
UEX CORPORATION
UNAUDITED FINANCIAL STATEMENTS
SEPTEMBER 30, 2004
(Prepared By Management)



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NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the company have been prepared by and are the responsibility of the company's management.

The company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

UEX CORPORATION**BALANCE SHEET****(UNAUDITED - PREPARED BY MANAGEMENT)**

	September 30 2004	December 31 2003
	\$	\$
ASSETS		
Current Assets		
Cash and cash equivalents	17,653,493	3,337,613
Amounts receivable	223,579	25,782
Prepaid expenses	10,788	8,222
	<u>17,887,860</u>	<u>3,371,617</u>
Mineral Properties (Note 3)	<u>15,515,198</u>	<u>13,305,946</u>
	<u>33,403,058</u>	<u>16,677,563</u>

LIABILITIES

Current Liabilities		
Accounts payable and accrued liabilities	571,508	117,095
Future Income Taxes (Note 4)	<u>6,478,310</u>	<u>4,815,710</u>
	<u>7,049,818</u>	<u>4,932,805</u>

SHAREHOLDERS' EQUITY

Share Capital (Note 5)	26,515,118	11,647,195
Stock Options	1,183,762	158,943
Deficit	<u>(1,345,640)</u>	<u>(61,380)</u>
	<u>26,353,240</u>	<u>11,744,758</u>
	<u>33,403,058</u>	<u>16,677,563</u>

SUBSEQUENT EVENT (Note 8)

APPROVED BY THE DIRECTORS

Graham C. Thody (Signed)Stephen H. Sorensen (Signed)

Refer to accompanying notes.

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

	Three Month Period Ended September 30 2004	Three Month Period Ended September 30 2003	Nine Month Period Ended September 30 2004	Nine Month Period Ended September 30 2003
	\$	\$	\$	\$
Revenue				
Interest	63,933	8,038	115,854	20,070
Expenses				
Bank charges and interest	244	1,937	957	2,288
Filing fees and stock exchange	3,868	52,637	29,288	74,712
General and administration	22,910	2,001	46,294	11,836
Legal and accounting	19,898	7,684	53,157	31,412
Property investigation	-	1,231	-	1,231
Rent	6,521	6,491	23,109	23,273
Salaries	51,625	46,931	218,185	151,371
Stock-based compensation	1,024,819	-	1,024,819	-
Telephone	1,106	595	3,009	2,323
Travel and promotion	777	544	1,296	5,379
	1,131,768	120,051	1,400,114	303,825
Loss Before Income Taxes	(1,067,835)	(112,013)	(1,284,260)	(283,755)
Future income tax recovery (Note 4)	-	657,109	-	657,109
Net Earnings (Loss) For The Period	(1,067,835)	545,096	(1,284,260)	373,354
Deficit, beginning of period	(277,805)	(428,138)	(61,380)	(256,396)
Retained Earnings (Deficit), End Of Period	(1,345,640)	116,958	(1,345,640)	116,958
Basic And Diluted Earnings (Loss) Per Share (Note 6)	(0.01)	0.01	(0.01)	0.00
Weighted Average Number Of Shares	135,884,640	105,927,931	126,686,246	98,717,686

Refer to accompanying notes.

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

	Three Month Period Ended September 30 2004	Three Month Period Ended September 30 2003	Nine Month Period Ended September 30 2004	Nine Month Period Ended September 30 2003
	\$	\$	\$	\$
Operating Activities				
Net earnings (loss) for the period	(1,067,835)	545,096	(1,284,260)	373,354
Items not involving cash				
Future income tax recovery	-	(657,109)	-	(657,109)
Stock-based compensation	1,024,819	-	1,024,819	-
Changes in non-cash working capital items				
Amounts receivable	(155,140)	3,114	(197,797)	77,350
Prepaid expenses	(1,727)	(5,326)	(2,566)	(4,839)
Accounts payable and accrued liabilities	386,670	69,036	454,413	(51,399)
	186,787	(45,189)	(5,391)	(262,643)
Financing Activities				
Issuance of share capital	7,190,349	230,000	16,530,523	1,133,875
Investing Activities				
Mineral property expenditures	(735,885)	(4,854)	(2,209,252)	(844,189)
Increase In Cash And Cash Equivalents During The Period				
	6,641,251	179,957	14,315,880	27,043
Cash and cash equivalents, beginning of period	11,012,242	1,211,865	3,337,613	1,364,779
Cash And Cash Equivalents, End Of Period	17,653,493	1,391,822	17,653,493	1,391,822

Refer to accompanying notes.

UEX CORPORATION

NOTES TO FINANCIAL STATEMENTS

FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 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	Beatty River	Total
	\$	\$	\$	\$	\$
Balance, December 31, 2003	3,012,389	10,293,557	-	-	13,305,946
Exploration and development costs during the period					
Consulting	138,099	393,097	206,722	5,929	743,847
Drilling	820,122	469,276	-	-	1,289,398
Field supplies	25,536	400	72	15	26,023
Geophysics and geology	98,162	150,401	-	-	248,563
Land costs	78,438	-	36,273	10,499	125,210
Telecommunications	3,372	-	-	-	3,372
Travel and accommodation	14,937	-	-	-	14,937
Recoveries	(171,843)	(70,255)	-	-	(242,098)
	1,006,823	942,919	243,067	16,443	2,209,252
Balance, September 30, 2004	4,019,212	11,236,476	243,067	16,443	15,515,198

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3. Mineral Properties (Cont'd)

West Athabasca

During the nine month period ended September 30, 2004, the Company entered into an agreement with COGEMA Resources Inc. ("COGEMA") 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

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 47,200,000 pounds of U₃O₈, an oxide of uranium. (UEX has not done the work necessary to verify the classification of the resource and it does 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 the Anne Deposit is mined, UEX has agreed to pay to COGEMA a royalty of \$0.212 (US) per pound of U₃O₈ for each pound sold, to a maximum royalty of \$10 million (US).

Beatty River

During the nine month period ended September 30, 2004, the Company entered into an option agreement with Japan-Canada Uranium Company, Limited ("JCU"), whereby the Company was granted an option to acquire a 25% interest in the Beatty River Uranium Project, located in the Western Athabasca Basin in northern Saskatchewan. Beatty River is located 40 kilometres south of the Shea Creek uranium deposits. At present, COGEMA owns a 50.71% interest and JCU owns a 49.29% interest in the Beatty River project. Under the agreement, the Company may earn a 25% interest in the project by funding \$865,000 in exploration expenditures by December 31, 2008.

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4. Future Income Taxes

The tax effects of non-permanent differences that give rise to significant portion of the Company's future income tax liabilities are presented below:

	September 30 2004	December 31 2003
	\$	\$
Mineral properties	3,230,920	3,230,920
Exploration expenditures renounced	3,247,390	1,584,790
Future income tax liabilities	6,478,310	4,815,710

During the period ended September 30, 2003, the federal government introduced amendments to the Canadian Income Tax Act which provided 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.

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, 2003	115,526,844	11,647,195
Issued for cash:		
Exercise of stock options	1,990,000	217,200
Exercise of warrants	2,008,474	358,869
Private placement	10,000,000	5,000,000
Private placement – flow-through shares	5,666,667	4,250,000
Private placement	7,000,000	7,000,000
Share issue costs	-	(295,546)
Future income taxes on flow-through expenditures renounced to shareholders	-	(1,662,600)
Balance, September 30, 2004	142,191,985	26,515,118

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

(b) Issued - Common Shares (Cont'd)

During the period ended September 30, 2004, the Company entered into the following private placements:

- (i) The Company issued 10,000,000 common shares at a price of \$0.50 per share, for gross proceeds of \$5,000,000, pursuant to a non-brokered private placement.
- (ii) The Company issued 5,666,667 flow-through common shares at \$0.75 per share for gross proceeds of \$4,250,000. A cash fee of \$212,500 was paid to the broker, and the Company issued 283,333 compensation warrants to the broker. Each warrant enables the broker to acquire one common share of the Company at a price of \$0.75 per share until June 3, 2006.
- (iii) The Company issued 7,000,000 common shares at a price of \$1.00 per share for gross proceeds of \$7,000,000 pursuant to a non-brokered private placement.

(c) Common Shares Reserved

A summary of the status of the Company's stock-based compensation plan as of September 30, 2004, and changes during the nine month period then ended are presented below:

	Number Of Shares	Weighted-Average Exercise Price \$
Outstanding - December 31, 2003	4,950,000	0.10
Granted during the period	2,020,000	0.89
Exercised during the period	(1,990,000)	0.11
Outstanding And Exercisable – September 30, 2004	4,980,000	0.42

At September 30, 2004, the Company had reserved a total of 4,980,000 common shares related to director and employee options:

Exercise Price \$	Number Of Shares	Weighted Average Remaining Contractual Life
0.08	1,960,000	9.0 years
0.10	166,000	8.3 years
0.12	534,000	4.5 years
0.16	300,000	2.0 years
0.84	1,020,000	9.8 years
0.95	1,000,000	9.9 years
	4,980,000	

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

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

At September 30, 2004, the following share purchase warrants were outstanding:

Number Of Shares	Exercise Price	Expiry Date
	\$	\$
3,000,000	0.15	June 6, 2005
45,000	0.10	July 11, 2005
2,000,000	0.30	December 18, 2005
228,000	0.25	December 18, 2005
283,333	0.75	June 3, 2006

During the three month period ended September 30, 2004, 371,349 share purchase warrants were exercised at \$0.25 per share and 155,000 share purchase warrants were exercised at \$0.10 per share.

(d) Stock-Based Compensation

During the period ended September 30, 2004, the Company granted 2,020,000 stock options of which 1,255,000 stock options vested during the current period, resulting in stock-based compensation expense of \$1,024,819.

The weighted average fair value of options granted during the period ended September 30, 2004 was \$0.74 per option using the Black-Scholes option pricing model with the following weighted average assumptions:

Volatility percentage	122%
Risk-free interest rate	3.79%
Dividend yield	-
Expected life of options	4 years

Stock-based compensation is amortized over the vesting period of the options.

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, 2004 and 2003, the effect of the Company's outstanding stock options and share purchase warrants proved to be anti-dilutive.

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7. Related Party Transactions

During the nine month period ended September 30, 2004, fees for legal and accounting services in the amount of \$99,563 (2003 - \$39,489), a portion of which were share issue costs, were paid to firms of which directors of the Company are partners.

8. Subsequent Event

Subsequent to September 30, 2004, the Company issued 4,000,000 flow-through common shares at \$2.50 per share for gross proceeds of \$10,000,000. As part of this private placement, the Company paid a cash fee of \$400,000 to the agent.

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Corporate Information

Corporate Office

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Transfer Agency

Computershare Trust Company of Canada Ltd.
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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

Suraj P. Ahuja
Director

Warren W. Stanyer
Corporate Secretary, Chief Financial Officer



Message to Shareholders

UEX Corporation ("UEX", the "Company" or the "Corporation") continued to make progress in its exploration objectives in the Third Quarter of 2004. A new uranium discovery was made at the Black Lake Uranium Project during the period, validating UEX's exploration efforts on the northern rim of the Athabasca Basin. The combination of rising uranium prices and the Company's effective acquisition strategy over the last nine months has increased shareholder value and created opportunities to raise significant funds at higher share prices. UEX's management looks forward to the exploration and development of its properties and the future growth of the Company.

"signed"

*Stephen H. Sorensen
President & CEO*

November 9, 2004

Management Discussion & Analysis

This management discussion and analysis has been prepared to provide investors with an informed discussion of UEX Corporation's business activities. It incorporates new requirements from the Canadian Securities Administrator and reflects guidelines from the Canadian Institute of Chartered Accountants (CICA). UEX Corporation 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 vision 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 sought 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 18 uranium projects either 100% owned, joint ventured or under option totaling approximately 336,000 hectares (842,000 acres) located in the eastern,

western and northern areas of the Athabasca Basin. As of September 30, 2004 UEX had cash reserves of approximately \$17.65 million (CDN).

Cameco Corporation ("Cameco"), the world's largest supplier of uranium, holds approximately 25.2% 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"), now 70% in favour of UEX and 30% in favour of 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 and are referred to in this document as "Riou Lake".

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

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 47,200,000 pounds of U_3O_8 , which is an oxide of uranium. (Note: UEX has not done the work necessary to verify the classification of the resource and it does 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 \$0.212 (US) per pound U_3O_8 for each pound sold, to a maximum royalty of \$10 million (US).

In June 2004, UEX announced an agreement with Japan-Canada Uranium Company, Limited ("JCU") whereby JCU granted UEX an option to acquire a 25% interest in the Beatty River Uranium Project ("Beatty River"), located in the western Athabasca Basin in northern Saskatchewan. Beatty River is located 40 kilometres south of the Shea Creek uranium deposits. At present, COGEMA owns a 50.71% interest and JCU owns a 49.29% interest in Beatty River. Under the agreement, UEX can earn a 25% interest in Beatty River by funding \$865,000 in exploration expenditures by December 31, 2008. COGEMA plans to maintain its 50.71% interest in Beatty River by matching UEX's exploration expenditures. COGEMA's preliminary budget estimate for a 2005 winter exploration program at Beatty River is approximately \$425,000, and is planned to include diamond drilling.

JCU was incorporated in Japan on October 18, 2000 by four companies, Itochu Corp., OURD Co. Ltd., Mitsubishi Corp. and Mitsubishi Materials Corp. JCU through its wholly-owned subsidiary, JCU (Canada) Exploration Company Limited, holds interests in 14 uranium exploration projects that were purchased from the Japan Nuclear Cycle Development Corporation in late 2000.

Beatty River presently consists of seven claims totaling 6,813 hectares (17,032 acres) Beatty River was one of the first areas staked when COGEMA resumed exploration in the Western Athabasca in the late 1980's. Airborne geophysical surveys (GEOTEM in 1990) and several ground electromagnetic and magnetic surveys were carried out, which highlighted a number of quality conductors. Only 22 drill holes were completed

within the original historical boundaries of Beatty River, which is a relatively sparse number of drillholes compared to the size of the property.

The Anne Lake conductive trend is the most attractive target found at Beatty River to date, with a strike length of approximately 10 kilometres. Twelve drill holes have tested this conductive trend. In the 2004 winter program carried out by COGEMA, prior to the completion of the agreement between UEX, COGEMA and JCU, drillhole BR-22 intersected an important graphitic structure. The results of BR-22 led to a revised geological and geophysical interpretation, prompting a re-staking program, just completed in June 2004. Other historical drill holes displayed anomalous clay alteration in the sandstone and basement. Such alteration is indicative of the potential for unconformity-type uranium mineralization observed in the Athabasca Basin. Drillhole BR-21 displayed uraninite-coffinite mineralization in a fault gouge with values of 873 ppm U_3O_8 and 500 ppm nickel, with associated anomalous copper, vanadium, and molybdenum values.

The 2004 winter exploration program, with a single hole (BR-22), identified the need for further work in the Anne Lake area as at least two major structures are present and may lead to the discovery of an unconformity-type uranium deposit.

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 further explore the new uranium discovery at the Black Lake Uranium Project;
- To upgrade the historical resource present at the West Bear uranium deposit by way of modern exploration and drilling methods
- 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 (in U.S. dollars) has appreciated 270% 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 U_3O_8 (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 nuclear weapons. These secondary sources are expected to 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, the uranium spot price reached a 26-year low of \$7.10 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 \$20.25 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)	(\$462,093)	(\$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

	Sept. 2004	Jun. 2004	Mar. 2004	Dec. 2003	Sept. 2003	Jun. 2003	Mar. 2003	Dec. 2002
(CDN\$)								
Revenue	\$63,933	\$35,651	\$16,270	\$10,097	\$8,038	\$2,843	\$9,189	\$17,027
Net Loss (Before Income Taxes)	(\$1,067,835)	(\$142,222)	(\$74,203)	(\$178,338)	(\$112,013)	(\$94,095)	(\$77,647)	(\$69,787)
Loss Per Share (Before Income Taxes)	(\$0.008)	(\$0.001)	(\$0.001)	(\$0.002)	(\$0.001)	(\$0.001)	(\$0.001)	(\$0.001)
Total Assets	\$33,403,058	\$25,869,055	\$17,256,165	\$16,677,653	\$14,669,680	\$14,482,657	\$13,790,503	\$13,870,959

Share Capital

The Corporation is authorized to issue an unlimited number of common shares without par value, of which 142,191,985 common shares were issued and outstanding as of September 30, 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 September 30, 2004, a total of 5,556,333 share purchase warrants enabling holders to acquire common shares were outstanding, on the following terms:

Number of shares	Exercise price	Expiry date
3,000,000	0.15	June 6, 2005
45,000	0.10	July 11, 2005
2,000,000	0.30	December 18, 2005
228,000	0.25	December 18, 2005
283,333	0.75	June 3, 2006

At September 30, 2004, the Company had reserved a total of 4,980,000 common shares related to director and employee options, the details of which are as follows:

Exercise prices	Number outstanding, September 30, 2004	Weighted average remaining contractual life
\$ 0.08	1,960,000	9.0 years
0.10	166,000	8.3 years
0.12	534,000	5.2 years
0.16	300,000	2.1 years
0.84	1,020,000	9.8 years
0.95	1,000,000	9.9 years
	4,980,000	

Results of Operations

Three Months Ending September 30, 2004

The Corporation incurred a net loss for the three month period ending September 30, 2004 of \$1,067,835, higher than the net loss of \$112,013 for the three month period ending September 30, 2003. During the period, the Company granted 2,020,000 stock options, resulting in stock-based compensation expense of \$1,024,819.

Revenue, consisting of investment income, was \$63,933 for the three months ending September 30, 2004, compared to \$8,038 for the three months ending September 30, 2003, an increase of \$55,895. The increase was generated by significantly larger amounts of cash held by the Corporation than were held in the corresponding period in 2003.

During the three months ending September 30, 2004, UEX carried out exploration programs on the Hidden Bay and Riou Lake uranium projects in northern Saskatchewan and incurred net exploration expenses on those properties of \$140,218 and \$350,535, respectively. In the same period for 2003, the net expenditures at Hidden Bay and Riou Lake were \$10,078 and nil, respectively. Also during the period, UEX funded exploration at the West Athabasca Projects, which are 100%-owned and operated by COGEMA, in the amount of \$197,194 plus staking costs of \$36,273. These amounts paid to COGEMA are the initial costs associated with UEX's option to earn a 49% interest in the West Athabasca Projects, therefore, no comparative amounts are available for prior periods. During the three months ending September 30, 2004, UEX incurred exploration expenditures at the Beatty River Project under option from Japan-Canada Uranium Company, Limited, of \$11,665, for which no comparative expenditures from prior periods are available.

General and administrative expenses before stock-based compensation expense for the three months ending September 30, 2004 were \$106,949 compared to \$120,051 for the three months ending September 30, 2003, a difference of \$13,102. Salaries and benefits totaled \$51,625 for the three months ending September 30, 2004, an increase of \$4,694 over the same period in 2003. Legal and accounting expenses for the three

months ending September 30, 2004 were \$19,898, higher than the 2003 cost for the same period of \$7,684. Filing fees and stock exchange fees for the three months ending September 30, 2004 were \$3,868, a decrease of \$48,769 over the three months ending September 30, 2003, in which those expenses were \$52,637, a decrease due primarily to lower stock exchange fees charged for financings.

The Corporation completed one equity financing in the three months ending September 30, 2004, for gross proceeds of \$7,000,000. The Corporation realized \$104,000 from the exercise of stock options in the three months ending September 30, 2004. No stock options were exercised in the same period in 2003. The Corporation received \$108,337 on the exercise of warrants in the three months ending September 30, 2004.

Nine Months Ending September 30, 2004

The Corporation incurred a net loss for the nine months ending September 30, 2004 of \$1,284,260, higher than the net loss before future income tax recovery of \$283,755 for the nine months ending September 30, 2003. During the period, the Company granted 2,020,000 stock options, resulting in stock-based compensation expense of \$1,024,819.

Revenue, consisting of investment income, was \$115,854 for the nine months ending September 30, 2004, compared to \$20,070 for the nine months ending September 30, 2003, an increase of \$95,784. The increase was generated by larger amounts of cash held by the Corporation than were held in the corresponding period in 2003.

During the nine months ending September 30, 2004, UEX carried out exploration programs on the Hidden Bay and Riou Lake uranium projects in northern Saskatchewan and incurred net exploration expenses on those properties of \$942,919 and \$1,006,823, respectively. In the same period for 2003, the expenditures at Hidden Bay and Riou Lake were \$512,512 and \$331,677, respectively.

General and administrative expenses before stock-based compensation expense for the nine months ending September 30, 2004 were \$375,295 compared to \$303,825 for the nine months ending September 30, 2003, a difference of \$71,470. Salaries and benefits totaled \$218,185 for the nine months ending September 30, 2004, an increase of \$66,814 over the same period in 2003, due primarily to the payment of management bonuses. Legal and accounting expenses for the nine months ending September 30, 2004 were \$53,157, higher than the 2003 cost for that period of \$31,412. Filing fees and stock exchange fees of \$29,288 were lower for the nine months ending September 30, 2004, a decrease of \$45,424 over the nine months ending September 30, 2003, in which those expenses were \$74,712.

The Corporation completed three equity financings in the nine months ending September 30, 2004, for gross proceeds of \$16,250,000, against share issuance costs of \$295,546 for net proceeds of \$15,954,454. The Corporation realized \$217,200 from the exercise of stock options in the nine months ending September 30, 2004. No stock options were exercised in the same period in 2003. The Corporation received \$358,869 on the exercise of warrants during the nine month period ending September 30, 2004.

Exploration Activities

In the three months ending September 30, 2004, UEX carried out airborne geophysical surveying, geochemical sampling and drillcore logging programs at the Hidden Bay Project, a navigational drilling program and airborne surveying on the West Athabasca Projects, and a diamond drilling program at the Black Lake Project, all of which located in the Athabasca Basin area of northern Saskatchewan, Canada.

Hidden Bay Project: Summer 2004

Exploration carried out during the 3rd Quarter 2004 at Hidden Bay included:

- Boulder and till sampling programs in the northern part of the Hidden Bay Project and in the West Bear deposit area;
- An extensive VTEM (helicopter-borne, transient electromagnetic system) airborne survey, to identify areas that demonstrate conductive features and magnetic signatures interpreted to be prospective for uranium mineralization;
- Historical drillcore re-logging programs in the Hidden Bay-McClean Lake boundary area and at the Raven-Horseshoe deposit area.

At the writing of this document, complete results of the summer 2004 Hidden Bay exploration were still pending.

During the summer 2004 exploration programs, staking activity by other uranium exploration companies was noted by Cameco personnel, which led to the staking of a new UEX claim in the northern part of the Hidden Bay property.

Black Lake Project: Summer 2004

In September 2004, UEX discovered unconformity-type uranium mineralization at the Black Lake Uranium Project ("Black Lake"). Black Lake is a joint venture between UEX and COGEMA (70% UEX - 30% COGEMA).

To view a map of Black Lake and a project drilling plan, please refer to UEX's website at www.uex-corporation.com under "Projects: Northern Athabasca – Black Lake".

Hole BL-18, the seventh hole of an 8-hole program, encountered unconformity-type uranium mineralization in the sandstone, immediately above the basal Athabasca unconformity at a vertical depth of 310.5 metres. Composited geochemical analyses from this intersection average 0.694 % U_3O_8 over 4.4 m between 310.5 and 314.9 m, including 0.848 % U_3O_8 over 3.3 m between 311.0 and 314.3 m, and 1.086 % U_3O_8 over 1.5 m between 312.8 and 314.3 m. Maximum grade in these intervals is 1.96% U_3O_8 over 0.5 m between 313.3 and 313.8 m. Under the supervision of Sierd Eriks, P. Geo., UEX's project geologist and a qualified person as defined by N.I. 43-101, core was split, half core from each interval sealed in sample bags, and submitted to the Saskatchewan Research Council in Saskatoon, SK for analysis. After preparation, uranium and base metal concentrations were determined using fluorimetry and ICP analysis.

The 2004 summer exploration program consisted of 3812 metres of diamond drilling in eight drillholes. Drillhole locations were selected by UEX's exploration team in conjunction with COGEMA's exploration department, headed by Jean-Claude Rippert, COGEMA's Vice-President, Exploration. UEX's exploration team consists of consulting geologists David Rhys and Sierd Eriks, and consulting geophysicists Patrick McGowan and Kevin Cameron.

Holes BL-18 and BL-19 targeted an area where significant faulting and highly prospective sandstone alteration including dravite, had been previously intersected above the Eastern conductor in the northeastern portion of Black Lake. Several widely-spaced hole locations, the sites of holes BL-12 to BL-17, drilled 0.4 to 2.2 km southwest of BL-18, were of a reconnaissance nature, testing the Eastern and Western conductors, which strike southwest for at least 12 kilometres. These interpreted discrete conductors lie parallel to each other, between 200 and 600 metres apart.

The discovery hole BL-18 was chosen upon a recommendation by David Rhys, M.Sc., P.Geo. in consultation with other members of UEX's exploration team, to test an area 70 metres to the west of the Eastern Conductor, where hole BL-11 had encountered favourable alteration and anomalous boron concentration that were interpreted to increase to the west. BL-18 was also planned to test a theory that the Eastern and Western conductors are in fact the edges of one wide conductive unit. BL-18 did encounter massive graphite between the two interpreted discrete Eastern and Western conductors, which suggests that future diamond drilling should explore the area between the conductors, considering the mineralization present in the hole.

Uranium mineralization in BL-18 predominately occurs as pervasive, dark grey impregnation of the basal Athabasca sandstone with pitchblende stringers, beginning at 310.5 metres, which continues to the unconformity with basement rocks at 314.9 metres. Uranium minerals are interpreted to be coffinite and pitchblende by initial visual determinations. In a manner comparable to known deposits in other parts of the Athabasca Basin, pervasive red hematization in the sandstone occurs immediately above the mineralized intersection, and alteration-related bleaching of the paleoweathering profile has removed the normally developed oxidized red zone in the basement rocks beneath the mineralization. The BL-18 mineralized intersection also contains highly anomalous concentrations of up to 0.77% arsenic, 0.41% copper, 0.19% lead and 0.42% nickel, which are characteristic elements associated with unconformity-type uranium deposits in other areas of the Athabasca Basin.

The disseminated style of mineralization, lack of faulting and the presence of probable coffinite in the BL-18 intersection suggest that it may represent a peripheral, lower grade style of mineralization to a more typical, and higher grade mineralizing system. Major deposits in the Athabasca Basin, such as McArthur River and Cigar Lake, are generally developed over strike lengths of less than 1 km, comprising low grade mineralization surrounding a much smaller high grade core where the bulk of the mineralization is contained.

By comparison, the discovery hole at the McArthur River deposit, MAC-196, intersected distal low grade mineralization comprising 0.5% U₃O₈ over 0.9 m prior to the discovery of the main high grade core to the P2 North orebody.

The need for additional permitting and specific equipment for drilling mineralized areas prevented immediate follow-up drilling of BL-18 as part of the summer 2004 drilling program.

Hole BL-19, drilled 400 metres to the northeast of BL-18, and holes BL-16 and BL-15, drilled 400 and 800 metres southwest of hole BL-18 all intersected variable degrees of dravite veining and alteration in the Athabasca sandstone column accompanied by brittle faulting, and locally developed pyrite alteration, the most significant of which was intersected in hole BL-19. At the writing of this document, UEX is awaiting complete geochemical results for these holes. With previous drill holes BL-03, 05, 08 and 11 in this area, these collectively extend the area affected by dravite-bearing faulting to 1.2 kilometres along a north-northeast trending strike that is developed above basement graphitic conductors, and which is open to the northeast and southwest. The mineralized intersection in BL-18 lies immediately to the grid west of these holes. If the dravite development represents a peripheral associated style of alteration to the intersection in this hole, as is commonly associated with high grade, unconformity-type uranium deposits, the great extent of this alteration forms a positive indicator for potential continuity and size of any deposit which the newly-discovered mineralization at BL-18 may be a part of.

The other holes in the summer program, holes BL-12, 13, 14 and 17 were drilled 0.4 to 2.2 km southwest of the BL-18 discovery, as part of an ongoing systematic drill testing of the approximately 18 kilometre long conductor system present at Black Lake. Graphitic conductors were intersected in all holes with the exception of BL-19; geochemical results are still pending. With the new discovery, the exploration potential of these conductors has been enhanced since unconformity deposits frequently occur in a series of zones along such graphitic features. Further testing is planned for future programs, since only very widely spaced holes have been completed to date in these parts of the property.

Proposed Black Lake 2005 Winter Program

Follow up drilling during the 2005 winter program is planned to further trace this new discovery, with drill hole fences at 50 metre spacing testing along the trend of northeast striking basement graphitic conductors to the west of the dravite-bearing drill holes over a 300 metre strike length. In addition, several widely-spaced drillholes will continue to systematically test the Eastern and Western conductors which strike southwest for at least 12 kilometres. The 2004 summer drill program has shed new light on the nature of the basement at Black Lake. The presence of massive graphite in the basement section of BL-18, 70 metres west of the Eastern conductor, indicates that the previously defined Eastern and Western conductors (see UEX News Release dated June 30, 2004) may in fact represent the edges of a wide package of graphitic metapelites, as the geophysical signature of a wide basement zone can easily be interpreted as two parallel conductors. Alternative transient electromagnetic (TEM) survey configurations are planned to resolve these ambiguities.

In the winter of 2005, a combination of "moving loop" and "fixed loop" TEM surveys are planned to initiate the definition of the true conductivity structure along the full 23 kilometre strike length of the Black Lake Project. Pending the results of test surveys, a state-of-the-art airborne TEM system, Fugro Airborne's MEGATEM system, may be employed to define the general location of the conductive trend beyond the current limit of reconnaissance TEM coverage in order to design an optimal ground TEM survey grid.

As a result of the favorable exploration results from the drilling program, UEX, on behalf of the Black Lake joint venture, staked an additional 23,920 hectares surrounding the Black Lake Project.

West Athabasca Projects

COGEMA acts as operator at the West Athabasca Projects, which collectively is eight uranium exploration projects, namely Shea Creek, Douglas, Erica, Alexandra, Mirror, Laurie, Nikita and Uchrich. At the three months ending September 30, 2004, the following exploration work had been carried out, or was ongoing:

- Navigational drilling at the Anne deposit within the Shea Creek Project;
- Line cutting over the Anne and Colette deposits and adjacent areas;
- Geophysical surveys, including resistivity and TAMT (Transient Audio Magneto-Tellurics) surveys at the Shea Creek and Douglas Projects;

- A property-wide, deep-penetrating MEGATEM airborne survey;
- Geochemical compilations and 3-D modeling of geological units and known mineralized zones.

Results for the Fall 2004 exploration at the West Athabasca Projects were still pending at the writing of this document.

During the 3rd Quarter, COGEMA exploration personnel noted staking activity by competitor uranium companies in the Cluff Lake area. As a result, several new claims of strategic importance were staked by COGEMA at the West Athabasca Projects.

Beatty River

No exploration work was carried out at the Beatty River Project during the three months ending September 30, 2004, except for planning of the 2005 winter program, which is planned to include diamond drilling.

2004 UEX Exploration Programs

UEX's projected exploration expenditures in 2004 for all of its uranium projects total approximately \$7.6 million (CDN).

Liquidity and Capital Resources

As UEX has not begun production on any of its exploration properties, the Corporation does not generate cash from operations. As at September 30, 2004, the Corporation had current assets of \$17,887,860, including \$17,653,493 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 September 30, 2004 was approximately \$17,316,000, compared to working capital of approximately \$3,255,000 at December 31, 2003.

Accounts payable and accrued liabilities at the three months ending September 30, 2004 were \$571,508, higher than the amount at December 31, 2003 of \$117,095, due mainly to the increased exploration at UEX's mineral properties in the Third Quarter of 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. At September 30, 2004, the balance increased to \$6,478,310 due to renunciation of exploration expenditures related to flow-through share issuances.

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. The market price of uranium price is volatile and cannot be predicted. Mineral exploration is a high-risk 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 exploration on all its projects for the next 12 months based upon planned expenditures 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 September 30, 2004, fees for legal and accounting services in the amount of \$99,563 (2003 - \$39,489), 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 plans to spend in excess of \$10.0 million (CDN) in the next 12 months on diamond drilling and geophysical surveying on the Riou Lake and Black Lake Projects operated by UEX, the Hidden Bay Project managed by Cameco, and the eight Western Athabasca Projects and the Beatty River Project operated by COGEMA. No plans are currently in place for the Serendipity Lakes Project.

Events Subsequent to September 30, 2004

The Company issued 4,000,000 flow-through common shares for gross proceeds of \$10,000,000. As part of this private placement, the Company paid a cash fee of \$400,000 to Dundee Securities Corporation and GMP Securities Ltd.

Critical Accounting Estimates

The Company prepares its financial statements in accordance with Canadian Generally Accepted Accounting Principles, which requires management to estimate various matters that are inherently uncertain as of the date of the financial statements. Accounting estimates are deemed critical when a different estimate could have reasonably been used or where changes in the estimate are reasonably likely to occur from period to period, and would materially impact the Company's financial statements. The Company's significant accounting policies are discussed in the audited annual financial statements. Critical estimates inherent in these accounting policies are discussed below:

Valuation of Mineral Properties - The amounts shown for mineral properties and deferred exploration costs represent costs to date, and do not necessarily represent present or future values, as they are entirely dependent upon the economic recovery of current and future reserves. 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 by management.

Future Site Restoration - The Company's mining, exploration and development activities are subject to various environmental government regulations, including those for future removal and site restoration costs. Because all of the company's current and historic activities have involved exploration stage work, where environmental reclamation is carried out simultaneously with exploration activity, the Company's view is that at this time, no accounting provision is necessary to offset future estimated environmental costs. These estimates may be revised as a result of changes in government regulations, or as a result of escalation of exploration properties to development or production stage.

Stock-based Compensation - The Company uses the Black-Scholes Option Pricing Model to determine the fair value of options granted. Option pricing models require management to estimate and input highly subjective assumptions including the expected future price volatility and the expected life of the options. 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 granted.

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.