UEX CORPORATION

Quarterly Report
For the
Three Months Ending
March 31, 2005

UEX Corporation, Vancouver, B.C., Canada

UEX CORPORATION

INTERIM FINANCIAL STATEMENTS

MARCH 31, 2005

(Unaudited - 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)

	March 31 2005	December 31 2004
	$	$
ASSETS		
Current Assets		
Cash and cash equivalents	20,038,440	24,248,183
Amounts receivable	882,501	153,875
Prepaid expenses	19,377	23,172
	20,940,318	24,425,230
Equipment (Note 3)	65,062	57,947
Mineral Properties (Note 4)	25,580,181	20,038,210
	46,585,561	44,521,387
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	2,662,079	2,004,227
Future Income Taxes (Note 5)	10,313,277	4,738,677
	12,975,356	6,742,904
SHAREHOLDERS' EQUITY		
Share Capital (Note 6)	34,077,116	37,776,499
Contributed Surplus	1,700,259	1,906,013
Deficit	(2,167,170)	(1,904,029)
	33,610,205	37,778,483
	46,585,561	44,521,387

SUBSEQUENT EVENTS (Note 10)

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 MARCH 31	2005	2004
	$	$
Expenses		
Amortization	4,793	-
Bank charges and interest	382	253
Filing fees and stock exchange	54,262	15,512
General and administration	16,810	4,875
Insurance	4,147	-
Legal, accounting and audit	35,443	7,473
Rent	8,650	8,200
Salaries and benefits	53,899	53,032
Stock-based compensation	289,488	-
Telephone	2,245	1,068
Travel and promotion	3,086	60
Loss Before The Following	(473,205)	(90,473)
Investment and other income	139,639	16,270
Administrative expense recovery	70,425	-
Net Loss For The Period	(263,141)	(74,203)
Deficit, beginning of period	(1,904,029)	(61,380)
Deficit, End Of Period	(2,167,170)	(135,583)
Basic And Diluted Loss Per Share	(0.002)	(0.001)
Weighted Average Number Of Shares		
Basic	149,032,115	115,945,452
Diluted	155,962,815	115,945,452

Refer to accompanying notes.

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

THREE MONTH PERIOD ENDED MARCH 31	2005	2004
	$	$
Operating Activities		
Net loss for the period	(263,141)	(74,203)
Items not involving cash		
Amortization	4,793	-
Stock-based compensation	289,488	-
Changes in non-cash working capital		
Amounts receivable	(55,376)	(8,616)
Prepaid expenses	3,795	(86)
Accounts payable and accrued liabilities	(78,091)	(32,510)
	(98,532)	(115,415)
Investing Activities		
Mineral property expenditures	(5,487,971)	(1,087,773)
Change in accounts payable and accrued liabilities relating to mineral property expenditures	735,943	523,389
Change in amounts receivable relating to mineral property expenditures	(673,250)	(57,736)
Purchase of equipment	(11,908)	-
	(5,437,186)	(622,120)
Financing Activities		
Issuance of share capital	1,325,975	161,926
Decrease In Cash And Cash Equivalents During The Period	(4,209,743)	(575,609)
Cash and cash equivalents, beginning of period	24,248,183	3,337,613
Cash And Cash Equivalents, End Of Period	20,038,440	2,762,004
Supplementary Information		
Interest received	135,906	11,227
Non-cash stock-based compensation included in mineral property expenditures	54,000	-

Refer to accompanying notes.

1. Basis Of Presentation

These interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles and follow the same accounting policies as used in the most recent annual financial statements. The interim financial statements should be read in conjunction with the audited financial statements for the year ended December 31, 2004.

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, and Cameco transferred its Hidden Bay uranium exploration property and certain related assets in exchange for shares of the Company.

The Company is in the process of exploring its mineral properties and has not yet determined whether its mineral properties contain ore reserves that are economically recoverable. The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable ore reserves in its mineral properties, the ability of the Company to obtain the necessary financing to complete exploration and development, completion of commitments required under option agreements in order for the Company to earn its interest in the underlying mineral claims and upon future profitable production from, or the proceeds from, the disposition of its mineral properties.

3. Equipment

		March 31 2005		December 31 2004
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	$	$	$	$
Exploration equipment	73,458	13,603	59,855	52,318
Computer equipment	6,623	1,416	5,207	5,629
	80,081	15,019	65,062	57,947

4. Mineral Properties

The continuity of expenditures on mineral properties is as follows:

	Balance December 31 2004	Exploration & Development Expenditures During The Period	Balance March 31 2005
	$	$	$
Riou Lake	2,824,469	600,078	3,424,547
Black Lake	1,654,998	1,404,309	3,059,307
Hidden Bay	11,514,610	1,608,527	13,123,137
West Athabasca	3,480,946	1,706,764	5,187,710
Beatty River	27,009	138,032	165,041
North Athabasca	534,506	84,261	618,767
Other	1,672	-	1,672
	20,038,210	5,541,971	25,580,181

The Riou Lake and Hidden Bay mineral properties comprise the uranium exploration properties and all related assets that Pioneer and Cameco each transferred to the Company in 2002.

The Company's agreement with Cameco regarding the Hidden Bay property (Note 2) allowed Cameco to designate the tax basis of the Hidden Bay property to the Company, and the tax basis of the shares of the Company issued to Cameco on this exchange. As Cameco elected a tax basis of $1 on the Hidden Bay property, this gave rise to a temporary difference that resulted in the recognition of a future income tax liability of $3,809,000 at the time of the acquisition, which has been added to the cost of the Hidden Bay mineral property in accordance with Canadian generally accepted accounting principles.

A summary of the company's mineral property interests is as follows:

(a) Riou Lake Project

The Company has a 100% interest in the Riou Lake uranium exploration project located in the Athabasca Basin.

(b) Black Lake Project

The Company has a 70% interest and COGEMA Resources Inc. ("COGEMA") has a 30% interest in the Black Lake Project. A joint venture agreement is currently being negotiated.

(c) Hidden Bay Project

The Company's 100%-owned Hidden Bay assets and are located immediately west of Wollaston Lake in Saskatchewan.

4. Mineral Properties *(Cont'd)*

(d) West Athabasca Projects

During 2004, the Company entered into an agreement with COGEMA whereby the Company was granted the option to acquire up to a 49% interest in certain uranium projects (the "West Athabasca Projects") located in the western Athabasca Basin in northern Saskatchewan. In order to earn this interest, the Company must fund $30,000,000 in exploration expenditures over an eleven year period, 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 West Athabasca Projects for every $7,500,000 incurred to a maximum total interest of 49%.

The Anne and Colette Deposits, located within the West Athabasca Projects, are subject to a royalty of US $0.212 per pound of U_3O_8 sold to a maximum of US $10,000,000.

(e) Beatty River Project

During 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 Project, located in the western Athabasca Basin in northern Saskatchewan, by funding $865,000 in exploration expenditures by December 31, 2008. At the time of the agreement, COGEMA held a 50.71% interest and JCU held a 49.29% interest in the Beatty River Project.

(f) North Athabasca Projects

During 2004, the Company staked five uranium projects in the northern Athabasca Basin near Stony Rapids, Saskatchewan.

5. Future Income Taxes

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

	March 31 2005	**December 31 2004**
	$	**$**
Mineral properties	3,153,887	3,153,887
Exploration expenditures renounced	7,159,390	1,584,790
Future income tax liabilities	10,313,277	4,738,677

6. 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 And Outstanding Common Shares

	Number Of Shares	Value
		$
Balance, December 31, 2004	146,949,685	37,776,499
Issued for cash:		
Exercise of stock options	902,500	589,650
Exercise of warrants	3,975,300	736,325
Contributed surplus transferred on exercise of stock options	-	549,242
Future income taxes on flow-through expenditures renounced to shareholders	-	(5,574,600)
Balance, March 31, 2005	151,827,485	34,077,116

(c) Stock-Based Compensation

A summary of the status of the Company's stock-based compensation plan as of March 31, 2005, and changes during the three month period then ended are presented below:

	Number Of Shares	Weighted-Average Exercise Price
		$
Outstanding - December 31, 2004	4,770,000	0.60
Granted during the period	175,000	2.75
Exercised during the period	(902,500)	0.65
Outstanding - March 31, 2005	4,042,500	0.68
Exercisable - March 31, 2005	3,709,167	

6. Share Capital *(Cont'd)*

(c) Stock-Based Compensation *(Cont'd)*

As at March 31, 2005, the Company had reserved a total of 4,042,500 common shares for issuance related to director and employee options, the details of which are as follows:

Exercise Prices	Number Outstanding March 31, 2005	Weighted Average Remaining Contractual Life
$		
0.08	1,360,000	8.48 years
0.10	136,000	7.73 years
0.12	356,500	6.05 years
0.16	140,000	1.60 years
0.84	500,000	9.25 years
0.95	875,000	9.41 years
1.69	500,000	9.59 years
2.75	175,000	9.92 years
	4,042,500	8.50 years

The estimated fair value of all options granted and vested during the three month period ended March 31, 2005 is $343,488. Included in deferred exploration and development expenditures is $54,000 of stock-based compensation.

The weighted average fair value of options granted during the three month period ended March 31, 2005 was $1.65 per option using the Black-Scholes option pricing model with the following weighted average assumptions:

Volatility percentage	79.32%
Risk-free interest rate	3.48%
Dividend yield	-
Expected life of options	4 years

(d) Warrants

At March 31, 2005, the following share purchase warrants enabling holders to acquire shares were outstanding:

Number Of Shares	Exercise Price	Expiry Date
	$	$
1,150,000	0.30	December 18, 2005
100,000	0.25	December 18, 2005
283,333	0.75	June 3, 2006

6. Share Capital *(Cont'd)*

(e) Flow-Through Shares

In February 2005, the Company renounced $14,250,000 of tax deductions associated with qualified expenditures incurred and to be incurred with flow-through funds, The Company recorded a future income tax liability of $5,574,600, with a corresponding reduction in share capital.

7. Loss Per Share

Basic loss per share is calculated using the weighted average number of common shares outstanding and net loss for the period. The treasury stock method is used to calculate diluted earnings per share. However, outstanding options and warrants have no dilutive effect on basic loss per share for the periods presented.

8. Related Party Transactions

During the three month period ended March 31, 2004, the Company was charged by Cameco a total of $185,826 (2004 - $31,492) for expenses incurred by Cameco on the Company's Hidden Bay mineral property, of which no mark-up over Cameco's cost was charged. At March 31, 2005, $123,827 due to Cameco was included in accounts payable and accrued liabilities (December 31, 2004 - $84,061).

During the three month period ended March 31, 2005, fees for legal and accounting services in the amount of $30,943 (2004 - $9,387), a portion of which were share issue costs, were paid or accrued to firms of which directors of the Company are partners.

9. Comparative Figures

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

10. Subsequent Events

Subsequent to March 31, 2005, the Company issued 145,000 common shares on the exercise of stock options for proceeds of $23,000.

Corporate Information

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Directors & Officers

Stephen H. Sorensen
President, Chief Executive Officer
Director

Peter C. Kalbfleish
Director

Graham C. Thody
Director

Colin C. Macdonald
Director

Walter T. Segsworth
Director

Suraj P. Ahuja
Director

Warren W. Stanyer
Chief Financial Officer, Corporate Secretary

Message to Shareholders

UEX Corporation ("UEX", or the "Corporation") continued to make progress in its exploration objectives in the First Quarter of 2005. Uranium prices rose substantially during the period and that combined with the Corporation's effective acquisition strategy helped sustain the increase in shareholder value realized over the last twelve months. UEX's management looks forward to the exploration and development of its uranium exploration properties and the future growth of the Corporation.

"signed"

Stephen H. Sorensen
President & CEO

May 11, 2005

Management Discussion & Analysis

This management discussion and analysis is intended to provide investors with an informed discussion of UEX's business activities. It incorporates new requirements from the Canadian Securities Administrators and reflects guidelines from the Canadian Institute of Chartered Accountants ("CICA"). UEX prepares its Financial Statements in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"). All monetary values are expressed in Canadian dollars unless noted otherwise. Additional information concerning UEX is available at www.sedar.com.

Overview

Goals

UEX's goal is to remain 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 a strong commitment to exploration, diversification of projects, project locations and project partners is the 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 ("Cameco"). 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 19 uranium projects either 100% owned, joint ventured or under option totaling approximately 384,000 hectares (949,000 acres) located in the eastern, western and northern areas of the Athabasca Basin.

Cameco, the world's largest supplier of uranium, holds approximately 24% 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 operation.

UEX operates seven projects in the northeastern and north-central Athabasca Basin, including its 100% owned Riou Lake Project and its five, new 100%-owned Northern Athabasca Projects, staked in late 2004. The Northern Athabasca Projects is a collective term for the Butler Lake, Fond du Lac, Munroe Lake, Otherside River and Jacques Point projects. UEX operates the Black Lake Project, a joint venture with COGEMA Resources Inc. ("COGEMA"). COGEMA is part of the AREVA group, the world's largest nuclear energy company. The Black Lake Project is a joint venture between UEX and COGEMA under which UEX holds a 70% interest and COGEMA holds a 30% interest in the Black Lake property. A new uranium discovery was made by UEX during a drilling program at the Black Lake Project in September 2004.

In March 2004, UEX signed an agreement with COGEMA to acquire a 49% interest in eight uranium projects located in the Western Athabasca Basin, 100% owned by COGEMA. Two new projects were staked in late 2004, bringing the total number of projects in the agreement to ten. The ten projects include the Shea Creek (containing the Anne and Collette Deposits), Douglas, Erica, Alexandra, Laurie, Mirror, Nikita, Uchrich, James Creek and Brander Lake projects. Under the terms of the agreement with COGEMA, UEX has an option to spend $30 million over the next 11 years. COGEMA will be operator.

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 $7.5 million incurred to a maximum total interest in the projects of 49%. To date, UEX has expended approximately $6.0 million on the West Athabasca Projects.

The Shea Creek Project encompasses the Anne and Colette Deposits. A resource estimate at the Colette deposit is currently not available due to the smaller number of drill holes. COGEMA's historical resource for the Anne deposit indicates an inferred resource of 715,150 tonnes containing approximately 47,200,000 pounds of U_3O_8 (an oxide of uranium) at an average grade of approximately 3% U_3O_8. In the event that these resources are mined, UEX has agreed to pay to COGEMA a royalty of US$0.212 per pound of U_3O_8 to a maximum royalty of US$10 million. (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.)

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 Project ("Beatty River"), located in the western Athabasca Basin in northern Saskatchewan. Beatty River is located 40 kilometres south of Shea Creek Project. 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 $465,000, and includes 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 Institute in late 2000.

Growth Strategy

UEX's vision is to remain the dominant uranium explorer in the Athabasca Basin and to become 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 upgrade the historical resource present at the West Bear uranium deposit by way of modern exploration and drilling methods to a level that defines a mineable economic resource;
- To further explore a new uranium discovery made in 2004 at the Black Lake Project;
- 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 400% since January 2001, and on May 9, 2005 the spot price was quoted at US$29.00 per pound U_3O_8, an increase of approximately 65% from the spot price quoted on April 26, 2004 of US$17.60 per pound U_3O_8.

In recent years, the nuclear industry has seen increased capacity at existing nuclear plants, extensions of plant licenses, and new plant construction. For example, in September 2004, the China Atomic Energy Authority announced plans to accelerate construction of up to 27 new nuclear power plants in order to quadruple its nuclear power capacity to 36,000 megawatts by 2020. 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 2004, worldwide demand totaled approximately 180 million pounds U_3O_8 while world primary production was approximately 101 million pounds U_3O_8. 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 US$7.00 per pound U_3O_8 due to the increased availability of secondary supplies, short term lower demand, and increased inventory sales. The spot price has since increased to US$29 per pound U_3O_8 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 uranium exploration must be accelerated in order to meet future demand. Even now, with the spot price of U_3O_8 at US$29 per pound, uranium exploration budgets fall far short of the exploration expenditures carried out in the Athabasca Basin during the 1970's and 1980's when several new discoveries were made.

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 three complete fiscal years, which are UEX's first three fiscal years of operation. The data should be read in conjunction with the audited financial statements for the year ending December 31, 2004 and the notes thereto.

For the Years Ended December 31

	2004	2003	2002
(CDN$)			
Investment Income	$254,714	$30,167	$20,136
Net Loss (Before Income Taxes)	($1,919,682)	($462,093)	($256,396)
Loss Per Share (Before Income Taxes)	($0.01)	($0.00)	($0.01)
Exploration Expenditures, Net of Stock-Based Compensation	$6,677,175	$921,706	$1,790,977
Total Assets	$44,521,387	$16,677,563	$13,870,959

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. 2005	Dec. 2004	Sept. 2004	Jun. 2004	Mar. 2004	Dec. 2003	Sept. 2003	Jun. 2003
(CDN$)								
Investment Income	$139,639	$138,860	$63,933	$35,651	$16,270	$10,097	$8,038	$2,843
Net Loss (Before Income Taxes)	($263,141)	($635,422)	($1,067,835)	($142,222)	($74,203)	($178,338)	($112,013)	($94,095)
Loss Per Share (Before Income Taxes)	($0.001)	($0.005)	($0.008)	($0.001)	($0.001)	($0.002)	($0.001)	($0.001)
Exploration Expenditures, Net of Stock-Based Compensation	$5,487,971	$4,467,923	$735,885	$385,594	$1,087,773	$77,517	$4,854	$239,337
Total Assets	$46,585,561	$44,521,387	$33,403,058	$25,869,055	$17,256,165	$16,677,653	$14,669,680	$14,482,657

Share Capital

The Corporation is authorized to issue an unlimited number of common shares without par value, of which 151,827,485 common shares were issued and outstanding as of March 31, 2005, 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. As of May 11, 2005, the number of common shares outstanding was 151,972,485 (see "Subsequent Events").

At March 31, 2005, a total of 1,533,333 share purchase warrants enabling holders to acquire common shares were outstanding, on the following terms:

Number of shares	Exercise price	Expiry date
1,150,000	0.30	December 18, 2005
100,000	0.25	December 18, 2005
283,333	0.75	June 3, 2006

At March 31, 2005, the Company had reserved a total of 4,042,500 common shares related to director and employee options, the details of which are as follows:

Exercise prices	Number outstanding, March 31, 2005	Weighted average remaining contractual life
$ 0.08	1,360,000	8.48 years
0.10	136,000	7.73 years
0.12	356,500	6.05 years
0.16	140,000	1.6 years
0.84	500,000	9.25 years
0.95	875,000	9.41 years
1.69	500,000	9.59 years
2.75	175,000	9.92 years
	4,042,500	8.5 years

Results of Operations

The Corporation incurred a net loss for the three months ending March 31, 2005 of $263,141, compared to a net loss of $74,203 for the three months ending March 31, 2004. The greater loss for the three months ending March 31, 2005, was mainly due to stock-based compensation expense and higher fees for regulatory filings.

Effective January 1, 2003, the Corporation elected to apply the fair value method of accounting for stock options granted to directors, officers and employees on a prospective basis in accordance with the recommendations of the CICA. Accordingly, the fair value of all stock options granted on or after January 1, 2003 is recorded as a charge to operations and a credit to equity over the vesting period of the options. Any consideration paid on exercise of stock options is credited to share capital. Prior to January 1, 2003, no compensation expense was recorded at the time options were granted to directors, officers and employees. The adoption of this method of accounting for stock options resulted in an expense of $289,488 for the three months ending March 31, 2005 compared to no stock-based compensation expense for the same period in 2004.

During the three months ending March 31, 2005, the Corporation allowed a non-core exploration property from the group of properties acquired in 2002 from Pioneer Metals Corporation under the Plan of Arrangement to lapse. No write-downs were associated with the lapsing of this non-core property.

In 2002, the Company recorded a Future Income Tax ("FIT") liability of $3,809,000 associated with the acquisition of the Hidden Bay property from Cameco and $522,000 due to renunciation of exploration expenditures for a total of $4,331,000. This FIT liability showed a net increase in 2003 to $4,815,710, due to continued renunciation of exploration expenditures resulting from flow-through share issuances and a reduction in Federal Income Tax rates which required the recording of an FIT recovery and corresponding reduction of the liability.

In 2004, the FIT liability declined marginally to $4,738,677 as a result of recording a recovery of $77,000 of FIT due to the write-off of previously capitalized exploration expenses. As a result of an accounting pronouncement by the CICA in 2004, the recording of FIT associated with flow-through share issuances occurs when the company files the renunciation with Canada Revenue Agency. As this filing occurred in 2005, the company did not record $5,650,000 of FIT liability for the fiscal year ending December 31, 2004. In the First Quarter of 2005, the Corporation has recorded this FIT liability related to its 2004 renunciation of exploration expenditures, resulting in a total FIT liability of $10,313,277. Share capital is correspondingly reduced by the $5,574,600 increase in FIT.

The FIT 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 FIT liabilities is contingent upon the Corporation realizing the carrying values of its mineral properties. These liabilities would only arise after UEX has recovered all capital costs associated with putting its property into commercial production.

Revenue, consisting of investment income, was $139,639 for the three months ending March 31, 2005, compared to $16,270 for the three months ending March 31, 2004, an increase of $123,369. The increase was generated by larger amounts of cash held by the Corporation in the three months ending March 31, 2005 than were held during the same period in 2004.

The continuity of expenditures on UEX's exploration projects is as follows:

Project Name	Balance at December 31, 2003	2004 Exploration and Development expenditures	Writedowns	Balance at December 31, 2004	2005 Exploration Expenditures During the Period	Balance at March 31, 2005
Riou Lake	$ 2,224,587	$ 599,882	-	$2,824, 469	$ 600,078	$ 3,424,547
Black Lake	590,888	1,064,110	-	1,654,998	1,404,309	3,059,307
Serendipity Lakes	196,914	-	($196,914)	-	-	-
Hidden Bay	10,293,557	1,221,053	-	1,654,998	1,608,527	13,123,137
W. Athabasca	-	3,480,946	-	3,480,946	1,706,764	5,187,710
Beatty River	-	27,009	-	27,009	138,032	165,041
N. Athabasca	-	534,506	-	534,506	84,261	618,767
Other	-	1,672	-	1,672	-	1,672
Totals	$13,305,946	$ 6,929,178	($196,914)	$20,038,210	$5,541,971	$25,580,181

The amount of exploration spending in the three months ending March 31, 2005 compared to the level of exploration spending for the three months ending March 31, 2004 was due to successful implementation of the Corporation's strategy.

General and administrative expenses for the three months ending March 31, 2005 were $473,205 compared to $90,473 for the three months ending March 31, 2004, a difference of $382,732, due mainly to stock-based compensation expense of $289,488 and also to a significant increase in the Corporation's business activity in the three months ending March 31, 2005.

Salaries and benefits totaled $53,899 the three months ending March 31, 2005, an slight increase of $857 over the $53,032 incurred by the Corporation in the three months ending March 31, 2004. Legal, accounting and audit expenses for the three months ending March 31, 2005 were $35,443, higher than the 2004 cost for the same period of $7,473. Filing fees and stock exchange fees rose during the three months ending March 31, 2005 to $54,262, a increase of $38,750 over the amount for the three months ending March 31, 2004, in which those expenses were $15,512.

The Corporation realized $589,650 from the exercise of stock options in the three months ending March 31, 2005 compared to $55,200 received from stock options exercised in during the three months ending March 31, 2004. The Corporation received $736,325 on the exercise of share purchase warrants in the three months ending March 31, 2005, compared to $108,639 for the same period in 2004.

Exploration Activities

Hidden Bay Project: 2005 Winter Exploration Program

On January 21, 2005, UEX Corporation announced that a $2.5 million winter exploration program had commenced at its 100%-owned Hidden Bay Project ("Hidden Bay"). Hidden Bay consists of 56 claims covering 57,154 hectares (141,170 acres).

The 2005 winter exploration included a large-diameter, "sonic" drilling program to establish certifiable grades at the West Bear Deposit. The sonic drilling program is intended to properly define the West Bear Deposit, which has a historical resource estimate of 1.26 million pounds of U_3O_8 at an average grade of 0.44% U_3O_8 [Note: this historical resource estimate completed by Gulf Minerals ("Gulf") was not calculated in compliance with standards outlined in National Instrument 43-101]. The mineralization occurs at a vertical depth of between 15-26 metres (50-85 feet) from surface and is one of the shallowest undeveloped uranium deposits in the prolific Athabasca Basin. Combined with the relatively soft nature of the host rocks and overburden, UEX believes that the deposit could be mined using low cost, open pit techniques within a very short timeframe. The deposit is located close to two existing uranium mills, Cameco's Rabbit Lake Mill and COGEMA's McClean Lake Mill, both of which are operating below maximum capacity.

UEX believes that a modest increase in the uranium content of the West Bear Deposit to a total of 2 to 3 million pounds U_3O_8 in a rapidly rising uranium market could transform this deposit into a viable source of cash flow that could fund on-going exploration for its other projects. The sonic drilling program is being undertaken to confirm the reliability and accuracy of Gulf's deposit resource estimate. A sonic drill uses little, if any, water during the drilling process, which better allows clay-rich lithologies, especially those that may be mineralized, to be recovered in core. Gulf's diamond drilling and reverse circulation drilling campaigns were plagued by poor core recoveries, particularly within the mineralized intervals. The previously-reported Gulf resource estimate was calculated using chemical assays from these poorly recovered intervals. At the time, downhole gamma logging technology was not available to calculate grades in-situ as per the present industry practice.

During the 2005 winter program, a total of 2,839 metres were completed in 108 sonic holes at the West Bear Deposit. The sonic holes were drilled at 5 metre centres on lines either spaced 12.5 or 25 metres apart for the purposes of calculating an accurate resource estimate.

Reconnaissance diamond drilling was planned on the Tent-Seal, Telephone Lake, Moosippi Lake, Post Landing, and West Bear areas. However, not all of the areas were accessible due to poor ice conditions later in the program. A total of 6,801 metres was completed in 52 holes, summarized as follows:

- West Bear - Mitchell Lake area – 46 holes, 5,263 metres
- Telephone Lake area – 6 holes, 1,538 metres

During the 2005 winter program, a helicopter-borne geophysical (VTEM) survey was carried out to better define conductors along the Rhino-Dwyer Lake, Wolf Lake, and Telephone-Shamus Lake trends. Approximately 1,116 line kilometres were flown by Geotech Ltd. of Aurora, Ontario. A pole- pole resistivity survey totaling 26.15 kilometres was completed on the Sue-Telephone trend in the area adjacent to the McClean Lake Mine property. With the permission of the McClean Lake Joint Venture, one line of resistivity totaling 2 kilometres was completed over the McClean Lake Deposit.

* * *

As of the date of this document, results from the Hidden Bay 2005 winter exploration program were still being received, compiled and interpreted.

Riou Lake Project: 2005 Winter Exploration Program

On January 25, 2005, UEX announced that a winter exploration program had commenced at its 100%-owned Riou Lake Project ("Riou Lake"), of which UEX is the operator. Riou Lake is 29,965 hectares (74,013 acres) in size.

Three diamond drill holes totaling 2,484 metres were completed in three areas, including the radioactive springs area where drilling in early 2004 encountered anomalous uranium-nickel-cobalt-arsenic values at the unconformity, and graphitic basement rocks.

A property-wide, deep-penetrating airborne geophysical survey ("MEGATEM") totaling 2,641 line kilometres was carried out as part of the 2005 winter exploration program. The MEGATEM system has a substantially better depth of penetration than the airborne systems used previously to survey the area and is capable of mapping graphitic conductors in the basement to a depth of approximately 700 metres. The results of the survey will direct future follow-up of any conductors located by MEGATEM using ground geophysical surveys and diamond drilling.

* * *

As of the date of this document, results from the Riou Lake 2005 winter exploration program were still being received, compiled and interpreted.

Black Lake Project: 2005 Winter Exploration Program

On January 19, 2005, UEX announced that a winter exploration program, budgeted at $2.7 million, had commenced at the Black Lake Project ("Black Lake"). Black Lake is a joint venture between UEX and COGEMA (UEX 70% - COGEMA 30%). Black Lake covers 30,381 hectares (75,041 acres), including 22,943 contiguous hectares (56,670 acres) staked in late 2004 following the discovery of uranium mineralization in hole BL-18 during the 2004 fall reconnaissance drilling program. The 2005 winter exploration program, using two diamond drill rigs, was planned to determine the extent of the unconformity-type uranium mineralization encountered in hole BL-18 and to continue reconnaissance exploration of the graphitic conductors that strike approximately 20 kilometres along the property.

During the 2005 step-out drilling program 3,260 metres of diamond drilling were completed in 10 holes to test the extent of the uranium mineralization hole BL-18 in all directions, with holes spaced from 12.5 to 25 metres apart. A second diamond drill rig dedicated to property-wide, reconnaissance drilling completed 20 diamond drill holes totaling 10,777 metres. These reconnaissance drill holes were spaced from 200 to 1,000 metres apart. The combined total for both diamond drills was 14,037 metres.

Ground geophysical surveys consisting of approximately 47 kilometres of moving loop electromagnetic ("EM") and approximately 60 kilometres of gravity measurements were carried out further detail favourable geological structures and conductors. An MEGATEM survey totaling 1,476 line kilometres was also flown over the entire property.

* * *

As of the date of this document, results from the Black Lake Project 2005 winter exploration program were still being received, compiled and interpreted.

West Athabasca Projects: 2005 Winter Exploration Program

COGEMA acts as operator at the West Athabasca Projects, which collectively is ten uranium exploration projects, namely Shea Creek, Douglas, Erica, Alexandra, Mirror River, Laurie, Nikita, Uchrich, James Creek and Brander Lake totaling 181,509 hectares (448,327 acres).

On January 28, 2005 UEX announced that COGEMA had commenced the 2005 winter exploration program on five of the West Athabasca Projects. The two drill rigs from the fall 2004 drilling program at Shea Creek were mobilized to the Alexandra, Laurie and Erica projects to test drill targets only accessible during the winter. Upon completion of the 2005 winter drilling program, the two rigs returned to Shea Creek in early April 2005 in preparation for a major diamond drilling program. Ground geophysical surveys were carried out on the Shea Creek, Erica, Laurie, Mirror River and Uchrich projects to further define drill targets for current and future work programs.

Shea Creek Project

The Shea Creek Project consists of eleven claims totaling 19,581 hectares (48,365 acres), with its northern boundary located approximately 15 kilometres south of the Cluff Lake Mine. During the 2005 winter exploration program a DC resistivity survey was initiated, and 60 line kilometres were completed by the end of April 2005. The program is still ongoing and is planned to include up to 120 line kilometres of resistivity surveying.

On April 20, 2005, UEX announced the commencement of additional directional drilling at the Anne and Colette Deposits. The 2005 Spring/Summer drilling program, consisting of approximately 12,000 metres, is expected to continue into August 2005 at a cost of approximately $2,600,000.

The purpose of the 2005 directional drilling program at Shea Creek is to continue determining the extent of mineralization at the Anne and Colette Deposits and to further explore a new zone of uranium mineralization found in the Fall of 2004 in the "63B" area, located between the two deposits.

Over the next several months, an aggressive drilling campaign will be carried out using two drill rigs operating simultaneously, each capable of directional drilling. The drilling program will continue into the month of August 2005 and includes, but is not limited to:

- 19 unconformity impacts at the Anne Deposit
- 9 unconformity impacts at the Colette Deposit
- 8 unconformity impacts in the 63B Area

After completion of this drilling program, COGEMA plans to calculate a resource estimate that conforms to the mining disclosure standards outlined in National Instrument 43-101, utilizing all previously obtained drilling data, and latest data from the Fall 2004 and Spring/Summer 2005 drilling programs.

Erica Project

The Erica Project consists of twenty-three claims totaling 40,177 hectares (99,237 acres) and is located adjacent to and west of the Shea Creek Project. COGEMA's historical drilling encountered favourable alteration in the sandstone, associated faulting and graphitic structures with accompanying weak uranium mineralization.

Two diamond drill holes were completed by COGEMA during the 2005 winter exploration program, totaling 1,688 metres. A third drillhole was drilled to a depth of 422 metres but was suspended due to the onset of spring break-up, and is planned to be completed at a later date. A total of 16.0 kilometres of moving loop EM was carried out to further define prospective areas of interest on the Erica Project.

Laurie Project

The Laurie Project is located approximately 90 kilometres south of the Cluff Lake Mine and consists of four claims totaling 15,002 hectares (37,055 acres). Previous work outlined the Laurie Conductor, which was tested with 5 holes by COGEMA in 2003. The historical drilling identified illitic sandstone in LAUR-03 and further drilling was recommended.

Due to inclement weather in the 2005 winter program, only one of six planned diamond drillholes, totaling 353 metres, was completed on the Laurie Project. A ground geophysical program consisting of 20.0 kilometres of moving loop EM was carried out to better detail the conductors located thus far.

Alexandra Project

The Alexandra Project is located adjacent to the Erica Project and consists of three claims totaling 8,010 hectares (19,785 acres). Previous airborne MEGATEM and ground geophysical surveys outlined a conductive zone that was interpreted to lie in a geological setting prospective for unconformity-type uranium mineralization. The conductive zone had not been drill-tested because its discovery occurred since completion of the last reconnaissance drilling program carried out by COGEMA at Alexandra in 2001.

Two diamond drill holes of a planned three-hole program were completed within the newly found conductive zone during the 2005 winter exploration, totaling 1,551 metres.

Mirror River Project

The Mirror River Project is located approximately 110 kilometers southeast of the Cluff Lake Mine and consists of five claims totaling 17,400 hectares (43,980 acres). Previous airborne and ground geophysical work by COGEMA outlined several conductive zones, none of which have been drilled.

In the winter of 2005, 47.0 kilometres of moving loop EM were completed to better detail the conductors outlined thus far at the Mirror River Project. A planned resistivity survey was cancelled due to inclement weather and scheduling difficulties.

Uchrich Project

The Uchrich Project is located just north of Mirror River Project and is contiguous to the Laurie Project. The 2002 MEGATEM survey carried out by COGEMA outlined a conductive zone between the Laurie and Mirror River Projects and a single claim totaling 2,263 hectares (5,590 acres) was staked to cover the anomaly.

In 2005, 13.2 kilometres of moving loop EM surveying was carried out to further delineate the newly found conductive zone in order to generate drill targets for the 2006 field season.

* * *

As of the date of this document, results from the West Athabasca Projects 2005 winter exploration program were still being received, compiled and interpreted.

Beatty River Project: 2005 Winter Exploration Program

On January 24, 2005 UEX announced that COGEMA had commenced the 2005 winter drilling program at Beatty River. Beatty River consists of seven claims totaling 6,688 hectares (16,520 acres). COGEMA's budget estimate for the 2005 winter exploration program at Beatty River was approximately $465,000, and was estimated to include 1,900 metres of diamond drilling.

The diamond drilling program was completed during the 2005 winter exploration program and consisted of four angled drillholes totaling 1,753 metres.

* * *

As of the date of this document, results from the Beatty River 2005 winter exploration program were still being compiled and interpreted.

Northern Athabasca Projects: 2005 Exploration Program

On January 26, 2005, UEX announced UEX the acquisition of five new uranium projects in the northern Athabasca Basin (the "Basin"). The five 100%-owned projects, totaling 83,758 hectares (206,900 acres) are located on the northern rim of the Basin near Stony Rapids, Saskatchewan. UEX staked the ground following its new uranium discovery at Black Lake. The Black Lake discovery renewed interest in the northern Basin, with its numerous uraniferous occurrences such as radioactive boulders, radioactive springs, and lake sediment and uranium-in-till anomalies.

UEX's new projects are as follows:

Butler Lake - 19,648 hectares (48,531 acres), Fond du Lac – 16,838 hectares (41,590 acres), Otherside River – 12,762 hectares (31,522 acres), Munroe Lake – 18,275 hectares (45,139 acres) and Jacques Point - 16,235 hectares (40,100 acres).

UEX selected the five new project areas in consideration of their favourable geophysical and structural characteristics. The most prospective ground in the Basin is characterized by a low amplitude magnetic signature and associated regional fault structures.

During the 2005 winter exploration program UEX carried out a MEGATEM survey totaling 4,968 line kilometres on the five new projects. A planned drill hole at the Jacques Point Project on a target previously identified by Pioneer Metals Corporation was cancelled due to scheduling difficulties.

* * *

As of the date of this document, results from the Northern Athabasca Projects 2005 winter exploration program were still being compiled and interpreted.

<u>Liquidity and Capital Resources</u>

As UEX has not begun production on any of its exploration properties, the Corporation does not generate cash from operations. As at March 31, 2005 the Corporation had current assets of $20,940,318, including $20,038,440 in cash and cash equivalents compared to current assets for the period ending March 31, 2004 that totaled $2,862,446. Working capital at March 31, 2005 was approximately $18,278,000, compared to working capital of approximately $22,421,000 as at December 31, 2004.

Accounts payable and accrued liabilities at the three months ending March 31, 2005 were $2,662,079 higher than the amount for the same period in 2004 of $607,974, due to expenses relating to the ongoing exploration commitments of the Corporation.

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 and JCU.

The Corporation's FIT liability of $10,313,277 results from the tax effect of the difference between the carrying value of the Corporation's mineral properties determined in accordance with GAAP and their tax basis. The obligation to pay the FIT liability is contingent upon the Corporation realizing the carrying values of its mineral properties.

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

An investment in UEX common shares is considered speculative due to the nature of UEX's business and the present stage of its development. A prospective investor should carefully consider the risk factors set out below.

It is not possible to determine if the exploration programs of UEX will result in profitable commercial mining operations.

The successful exploration and development of mineral properties is speculative. Such activities are subject to a number of uncertainties, which even a combination of careful evaluation, experience and knowledge may not eliminate. Most exploration projects do not result in the discovery of commercially mineable deposits. There is no certainty that the expenditures made or to be made by UEX in the exploration and development of its mineral properties or properties in which it has an interest will result in the discovery of uranium or other mineralized materials in commercial quantities. While discovery of a uranium deposit may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Major expenses may be required to establish reserves by drilling and to construct mining and processing facilities at a site. It is impossible to ensure that the current exploration programs of UEX will result in profitable commercial uranium mining operations.

Competition from other energy sources and public acceptance of nuclear energy

Nuclear energy competes with other sources of energy, including oil, natural gas, coal and hydro-electricity. These other energy sources are to some extent interchangeable with nuclear energy, particularly over the longer term. Lower prices of oil, natural gas, coal and hydro-electricity may result in lower demand for uranium concentrate and uranium conversion services. Furthermore, the growth of the uranium and nuclear power industry beyond its current level will depend upon continued and increased acceptance of nuclear technology as a means of generating electricity. Because of unique political, technological and environmental factors that affect the nuclear industry, the industry is subject to public opinion risks which could have an adverse impact on the demand for nuclear power and increase the regulation of the nuclear power industry.

Uranium price fluctuations could adversely affect UEX's operations.

The market price of uranium is the most significant market risk for companies exploring for and producing uranium. The marketability of uranium is subject to numerous factors beyond the control of UEX. The price of uranium may experience volatile and significant price movements over short periods of time. Factors impacting price include demand for nuclear power, political and economic conditions in uranium producing and consuming countries, reprocessing of spent fuel and the re-enrichment of depleted uranium tails or waste, sales of excess civilian and military inventories (including from the dismantling of nuclear weapons) by governments and industry participants and production levels and costs of production in countries such as Russia, Africa and Australia.

Competition in the uranium industry could adversely affect UEX.

The international uranium industry is highly competitive. The uranium mining industry is global, and consists of a small, decreasing number of large players. In 2003, (the latest year for which figures are available) eight producers accounted for approximately 80% of the world's uranium production. However, given the large number of commercial reactors and diverse fuelling requirements, there are market niches for smaller low cost producers. The key requirement for most producers now is low cost production and flexible marketing more than high volume production. An enabling factor is mine location. Geographically, about 50% of the world's mined uranium comes from Canada and Australia – with Canada well positioned for further development. UEX competes with other domestic and international companies that have greater financial, human and technical resources.

Failure to obtain additional financing on a timely basis could cause UEX to forfeit its interest in its properties.

UEX 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 after that time. If the Corporation'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 Corporation'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.

Compliance with and changes to current environmental and other regulatory laws, regulations and permits governing operations and activities of uranium exploration companies, or more stringent interpretation, implementation, application or enforcement thereof, could have a material adverse impact on UEX.

Mining and refining operations and exploration activities, particularly uranium mining, refining and conversion in Canada, are subject to extensive regulation by provincial, state, municipal and federal governments. Such regulations relate to production, development, exploration, exports, taxes and royalties, labour standards, occupational health, waste disposal, protection and remediation of the environment, mines decommissioning and reclamation, mine safety, toxic substances and other matters. Compliance with such laws and regulations has increased the costs of exploring, drilling, developing and constructing. It is possible that, in the future, the costs, delays and other effects associated with such laws and regulations may impact UEX's decision to proceed with exploration or development or that such laws or regulations may result in UEX incurring significant costs to remediate or decommission properties which do not comply with applicable environmental standards at such time. UEX believes it is in substantial compliance with all material laws and regulations that currently apply to its operations. However, there can be no assurance that all permits which UEX may require for the conduct of uranium exploration operations will be obtainable or can be maintained on reasonable terms or that such laws and regulations would not have an adverse effect on any uranium exploration project which UEX might undertake. World-wide demand for uranium is directly tied to the demand for electricity produced by the nuclear power industry, which is also subject to extensive government regulation and policies.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions. These actions may result in orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Companies engaged in uranium exploration operations may be required to compensate others who suffer loss or damage by reason of such activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

The potential costs which could be associated with any liabilities not covered by insurance or in excess of insurance coverage may cause substantial delays and require significant capital outlays, adversely affecting UEX's financial position.

The nature of the risks UEX faces in the conduct of its operations are such that liabilities could exceed policy limits in any insurance policy or could be excluded from coverage under an insurance policy. The potential costs that could be associated with any liabilities not covered by insurance or in excess of insurance coverage or compliance with applicable laws and regulations may cause substantial delays and require significant capital outlays, adversely affecting UEX's financial position.

Dependence on Key Management Employees

UEX's development to date has depended, and in the future will continue to depend, on the efforts of key management employees.

Related party transactions

During the three months ending March 31, 2005, the Corporation was charged by Cameco a total of $185,826 (2004 - $31,492) for expenses incurred by Cameco on the Corporation's Hidden Bay Project, of which no mark-up over Cameco's cost was charged. At March 31, 2005, $123,827 due to Cameco was included in accounts payable and accrued liabilities (December 31, 2004 - $84,061).

During the three months ending March 31, 2005, fees for legal and accounting services in the amount of $30,943 (2004 - $9,387), a portion of which were share issuance costs, were paid to firms of which directors of the Corporation 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 2005 fiscal year will be utilized to continue exploration work on the Corporation's properties and for general corporate purposes.

2005 Exploration Programs

In 2005, the Corporation intends to carry out exploration on the Hidden Bay, Riou Lake, Black Lake, Northern Athabasca, Western Athabasca and Beatty River projects with budgets totaling approximately $11.8 million to June 30, 2005, net of any recoveries from joint venture partners and Saskatchewan government exploration incentives. Further exploration on UEX's projects for the latter part of 2005 is dependent upon results obtained from the aforementioned programs, and future exploration budgets will be allocated to best pursue the exploration objectives of each project. As of May 11, 2005, with exploration programs ongoing, the Corporation had approximately $17.6 million in cash and cash equivalents.

Events Subsequent to March 31, 2005

The Company issued 145,000 common shares on the exercise of stock options for proceeds of $23,000.

Critical Accounting Estimates

The Corporation 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 UEX's financial statements. The Corporation'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 Corporation'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 Corporation'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 Corporation 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 Corporation'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 are not limited to, 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.