



Quarterly Report
For the
Nine Months Ending
September 30, 2003

UEX Corporation, Vancouver, B.C., Canada



Letter to Shareholders

During the nine months ending September 30, 2003, UEX Corporation ("UEX") carried out and evaluated exploration activities on its Athabasca Basin uranium exploration properties. In the 3rd Quarter 2003, the world spot price of U₃O₈ (uranium concentrate) rose from \$10.90 (U.S.) per pound to \$12.20 (U.S.) per pound—an increase that typically renews interest in the business of uranium exploration. Subsequent to the end of the 3rd Quarter 2003, the spot price rose further, to \$13.75 (U.S.) per pound, as of November 24, 2003.

Exploration Activities

On September 9, 2003 UEX announced the commencement of exploration at its Hidden Bay Uranium Project ("Hidden Bay"), located in the Athabasca Basin area of northern Saskatchewan. The program, budgeted at approximately \$200,000, included up to 750 m of diamond drilling with a large-scale soil sampling component. UEX is operator of the project. Under a service agreement, Cameco Corporation ("Cameco") manages the Hidden Bay Project. Cameco, of Saskatoon, SK, is the world's largest supplier of uranium and owns an approximate 32% direct interest in UEX's common shares.

Wet conditions in northern Saskatchewan earlier in 2003 prevented access to summer drill targets at the Riou Lake Uranium Project ("Riou Lake"), as well as some intended drill targets at Hidden Bay. During the summer season, only the Kewen Lake area at Hidden Bay was accessible for diamond drilling. Three holes were planned to follow up encouraging historical exploration results encountered by Cameco during the 1990's.

Subsequent to the end of the 3rd Quarter, on November 24, 2003, UEX announced the results of the summer exploration at Hidden Bay. Three diamond drill holes were completed in the Kewen Lake area and an extensive geochemical sampling survey was undertaken in the vicinity of, and up-ice from, the Vixen Lake Radioactive Boulder Train. In its capacity of exploration manager for Hidden Bay, Cameco provided UEX with the exploration results and their interpretation.

MMI Geochemical Survey

During the exploration program, UEX initiated a Mobile Metal Ion ("MMI") soil survey in the Vixen Lake area. A total of 822 samples at 25-50 metre spacings were collected from a 4 kilometre by 2.5 kilometre grid on lines approximately 200 metres apart. Analysis was performed by XRAL Laboratories of Toronto, Ontario. The survey was designed to seek areas of uranium enrichment in glacially transported soil in an attempt to trace and locate the potential extent and source of the Vixen Lake Radioactive Boulder Train. Discovered in the 1970's by Gulf Minerals Canada Limited, the Vixen Lake Radioactive Boulder Train is a cluster of glacially transported, radioactive uranium and nickel mineralized boulders, the source of which has never been explained.

The 2003 MMI survey successfully detected a uranium ± nickel ± cobalt ± arsenic soil anomaly over the Vixen Lake Radioactive Boulder Train. Three highly prospective MMI soil anomalies were defined by UEX's survey, and are located 3 to 4 kilometres up-ice of the Vixen Lake Radioactive Boulder Train and within 2.5 to 4 kilometres southwest of the past-producing Rabbit Lake deposit and present milling facility. Two parallel 1 kilometre-long MMI uranium anomalies were found in the area south of Scoop Lake and east of Skip Lake,

and are collectively known as the Scoop Lake MMI anomalies. A third MMI uranium anomaly is found along the south shore of Skip Lake and trends into the lake (to access a map of UEX's MMI survey results, visit UEX's website at www.ux-corporation.com).

Investigation of radioactive boulder trains is a widely successful technique for discovering uranium deposits in the Athabasca Basin. Boulders from a mineral deposit can be dispersed over several kilometres by the action of glaciers. Glaciers scour the underlying bedrock as they flow over the land, causing boulders to be broken off the bedrock. When the glacier melts, the boulders are left on or below surface, forming part of the overburden. If a glacier scours an exposed mineral deposit, mineralized boulders can be broken off and deposited in the down-ice direction. These boulders are not dropped in one spot, rather they are deposited along the entire length of down-ice distance covered by the glacier beyond the source area (the mineral deposit). These boulders form a roughly linear trend that starts at the mineral deposit. By finding mineralized boulders in the down-ice direction, prospectors can use their knowledge of the local glacial advance to locate additional boulders in the up-ice direction and trace the boulders back towards the source, the original mineral deposit.

This exploration technique was used in the discovery of the Rabbit Lake, Collins Bay "A" Zone, Key Lake, Midwest, Fond du Lac and Cluff Lake deposits. In the case of the Vixen Lake Radioactive Boulder Train, it appears that this radioactive boulder train is covered by glacial till, which inhibits the traditional style of surface radiometric prospecting. UEX's 2003 MMI survey was carried out to detect the extent of this buried radioactive boulder train and trace it to its source.

The MMI process is designed to detect metal ions released from buried mineralization. The method was first developed in Western Australia where mineral deposits are commonly buried under thick overburden. The inventors of the MMI technique propose that certain metal ions, such as uranium, nickel, cobalt and arsenic, rise vertically from their source and become loosely-bound to soil particles at surface. In the laboratory, a partial leaching process extracts ions from collected soil particles, thus analyzing only the ions and not the soil itself. Conventional soil geochemical surveys often outline traces of mineralization that, over time, have moved laterally from source by natural erosion or glacial action. MMI technique detects ions that have only recently arrived to surface, thus allowing explorationists to target more precisely an anomalous source. MMI has been credited with assisting in several important mineral discoveries worldwide and UEX believes that when integrated with geological mapping and geophysical surveys, the technique will become a powerful exploration tool in the Athabasca Basin.

UEX's newly-discovered MMI anomalies have not been tested by previous diamond drilling programs and are considered by the Company to be high priority drill targets for the upcoming 2004 winter exploration program.

Some of the key observations made by Cameco's project team during the MMI survey and site visits include:

- The Vixen Lake Radioactive Boulder Train contains uranium mineralized boulders mixed with pegmatite and pelitic boulders that have been subjected to hydrothermal alteration of the style commonly observed in Athabasca Basin uranium deposits;

- The altered and mineralized boulders of the Vixen Lake Radioactive Boulder Train originated from basement rocks of the Wollaston Group. The till sheet hosting the boulder train is also comprised of dominantly basement-derived material;
- Basement rocks are only exposed over an area 2 to 3.5 kilometres north and northeast of the Vixen Lake Radioactive Boulder Train. North of this exposure, the basement rocks are covered by Athabasca Group sandstone. This area cannot represent the source of the radioactive basement boulders. The angular nature of the basement boulders and the lack of sandstone boulders in the till sheet of the Vixen Lake Radioactive Boulder Train indicate that the source area of the radioactive boulders is most likely on-property;
- The three 2003 MMI anomalies are located directly up-ice of the Vixen Lake Radioactive Boulder Train, and are coincident with known radioactive boulders and a radioactive, hematitic outcrop discovered during the 2003 survey. The anomalies overlie areas of basement rock exposures and terminate at the margin of the Athabasca Group sandstone, consistent with the nature of the boulders found in the Vixen Lake Radioactive Boulder Train;
- The MMI anomalies are elongated in the same direction as the glacial ice direction;
- Historical drilling programs along the prospective Rabbit Lake Fault focused on the traditional Athabasca-style, unconformity-type uranium deposit model, often found to be coincident with graphitic conductors. The MMI anomalies cover areas prospective for uranium deposits such as Rabbit Lake, which was not directly associated with graphitic conductors, as well as traditional unconformity uranium deposits;
- Radioactive boulder tracing programs have led to the discovery of at least two past-producing uranium deposits on Cameco's adjacent Rabbit Lake Property—the Rabbit Lake deposit and the Collins Bay "A" Zone deposit.

Based on the results of the soil survey and observations made in the field, Cameco's exploration team believes there is a high probability that the source of the Vixen Lake Radioactive Boulder train is located on UEX's Hidden Bay property.

The location of MMI soil anomalies up-ice of the Vixen Lake Radioactive Boulder Train overlying basement rocks supports Cameco's on-property hypothesis. The MMI survey has generated high priority exploration targets that are included in drilling plans for the upcoming 2004 winter program.

Diamond Drilling Results

Three diamond drill holes totaling 731 metres were drilled to test a 600 metre long section of the Kewen Lake Fault Zone. In 2002, a UEX review of previous diamond drilling in the Kewen Lake area determined that anomalous alteration and radioactivity was present along portions of the fault that were untested in basement rocks below the unconformity. No significant alteration or radioactivity was encountered in the three holes. Future exploration work in the immediate Kewen Lake area is not recommended at this time.

2004 Winter Exploration Program

Preliminary budget estimates for geophysics and diamond drilling total approximately \$900,000 (CDN), which include:

- Geophysical programs at the Hidden Bay Uranium Project consisting of 50 kilometres of gravity surveying and 65 kilometres of electromagnetic surveying;

- 3200 metres of diamond drilling at the Hidden Bay Uranium Project;
- 1800 metres of diamond drilling at the Riou Lake Uranium Project.

Financing Activities

On July 14, 2003, UEX announced the completion of a share offering (*see News Release May 13, 2003*), which raised \$1.25 million by way of private placement. The offering consisted of 9,500,000 flow-through shares at \$0.10 per share for proceeds of \$950,000 and 3,000,000 units at \$0.10 per unit for proceeds of \$300,000. Each unit consists of one common share and one common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one common share at \$0.15 per share for the two-year period following the closing date.

The proceeds of the flow-through common shares will be used for further exploration on UEX's uranium projects in the Athabasca Basin. UEX has agreed to incur and renounce qualifying Canadian Exploration Expenditures under the *Income Tax Act* (Canada) to purchasers of the flow-through common shares in an amount equal to the subscription price of such shares. The net proceeds of the Units will be used for general corporate purposes.

ON BEHALF OF THE BOARD OF DIRECTORS OF UEX CORPORATION

"Stephen Sorensen"

Stephen H. Sorensen
President & CEO

UEX CORPORATION
FINANCIAL STATEMENTS
SEPTEMBER 30, 2003
(Unaudited - Prepared By Management)

UEX CORPORATION
BALANCE SHEET
(UNAUDITED - PREPARED BY MANAGEMENT)

September 30
2003
\$

December 31
2002
\$

ASSETS

Current Assets

Cash and cash equivalents	1,391,822	1,364,779
Amounts receivable	35,881	113,231
Prepaid expenses	13,548	8,709

1,441,251 1,486,719

Mineral properties (Note 3) 13,228,429 12,384,240

14,669,680 13,870,959

LIABILITIES

Current Liability

Accounts payable and accrued liabilities 135,856 187,255

Future Income Taxes (Note 4) 4,061,368 4,331,000

4,197,224 4,518,255

SHAREHOLDERS' DEFICIENCY

Share Capital (Note 5) 10,337,904 9,591,506

Stock Options 17,594 17,594

Retained Earnings 116,958 (256,396)

10,472,456 9,352,704

14,669,680 13,870,959

APPROVED BY THE DIRECTORS

Graham C. Thody (Signed)

Stephen H. Sorensen (Signed)

Refer to accompanying notes.

UEX CORPORATION
STATEMENT OF OPERATIONS AND RETAINED EARNINGS
(UNAUDITED - PREPARED BY MANAGEMENT)

	Three Month Period Ended September 30 2003 \$	Three Month Period Ended September 30 2002 \$	Nine Month Period Ended September 30 2003 \$	Nine Month Period Ended September 30 2002 \$
Revenue				
Interest	8,038	3,109	20,070	3,133
Expenses				
Bank charges and interest	1,937	305	2,288	1,391
Filing fees and stock exchange	52,637	12,843	74,712	12,843
General and administration	1,400	4,333	9,738	8,991
Insurance	-	438	501	623
Legal and accounting	7,684	1,555	31,412	1,555
Office	601	490	1,597	1,734
Property investigation	1,231	-	1,231	-
Rent	6,491	6,365	23,273	22,868
Salaries	46,931	47,920	151,371	136,791
Telephone	595	1,365	2,323	2,946
Travel and promotion	544	-	5,379	-
	120,051	75,614	303,825	189,742
Loss Before Income Taxes	(112,013)	(72,505)	(283,755)	(186,609)
Future income tax recovery (Note 4)	657,109	-	657,109	-
Net Earnings For The Period	545,096	(72,505)	373,354	(186,609)
Deficit, beginning of period	(428,138)	(114,104)	(256,396)	-
Retained Earnings, End Of Period	116,958	(186,609)	116,958	(186,609)
Basic And Diluted Earnings Per Share (Note 6)	0.005	(0.001)	0.004	(0.008)
Weighted Average Number Of Shares	105,927,931	72,225,966	98,717,686	24,339,886

Refer to accompanying notes.

UEX CORPORATION
STATEMENT OF CASH FLOWS
(UNAUDITED - PREPARED BY MANAGEMENT)

	Three Month Period Ended September 30 2003	Three Month Period Ended September 30 2002	Nine Month Period Ended September 30 2003	Nine Month Period Ended September 30 2002
	\$	\$	\$	\$
Operating Activities				
Net earnings for the period	545,096	(72,505)	373,354	(186,609)
Item not involving cash				
Future income tax recovery	(657,109)	-	(657,109)	-
	(112,013)	(72,505)	(283,755)	(186,609)
Changes in non-cash working capital items				
Amounts receivable	3,114	(111,750)	77,350	(142,783)
Prepaid expenses	(5,326)	(4,181)	(4,839)	(13,704)
Accounts payable and accrued liabilities	69,036	251,253	(51,399)	502,450
	66,824	135,322	21,112	345,963
	(45,189)	62,817	(262,643)	159,354
Financing Activities				
Issuance of share capital	230,000	3,751,402	1,133,875	3,523,815
Due to Pioneer Metals Corporation	-	(921,184)	-	(199,750)
	230,000	2,830,218	1,133,875	3,324,065
Investing Activity				
Mineral properties	(4,854)	(861,445)	(844,189)	(1,448,642)
Increase During The Period	179,957	2,031,590	27,043	2,034,777
Cash and cash equivalents, beginning of period	1,211,865	3,187	1,364,779	-
Cash And Cash Equivalents, End Of Period	1,391,822	2,034,777	1,391,822	2,034,777

Refer to accompanying notes.

UFX CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2003
(UNAUDITED - PREPARED BY MANAGEMENT)

1. Basis Of Presentation

These interim financial statements have been prepared using the same accounting policies as used in the financial statements for the year ended December 31, 2002 and should be read in conjunction with the audited annual financial statements.

2. Operations

The Company was incorporated under the Canada Business Corporations Act on October 2, 2001. On October 23, 2001, the Company entered into an agreement with Pioneer Metals Corporation ("Pioneer") and Cameco Corporation ("Cameco") to establish the Company as a public uranium exploration company. On July 17, 2002, under a plan of arrangement with Pioneer, Pioneer transferred to the Company its uranium exploration properties and all related assets, including the Riou Lake Uranium, Black Lake and Serendipity Lakes Projects ("Riou Lake"), and Cameco transferred its Hidden Bay uranium exploration property and certain related assets in exchange for shares of the Company.

3. Mineral Properties

The mineral properties comprise the uranium exploration properties and all related assets that Pioneer and Cameco each transferred to the Company following the completion of the plan of arrangement.

The pre-acquisition property and deferred exploration costs that were incurred prior to the completion of the plan of arrangement have been re-allocated to the mineral properties to which they relate.

Mineral properties are summarized as follows:

	Riou Lake	Hidden Bay	Total
	\$	\$	\$
Balance, December 31, 2001	-	-	-
Acquisition costs for shares	2,168,377	4,450,000	6,618,377
Future income taxes relating to the above acquisition	-	3,809,000	3,809,000
Pre-acquisition property costs	99,532	66,354	165,886
Exploration and development expenditures	406,164	1,384,813	1,790,977
Balance, December 31, 2002	2,674,073	9,710,167	12,384,240
Exploration and development costs during the period	331,677	512,512	844,189
Balance, September 30, 2003	3,005,750	10,222,679	13,228,429

UEX CORPORATION
NOTES TO FINANCIAL STATEMENTS
PAGE TWO

4. Income Taxes

Income taxes are accounted for under the asset and liability method. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using substantively enacted tax rates expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

During the period ended September 30, 2003, the federal government introduced amendments to the Canadian Income Tax Act which provide for a reduction in the corporate tax rate on income from resource activities. The cumulative effect of the change in income tax legislation on the Company's future income tax liability was \$657,109. As a result, the Company recognized a future income tax recovery of \$657,109.

The future income tax effect of eligible mineral property expenditures funded by proceeds from the issuance of flow-through shares is charged to share issuance costs at the time the expenditures are incurred.

5. Share Capital

(a) Authorized

The authorized share capital of the Company consists of unlimited number of common shares and unlimited number of preferred shares issuable in series, of which 1,000,000 preferred shares have been designated series 1 preferred shares.

(b) Issued - Common Shares

	Number Of Shares	Value \$
Balance, December 31, 2002	93,726,844	9,591,506
Issued for cash:		
Private placement – flow-through shares	9,500,000	950,000
Private placement	3,000,000	300,000
Share issue costs	-	(116,125)
Future income taxes on flow-through expenditures incurred	-	(387,477)
Balance, September 30, 2003	106,226,844	10,337,904

During the period ended September 30, 2003, the company issued 9,500,000 flow-through common shares at \$0.10 per share, and 3,000,000 units at \$0.10 per unit. Each unit consists of one common share of the Company and one share purchase warrant entitling the holder to acquire an additional common share at \$0.15 per share for a period of two years from the date of issue. In addition, the company paid a commission of \$100,000 and issued 1,000,000 share purchase warrants to the agent. Each warrant entitles the agent to acquire one common share of the company at \$0.10 for a period of two years from the date of issue.

UEX CORPORATION
NOTES TO FINANCIAL STATEMENTS
PAGE THREE

5. **Share Capital** (Cont'd)

(c) Common Shares Reserved

A summary of the status of the Company's stock-based compensation plan as of September 30, 2003, and changes during the nine month period then ended are presented below:

	Number Of Shares	Weighted-Average Exercise Price
		\$
Outstanding - December 31, 2002	4,850,000	0.15
Granted	1,800,000	0.08
Expired	(400,000)	0.16
Outstanding And Exercisable – September 30, 2003	6,250,000	0.11

In addition, 1,000,000 options were modified such that the exercise price was reduced from \$0.16 per share to \$0.08 per share and the expiry date was extended from July 12, 2012 to September 24, 2013.

At September 30, 2003, the Company had reserved a total of 6,250,000 common shares related to the director and employee options:

Exercise Price	Number Of Shares	Weighted Average Remaining Contractual Life
\$		
0.08	2,800,000	10.0 years
0.10	166,000	9.3 years
0.12	1,784,000	3.3 years
0.16	500,000	2.9 years
0.18	1,000,000	8.3 years
	6,250,000	

The company has not recorded stock-based compensation expense for the Director and Employee stock options granted during the period ended September 30, 2003. Had the Company accounted for stock-based compensation under the fair value method, additional compensation expense would have been recorded for the period, with pro-forma results as presented below:

Nine Month Period Ended September 30	2003
	\$
Net Earnings For The Period, As Reported	373,354
Stock-based compensation expense	(141,349)
Pro-forma Earnings For The Period	232,005
Pro-forma Basic And Diluted Earnings Per Share	0.002

UEX CORPORATION
NOTES TO FINANCIAL STATEMENTS
PAGE FOUR

5. Share Capital *(Cont'd)*

(c) Common Shares Reserved *(Cont'd)*

The weighted average fair value of options granted during the period ended September 30, 2003, was \$0.08 per option using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	4.61%
Expected life of options	10 years
Annualized volatility	125%
Dividend yield	0.00%

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate and, therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the company's stock options.

At September 30, 2003, the following share purchase warrants were outstanding:

Number Of Shares	Exercise Price	Expiry Date
	\$	\$
1,062,608	0.25	July 17, 2004
300,000	0.15	June 6, 2005
800,000	0.10	June 6, 2005
200,000	0.10	July 11, 2005

6. Earnings Per Share

Basic earnings per share is calculated using the weighted average number of common shares outstanding, and the treasury stock method is used to calculate diluted earnings per share. For the periods ended September 30, 2003, the effect of the Company's outstanding stock options and share purchase warrants proved to be anti-dilutive.

7. Comparative Figures

Certain comparative figures have been reclassified to conform with the current period's presentation.

Corporate Information

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Directors & Officers

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Director

Peter C. Kalbfleish
Director

Graham C. Thody
Director

Colin Macdonald
Director

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Director

Warren W. Stanyer
Corporate Secretary, Chief Financial Officer