
UEX CORPORATION
UNAUDITED FINANCIAL STATEMENTS
MARCH 31, 2004
(Prepared By Management)

UEX CORPORATION
BALANCE SHEET
(UNAUDITED - PREPARED BY MANAGEMENT)

	March 31 2004	December 31 2003
	\$	\$
ASSETS		
Current Assets		
Cash and cash equivalents	2,762,004	3,337,613
Amounts receivable	92,134	25,782
Prepaid expenses	8,308	8,222
	<hr/>	<hr/>
	2,862,446	3,371,617
Mineral properties (Note 3)	14,393,719	13,305,946
	<hr/>	<hr/>
	17,256,165	16,677,563

LIABILITIES

Current Liability		
Accounts payable and accrued liabilities	607,974	117,095
Future Income Taxes	<hr/>	<hr/>
	4,815,710	4,815,710
	<hr/>	<hr/>
	5,423,684	4,932,805

SHAREHOLDERS' DEFICIENCY

Share Capital (Note 4)	11,809,121	11,647,195
Stock Options	158,943	158,943
Deficit	<hr/>	<hr/>
	(135,583)	(61,380)
	<hr/>	<hr/>
	11,832,481	11,744,758
	<hr/>	<hr/>
	17,256,165	16,677,563

SUBSEQUENT EVENTS (Note 8)

APPROVED BY THE DIRECTORS

Graham C. Thody (Signed)

Stephen H. Sorensen (Signed)

Refer to accompanying notes.

UJX CORPORATION
STATEMENT OF OPERATIONS AND DEFICIT
(UNAUDITED - PREPARED BY MANAGEMENT)

THREE MONTH PERIOD ENDED MARCH 31	2004	2003
	\$	\$
Revenue		
Interest	16,270	9,189
Expenses		
Bank charges and interest	253	171
Filing fees and stock exchange	15,512	12,474
General and administration	4,875	954
Insurance	-	376
Legal and accounting	7,473	11,900
Rent	8,200	8,391
Salaries and benefits	53,032	50,180
Telephone	1,068	739
Travel and promotion	60	1,651
	<u>90,473</u>	<u>86,836</u>
Net Loss For The Period	(74,203)	(77,647)
Deficit, beginning of period	<u>(61,380)</u>	<u>(256,396)</u>
Deficit, End Of Period	<u>(135,583)</u>	<u>(334,043)</u>
Basic And Diluted Loss Per Share	(0.00)	(0.00)
Weighted Average Number Of Shares	<u>115,945,452</u>	<u>93,726,844</u>

Refer to accompanying notes.

UJX CORPORATION
STATEMENT OF CASH FLOW
(UNAUDITED - PREPARED BY MANAGEMENT)

THREE MONTH PERIOD ENDED MARCH 31	2004	2003
	\$	\$
Operating Activities		
Net loss for the period	(74,203)	(77,647)
Cash provided by changes in non-cash working capital items		
Amounts receivable	(66,352)	47,917
Prepaid expenses	(86)	(7,639)
Accounts payable and accrued liabilities	490,879	(2,809)
	424,441	37,469
	350,238	(40,178)
Financing Activities		
Short-term investments	-	645,000
Issuance of share capital	161,926	-
	161,926	645,000
Investing Activity		
Mineral properties	(1,087,773)	(599,998)
Decrease In Cash And Cash Equivalents During The Period	(575,609)	4,824
Cash and cash equivalents, beginning of period	3,337,613	39,779
Cash And Cash Equivalents, End Of Period	2,762,004	44,603

Refer to accompanying notes.

UFX CORPORATION

NOTES TO FINANCIAL STATEMENTS

FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2004
(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, 2003 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

Mineral properties are summarized as follows:

	Riou Lake	Hidden Bay	West Athabasca	Total
	\$	\$	\$	\$
Balance, December 31, 2003	3,012,389	10,293,557	-	13,305,946
Exploration and development costs during the period				
Consulting	52,178	167,717	7,600	227,495
Drilling	294,251	402,756	-	697,007
Field supplies	4,102	250	-	4,352
Geophysics and geology	91,832	56,953	-	148,785
Telecommunications	2,913	-	-	2,913
Travel and accommodation	7,221	-	-	7,221
	452,497	627,676	7,600	1,087,773
Balance, March 31, 2004	3,464,886	10,921,233	7,600	14,393,719

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NOTES TO FINANCIAL STATEMENTS
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3. Mineral Properties (Cont'd)

During the period ended March 31, 2004, the Company entered into an agreement with COGEMA Resources Inc. ("GOGEMA") whereby the Company was granted the option to acquire up to a 49% interest in certain uranium projects located in the western Athabasca Basin in northern Saskatchewan. In order to earn this interest, the Company must fund \$30 million in exploration expenditures over the eleven years of the agreement as follows:

First and second years	-	Minimum \$2,000,000 per year
Third to sixth years	-	Minimum \$2,500,000 per year
Seventh to ninth years	-	Minimum \$3,000,000 per year
Tenth and eleventh years	-	Minimum \$3,500,000 per year

At a minimum the Company must expend \$500,000 on the projects or reimburse COGEMA the difference between the amount expended and \$500,000.

The Company will earn a 12.25% interest in the projects for every \$7,500,000 incurred to a maximum total interest in the projects of 49%.

The Shea Creek Project ("Shea Creek") encompasses the Anne and Colette Deposits. The resource at the Anne Deposit has been estimated by COGEMA to contain approximately 40,000,000 pounds of uranium ("U"). (UEX has not done the work necessary to verify the classification of the resource and it may not comply with the standards outlined in sections 1.3 and 1.4 of National Instrument 43-101. As a result, this historical estimate should not be relied upon.) No resource estimate is currently available for Colette due to the smaller number of drillholes.

In the event that these resources are mined, UEX has agreed to pay to COGEMA a royalty of \$0.25 (US) per pound U for each pound sold, to a maximum royalty of \$10 million (US).

4. 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, 2003	115,526,844	11,647,195
Issued for cash:		
Exercise of stock options	490,000	55,200
Exercise of warrants	434,557	108,639
Share issue costs	-	(1,913)

Balance, March 31, 2004

116,451,401

11,809,121

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4. Share Capital (Cont'd)

(c) Common Shares Reserved

A summary of the status of the Company's stock-based compensation plan as of March 31, 2004, and changes during the three month period then ended are presented below:

	Number Of Shares	Weighted-Average Exercise Price \$
Outstanding - December 31, 2003	4,950,000	0.10
Exercised during the period	(490,000)	0.11
Outstanding And Exercisable – March 31, 2004	4,460,000	0.10

At March 31, 2004, the Company had reserved a total of 4,460,000 common shares related to the director and employee options:

Exercise Price	Number Of Shares	Weighted Average Remaining Contractual Life
\$		
0.08	2,610,000	9.5 years
0.10	166,000	8.8 years
0.12	1,184,000	4.0 years
0.16	500,000	2.4 years
	4,460,000	

At March 31, 2004, the following share purchase warrants were outstanding:

Number Of Shares	Exercise Price	Expiry Date
	\$	\$
618,917	0.25	July 17, 2004
3,000,000	0.15	June 6, 2005
800,000	0.10	June 6, 2005
200,000	0.10	July 11, 2005
2,000,000	0.30	December 18, 2005
228,000	0.25	December 18, 2005

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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 March 31, 2004, the effect of the Company's outstanding stock options and share purchase warrants proved to be anti-dilutive.

7. Related Party Transactions

During the period ended December 31, 2004, fees for legal and accounting services in the amount of \$9,387 (2003 - \$4,400), a portion of which were share issue costs, were paid to firms of which directors of the Company are partners.

8. Subsequent Events

Subsequent to March 31, 2004:

- (a) The Company issued 10,000,000 common shares at a price of \$0.50 per share for total proceeds of \$5,000,000 pursuant to private placement agreements.
- (b) The Company issued 500,000 common shares on the exercise of stock options for proceeds of \$58,000.
- (c) The Company issued 165,000 common shares on the exercise of share purchase warrants for proceeds of \$41,250.

Corporate Information

Corporate Office

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Transfer Agency

Computershare Trust Company of Canada Ltd.
510 Burrard Street
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V6C 3B9

Directors & Officers

Stephen H. Sorensen
President, Chief Executive Officer
Director

Peter C. Kalbfleish
Director

Graham C. Thody
Director

Colin Macdonald
Director

Walter T. Segsworth
Director

Warren W. Stanyer
Corporate Secretary, Chief Financial Officer



Message to Shareholders

UEx Corporation continued to make progress in its exploration objectives in the First Quarter of 2004. Uranium prices continued to rise, increasing shareholder value and creating the opportunity to raise significant funds at higher share prices. UEX management looks forward to the exploration and development of its properties and the future growth of the Company.

"signed"

*Stephen H. Sorensen
President & CEO*

Management Discussion & Analysis

This management discussion and analysis will provide investors with an informed discussion of UEX Corporation's business activities. It incorporates new requirements from the Canadian Securities Administration and reflects guidelines from the Canadian Institute of Chartered Accountants (CICA). UEX Corporation ("UEx") prepares its Financial Statements in accordance with Canadian Generally Accepted Accounting Principles. Additional information concerning UEX is available at www.sedar.com.

Overview

Goals

UEx's goal is to become the dominant uranium explorer in the uranium-rich Athabasca Basin and, through its efforts, eventually join the elite ranks of Canada's uranium producers.

Strategy

Our business is the exploration and development of uranium resources in the Athabasca Basin. Sustainable growth is realized by the acquisition and partnering of prospective uranium projects at various stages of exploration and development, located in different but prospective geological domains in the Athabasca Basin.

UEx believes that diversification of projects, project locations and project partners is key to successful discoveries. UEx holds a diversified portfolio of uranium projects, located in several prospective geological domains in the Athabasca Basin and has strong affiliations with nuclear industry leaders. Since going public in July of 2002, UEx has aggressively pursued this strategy and has produced a growing capital appreciation for its shareholders.

About UEX

UEx is a Canadian based exploration company initially formed under an agreement between Pioneer Metals Corporation and Cameco Corporation. Its business is the exploration and development of uranium resources in the Athabasca Basin of northern Saskatchewan, the richest uranium belt in the world. UEx began trading on the Toronto Stock Exchange in July 2002 and currently has 12 uranium projects either 100% owned, joint ventured or under option totaling approximately 230,000 hectares (575,000 acres) located in the eastern, western and northern areas of the Athabasca Basin.

Cameco Corporation ("Cameco"), the world's largest supplier of uranium, holds approximately 28% of the common shares of UEX and has one representative on UEX's Board of Directors. UEX and Cameco have an exploration service agreement in place, under which Cameco manages exploration programs on the 100% UEX-owned and operated Hidden Bay Project. The service agreement can be cancelled by either party prior to any calendar year end. The Hidden Bay Project is located in the eastern Athabasca Basin, and surrounds on three sides Cameco's producing Rabbit Lake project.

UEX also operates its 100% owned Riou Lake Uranium Project, the Black Lake Uranium Project, a joint venture with COGEMA Resources Inc. ("COGEMA"), and the Serendipity Lakes Project, a property under option from D.F. Exploration Uranium Ltd. All three of these projects are located in the northeastern Athabasca Basin.

In March 2004, UEX signed an agreement with COGEMA to acquire a 49% interest in eight uranium projects 100% owned by COGEMA. The eight projects include Shea Creek (containing the Anne and Collette deposits), Douglas, Erica, Alexandra, Laurie, Mirror and the recently staked Nikita and Uchrich projects. Under the terms of the agreement with COGEMA, UEX has an option to spend \$30 million (CDN) over the next 11 years to earn its 49% interest. COGEMA will be operator. COGEMA is part of the AREVA group, the world's largest nuclear energy company.

In order to earn a 49% interest in the COGEMA projects, UEX must fund \$30 million in exploration expenditures over the eleven years of the agreement as follows:

First and second years:	Minimum \$2,000,000 per year
Third to sixth years:	Minimum \$2,500,000 per year
Seventh to ninth years:	Minimum \$3,000,000 per year
Tenth and eleventh years	Minimum \$3,500,000 per year

At a minimum, UEX must spend \$500,000 on the projects or reimburse COGEMA for the difference between the amount spent by UEX and \$500,000.

The Company will earn a 12.25% interest in the projects for every \$7,500,000 incurred to a maximum total interest in the projects of 49%.

The Shea Creek Project ("Shea Creek") encompasses the Anne and Colette Deposits. The resource at the Anne Deposit has been estimated by COGEMA to contain approximately 40,000,000 pounds of uranium ("U").

(Note: UEX has not done the work necessary to verify the classification of the resource and it may not comply with the standards outlined in sections 1.3 and 1.4 of National Instrument 43-101. As a result, this historical estimate should not be relied upon.) No resource estimate is currently available for Colette due to the smaller number of drillholes.

In the event that these resources are mined, UEX has agreed to pay to COGEMA a royalty of \$0.25 (US) per pound U for each pound sold, to a maximum royalty of \$10 million (US).

Growth Strategy

UEX's vision is to be the dominant uranium explorer in the Athabasca Basin and a future uranium producer.

The main strategies of UEX are:

- To improve the geological model and complete the additional drilling required to develop an economic resource at the Shea Creek (Anne and Collette) uranium deposits;
- To maintain and aggressively explore and advance to discovery its other uranium projects;
- To continue the negotiation and acquisition of new uranium projects in the Athabasca Basin that can be readily financed in current market conditions;
- To provide for a diversification of project stages (early exploration through development), project locations and project partners.
- To leverage its strong relationships with the world's two largest uranium companies, Cameco and COGEMA.

Uranium Industry Trends

A number of trends in the nuclear industry have the potential to affect UEX's business environment.

Current trends are encouraging for explorers and producers of uranium. The uranium spot price has appreciated approximately 250% since January 2001. The nuclear industry has seen increased capacity at existing nuclear plants, extensions of plant licenses, and new plant construction. Public opinion in many countries has moved in favour of nuclear power, and rising natural gas and oil prices have made nuclear energy the lowest cost option in some countries. In the U.S, other than hydro, nuclear energy is the cheapest source of electricity. Global warming concerns support increased interest in nuclear power

Uranium Supply and Demand

Uranium supply sources include primary mine production and secondary sources. Principal primary producers of uranium include Cameco (20% of global mine production in 2003) and COGEMA, both of which produce principally from deposits in the Athabasca Basin of northern Saskatchewan. In 2003, worldwide demand totaled 180 million pounds U₃O₈ (an oxide of uranium) while world production was approximately 92 million pounds. The resulting shortfall has been covered by several secondary sources including excess inventories held by utilities, producers, other fuel cycle participants, reprocessed uranium and plutonium derived from used reactor fuel, and uranium derived from the dismantling of Russian nuclear weapons. These secondary sources will decline in importance as excess inventories and recycled uranium from nuclear weapons are progressively consumed over the next decade, resulting in the need for further primary mine supply.

Demand for uranium is directly linked to the level of electricity generated by nuclear power plants. Nuclear electricity generation worldwide is growing, since world nuclear generating capacity continues to expand as more reactors are built than are closed, and existing reactors are being operated at higher capacity. Reactors in the United States, for example, increased operational capacity from an average of 58% in 1980 to 90% in 2000. Nuclear energy supplies approximately 16% of the world's electricity.

Long Term Outlook

In 2000, uranium spot prices reached 26 year lows of less than \$7.00 U. S. per pound U₃O₈ due to the increased availability of secondary supplies, short term lower demand, and increased inventory sales. The spot price has since increased to almost \$18 U.S. per pound U₃O₈ as of the date of this report, and the long term uranium market outlook remains positive with increased consumption, and the continuing draw down of secondary uranium sources. Given the lead time necessary to find and develop new mines, the projected gaps in both supply and future depletion of existing high grade uranium deposits means that exploration needs to take place in the shorter term.

The recent resurgence of concern over energy security and supply, and the corresponding interest in nuclear power as a reliable and clean source of energy has heightened the awareness that new uranium supplies will be needed in the long term. The new uranium production is likely to come from deposits in Canada, Australia, the United States and Kazakhstan. Most deposits generally have much lower grades than the high grade deposits in the Athabasca Basin, and consequently it is anticipated that the new supply will come at higher cost, which is expected to put further upward pressure on the uranium price over the next ten years, and increase both the need to find and exploit additional high grade deposits. UEX believes it is well positioned to capitalize on these potential future trends.

Selected Financial Information

The following is selected financial data from the audited financial statements of UEX for the last two complete fiscal years, which are UEX's first two fiscal years of operation. The data should be read in conjunction with the audited financial statements for the year ending December 31, 2003 and the notes thereto.

For the Years Ended December 31

	2003	2002	2001
(CDN\$)			
Revenue	\$30,167	\$20,136	n/a
Net Loss (Before Income Taxes)	(\$492,260)	(\$256,396)	n/a
Loss Per Share (Before Income Taxes)	(\$0.01)	(\$0.01)	n/a
Total Assets	\$16,677,563	\$13,870,959	n/a

The following quarterly financial data is derived from the interim, unaudited financial statements of UEX as at (and for) the three month periods ended on the dates indicated below. The data should be read in conjunction with UEX's interim, unaudited financial statements and the notes thereto.

For the Quarters Ended

	Mar. 2004	Dec. 2003	Sept. 2003	Jun. 2003	Mar. 2003	Dec. 2002	Sept. 2002
(CDN\$)							
Revenue	\$16,270	\$10,097	\$8,038	\$2,843	\$9,189	\$17,027	\$3,109
Net Loss (Before Income Taxes)	(\$74,203)	(\$178,338)	(\$112,013)	(\$94,095)	(\$77,647)	(\$69,787)	(\$72,505)
Loss Per Share (Before Income Taxes)	(\$0.001)	(\$0.002)	(\$0.001)	(\$0.001)	(\$0.001)	(\$0.001)	(\$0.001)
Total Assets	\$17,256,165	\$16,677,653	\$14,669,680	\$14,482,657	\$13,790,503	\$13,870,959	\$9,696,913 ⁽¹⁾

Note (1): The change in net assets from the period ending September 30, 2002 to the period ending December 31, 2002 is primarily due to the recognition of a future income tax liability related to the acquisition of the Hidden Bay property, which has been added to the cost of that property in accordance with generally accepted accounting principles.

Share Capital

The Corporation is authorized to issue an unlimited number of common shares without par value, of which 127,116,401 common shares were issued and outstanding as of May 14, 2004, and an unlimited number of preferred shares issuable in series, of which 1,000,000 preferred shares have been designated Series 1 shares, none of which are issued and outstanding.

At May 14, 2004, a total of 6,681,917 share purchase warrants enabling holders to acquire common shares were outstanding, on the following terms:

Number of shares	Exercise price	Expiry date
453,917	\$ 0.25	July 17, 2004
3,000,000	0.15	June 6, 2005
800,000	0.10	June 6, 2005
200,000	0.10	July 11, 2005
2,000,000	0.30	December 18, 2005
228,000	0.25	December 18, 2005

At March 31, 2003, the Company had reserved a total of 4,460,000 common shares related to the director and employee options, the details of which are as follows:

Exercise prices	Number outstanding, March 31, 2003
\$ 0.08	2,610,000
0.10	166,000
0.12	1,184,000
0.16	500,000
	4,460,000

Results of Operations

The Corporation incurred a net loss for the three month period ending March 31, 2004 of \$74,203, slightly lower than the net loss of \$77,647 for the three month period ending March 31, 2003.

Revenue, consisting of investment income, was \$16,270 for three months ending March 31, 2004, compared to \$9,189 for the three months ending March 31, 2003, an increase of \$7,081. The increase was generated by larger amounts of cash held by the Corporation than were held in the same three month period in 2003.

During the three months ending March 31, 2004, UEX carried out exploration programs on the Hidden Bay and Riou Lake uranium projects in northern Saskatchewan and incurred exploration expenses on those properties of \$627,676 and \$452,497, respectively. Comparative detailed exploration costs figures for the same period in 2003 are not available due to the different accounting records maintained in 2003.

General and administrative expenses for the three months ending March 31, 2004 were \$90,473 compared to \$86,836 for the three months ending March 31, 2003, a difference of \$3,637. Salaries and benefits totaled \$53,032 for the three months ending March 31, 2004, an increase of \$2,852 over the same period in 2003. Legal and accounting expenses for the three months ending March 31, 2004 were \$7,473, lower than the 2003 cost for that period of \$11,900. Filing fees and stock exchange fees rose for the three months ending March 31, 2004 to \$15,512, an increase of \$3,038 over the three months ending March 31, 2003, in which those expenses were \$12,474.

The Corporation did not complete any equity financings in the three months ending March 31, 2004. The Corporation realized \$55,200 from the exercise of stock options in the three months ending March 31, 2004. No stock options were exercised in the same period in 2003. The Corporation received \$108,367 on the exercise of warrants.

The Corporation did allow certain non-core exploration properties from the group of properties acquired in 2002 under the Plan of Arrangement to lapse. No write-downs were associated with the lapsing of those properties.

Exploration Activities

In February 2004, UEX announced the commencement of winter diamond drilling programs at the Hidden Bay and Riou Lake Uranium Projects, both located in the Athabasca Basin area of northern Saskatchewan, Canada. A budget of approximately \$950,000 was allocated for geophysics and drilling on the Hidden Bay Project and approximately \$950,000 for geophysics and drilling on the Riou Lake Project. Work at both properties was expected to be completed subsequent to the three months ending March 31, 2004.

Hidden Bay Project: Winter 2004

Approximately 4800 metres of diamond drilling were planned in approximately 40 holes across the Hidden Bay property to test priority target areas, allocated as follows:

- 1700 metres as follow up to previous drilling in the West Bear Uranium Deposit area where highly anomalous Nickel-Cobalt-Arsenic bearing alteration typical of that associated with unconformity style uranium deposits was intersected (*see News Release, April 22, 2002*), and to test any new targets found in a Horizontal Loop Electromagnetic ("HLEM") survey now underway east of the West Bear deposit;
- 1500 metres of drilling in the Vixen Lake North grid area, where significant Mobile Metal Ion ("MMI") geochemical anomalies were discovered in the 2003 summer work program. The MMI anomalies begin about 5 kilometres southeast of the past-producing Rabbit Lake Uranium Mine and are believed to trace the northeastern extent of the Vixen Lake Radioactive Boulder Train to its presumed source. A gravity survey was carried out in the Vixen Lake North area to assist in drill target selection;
- 1300 metres in the Shamus Lake area to follow up drillholes exhibiting alteration and anomalous radioactivity found in previous drilling programs;
- 300 metres in the Raven West area, following a HLEM survey on a new extension of the existing Raven grid, located near the Raven-Horseshoe Uranium Deposit.

Britton Brothers Diamond Drilling Ltd. of Smithers, B.C. was selected as the drilling contractor.

Riou Lake Project: Winter 2004

At least three diamond drill holes were planned on the Riou Lake property, consisting of a minimum of 2,500 metres. The first hole will test for the source of anomalous uranium-phosphate mineralization in an area known as the W-Zone, first found on surface on the south shore of Riou Lake in 1998. The second hole will target a deep conductor located near the radioactive springs discovered in the western part of the property in 1999. The conductor was better located by a borehole electromagnetic survey in 2002 and is a high-

priority drill target. The third hole will be collared in an area of geochemically anomalous bedrock sampled in 2002, located on the Riou Lake fault just south of Riou Lake.

On the Black Lake property approximately 2000 metres of diamond drilling were planned in conjunction with a program of linecutting, grid refurbishing and a Time Domain Electromagnetic survey. The geophysical work will further detail the character of the basement conductor and sandstone fault system previously located on the property. The diamond drilling program will follow up previous drill holes that encountered alteration, associated faulting and graphitic basement units along the Platt Creek fault, all of which are considered to be significant elements of unconformity-type uranium deposits. Major Drilling of Winnipeg, MB was selected as the drilling contractor.

At the date of this Management Discussion and Analysis, the results of both the Hidden Bay Project and the Riou Lake Project exploration programs were still being received, compiled and interpreted.

Liquidity and Capital Resources

As UEX has not begun production on any of its exploration properties, the Corporation does not generate cash from operations. During its fiscal year 2002, UEX received net proceeds of \$3,475,208 from an initial public offering, and received net proceeds of \$1,843,689 from private placements in the fiscal year ending December 31, 2003. As at March 31, 2004, the Corporation had current assets of \$2,862,446, including \$2,762,004 in cash and cash equivalents compared to current assets for the year ended December 31, 2003 of \$3,371,617 including cash and cash equivalents of \$3,337,613. Working capital at March 31, 2004 was approximately \$2,255,000, compared to working capital of approximately \$3,255,000 at December 31, 2003.

Accounts payable and accrued liabilities at the three months ending March 31, 2004 were \$607,974, higher than the amount at December 31, 2003 of \$117,095, due mainly to the increased exploration at UEX's mineral properties in the First Quarter 2004.

The Corporation has no financial commitments or obligations beyond those required to fund exploration related to the maintenance and title of its mineral dispositions and its option agreement obligations to COGEMA.

In 2002, the Company recorded a Future Income Tax liability associated with the 2002 acquisition of the Hidden Bay property from Cameco of \$3,809,000 and from renunciation of exploration expenditures in 2002 of \$522,000 for a total of \$4,331,000. This Future Income Tax liability increased in 2003 to \$4,815,710, due mainly to a higher amount of exploration expenditures renounced by way of flow-through share issuances. The total Future Income Tax liability declined marginally as a result of the reduction in federal income tax rates.

The Future Income Tax liability related to the Hidden Bay property acquisition was calculated consistent with the terms for such acquisitions as outlined in the CICA Handbook. The obligation to pay the Future Income Tax liabilities is contingent upon the Company realizing the carrying values of its Mineral Properties. These liabilities would only arise after the Company has recovered all capital costs associated with putting its property into commercial production.

All acquisition, exploration, development and start-up costs are capitalized until such time as the project to which they relate is put into commercial production, sold, abandoned or recovery of costs is determined to be unlikely. Upon reaching commercial production, these capitalized costs are amortized over the estimated ore reserves on a unit-of-production basis. For properties which do not yet have proven reserves, the capitalized amounts represent costs to date and are not intended to represent present or future values. The underlying value of all properties is entirely dependent on the existence and economic recovery of reserves in the future.

Risks and Uncertainties

The uranium industry, like other areas of the mineral industry, is competitive. The Company competes with other companies, however the list is relatively small compared to other areas of the mineral industry. The market price of uranium is the most significant market risk for companies exploring for and producing uranium. While the volatility of uranium prices compared to the prices of other minerals, especially precious metals, is more predictable, it cannot be controlled. Exploration for uranium is a speculative venture. There is no certainty that the money spent on exploration and development will result in the discovery of an

economic ore body. The Company's activities are inside Canada and therefore political risk is not a major concern at present.

The Company has sufficient financial resources to carry out planned exploration on all its projects for the next 24 months and to fund its general administrative costs; however, there are no revenues from operations and no assurances that sufficient funding will be available to conduct further exploration and development of its projects or to fund exploration expenditures under the terms of any option agreements beyond 2007. If the Company's exploration and development programs are successful, additional funds will be required for development of one or more projects. Failure to obtain additional funding could result in the delay or indefinite postponement of further exploration and development or the possible loss of the Company's properties. It is intended that such funding will be obtained primarily from future equity issues. The ability of UEX to raise the additional capital and the cost of such capital will depend upon market conditions from time to time. There can be no assurances that such funds will be available at reasonable cost.

Related party transactions

During the three months ended March 31, 2004, fees for legal and accounting services in the amount of \$9,387 (to March 31, 2003 - \$4,400), a portion of which were share issuance costs, were paid to firms of which directors of the Company are partners or owners, namely: Graham C. Thody, Partner at Nemeth, Thody, Anderson, Chartered Accountants, of Vancouver, B.C., and Peter C. Kalbfleisch, Partner at Blake Cassels & Graydon LLP, of Vancouver, B.C.

Outlook

UEX will continue to focus its efforts on the development of its Saskatchewan uranium exploration properties. The Corporation will use its current resources as well as the net proceeds of future share issuances to achieve its goals. The ability of UEX to maintain the continuity of its exploration is dependent upon the results of future exploration programs and UEX's ability to obtain the necessary financing to further explore and develop its Saskatchewan uranium properties. Funds raised during the 2004 fiscal year will be utilized to continue exploration work on the Corporation's properties and for general corporate purposes.

The Company is presently awaiting results from its 2004 winter exploration programs carried out at the Riou Lake Project, the Black Lake Project and the Hidden Bay Project. Work included geophysical surveying and diamond drilling at a cost of approximately \$1.5 million (CDN) to the date of this document.

The Company plans to spend a minimum of \$2 million (CDN) in the next 12 months on definition drilling, exploration drilling, and geophysics on the Western Athabasca uranium projects operated by COGEMA. Plans for 2004 summer exploration at the Black Lake and Hidden Bay projects are subject to favorable ground conditions and access to targets. No plans are currently in place for the Serendipity Lakes Project.

Events Subsequent to March 31, 2004

- (a) The Company issued 10,000,000 common shares on a private placement basis at a price of \$0.50 per share for total proceeds of \$5,000,000.
- (b) The Company issued 500,000 common shares on the exercise of stock options for proceeds of \$58,000.
- (c) The Company issued 165,000 common shares on the exercise of share purchase warrants for proceeds of \$41,250.

Caution Regarding Forward Looking Statements

Statements contained in this document which are not historical facts are forward looking statements that involve risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by such forward looking statements. Factors that could cause such differences include, but not limited to, are volatility and sensitivity to market price for uranium, environmental and safety issues including increased regulatory burdens, possible change in political support for nuclear energy, changes in government regulations and policies, and significant changes in the supply-demand fundamentals for uranium that could negatively affect prices. Although UEX believes that the assumptions inherent in forward looking statements are reasonable we recommend that one should not rely heavily on these statements.

UEX disclaims any intention or obligation to update or revise any forward looking statements whether as a result of new information, future events or otherwise.

Management's Responsibility For Financial Statements

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgements and have been properly reflected in the accompanying financial statements.

Management maintains a system of internal controls to provide reasonable assurance that the Corporation's assets are safeguarded and to facilitate the preparation of relevant and timely information.

Our auditors have not reviewed the contents of this MD&A or the accompanying financial statements.