issued to directors will require separate shareholder approval.

Apart from their duties as directors, some non-executive directors may undertake work for the Company on a consultancy basis pursuant to the terms of consultancy services agreement. The nature of the consultancy work varies depending on the expertise of the relevant non-executive director. Under the terms of these consultancy agreements non-executive directors would receive a daily rate or a monthly retainer for the work performed at a rate comparable to market rates that they would otherwise receive for their consultancy services.

Non-executive directors are not eligible to participate in the Company's LTIP.

As a cash conservation measure the Board agreed to accrue rather than pay the majority of non-executive director fees from 1 July 2017 until further notice. At 30 June 2017 the balance of non-executive directors' fees owing was nil (2016: \$9,098).

The remuneration of non-executive directors for the year ended 30 June 2017 is detailed in section 7.2 of this report.

b) Executive remuneration

The Company's executive remuneration strategy is designed to attract, motivate and retain high performance individuals and align the interests of executives and shareholders. Remuneration consists of fixed remuneration and variable remuneration (comprising short-term and long-term incentive schemes).

Fixed remuneration

Fixed remuneration is reviewed as required by the Board by a process which consists of a review of relevant comparative remuneration in the market and, where appropriate, external advice on policies and practices.

Uranium Equities Limited

Directors' Report

Variable remuneration - Employee Long Term Incentive Plan (LTIP)

The Employee Long Term Incentive Plan ("LTIP"), allows the Board to grant performance-based rights linked to measurable achievements to employees of the Company, including executive directors ("Performance Rights"). Performance Rights convert into fully paid ordinary shares in the Company when the particular vesting conditions are met. The LTIP was last approved by shareholders on 24 May 2013.

Whilst the LTIP is currently not being utilised, the Company believes that in the future, grants of Performance Rights made to eligible participants under the LTIP provides a powerful tool to underpin the Company's employment and growth strategy. In particular the LTIP will:

- (a) enable the Company to recruit and retain the people needed to achieve the Company's business objectives;
- (b) link the reward of key staff with the achievements of strategic goals and the long term performance of the Company;
- (c) align the financial interest of participants of the LTIP with those of shareholders; and
- (d) provide incentives to participants of the LTIP to focus on superior performance that creates shareholder value.

A summary of the LTIP is as follows:

| Feature | Details |
|----------------------------------|--|
| Eligibility | All full-time employees and permanent part-time employees (including executive directors and the managing director) of the Company are eligible participants. Shareholder approval is required before any director or related party of the Company can participate in the LTIP. |
| Award quantum | The award quantum will be determined in consideration of total remuneration of the individual, market relativities and business affordability. The LTIP does not set out a maximum number of shares that may be issuable to any one person, other than a 5% limit of the total number of issued shares. |
| Performance & Service conditions | The performance conditions that must be satisfied in order for the performance rights to vest are determined by the Board. The performance conditions may include one or more of the following: <ul style="list-style-type: none"> • Employment of a minimum period of time following the issue of unlisted Performance Rights; • Achievement of specific objectives by the participant and/or the Company. This may include the achievement of share price targets and other major long term milestone targets; or • Such other performance objectives as the Board may determine. |
| Vesting | Vesting will occur at the end of a defined period and upon the achievement of the performance and service conditions. |
| Term and lapse | The term of the performance rights is determined by the Board in its absolute discretion, but will ordinarily have a three year term up to a maximum of five years. Performance Rights are subject to lapsing if performance conditions are not met by the relevant measurement date or expiry date (if no other measurement date is specified) or if employment is terminated for cause or in circumstances as described below. |
| Price Payable by Participant | No consideration. |
| Cessation of Employment | If an employee leaves the Company prior to the expiration of the relevant vesting period for a particular award of performance rights, generally such performance rights would lapse except in certain limited situations such as disability, redundancy or death. |

Variable remuneration - Employee and Consultants Option Plan

Options may be issued under the Employee and Consultants Option Plan to directors (subject to shareholder approval), employees and consultants of the Company and, subject to discretion of the directors, vested options must be exercised within 3 months of termination. Typically, other than continuing to provide services to the Company, there is no performance hurdle required to be achieved by the Company to enable the options to be exercised.

Uranium Equities Limited

Directors' Report

The Company believes that the issue of share options in the Company aligns the interests of directors, employees and shareholders alike. As no formal performance hurdles are set on options issued to executives, the Company believes that as options are issued at a price in excess of the Company's current share price at the date of issue of those options, there is an inherent performance hurdle as the share price of the Company's shares has to increase before any reward can accrue to the executive.

The Company's Securities Trading Policy prohibits options being exercised or the use of derivatives to limit risk in a closed period or whilst an option holder has price sensitive inside information.

Short term incentive schemes

The Company currently has no formal performance related remuneration policy which governs the payment of annual cash bonuses upon meeting pre-determined performance targets. However, the board may consider performance related remuneration in the form of cash or share options when they consider these to be warranted.

Employment contracts

Remuneration arrangements for KMP are generally formalised in employment agreements. Details of these contracts are provided below.

| Name and Job Title | Employment Contract Duration | Notice Period | Termination Provisions |
|---|------------------------------|--|------------------------|
| Executive Director B J Bradley Managing Director | Unlimited | 3 months by the Company and the employee | Nil |

Uranium Equities Limited

Directors' Report

7.2 Directors' and executive officers' remuneration

Details of the nature and amount of each major element of remuneration of each director of the Company and other key management personnel are:

| | | Short-term payments | | | Post-employment payments | Termination benefits | Share-based payments | Total | |
|---|------|---------------------|-----------------------|---------|--------------------------|----------------------|----------------------|---------|--|
| Consolidated and the Company Key Management Personnel | | Salary & fees (C) | Non-monetary benefits | Total | Superannuation benefits | | Options (A) | | Proportion of remuneration performance related % |
| | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | |
| Directors | | | | | | | | | |
| T R B Goyder (B) | 2017 | 5,721 | 3,238 | 8,959 | 543 | - | 7,557 | 17,059 | - |
| | 2016 | - | 3,174 | 3,174 | - | - | - | 3,174 | - |
| B J Bradley (appointed 1 June 2017) | 2017 | 18,333 | 266 | 18,599 | 1,742 | - | - | 20,341 | - |
| | 2016 | - | - | - | - | - | - | - | - |
| B L Jones | 2017 | 22,883 | 3,238 | 26,121 | 2,174 | - | 7,557 | 35,852 | - |
| | 2016 | 30,525 | 3,174 | 33,699 | 2,972 | - | - | 36,671 | - |
| R K Hacker | 2017 | 22,883 | 3,238 | 26,121 | 2,174 | - | 7,557 | 35,852 | - |
| | 2016 | 22,125 | 3,174 | 25,299 | 2,174 | - | - | 27,473 | - |
| Dr K M Frost (appointed 9 February 2017) | 2017 | 9,535 | 1,259 | 10,794 | 906 | - | 7,718 | 19,418 | - |
| | 2016 | - | - | - | - | - | - | - | - |
| Executives | | | | | | | | | |
| Dr K M Frost (resigned March 2016) | 2017 | - | - | - | - | - | - | - | - |
| | 2016 | 112,958 | - | 112,958 | 10,468 | - | - | 123,426 | - |
| Total Compensation | 2017 | 79,355 | 11,239 | 90,594 | 7,539 | - | 30,389 | 128,522 | - |
| | 2016 | 165,608 | 9,522 | 175,130 | 15,614 | - | - | 190,744 | - |

Uranium Equities Limited

Directors' Report

Notes in relation to the table of directors' and executive officers' remuneration

- A. The fair value of the options are calculated at the date of grant using a Black Scholes option pricing model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed is the portion of the fair value of the options allocated to this reporting period. In valuing the options, market conditions have been taken into account. (Refer to note 18).
- B. Mr Goyder suspended his director's fee from 1 January 2015 to 31 March 2017 to assist in conserving the Company's cash reserves. From 1 April 2017 Mr Goyder received a non-executive director fee of \$25,056 per annum (inclusive of superannuation).
- C. As a cash conservation measure the Board agreed to accrue rather than pay the majority of non-executive director fees from 1 July 2017 until further notice. At 30 June 2017 the balance of non-executive directors' fees owing was nil (2016: \$9,098).

7.3 Equity instruments

7.3.1 Employee share options

During the reporting period 12,000,000 options were granted to non-executive directors as per the table below. No further options over ordinary shares in the Group were granted or vested as compensation to KMP.

| | Number of options granted during 2017 | Grant date | Exercise Price \$ | Fair value of options at grant date \$ | Expiry date | Number of options vested during 2017 |
|------------------|---------------------------------------|-------------|-------------------|--|-------------|--------------------------------------|
| Directors | | | | | | |
| T R B Goyder | 3,000,000 | 30 Nov 2016 | 0.025 | 7,557 | 30 Nov 2021 | 3,000,000 |
| B L Jones | 3,000,000 | 30 Nov 2016 | 0.025 | 7,557 | 30 Nov 2021 | 3,000,000 |
| R K Hacker | 3,000,000 | 30 Nov 2016 | 0.025 | 7,557 | 30 Nov 2021 | 3,000,000 |
| K Frost | 3,000,000 | 14 Oct 2016 | 0.025 | 7,718 | 30 Nov 2021 | 3,000,000 |

During the reporting period, no shares were issued on the exercise on share options granted as compensation and no options previously granted as compensation were forfeited/lapsed.

7.3.2 Employee long term incentive plan – performance rights

There were no performance rights over ordinary shares in the Company granted as compensation during the reporting period. During the reporting period there was no vesting of performance rights previously granted as compensation or forfeited/lapsed.

7.3.3 Equity holdings of key management personnel

Movement in Options

The movement during the reporting period in the number of options over ordinary shares in Uranium Equities held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

| | Held at 1 July 2016 | Granted as compensation | Exercised | Expired/ Forfeited | Held at 30 June 2017 | Vested during the year | Vested and exercisable at 30 June 2017 |
|------------------|---------------------|-------------------------|-----------|--------------------|----------------------|------------------------|--|
| Directors | | | | | | | |
| T R B Goyder | - | 3,000,000 | - | - | 3,000,000 | 3,000,000 | 3,000,000 |
| B L Jones | - | 3,000,000 | - | - | 3,000,000 | 3,000,000 | 3,000,000 |
| R K Hacker | - | 3,000,000 | - | - | 3,000,000 | 3,000,000 | 3,000,000 |
| K Frost | - | 3,000,000 | - | - | 3,000,000 | 3,000,000 | 3,000,000 |

On 1 June 2017, the board resolved, subject to shareholder approval at the Company's upcoming 2017 Annual General Meeting, to grant Mr Bradley 5,000,000 unlisted options with an exercise price of 2.5 cents and expiring on 30 November 2021.

Uranium Equities Limited

Directors' Report

Movement in Performance Rights

There were no movements during the reporting period of performance rights over ordinary shares.

Movement in Ordinary Shares

The movement during the reporting period in the number of ordinary shares in Uranium Equities held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

| | Held at 1 July 2016 | Purchases | Sales | Held at 30 June 2017 |
|------------------|------------------------|------------|-------|-------------------------|
| Directors | | | | |
| T R B Goyder | 170,575,354 | 17,070,254 | - | 187,645,608 |
| B J Bradley | - | - | - | - |
| B L Jones | 4,245,583 | 1,000,000 | - | 5,245,583 |
| R K Hacker | 3,325,545 | - | - | 3,325,545 |
| Dr K M Frost | - | - | - | - |

7.3.4 Other transactions with key management personnel and their related parties

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

A number of these entities transacted with the Company or its subsidiaries in the reporting period. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

Individual directors' and executives' compensation disclosures

Information regarding individual directors' and executives' compensation is provided in Section 7.2.

Loans to/from key management personnel and their related parties

Loans made to key management personnel and their related parties is as follows:

| | Balance at beginning of year | Loans made during the year | Interest charged | Interest not charged | Write-off or allowance for doubtful debt | Balance at end of period | Number of KMP in group |
|------|------------------------------------|-------------------------------------|---------------------|----------------------------|--|--------------------------------|---------------------------|
| 2017 | 60,840 | - | 4,250 | - | 65,090 | - | 2 |
| 2016 | 56,579 | - | 4,261 | - | - | 60,840 | 2 |

A loan of \$50,000 to PhosEnergy Limited was made in the 2014 financial year as part of the demerger of the Company's PhosEnergy Process assets. The loan expiry date has been extended to 31 December 2018. The loan has an interest rate of 8.5% per annum.

A provision for doubtful debts has been raised against the loan during the year based on PhosEnergy's working capital deficit and deficiency of tangible assets as at 30 June 2017. Whilst the Directors believe there is significant value in the intangible assets of PhosEnergy they are not readily convertible into cash therefore a conservative approach has been taken to fully impair the loan.

In June 2017, Chairman of the Company, Mr Goyder agreed to establish a loan facility to the Company for an amount of up to \$200,000. Interest is payable at the prevailing ANZ business mortgage index rate plus 2%. The loan is repayable by 31 December 2017 and if not repaid by that date, subject to shareholder approval, Mr Goyder could elect to convert the outstanding balance into fully paid ordinary shares at the 20 day VWAP share price prior to 31 December 2017. However if the election to convert is chosen the interest rate from 31 December 2017 until the repayment of the loan shall be increased by 3%.

Uranium Equities Limited

Directors' Report

The aggregate amounts recognised during the year relating to key management personnel and their related parties were as follows:

| Key management persons | Transaction | 2017 \$ | 2016 \$ |
|---|--|------------|------------|
| T Goyder; R Hacker and Dr K M Frost | Corporate Service Charge and KMP geological services (i) | (96,813) | (66,000) |

- (i) The Group receives corporate services including office rent and facilities, management and accounting services under a Corporate Services Agreement with Chalice Gold Mines Limited and KMP geological services. Messrs Goyder, Hacker and Frost are all KMP's of Chalice Gold Mines Limited. Amounts billed are based on a proportionate share of the cost to Chalice Gold Mines Limited of providing the services and have normal payment terms.

Amounts payable to key management personnel at reporting date arising from these transactions were as follows:

| Assets and liabilities arising from the above transactions | 2017 \$ | 2016 \$ |
|--|------------|------------|
| Accrued expenses | 8,248 | 5,500 |
| Trade payables | 7,287 | - |
| | 15,535 | 5,500 |

8. Dividends

No dividends were declared or paid for the previous year and the directors recommend that no dividend be paid for the current year.

9. Events subsequent to reporting date

There were no other events subsequent to reporting date requiring disclosure in this report.

10. Likely developments

The Company will continue activities in the exploration and evaluation of uranium projects with the objective of establishing a significant uranium production business. The Company may also consider the acquisition of other resource projects and commodities if opportunities arise.

11. Directors' interests

The relevant interest of each director in the shares, rights or options over such instruments issued by the Company and other related bodies corporate, as notified by the directors to the ASX in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

| | Ordinary shares | Options over Ordinary shares | Performance Rights |
|--------------|-----------------|------------------------------|--------------------|
| T R B Goyder | 187,645,608 | 3,000,000 | - |
| B J Bradley | - | - | - |
| B L Jones | 5,245,583 | 3,000,000 | - |
| R K Hacker | 3,325,545 | 3,000,000 | - |
| Dr K M Frost | - | 3,000,000 | - |

12. Options & Performance Rights

Unissued shares under options

At the date of this report, 14,800,000 unissued ordinary shares (14,800,000 at reporting date) of the Company are under option on the following terms and conditions:

| Expiry Date | Exercise Price (\$) | Number of Options |
|------------------|---------------------|-------------------|
| 30 November 2021 | 0.025 | 14,800,000 |

Unless exercised, these options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

Uranium Equities Limited

Directors' Report

On 1 June 2017, the board resolved, subject to shareholder approval at the Company's upcoming 2017 Annual General Meeting, to grant Mr Bradley 5,000,000 unlisted options with an exercise price of 2.5 cents and expiring on 30 November 2021.

Unissued shares under Performance rights

At the date of this report, no unissued ordinary shares of the Company are under unlisted performance rights.

Performance Rights

At the date of this report there were no Performance Rights issued.

Shares issued on exercise of options and Performance Rights

No shares were issued during or since the end of the year as a result of the exercise of options or vesting of Performance Rights.

13. Environmental Legislation

The Company is subject to environmental legislation and obligations within the jurisdictions in which it operates, which during the period has been primarily in the state of Northern Territory.

14. Indemnification and insurance of directors and officers

The Company has agreed to indemnify all the directors and officers of the Company or its controlled entities during this financial year, against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as directors or officers of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

During the financial year the Company has paid insurance premiums of \$14,475 in respect of Directors' and Officers' liability contracts, for current and former directors and officers, including executive officers of the Company and directors and executive officers and secretaries of its controlled entities. The insurance premiums relate to:

- costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome; and
- other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

The amount of insurance paid is included in directors' and executives' remuneration.

15. Proceedings on behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

16. Non-audit services

During the year HLB Mann Judd, the Company's auditor has performed no other services in addition to their statutory audit duties.

17. Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 24 and forms part of the directors' report for financial year ended 30 June 2017.

18. Corporate Governance

The directors of the Group support and adhere to the principles of corporate governance, recognising the need for the highest standard of corporate behaviour and accountability. Please refer to the corporate governance statement dated 21st September 2017 released to ASX and posted on the Company website at www.uel.com.au/governance.

This report is made in accordance with a resolution of the directors:



Brendan Bradley
Managing Director

Dated at Perth this the 21st day of September 2017.

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Uranium Equities Limited for the year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.



Perth, Western Australia
21 September 2017

L Di Giallonardo
Partner

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

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Liability limited by a scheme approved under Professional Standards Legislation

Uranium Equities Limited
Consolidated Statement of Comprehensive Income
For the year ended 30 June 2017

| | Note | 2017 \$ | Restated 2016* \$ |
|--|-------|--------------------|----------------------|
| Other income | | | |
| Profit on sale of available-for-sale assets | 3(a) | - | 325,699 |
| Total other income | | - | 325,699 |
| Exploration and evaluation expenditure expensed | 6 | (593,779) | (1,190,282) |
| Business Development costs | | (76,996) | - |
| Corporate and administration expenses | 4(a) | (283,058) | (171,812) |
| Impairment loss of available-for-sale assets | | (189,769) | - |
| Loss on disposal of fixed assets | | (64,519) | - |
| Impairment of PhosEnergy Limited loan | 12 | (65,090) | - |
| Results from operating activities | | (1,273,211) | (1,036,395) |
| Finance income | 8 | 50,114 | 56,298 |
| Finance costs | 8 | (60,727) | (59,074) |
| Net finance income | | (10,613) | (2,776) |
| Loss before income tax | | (1,283,824) | (1,039,171) |
| Income tax benefit | 9 | 97,457 | 314,364 |
| Loss for the period attributable to owners of the Company | | (1,186,367) | (724,807) |
| Other comprehensive income | | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Net change in fair value of available for sale financial assets | 19(d) | (155,768) | (345,537) |
| Total other comprehensive loss | | (155,768) | (345,537) |
| Total comprehensive loss for the period attributable to owners of the Company | | (1,342,135) | (1,070,344) |
| Earnings per share | | | |
| Basic loss per share attributable to ordinary equity holders (cents per share) | 10 | (0.189) | (0.121) |
| Diluted loss per share attributable to ordinary equity holders (cents per share) | 10 | (0.189) | (0.121) |

* The 30 June 2016 consolidated statement of comprehensive income has been restated pursuant to the Company's voluntary change in accounting policy for exploration and evaluation expenditure (note 1d)).

The consolidated statement of comprehensive income is to be read in conjunction with the notes to the financial statements.

Uranium Equities Limited

Consolidated Statement of Financial Position

As at 30 June 2017

| | Note | 2017 \$ | Restated 2016* \$ | Restated 1 July 2015* \$ |
|--------------------------------------|-------|------------------|-------------------------|--------------------------------|
| Current assets | | | | |
| Cash and cash equivalents | 11 | 146,071 | 511,106 | 284,783 |
| Trade and other receivables | 12 | 37,026 | 122,063 | 109,126 |
| Total current assets | | 183,097 | 633,169 | 393,909 |
| Non-current assets | | | | |
| Restricted cash | 13 | 1,612,099 | 1,602,099 | 1,614,273 |
| Available-for-sale investments | 14 | - | 345,537 | 859,166 |
| Property, plant and equipment | 15 | 7,185 | 72,523 | 85,810 |
| Total non-current assets | | 1,619,284 | 2,020,159 | 2,559,249 |
| Total assets | | 1,802,381 | 2,653,328 | 2,953,158 |
| Current liabilities | | | | |
| Trade and other payables | 16 | 161,041 | 107,744 | 239,600 |
| Provisions | 17 | 257,155 | 256,696 | 523,750 |
| Employee benefits | 18 | 6,071 | 380 | 265 |
| Total current liabilities | | 424,267 | 364,820 | 763,615 |
| Non-current liabilities | | | | |
| Provisions | 17 | 1,628,735 | 1,582,389 | 1,568,698 |
| Total non-current liabilities | | 1,628,735 | 1,582,389 | 1,568,698 |
| Total liabilities | | 2,053,002 | 1,947,209 | 2,332,313 |
| Net (liabilities)/assets | | (250,621) | 706,119 | 620,845 |
| Equity | | | | |
| Share capital | 19(a) | 50,172,877 | 49,825,074 | 48,669,456 |
| Reserves | 19(d) | 37,592 | 155,768 | 501,305 |
| Accumulated losses | | (50,461,090) | (49,274,723) | (48,549,916) |
| Total equity | | (250,621) | 706,119 | 620,845 |

* The 1 July 2015 and 30 June 2016 consolidated statements of financial position have been restated pursuant to the Company's voluntary change in accounting policy for exploration and evaluation expenditure (note 1d)).

The consolidated statement of financial position is to be read in conjunction with the notes to the financial statements.

Uranium Equities Limited

Consolidated Statement of Changes in Equity

For the year ended 30 June 2017

Attributable to equity holders of the Group

| | Note | Share capital \$ | Share-based payments reserve \$ | Fair value reserve \$ | Accumulated losses \$ | Total \$ |
|---|------|---------------------|------------------------------------|--------------------------|--------------------------|------------------|
| Balance at 1 July 2016 restated * | | 49,825,074 | - | 155,768 | (49,274,723) | 706,119 |
| Total comprehensive loss for the period | | | | | | |
| Loss for the period | | - | - | - | (1,186,367) | (1,186,367) |
| Other comprehensive loss | | | | | | |
| Net change in fair value of available-for-sale financial assets | | - | - | (155,768) | - | (155,768) |
| Total other comprehensive loss | | - | - | (155,768) | - | (155,768) |
| Total comprehensive loss for the period | | - | - | (155,768) | (1,186,367) | (1,342,135) |
| Transactions with owners, recorded directly to equity | | | | | | |
| Placement | | 320,000 | - | - | - | 320,000 |
| Issue of shares in lieu of consulting fees | | 33,000 | - | - | - | 33,000 |
| Less share issue costs | | (5,197) | - | - | - | (5,197) |
| Share based payments | | | 37,592 | - | - | 37,592 |
| Total contributions by and distributions to owners | | 347,803 | 37,592 | - | - | 385,395 |
| Balance at 30 June 2017 | 19 | 50,172,877 | 37,592 | - | (50,461,090) | (250,621) |

The consolidated statement of changes in equity is to be read in conjunction with the notes to the financial statements.

Uranium Equities Limited

Consolidated Statement of Changes in Equity

For the year ended 30 June 2017

Attributable to equity holders of the Group

| Note | Share capital \$ | Share-based payments reserve \$ | Fair value reserve \$ | Accumulated losses \$ | Total \$ |
|--|---------------------|------------------------------------|--------------------------|--------------------------|--------------------|
| Balance at 1 July 2015 | 48,669,456 | - | 501,305 | (28,993,555) | 20,177,206 |
| Retrospective adjustment for change in accounting policy | - | - | - | (19,556,361) | (19,556,361) |
| Restated balance at 1 July 2015 * | 48,669,456 | - | 501,305 | (48,549,916) | 620,845 |
| Total comprehensive loss for the period | | | | | |
| Loss for the period as reported in the 2016 financial statements | - | - | - | (445,554) | (445,554) |
| Change in accounting policy | - | - | - | (279,253) | (279,253) |
| Restated loss for the period | - | - | - | (724,807) | (724,807) |
| Other comprehensive loss | | | | | |
| Net change in fair value of available-for-sale financial assets | - | - | (345,537) | - | (345,537) |
| Total other comprehensive loss | - | - | (345,537) | - | (345,537) |
| Total comprehensive loss for the period | - | - | (345,537) | (724,807) | (1,070,344) |
| Transactions with owners, recorded directly to equity | | | | | |
| Rights issue and placement | 1,214,370 | - | - | - | 1,214,370 |
| Issue of shares in lieu of directors' fees | 45,270 | - | - | - | 45,270 |
| Less share issue costs | (104,022) | - | - | - | (104,022) |
| Total contributions by and distributions to owners | 1,155,618 | - | - | - | 1,155,618 |
| Balance at 30 June 2016 * | 49,825,074 | - | 155,768 | (49,274,723) | 706,119 |

* The 1 July 2015 and 30 June 2016 consolidated statements of changes in equity have been restated pursuant to the Company's voluntary change in accounting policy for exploration and evaluation expenditure (note 1d)).

The consolidated statement of changes in equity is to be read in conjunction with the notes to the financial statements.

Uranium Equities Limited

Consolidated Statement of Cash Flows

For the year ended 30 June 2017

| | Note | 2017 \$ | Restated 2016* \$ |
|---|------|------------------|----------------------|
| Cash flows from operating activities | | | |
| Cash receipts from operations | | - | - |
| Cash paid to suppliers and employees | | (245,715) | (258,477) |
| Payments for mining exploration and evaluation and rehabilitation | | (563,750) | (1,190,005) |
| Payments for business development costs | | (39,521) | - |
| Interest paid | | - | - |
| Interest received | | 46,195 | 64,336 |
| Income tax received | | 141,446 | - |
| Net cash (used in) operating activities | 24 | (661,345) | (1,384,146) |
| Cash flows from investing activities | | | |
| Payments for acquisition of property, plant and equipment | | (7,442) | - |
| Proceeds from sale of investments | | - | 493,791 |
| Proceeds from sale of property, plant and equipment | | - | 592 |
| Net cash used in/(from) investing activities | | (7,442) | 494,383 |
| Cash flows from financing activities | | | |
| Net proceeds from issue of shares | | 313,752 | 1,103,912 |
| Movement in restricted cash | | (10,000) | 12,174 |
| Net cash from financing activities | | 303,752 | 1,116,086 |
| Net increase/(decrease) in cash and cash equivalents | | (365,035) | 226,323 |
| Cash and cash equivalents at 1 July | | 511,106 | 284,783 |
| Cash and cash equivalents at 30 June | 11 | 146,071 | 511,106 |

* The 30 June 2016 consolidated statement of cash flows has been reclassified between operating and investing activities pursuant to the Company's voluntary change in accounting policy for exploration and evaluation expenditure (note 1d)).

The consolidated statement of cash flows is to be read in conjunction with the notes to the financial statements.

Uranium Equities Limited

Notes to the Consolidated Financial Statements

For the year ended 30 June 2017

1. Significant accounting policies

Uranium Equities Limited is an ASX listed public company domiciled in Australia at Level 2, 1292 Hay Street, West Perth, Western Australia. The consolidated financial report comprises the financial statements of Uranium Equities Limited ('Company') and its subsidiaries ('the Group') for the year ended 30 June 2017.

The financial report was authorised for issue by the directors on 21st September 2017.

(a) Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS').

(b) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law. The financial report has also been prepared on a historical cost basis except that the following assets and liabilities are stated at their fair value: financial instruments classified as available for sale. The financial report is presented in Australian dollars. For the purposes of preparing the consolidated financial report the Company is a for-profit entity.

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated.

The Company is a listed public company, incorporated in Australia and operating in Australia. The principal activity is mineral exploration and evaluation.

New and amended standards adopted by the Group

In the year ended 30 June 2017, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for annual reporting periods beginning on or after 1 July 2016. It has been determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group. The Group has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 July 2016:

- AASB 14 Regulatory Deferral Accounts.
- AASB 2014-3 Amendments to Australian Accounting Standards- Accounting for Acquisitions of Interests in Joint Operations.
- AASB 2014-4 Amendments to Australian Accounting Standards- Clarification of Acceptable Methods of Depreciation and Amortisation.
- AASB 2014-9 Amendments to Australian Accounting Standards- Equity Method in Separate Financial Statements.
- AASB 2014-10 Amendments to Australian Accounting Standards- Sale or Contribution of Assets between and Investor and its Associate or Joint Venture.
- AASB 2015-1 Amendments to Australian Accounting Standards- Annual Improvements to Australian Accounting Standards 2012- 2014 Cycle.
- AASB 2015-2 Amendments to Australian Accounting Standards- Disclosure Initiative: Amendments to AASB 101.

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2017. The following standards and interpretations have been recently issued or amended and have not been adopted by the Group for the annual reporting period ended 30 June 2017:

- AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses.
- AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107.
- AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15.
- AASB 2016-5 Amendments to Australian Accounting Standards- Classification and Measurement of Share-based Payment Transactions.
- AASB 9 Financial Instruments (2014).
- AASB 15 Revenue from Contracts with Customers.
- AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15.
- AASB 2015-8 - Amendments to Australian Accounting Standards – Effective Date of AASB 15.

Uranium Equities Limited

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2017

- AASB 2014-10 – Amendments to Australian Accounting Standards- Sale or Contribution of Assets between an Investor and its Associate of Joint Venture.
- AASB 16 Leases.

As a result of this review the directors have determined that there will be no material impact of the new and revised Standards and Interpretations on the Group and, therefore, no change will be necessary to the Group's accounting policies.

(c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding for voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Investments in subsidiaries held by Uranium Equities Limited are accounted for at cost in the accounts of the parent entity less any impairment charges.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values.

The difference between the above items and the fair value of consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition.

A change in ownership interest of a subsidiary that does not result in a loss of control is accounted as an equity transaction.

Uranium Equities Limited

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2017

(d) Voluntary Change in Accounting Policy – Exploration and evaluation expenditure

The financial report for the year ended 30 June 2017 has been prepared on the basis of a retrospective application of a voluntary change in accounting policy relating to exploration and evaluation expenditure. In previous financial reporting periods, the costs incurred in connection with exploration of areas with current rights of tenure were capitalised in the Statement of Financial Position. The criteria for carrying forward the costs were:

- Such costs were expected to be recovered through successful development and exploitation of the area of interest or alternatively by its sale; and
- Exploration and/or evaluation activities were continuing in the area of interest and had not yet reached a stage which permitted a reasonable assessment of the existence or otherwise of economically recoverable resources, and active and significant operations in, or in relation to, the area were continuing.

Costs carried forward in respect of an area of interest that was abandoned were written off in the year in which the decision to abandon was made.

The new accounting policy was adopted as of 1 July 2016 and has been applied retrospectively. Under the new policy, exploration and evaluation expenditure including the cost of acquisition is expensed to the Statement of Comprehensive Income in the year when it is incurred.

Directors are of the opinion that the change in accounting policy provides users with more relevant and no less reliable financial information as the policy is more transparent and less subjective. Both the previous and new accounting policies are compliant with AASB 6 Exploration for and Evaluation of Mineral Resources. The impact of this change in accounting policy is reflected below:

The capitalised exploration and evaluation asset previously reported as at 30 June 2016 has decreased by \$20,401,257 (2015: decreased by \$19,231,361).

Other non current assets previously reported of \$325,465 as at 30 June 2016 included the acquisition of certain tenement applications in 2014. Given the change in accounting policy, it was determined that this acquisition would have been expensed to the statement of comprehensive income if the new policy was in existence at that time. On that basis, it was agreed to adjust this as a result of the change in accounting policy. \$325,000 has been retrospectively expensed through accumulated losses at 1 July 2015 and \$465 was expensed to the statement of comprehensive income in the 2016 year.

Accumulated losses brought forward at 1 July 2015 increased by \$19,556,361. Net loss after tax previously reported at 30 June 2016 has increased by \$279,253 and restated as \$724,807.

Basic and diluted loss per share have also been restated. The amount of the impact of the change in accounting policy for the new result for the year ended 30 June 2016 is stated as follows:

| Loss per share attributable to owners of the parent | 30 June 2016 |
|--|---------------------|
| Basic loss per share (cents) | 0.191 |
| Diluted loss per share (cents) | 0.191 |

Exploration and evaluation expenditure that is expensed is included as part of cash flows from operating activities, whereas previously capitalised exploration and evaluation expenditure was included as part of cash flows from investing activities. As a result, for the year ended 30 June 2016, net cash used in operating activities has increased from \$194,141 to \$1,384,146 and net cash used in investing activities has decreased from \$695,622 to net cash received of \$494,383.

(e) Significant accounting judgements, estimates and assumptions

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by the Group.

The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Uranium Equities Limited

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2017

(i) **Share-based payment transactions**

The Group measures the cost of equity-settled share-based payments at fair value at the grant date using a binomial formula taking into account the terms and conditions upon which the instruments were granted.

(ii) **Rehabilitation Provision**

Estimates and assumptions of the appropriate discount rate at which to discount the liability, the timing of cash flows, the application of relevant environmental legislation and the future expected costs of rehabilitation are all used in determining the carrying value of the rehabilitation provision. The carrying amount of the provision is set out in note 17.

(f) **Going concern**

At balance date the Group had net liabilities of \$250,621 (restated 2016: net assets of \$706,119), and an excess of current liabilities over current assets of \$241,170 (2016 excess of current assets over current liabilities \$268,349). The large decrease in net assets is mainly due to the decrease in cash held, the impairment of the Investment in and loan to PhosEnergy Limited.

The company will need to raise additional funds in the coming year to meet its operating expenditure and exploration commitments. If the Company is unable to raise capital, there is a material uncertainty that may cast significant doubt as to whether the Company will be able to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. As a result, the Company's auditors have included in their audit report for the 2017 financial year an "emphasis of matter" paragraph, in relation to going concern.

(g) **Foreign currency translations**

The functional currency of the Company is Australian dollars. The presentation currency of the Group is Australian dollars.

(i) **Foreign currency transactions**

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for the following differences which are recognised in other comprehensive income arising on the retranslation of:

- available-for-sale equity investments (except on impairment in which case foreign currency differences that are recognised in other comprehensive income are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent the hedge is effective.

(h) **Segment reporting**

Operating segments are reported in a manner consistent with internal reporting provided to the Board of Directors who are responsible for allocating resources and assessing the performance of the operating segments.

(i) **Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

(i) **Sale of assets and interests in exploration assets**

Revenue is recognised when the significant risks and rewards of ownership of the goods/exploration assets have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be reliably measured. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods/exploration assets to the buyer.

(ii) **Services rendered**

Revenue from services rendered is recognised in the statement of comprehensive income in proportion to the stage of completion of the transaction at balance date.

Uranium Equities Limited

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2017

(j) Expenses

(i) Operating lease payments

Payments made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of profit or loss and other comprehensive income as an integral part of the total lease expense and spread over the lease term.

(ii) Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(iii) Net financing costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest method, the discount unwind on rehabilitation provisions and interest receivable on funds invested.

Interest income is recognised in the statement of comprehensive income as it accrues, using the effective interest method. The interest expense component of finance lease payments is recognised in the statement of comprehensive income using the effective interest method.

(k) Depreciation

Depreciation is charged to the statement of comprehensive income on a diminishing value basis over the estimated useful lives of each part of an item of property, plant and equipment. The depreciation rates used in the current and comparative periods are as follows:

- | | |
|-----------------------------|----------|
| • plant and equipment | 10%-50% |
| • fixtures and fittings | 7.5%-33% |
| • IT equipment and software | 25%-67% |

The depreciation rates, useful lives and residual values, if not insignificant, are reassessed annually.

(l) Income tax

Deferred income tax is provided on all temporary differences at reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at reporting date.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Uranium Equities Limited

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2017

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(m) Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax ('GST'), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the Australia Taxation Office ('ATO') is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(n) Impairment

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. Value in use is the present value of the future cash flows expected to be derived from the asset or cash generating unit. In estimating value in use, a pre-tax discount rate is used which reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cashflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Impairment losses are recognised in the statement of comprehensive income unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the statement of comprehensive income. Receivables with a short duration are not discounted.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and term deposits which are readily convertible to cash. Bank overdrafts that are repayable on demand and form an integral part of the consolidated entity's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(p) Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently at amortised cost less impairment losses (see accounting policy (n)).

(q) Restricted cash

Funds placed on deposit with financial institutions to secure bank guarantees are classified as restricted cash.

Uranium Equities Limited

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2017

(r) Exploration, evaluation and development expenditure

Costs incurred in the exploration and evaluation stages of specific areas of interest are expensed against profit or loss as incurred. All exploration and evaluation expenditure, including general permit activity, geological and geophysical costs, project generation and drilling costs, is expensed as incurred. The costs of acquiring interests in new exploration licences is also expensed. Once the technical feasibility and commercial viability of extracting a mineral resource are demonstrable in respect to an area of interest, development expenditure is capitalised to the Statement of Financial Position.

(s) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred.

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(t) Financial assets

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value, through profit or loss, directly attributable transactions costs. The Group determines the classification of its financial assets at initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year end.

(i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

(ii) Held-to-maturity investments

If the Group has the positive intent and ability to hold debt securities to maturity, then they are classified as held-to-maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses.

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(iv) Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

Uranium Equities Limited

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2017

(u) Derecognition of financial assets and financial liabilities

(i) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either:
 - (a) has transferred substantially all the risks and rewards of the asset, or
 - (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Group could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

(ii) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(v) Impairment of financial assets

The Group assesses at each balance date whether a financial asset or group of financial assets is impaired.

(i) Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(ii) Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future

Uranium Equities Limited

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2017

cash flows, discounted at the current market rate of return for a similar financial asset. Such impairment loss shall not be reversed in subsequent periods.

(iii) Available-for-sale investments

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the statement of comprehensive income. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

(w) Investments

Financial instruments held by the consolidated entity are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss recognised in equity through other comprehensive income, except for impairment losses which are recognised in profit or loss. Where these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss.

The fair value of financial instruments classified as available-for-sale is their quoted bid price at the reporting date.

Financial instruments classified as available-for-sale investments are recognised or derecognised by the consolidated entity on the date it commits to purchase or sell the investments.

When a decline in the fair value of an available-for-sale financial asset has been recognised in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

(x) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost.

(y) Leases

Finance leases, which transfer substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of minimum lease payments.

Other leases are operating leases and are not recognised in the consolidated statement of financial position.

(z) Provisions

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

The Group records the present value of the estimated cost of legal and constructive obligations to restore operating locations in the period in which the obligation arises. The nature of restoration activities includes the removal of facilities and restoration of affected areas.

When the rehabilitation provision is initially recorded, the estimated cost is expensed against the profit and loss.

At each reporting date the rehabilitation provision is re-measured to reflect any changes in discount rates and timing and amounts of the costs to be incurred. Such changes in the estimated liability are accounted for prospectively from the date of the change and are added to, or deducted from, the profit or loss.

The unwinding of the discount is recorded as an accretion charge within finance costs.

(aa) Employee benefits

(i) Superannuation

Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of comprehensive income as incurred

Uranium Equities Limited

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2017

(ii) Share-based payment transactions

The Company provides benefits to employees (including directors) in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The Company currently provides benefits under an Employee and Consultants Share Option Plan and Employee Long Term Incentive Plan.

The cost of these equity-settled transactions with employees and directors is measured by reference to the fair value at the date at which they are granted.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ('market conditions'). The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

- (i) the extent to which the vesting period has expired; and
- (ii) the number of awards that, in the opinion of the directors, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options and rights is reflected as additional share dilution in the computation of earnings per share.

(iii) Wages, salaries, annual leave and non-monetary benefits

Liabilities for employee benefits for wages, salaries, annual leave represent present obligations resulting from employees' services provided to reporting date, calculated at undiscounted amounts based on remuneration wage and salary rates that the consolidated entity expects to pay as at reporting date including related on-costs, such as, workers compensation insurance and payroll tax.

The Group's obligation in respect of long-term employee benefits such as long service leave is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value using corresponding government bond yields as a discount rate.

(ab) Share capital

(i) Ordinary share capital

Ordinary shares and partly paid shares are classified as equity.

(ii) Transaction costs

Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit.

Uranium Equities Limited

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2017

(ac) Earnings per share

Basic earnings/loss per share is calculated as net profit/loss attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings/loss per share is calculated as net profit/loss attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element

(ad) Parent entity financial information

The financial information for the parent entity, Uranium Equities Limited, disclosed in note 23, has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the parent entity's financial statements. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(ii) Share-based payments

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

Uranium Equities Limited

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2017

2. Segment reporting

Business segments

The Group has identified its operating segments based on internal reports that are reviewed and used by the Board of Directors in assessing performance and in determining the allocation of resources. The operating segments are identified by management based on the allocation of costs; whether they are corporate related costs or exploration costs. Results of both segments are reported to the Board of Directors at each board meeting.

| | Exploration and Evaluation | | Corporate | | Total | |
|---|----------------------------|------------------------|------------|------------|-------------|------------------------|
| | 2017 \$ | 2016 Restated \$ | 2017 \$ | 2016 \$ | 2017 \$ | 2016 Restated \$ |
| Other income | - | - | - | - | - | - |
| Profit on sale of available for sale assets | - | - | - | 325,699 | - | 325,699 |
| Exploration rent reimbursed | - | - | - | - | - | - |
| Exploration & evaluation expenditure | (593,779) | (1,190,282) | - | - | (593,779) | (1,190,282) |
| Business development costs | (76,996) | - | - | - | (76,996) | - |
| Corporate administrative expenses | - | - | (283,058) | (171,812) | (283,058) | (171,812) |
| Impairment of available-for-sale assets | - | - | (189,769) | - | (189,769) | - |
| Loss on disposal of fixed assets | - | - | (64,519) | - | (64,519) | - |
| Doubtful debts –PhosEnergy Loan | - | - | (65,090) | - | (65,090) | - |
| Net financing income | - | - | - | - | (10,613) | (2,776) |
| Loss before income tax | - | - | - | - | (1,283,824) | (1,039,171) |
| Segment assets | 1,602,099 | 1,641,089 | 51,091 | 91,302 | 1,653,190 | 1,732,391 |
| Unallocated assets | - | - | - | - | 149,191 | 920,937 |
| Total assets | - | - | - | - | 1,802,381 | 2,653,328 |
| Segment liabilities | 1,963,323 | 1,885,866 | 89,679 | 61,343 | 2,053,002 | 1,947,209 |
| Unallocated liabilities | - | - | - | - | - | - |
| Total liabilities | - | - | - | - | 2,053,002 | 1,947,209 |

3. Income

(a) Profit on sale of available-for-sale assets

Profit on disposal of Alto Metals Ltd shares
(formerly Enterprise Uranium Limited (ASX: AME))

| | 2017 \$ | 2016 \$ |
|--|------------|------------|
| | - | 325,699 |
| | - | 325,699 |

4. Loss before income tax expense

(a) Corporate administrative expenses

Depreciation and amortisation
Insurance
Legal fees
Office costs - corporate service charge and reimbursements
Personnel expenses
Regulatory and compliance
Other
Less allocations to exploration expenditure

| Note | 2017 \$ | 2016 \$ |
|------|------------|------------|
| | 3,880 | 6,377 |
| | 3,351 | 4,232 |
| | 378 | - |
| | 66,012 | 66,081 |
| 5 | 154,788 | 14,627 |
| | 83,408 | 75,627 |
| | 44,574 | 67,017 |
| | (73,333) | (62,149) |
| | 283,058 | 171,812 |

Uranium Equities Limited

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2017

5. Personnel expenses

| | Note | 2017 \$ | 2016 \$ |
|---|------|------------|------------|
| Directors' fees, wages and salaries | | 124,151 | 308,877 |
| Other associated personnel expenses | | 18,001 | 18,150 |
| Superannuation fund contributions | | 8,668 | 21,379 |
| Increase in liability for annual leave | | 5,691 | 115 |
| Equity-settled transactions | 18 | 37,592 | - |
| Less allocations to exploration expenditure | | (39,315) | (333,894) |
| | | 154,788 | 14,627 |

At 30 June 2016, the Company owed \$9,098 to directors for outstanding directors' fees. These outstanding fees were subsequently paid in March 2017 and there were no directors' fees outstanding at 30 June 2017.

6. Exploration and evaluation expenditure expensed by Project

| | 2017 \$ | 2016 Restated \$ |
|--------------------------|------------|------------------------|
| Nabarlek | 450,658 | 1,166,498 |
| Rudall River | 32,333 | 23,319 |
| Arnhem Minerals (NT) | - | 465 |
| Dundas (WA) | 8,782 | - |
| Junee Copper Gold (NSW) | 19,352 | - |
| Plateado Colbalt (Chile) | 69,105 | - |
| Other | 13,549 | - |
| | 593,779 | 1,190,282 |

7. Auditor's remuneration Audit services

| | 2017 \$ | 2016 \$ |
|--|------------|------------|
| Audit and review of financial reports HLB Mann Judd | 25,500 | 25,600 |

8. Net financing income

| | 2017 \$ | 2016 \$ |
|--|------------|------------|
| Interest income | 50,114 | 56,298 |
| Unwind of discount on rehabilitation provision | (50,025) | (48,661) |
| Interest expense and bank charges | (10,702) | (10,413) |
| Total financial expenses | (60,727) | (59,074) |
| Net financing income | (10,613) | (2,776) |

Uranium Equities Limited

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2017

9. Income Tax

The Company and its wholly-owned Australian resident subsidiaries are part of a tax-consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity.

| | 2017 \$ | 2016 \$ |
|---|------------|------------|
| Current tax benefit | 97,457 | 314,364 |
| Total income tax benefit/(expense) reported in the statement of profit or loss and other comprehensive income | 97,457 | 314,364 |

Numerical reconciliation between tax benefit and pre-tax net loss:

| | 2017 \$ | 2016 Restated \$ |
|---|-------------|------------------------|
| Loss before tax | (1,283,824) | (1,039,171) |
| Income tax benefit using the domestic corporation tax rate of 27.5% (2016: 28.5%) | 353,051 | 296,163 |
| Decrease in income tax benefit due to: | | |
| Non-deductible expenses | (68,418) | (36) |
| Exploration development incentive | (302,004) | (268,010) |
| Change in tax rate | (292,072) | (432,093) |
| Over/(under) provision in prior period | 97,457 | 314,364 |
| Current and deferred tax expense not recognised | 309,443 | 403,976 |
| Income tax benefit on loss before tax | 97,457 | 314,364 |

Deferred tax assets and liabilities for the Group are attributable to the following:

| | Assets | | Liabilities | | Net | |
|--|------------|------------------------|-------------|------------------------|------------|------------------------|
| | 2017 \$ | 2016 Restated \$ | 2017 \$ | 2016 Restated \$ | 2017 \$ | 2016 Restated \$ |
| Capital raising costs | (34,645) | (58,097) | - | - | (34,645) | (58,097) |
| Available for sale asset impairment | (52,187) | - | - | - | (52,187) | - |
| Rehabilitation provision | (472,317) | (476,152) | - | - | (472,317) | (476,152) |
| Other items | (23,475) | (72,346) | 858 | 984 | (22,617) | (71,362) |
| | (582,624) | (606,595) | 858 | 984 | (581,766) | (605,611) |
| Tax losses used to offset net deferred tax liability | | | | | - | - |
| Net deferred tax assets and liabilities | | | | | (581,766) | (605,611) |

Deferred tax assets have not been recognised in respect of the following items:

| | 2017 \$ | 2016 Restated \$ |
|--|------------|------------------------|
| Unrecognised tax losses – Revenue | 7,257,769 | 7,629,763 |
| Unrecognised tax losses – Capital | 85,583 | 88,695 |
| Unrecognised tax losses – Total | 7,343,352 | 7,718,458 |
| Unrecognised deferred tax asset on unused tax losses | 2,019,421 | 2,199,760 |

The unrecognised benefit from temporary differences on capital items amounts to \$nil (Restated 2016: \$(43,344)).

Uranium Equities Limited

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2017

10. Earnings per share Basic and diluted loss per share

The calculation of basic and diluted loss per share at 30 June 2017 was based on the loss attributable to ordinary shareholders of the parent entity of \$1,186,367 (2016 restated: (\$724,807)).

The weighted average number of ordinary shares outstanding during the financial years comprised the following:

| | 2017 No. | 2016 No. |
|--|-------------|-------------|
| Ordinary shares on issue at 1 July | 618,502,191 | 455,388,518 |
| Effect of rights issues | - | 136,865,402 |
| Effect of placements | 9,293,151 | - |
| Effect of issue of shares in lieu of director's fees | - | 6,679,180 |
| Effect of issue of shares in lieu of consulting fees | 1,150,685 | - |
| Weighted average number of ordinary shares on issue at 30 June (basic and diluted) | 628,946,027 | 598,933,100 |

At 30 June 2017 there were no options (2016: nil) and no Performance Rights (2016: nil) excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

11. Cash and cash equivalents

| | 2017 \$ | 2016 \$ |
|--|------------|------------|
| Bank balances | 126,563 | 494,819 |
| Term deposits | 16,287 | 16,287 |
| Petty cash | 3,221 | - |
| Cash and cash equivalents in the statement of cash flows | 146,071 | 511,106 |

12. Trade and other receivables

| | 2017 \$ | 2016 \$ |
|-----------------------------------|------------|------------|
| Current | | |
| Other trade receivables | 8,961 | 52,667 |
| Loan to PhosEnergy Limited | 65,090 | 60,840 |
| Less provision for doubtful debts | (65,090) | - |
| Prepayments | 28,065 | 8,556 |
| | 37,026 | 122,063 |

The loan to PhosEnergy Limited was made in the 2014 financial year as part of the demerger of the Company's PhosEnergy Process assets. The loan expiry date has been extended to 31 December 2018. The loan has an interest rate of 8.5% per annum.

A provision for doubtful debts has been raised against the loan during the year based on PhosEnergy's working capital deficit as at 30 June 2017. Whilst the Directors believe there is significant value in the intangible assets of PhosEnergy they are not readily convertible into cash and therefore a conservative approach has been taken to fully impair the loan.

Uranium Equities Limited

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2017

13. Restricted cash

| | 2017 \$ | 2016 \$ |
|---|------------------|------------------|
| Bank guarantees in relation to rehabilitation obligations | 1,602,099 | 1,592,099 |
| Bank guarantee in relation to business credit cards | 10,000 | 10,000 |
| | <u>1,612,099</u> | <u>1,602,099</u> |

Bank guarantees in relation to rehabilitation obligations are held by the Northern Territory Department of Mines and Energy (DME) for rehabilitation obligations on the Nabarlek Mineral Lease (\$1,537,248), the Northern Land Council and DME on the Nabarlek tenements held in joint venture with Cameco Australia Pty Ltd (totalling \$54,851) and the New South Wales Department of Planning and Environment – Resources & Energy on the Junee tenement (\$10,000).

14. Available-for-sale investments

| | 2017 \$ | 2016 \$ |
|------------------------|------------|----------------|
| PhosEnergy Limited (i) | - | 345,537 |
| | <u>-</u> | <u>345,537</u> |

- (i) The investment in PhosEnergy Limited has been fair valued entirely under Level 3 of the IFRS 13 Fair Value Hierarchy. PhosEnergy Limited is an unlisted public company and as such there is no active market for its shares. Since last financial year, the uranium price has continued to decline which has seen PhosEnergy limit its work carried out on the PhosEnergy Process until an improvement in the price of uranium. Based on this information the directors have impaired the investment during the current financial period. The impairment reversed the Fair Value Reserve against an initial fair value increase in a prior year and the balance was recognised in the statement of comprehensive income. See note 19.

15. Property, plant and equipment

| | 2017 \$ | 2016 \$ |
|--|--------------|---------------|
| At cost | 7,442 | 411,346 |
| Less: accumulated depreciation | (257) | (338,823) |
| | <u>7,185</u> | <u>72,523</u> |
| Plant and equipment | | |
| Carrying amount at beginning of financial year | 72,523 | 85,810 |
| Additions | 7,442 | - |
| Disposals\written-off | (64,519) | - |
| Depreciation | (8,261) | (13,287) |
| Carrying amount at end of financial year | <u>7,185</u> | <u>72,523</u> |
| Total property, plant and equipment | <u>7,185</u> | <u>72,523</u> |

16. Trade and other payables

| | 2017 \$ | 2016 \$ |
|--------------------------------------|----------------|----------------|
| Trade payables | 80,891 | 1,495 |
| Other creditors and accrued expenses | 80,150 | 106,249 |
| | <u>161,041</u> | <u>107,744</u> |

Uranium Equities Limited

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2017

17. Provisions

| | 2017 \$ | 2016 \$ |
|--------------------|------------|------------|
| Current | | |
| Rehabilitation | 88,780 | 88,321 |
| Income tax payable | 168,375 | 168,375 |
| | 257,155 | 256,696 |
| Non-current | | |
| Rehabilitation | 1,628,735 | 1,582,389 |
| | 1,628,735 | 1,582,389 |

The Company assumed all obligations for rehabilitation at the Nabarlek Mineral Lease following the acquisition of Queensland Mines Pty Ltd in 2008.

18. Employee benefits

| | 2017 \$ | 2016 \$ |
|--------------------------|------------|------------|
| Current | | |
| Accrual for annual leave | 6,071 | 380 |
| | 6,071 | 380 |

Share based payments

(a) Long Term Incentive Plan

The Company has established an Employee Long Term Incentive Plan (LTIP). Which allows the Board to grant performance-based rights linked to measurable achievements to employees of the Company, including executive directors ("Performance Rights"). Performance Rights convert into fully paid ordinary shares in the Company when the particular vesting conditions are met.

There are no voting or dividend rights attached to the Performance Rights. Voting rights will be attached to the ordinary shares issued to Performance Rights holders if and when they vest.

(b) Employee and Consultant Share Option Plan

Under the terms of the Employees and Consultants Option Plan (ESOP), the Board may offer options at no consideration to full-time or part-time employees (including persons engaged under a consultancy agreement) and executive and non-executive directors.

Each option entitles the holder, on exercise, to one ordinary fully paid share in the Company. There is no issue price for the options. The exercise price for the options is such price as determined by the Board. An option may only be exercised after that option has vested and any other conditions imposed by the Board on exercise are satisfied. The Board may determine the vesting period, if any.

There are no voting or dividend rights attached to the options. There are no voting rights attached to the unissued ordinary shares. Voting rights will be attached to the unissued ordinary shares when the options have been exercised.

Uranium Equities Limited

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2017

The number and weighted average exercise prices of share options is as follows:

| | Weighted average exercise price 2017 | Number of options 2017 | Weighted average exercise price 2016 | Number of options 2016 |
|--|--------------------------------------|------------------------|--------------------------------------|------------------------|
| Outstanding at the beginning of the period | - | - | - | - |
| Forfeited during the period | - | - | - | - |
| Expired during the period | - | - | - | - |
| Exercised during the period | - | - | - | - |
| Granted during the period | 0.025 | 14,800,000 | - | - |
| Outstanding at the end of the period | 0.025 | 14,800,000 | - | - |
| Exercisable at the end of the period | 0.025 | 14,800,000 | - | - |

The options outstanding at 30 June 2017 have an exercise price of \$0.025 and a remaining contractual life of 4.4 years.

During the year, no employee share options were exercised.

The fair value of the options is estimated at the grant date using a Black Scholes option-pricing model.

The following table gives the assumptions made in determining the fair value of the options granted in the year to 30 June 2017.

| | 2017 | 2016 |
|---|---------|------|
| Share price at grant date (weighted average) | \$0.005 | - |
| Exercise price (weighted average) | \$0.025 | - |
| Expected volatility (expressed as weighted average volatility used in the modelling under Black Scholes option pricing model) | 100% | - |
| Option life (expressed as weighted average life used in the modelling under Black Scholes option pricing model) | 5 years | - |
| Expected dividends | Nil | - |
| Risk-free interest rate (weighted average) | 1.70% | - |

Non-market performance conditions are not taken into account in the grant date fair value measurement of the services received.

| | 2017 \$ | 2016 \$ |
|---|------------|------------|
| Share options granted in 2017 – equity settled | 37,592 | - |
| Total expense recognised as personnel expenses (note 5 and 19(d)) | 37,592 | - |

19. Capital and reserves

(a) Share capital Ordinary Shares

| | 2017 | | 2016 | |
|---|-------------|------------|-------------|------------|
| | No. | \$ | No. | \$ |
| On issue at 1 July | 618,201,191 | 49,825,074 | 455,388,518 | 48,669,456 |
| Rights issue and placement | 32,000,000 | 320,000 | 151,796,173 | 1,214,370 |
| Issue of shares in lieu of directors' and consulting fees | 3,000,000 | 33,000 | 11,317,500 | 45,270 |
| Cost of share issues | | (5,197) | | (104,022) |
| On issue at 30 June | 653,502,191 | 50,172,877 | 618,502,191 | 49,825,074 |

Uranium Equities Limited

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2017

3,000,000 fully paid ordinary shares were issued in February 2017 to a consultant of the Company in consideration for the provision of corporate communications and investor relations support.

In March 2017, the Company completed a placement to raise \$320,000 by issuing 32,000,000 shares at 1 cent per share.

All shares were issued and fully paid during the year.

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company, the ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds on liquidation. The shares have no par value.

(b) Share Options

The Company has an ESOP under which options to subscribe for the Company's shares have been granted to Directors, KMP and all employees. Share options granted under the Company's employee share option plan carry no rights to dividends and no voting rights. Further details of the employee share option plan are provided in note 18(b).

At 30 June 2017, the Company had 14,800,000 unlisted options on issue with an exercise price of 2.5 cents and expiry date of 30 November 2021.

On 1 June 2017, the Board resolved, subject to shareholder approval at the Company's 2017 Annual General Meeting, to grant Managing Director, Mr Brendan Bradley 5,000,000 unlisted options with an exercise price of 2.5 cents and expiring on 30 November 2021.

| | Unlisted Share Options | |
|--|------------------------|-------------|
| | 2017 No. | 2016 No. |
| On issue at beginning of year | - | - |
| Options issued during the year | 14,800,000 | - |
| Options forfeited or expired during the year | - | - |
| On issue at end of year | 14,800,000 | - |

(c) Performance Rights

At 30 June 2017, the Company had no unlisted Performance Rights on issue under the Company's Employee Long Term Incentive Plan.

(d) Reserves

| | Share Based Payment Reserve | |
|---|-----------------------------|------------|
| | 2017 \$ | 2016 \$ |
| Balance at beginning of year | - | - |
| Employee share options vested during the year | 37,592 | - |
| Balance at end of year | 37,592 | - |

The Share Based Payments Reserve represents the recorded value of equity benefits provided to employees and directors as part of their remuneration.

| | Fair Value Reserve | |
|--|--------------------|------------|
| | 2017 \$ | 2016 \$ |
| Balance at beginning of year | 155,768 | 501,305 |
| Fair value adjustment – PhosEnergy Limited | (155,768) | (345,537) |
| Balance at end of year | - | 155,768 |

Uranium Equities Limited

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2017

The Fair Value Reserve represents the change in fair values of available-for-sale financial assets being the investment in PhosEnergy Limited.

20. Financial instruments

Risk Management Framework

The Board and Audit Committee are responsible for overseeing the Company's risk management and control framework. Responsibility for control and risk management is delegated to the appropriate level of management within the Company with the Managing Director having ultimate responsibility to the Board for the risk management and control framework.

The Group has exposures to the following risks:

(a) Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders.

The capital structure of the Group consisting of equity attributable to equity holders, comprising issued capital, reserves and accumulated losses, is disclosed in note 19 and the Consolidated Statement of Changes in Equity. The Board reviews the capital structure on a regular basis and considers the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through new share issues as well as the issue of debt, if the need arises.

(b) Market risk exposures

Market risk is the risk that changes in market prices such as foreign exchange rates, equity prices and interest rates will affect the Group's income or value of its holdings of financial instruments.

Foreign exchange rate risk

The Group currently has no significant exposure to foreign exchange rates.

Equity prices

Equity investments held for sale are generally recorded at their fair value being either the quoted price or last known traded price on the balance date. Where there is no active market and other observable inputs the company will use unobservable inputs (see note 20(e)). There is a risk that changes in prices effect the fair value of investments held by the consolidated entity – a +/- 10% change in equity prices from the year end valuation would impact equity by +/- \$nil.

Interest rate risk

Interest rate risk is the risk that changes in bank deposit rates affect the consolidated entity's income and future cashflow from interest income. The exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below:

| | | Fixed interest maturing in: | | | | Total \$ | Weighted average int. rate |
|-------------------------------------|-------|-----------------------------|----------------------------|----------------------------|-----------------------------------|-------------|----------------------------------|
| | Note | 1 year or less \$ | Over 1 to 5 years \$ | Floating interest \$ | Non- interest bearing \$ | | |
| 30 June 2017 | | | | | | | |
| Financial assets | | | | | | | |
| Bank balances | 11 | | - | 126,563 | 3,221 | 129,784 | 1.18% |
| Term deposits | 11/13 | 1,615,000 | - | - | - | 1,615,000 | 2.60% |
| Restricted cash | 13 | | | | 13,386 | 13,386 | - |
| Trade and other receivables | 12 | - | - | - | 37,026 | 37,026 | - |
| Financial liabilities | | | | | | | |
| Trade payables and accrued expenses | 16 | - | - | - | 161,041 | 161,041 | - |

Uranium Equities Limited

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2017

| | | Fixed interest maturing in: | | | | Total \$ | Weighted average int. rate |
|-------------------------------------|-------|-----------------------------|----------------------------|----------------------------|-----------------------------------|-------------|----------------------------------|
| 30 June 2016 | Note | 1 year or less \$ | Over 1 to 5 years \$ | Floating interest \$ | Non- interest bearing \$ | | |
| Financial assets | | | | | | | |
| Bank balances | 11 | - | - | 494,819 | - | 494,819 | 1.37% |
| Term deposits | 11/13 | 1,615,000 | - | - | - | 1,615,000 | 3.64% |
| Restricted cash | 13 | - | - | - | 3,386 | 3,386 | - |
| Trade and other receivables | 12 | 60,840 | - | - | 61,223 | 122,063 | 3.69% |
| Other investments | 14 | - | - | - | 345,537 | 345,537 | - |
| Financial liabilities | | | | | | | |
| Trade payables and accrued expenses | 16 | - | - | - | 107,744 | 107,744 | - |

A change of 100 basis points in interest rates on bank balances and term deposits over the reporting period would have increased/(decreased) the Group's profit and loss by \$19,259 (2016: \$20,127).

(c) Credit risk exposure

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The consolidated entity's exposure to credit risk is not significant and currently arises principally from sundry receivables (see note 12) which represent an insignificant proportion of the Group's activities and cash and cash equivalents.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provision for doubtful debts, as disclosed in the notes to the financial statements.

(d) Liquidity risk exposure

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Board actively monitors the Group's ability to pay its debts as and when they fall due by regularly reviewing the current and forecast cash position based on the expected future activities.

The Group has non-derivative financial liabilities which include trade and other payables of \$161,041 (2016: \$107,744) all of which are due within 60 days.

(e) Net fair values of financial assets and liabilities

AASB 7 Financial Instruments: Disclosures requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

All financial assets and liabilities approximate their net fair values and are disclosed as level 2 fair values.

Uranium Equities Limited

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2017

21. Capital and other commitments

Exploration expenditure commitments

In order to maintain current rights of tenure to exploration tenements, the Group together with its joint venture partners is required to perform exploration work to meet the minimum expenditure requirements specified by various State governments. These amounts are subject to negotiation when application for a lease application and renewal is made and at other times. These amounts are not provided for in the financial report and are payable:

| | 2017 \$ | 2016 \$ |
|--|------------|------------|
| Within one year | 295,238 | 495,789 |
| One year or later and no later than five years | 123,240 | 143,245 |
| Later than five years | 43,017 | 49,046 |
| | 461,495 | 688,080 |

To the extent that expenditure commitments are not met, tenement areas may be reduced and other arrangements made in negotiation with the relevant state and territory government departments on renewal of tenements to defer expenditure commitments or partially exempt the Company.

Bank Guarantees

Bank guarantees in relation to rehabilitation obligations are held by the Northern Territory Department of Mines and Energy (DME) for rehabilitation obligations on the Nabarlek Mineral Lease (\$1,537,248), the Northern Land Council and DME on the Nabarlek tenements held in joint venture with Cameco Australia Pty Ltd (totalling \$54,851) and the New South Wales Department of Planning and Environment – Resources & Energy on the Junee tenement (\$10,000). Also in place is a further bank guarantee of \$10,000 held for the commercial credit card at balance date. (see note 13).

22. Controlled entities

| | Country of Incorporation | Ownership interest | |
|-------------------------------------|-----------------------------|--------------------|-----------|
| | | 2017 % | 2016 % |
| Parent entity | | | |
| Uranium Equities Limited | Australia | | |
| Subsidiaries | | | |
| G E Resources Pty Ltd | Australia | 100% | 100% |
| TRK Resources Pty Ltd | | | |
| (formerly Uranium Services Pty Ltd) | Australia | 100% | 100% |
| UEQ Investments Pty Ltd | Australia | 100% | 100% |
| Queensland Mines Pty Ltd | Australia | 100% | 100% |
| Arnhem Minerals Pty Ltd | Australia | 100% | 100% |

Uranium Equities Limited

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2017

23. Parent entity disclosures

The parent entity of the Group was Uranium Equities Limited throughout the years ended 30 June 2017 and 30 June 2016.

| | Company | |
|--|--------------------|------------------------|
| | 2017 \$ | 2016 Restated \$ |
| Statement of comprehensive Income | | |
| Loss for the year | (1,134,844) | (500,955) |
| Total comprehensive loss | (1,134,844) | (500,955) |
| Statement of Financial Position | | |
| Assets | | |
| Current assets | 182,997 | 570,417 |
| Non-current assets | 1,609,384 | 2,033,576 |
| Total assets | 1,792,381 | 2,603,993 |
| Liabilities | | |
| Current liabilities | 157,688 | 64,083 |
| Non-current liabilities | 168,375 | 168,375 |
| Total liabilities | 326,063 | 232,458 |
| Net assets | 1,466,318 | 2,371,535 |
| Equity | | |
| Share capital | 50,172,877 | 49,825,074 |
| Reserves | 37,592 | 155,768 |
| Accumulated losses | (48,744,151) | (47,609,307) |
| Total equity | 1,466,318 | 2,371,535 |

24. Reconciliation of cash flows from operating activities

| | 2017 \$ | 2016 Restated \$ |
|---|------------------|------------------------|
| Loss for the period | (1,186,367) | (724,807) |
| Cash flows from operating activities | | |
| Adjustments for: | | |
| Depreciation and amortisation | 8,261 | 6,377 |
| Profit on sale of available for sale of investments | - | (325,699) |
| Unwinding of interest on fair value of rehabilitation provision | 50,025 | 48,661 |
| Equity-settled share-based payment expenses | 37,592 | - |
| Impairment loss on available-for-sale assets | 189,769 | - |
| Loss on disposal of fixed assets | 64,519 | - |
| Doubtful debts provided for – PhosEnergy Limited loan | 65,090 | - |
| Consulting fees paid in shares | 13,200 | - |
| Income tax benefit | - | (314,364) |
| Net cash used before changes in working capital and provisions | (757,911) | (1,309,832) |
| (Increase)/decrease in trade and other receivables | 39,748 | 9,749 |
| Increase/(decrease) in trade payables and accruals | 51,127 | (84,178) |
| Increase/(decrease) in provision(s) | 5,691 | 115 |
| Net cash used in operating activities | (661,345) | (1,384,146) |

Uranium Equities Limited

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2017

25. Related Parties Disclosures

(a) Key management personnel

The following were key management personnel of the Group at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

Directors

T R B Goyder
B J Bradley (appointed 1 June 2017)
B L Jones
R K Hacker
Dr K M Frost (appointed 9 February 2017)

The key management personnel compensation included in 'personnel expenses' (see note 5) are as follows:

| | 2017 \$ | 2016 \$ |
|------------------------------|------------|------------|
| Short-term employee benefits | 90,594 | 175,130 |
| Post-employment benefits | 7,539 | 15,614 |
| Share-based payments | 30,389 | - |
| | 128,522 | 190,744 |

Individual directors' and executives' compensation disclosures

Information regarding individual directors' and executives' compensation is provided in the Remuneration Report section of the Directors' Report.

Loans to/from key management personnel and their related parties

Loans made to key management personnel and their related parties is as follows:

| | Balance at beginning of year | Loans made during the year | Interest charged | Interest not charged | Write-off or allowance for doubtful debt | Balance at end of period | Number of KMP in group |
|------|------------------------------------|-------------------------------------|---------------------|----------------------------|---|--------------------------------|------------------------------|
| 2017 | 60,840 | - | 4,250 | - | 65,090 | - | 2 |
| 2016 | 56,579 | - | 4,261 | - | - | 60,840 | 2 |

A loan of \$50,000 to PhosEnergy Limited was made in the 2014 financial year as part of the demerger of the Company's PhosEnergy Process assets. The loan expiry date has been extended 31 December 2018. The loan has an interest rate of 8.5% per annum.

A provision for doubtful debts has been raised against the loan during the year based on PhosEnergy's working capital deficit as at 31 December 2016. Whilst the Directors believe there is significant value in the intangible assets of PhosEnergy they are not readily convertible into cash and therefore a conservative approach has been taken to fully impair the loan.

In June 2017, Chairman of the Company, Mr Goyder agreed to establish a loan facility to the Company for an amount of up to \$200,000. Interest is payable at the prevailing ANZ business mortgage index rate plus 2%. The loan is repayable by 30 June 2017 and if not repaid by that date, subject to shareholder approval, Mr Goyder could elect to convert the outstanding balance into fully paid ordinary shares at the 20 day VWAP share price prior to 31 December 2017. However if the election to convert is chosen the interest rate from 31 December 2017 until the repayment of the loan shall be increased by 3%.

Uranium Equities Limited

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2017

Other key management personnel transactions with the Company or its controlled entities

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

A number of these entities transacted with the Company or its subsidiaries in the reporting period. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

The aggregate amounts recognised during the year relating to key management personnel and their related parties were as follows:

| Key management persons | Transaction | Note | 2017 \$ | 2016 \$ |
|---|---|------|------------|------------|
| T Goyder; R Hacker and Dr K M Frost | Corporate Service Charge and provision of KMP geological services | (i) | (96,814) | (66,000) |

- (i) The Group receives corporate services including office rent and facilities, management and accounting services under a Corporate Services Agreement with Chalice Gold Mines Limited and KMP geological services. Messrs Goyder, Hacker and Frost are all KMP's of Chalice Gold Mines Limited. Amounts billed are based on a proportionate share of the cost to Chalice Gold Mines Limited of providing the services and have normal payment terms.

Amounts payable to key management personnel at reporting date arising from these transactions were as follows:

| Assets and liabilities arising from the above transactions | 2017 \$ | 2016 \$ |
|--|------------|------------|
| Accrued expenses | 8,248 | 5,500 |
| Trade payables | 7,287 | - |
| | 15,535 | 5,500 |

26. Subsequent Events

There were no events subsequent to reporting date requiring disclosure in this report.

27. Contingent assets and liabilities

There are no contingent assets or liabilities.

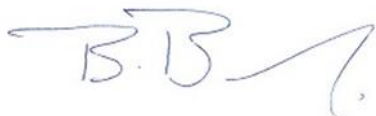
Uranium Equities Limited

Directors' Declaration

- 1 In the opinion of the directors of Uranium Equities Limited:
 - (a) the financial statements, notes and the Remuneration Report in the Directors' Report are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2017 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
 - (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1(a); and
 - (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- 2 The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer (or equivalent) and chief financial officer (or equivalent) for the financial year ended 30 June 2017.

Dated at Perth the 21st day of September 2017.

Signed in accordance with a resolution of the directors:

A handwritten signature in blue ink, appearing to read 'B. Bradley', with a stylized flourish extending to the right.

Brendan Bradley
Managing Director

INDEPENDENT AUDITOR'S REPORT

To the members of Uranium Equities Limited

Report on the Audit of the Financial Report*Opinion*

We have audited the financial report of Uranium Equities Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1(f) in the financial report, which indicates that the ability of the Group to continue as a going concern is dependent on the ability to raise sufficient capital in the future or other forms of funding. If the Group is unable to raise sufficient capital in the future or other forms of funding, there exists a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

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| Key Audit Matter | How our audit addressed the key audit matter |
|--|--|
| <p>Voluntary change in accounting policy – exploration and evaluation expenditure (Note 1(d) of the financial report)</p> | <p>Our procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> • We considered the appropriateness of the change in accounting policy, ensuring that the disclosure requirements set out in AASB 108 were complied with. • We reconciled the restated balances to the prior year audited balances ensuring that the change was correctly calculated and disclosed in the financial report. |
| <p>During the year, the Group changed its accounting policy regarding its treatment of exploration and evaluation expenditure. In previous financial years, exploration and evaluation expenditure in relation to areas of interest which had not reached a stage which permitted reasonable assessment of the existence or otherwise of economically recoverable reserves, was capitalised. The Group then assessed whether any indicators of impairment existed which would require the Group to assess capitalised exploration and evaluation expenditure for impairment. The new accounting policy is to expense exploration and evaluation expenditure as incurred.</p> <p>The change in accounting policy resulted in the restatement of affected 2016 balances and the disclosure of the restatement of balances reported in the 2016 financial report.</p> <p>The change in accounting policy was a key audit matter due to the size and scope of the change and impact on the presentation of the financial statements.</p> | |
| <p>Provision for rehabilitation (Note 17 of the financial report)</p> | <p>Our procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> • We considered the procedures employed by the Group for the calculation of the 30 June 2017 rehabilitation provision for the Narbalek mine site. • We considered provision movements during the year to ensure that they were consistent with our understanding of the Group's activities during that period. • As part of our detailed testing, we reviewed the cost elements used in the Mining Management Plan for the rehabilitation of the mine site along with correspondence from the Department of Primary Industries and Resources (NT Govt.) approving of the plan. We assessed whether sufficient supporting evidence was available to support the cost estimates. |
| <p>The Group has a provision for rehabilitation of \$1,717,515 as at 30 June 2017.</p> <p>The Group has obligations to restore the Narbalek mine site it purchased, on which mining activities had previously taken place. The provision is for the expected future costs associated with the rehabilitation activities.</p> <p>The site restoration provision was a key audit matter due to the significant judgement involved in estimating costs which are planned to be incurred in future years and the related timing of incurring those costs.</p> | |

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2017.

In our opinion, the remuneration report of Uranium Equities Limited for the year ended 30 June 2017 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.



HLB Mann Judd
Chartered Accountants



L Di Giallonardo
Partner

Perth, Western Australia
21 September 2017

Uranium Equities Limited

ASX Additional Information

As at 19 September 2017

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below.

Shareholdings

Substantial shareholders

The number of shares held by substantial shareholders and their associated interests as at 19 September 2017 were:

| Shareholder | Number of ordinary shares held | Percentage of capital held % | Number of unlisted options held | Percentage of unlisted options held% |
|--|--------------------------------|------------------------------|---------------------------------|--------------------------------------|
| Timothy R B Goyder | 187,645,608 | 28.71 | 3,000,000 | 20.27% |
| Calm Holdings Pty Ltd <Clifton Superfund A/C> | 33,369,658 | 5.11 | - | - |

Class of Shares and Voting Rights

At 19 September 2017 there were 1,267 holders of the ordinary shares of the Company and 9 holders of unlisted options. The Company has 14,800,000 unlisted options on issue at 19 September 2017, all of which were issued under the Employee Share Option Plan.

The voting rights to the ordinary shares set out in the Company's Constitution are:

"Subject to any rights or restrictions for the time being attached to any class or classes of shares -

- at meetings of members or classes of members each member entitled to vote in person or by proxy or attorney: and
- on a show of hands every person who is a member has one vote and on a poll every person in person or by proxy or attorney has one vote for each ordinary share held."

Holders of options and performance rights do not have voting rights.

Distribution of equity security holders as at 19 September 2017:

| Category | Number of equity security holders | |
|------------------|-----------------------------------|------------------------|
| | Ordinary Shares | Unlisted Share Options |
| 1 – 1,000 | 38 | |
| 1,001 – 5,000 | 79 | |
| 5,001 – 10,000 | 74 | |
| 10,001 – 100,000 | 608 | |
| 100,001 and over | 468 | 9 |
| Total | 1,267 | 9 |

The number of shareholders holding less than a marketable parcel on 19 September 2017 was 693. As at the date of this report there is no on-market buy back of the Company's shares.

Uranium Equities Limited
ASX Additional Information
As at 19 September 2017

**Twenty largest Ordinary Fully Paid Shareholders
as at 19 September 2017**

| Name | Number of ordinary shares held | Percentage of capital held % |
|---|---|---|
| Mr Timothy R B Goyder | 187,645,608 | 28.71 |
| Calm Holdings Pty Ltd <Clifton Superfund A/C> | 33,369,658 | 5.11 |
| HSBC Custody Nominees (Australia) Limited) | 21,077,742 | 3.23 |
| Mr Glenn Lance Bauer | 10,000,000 | 1.53 |
| M & K Korkidas Pty Ltd | 8,861,469 | 1.36 |
| Colibri Nominees Pty Ltd | 8,333,335 | 1.28 |
| Ms Mingzhu Zhou | 8,000,000 | 1.22 |
| Mr Anthony William Kiernan | 7,875,558 | 1.21 |
| National Energy Pty Ltd | 7,500,000 | 1.15 |
| Octifil Pty Ltd | 6,000,000 | 0.92 |
| Ginostra Capital Pty Ltd <Pullini Investment A/C> | 6,000,000 | 0.92 |
| J P Morgan Nominees Australia Pty Ltd | 5,441,223 | 0.83 |
| Claw Pty Ltd <Corp Super Fund A/C> | 5,333,335 | 0.82 |
| Mr Bryn Llywelyn Jones | 5,245,583 | 0.80 |
| Toltec Holdings Pty Ltd | 5,169,133 | 0.79 |
| Baffles (QLD) Pty Ltd | 5,000,000 | 0.77 |
| Bellerine Gold Pty Ltd | 5,000,000 | 0.77 |
| Helmet Nominees Pty Ltd | 5,000,000 | 0.77 |
| Mr Valentin Latkovski | 5,000,000 | 0.77 |
| Mr Hanif Miah | 5,000,000 | 0.77 |
| Total | 350,852,644 | 53.73 |