UEX CORPORATION

Quarterly Report
For the
Six Months Ending
June 30, 2006

UEX Corporation, Vancouver, B.C., Canada

__Message to Shareholders__

UEX Corporation ("UEX") holds a highly prospective portfolio of uranium exploration properties in the Athabasca Basin. UEX is well-financed, and at the Six Months ending June 30, 2006 held a cash position exceeding $86.0 million. The Corporation's exploration expenditures at its projects to June 30, 2006 were approximately $12.0 million, and UEX estimates its total annual expenditures will be $19.0 million for 2006. In March 2006, UEX was added to the S&P/TSX Composite Index. Subsequent to the Six Months ending June 30, 2006, the Company earned an additional 12.25% interest in the West Athabasca Projects, increasing its interest to 24.5%.

In the Second Quarter 2006, UEX carried out exploration activities on its uranium exploration projects, including a drilling program at the Shea Creek Project, the site of the Kianna Deposit, a new high-grade uranium discovery made in July 2005. UEX management looks forward to the successful pursuit of an economic uranium resource on its world-class Kianna Deposit discovery and related Shea Creek deposits, as well as to the advancement of the West Bear Deposit towards commercial production, and further progress on its other Athabasca Basin projects.

"signed"

Stephen H. Sorensen, President & CEO

August 10, 2006

Management Discussion & Analysis

Overview

Strategy

UEX's goal is to remain the leading uranium explorer in the uranium-rich Athabasca Basin of northern Saskatchewan and, through its efforts, eventually join the elite ranks of Canada's uranium producers. Sustainable growth is realized by the acquisition and partnering of prospective uranium projects at various stages of exploration and development, located in different but prospective geological domains in the Athabasca Basin.

UEX believes that diversification of projects, project locations and project partners is the key to successful discoveries. UEX holds a diversified portfolio of 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.

All dollar figures are quoted in Canadian funds unless described otherwise.

About UEX

UEX is a Canadian uranium exploration company formed under an agreement between Pioneer Metals Corporation ("Pioneer") and Cameco Corporation ("Cameco"), the world's largest supplier of uranium. Cameco is UEX's largest shareholder, holding approximately 21.7% of the common shares of UEX, and has one representative on UEX's Board of Directors. UEX began trading on the Toronto Stock Exchange in July 2002 and is actively involved in the exploration and development of 19 uranium projects in the Athabasca Basin, including seven that are 100% owned and operated by UEX, one joint venture with AREVA Canada Resources Inc. ("AREVA", formerly COGEMA Resources Inc.) that is operated by UEX, ten under option from AREVA and one under option from Japan-Canada Uranium Company, Limited, which are operated by AREVA. AREVA is part of the AREVA Group, the world's largest nuclear energy company. The 19 projects, totaling 386,650 hectares (955,400 acres), are located in the eastern, western and northern perimeters of the Athabasca Basin, the world's richest uranium belt, which accounts for approximately 30% of global primary uranium production.

UEX 100% owned projects are the Hidden Bay Project, the Riou Lake Project, and the Northern Athabasca Projects, which is a collective term for the Butler Lake, Fond du Lac, Munroe Lake, Otherside River and Jacques Point projects, staked in late 2004.

UEX operates the Black Lake Project in the northern Athabasca Basin which is a joint venture with AREVA. UEX holds a 76.43% interest and AREVA holds a 23.57% interest as of December 31, 2005. AREVA elected not to participate in the 2006 winter program at Black Lake, and as a result, their interest will be subject to dilution.

In March 2004, UEX entered into a letter agreement with AREVA whereby UEX was granted the option to acquire up to a 49% interest in eight uranium projects owned by AREVA, including the Shea Creek Project ("Shea Creek", containing the Anne and Colette uranium deposits) located in the western Athabasca Basin in northern Saskatchewan (collectively the "Western Athabasca Projects"). In December 2004, the Brander Lake and James Creek projects were staked by AREVA, bringing the total number of projects under the UEX-AREVA Western Athabasca Projects option agreement to ten. UEX and AREVA entered into a definitive option agreement dated November 10, 2004 relating to the Western Athabasca Projects. In order to earn a 49% interest, UEX must fund $30 million in exploration expenditures as follows:

Prior to December 31, 2005	Minimum $2,000,000
2006:	Minimum $2,000,000
2007 to 2010:	Minimum $2,500,000 per year
2011 to 2013:	Minimum $3,000,000 per year
2014 and 2015:	Minimum $3,500,000 per year

The Corporation earns a 12.25% interest in the Western Athabasca Projects for every $7,500,000 of expenditures incurred to a maximum total interest in the projects of 49%. Excess contributions in any year are carried forward and reduce the obligations of UEX in subsequent years. To date, UEX's exploration expenditures exceed $15.0 million under the option agreement and as of July 31, 2006 UEX has earned a 24.5% interest. In the event that the Anne and Colette deposits are mined, UEX has agreed to pay to AREVA a royalty of US$0.212 per pound of U_3O_8, to a maximum royalty of US$10 million. AREVA is the operator of the Western Athabasca Projects.

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 the Shea Creek uranium deposits. JCU through its wholly-owned subsidiary, JCU (Canada) Exploration Company Limited, holds interests in 14 uranium exploration projects, primarily in the Athabasca Basin, that were purchased from the Japan Nuclear Cycle Development Institute in late 2000.

At present, AREVA 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. AREVA plans to maintain its 50.71% interest in Beatty River by matching UEX's exploration expenditures.

Growth Strategy

UEX, having remained the leading uranium explorer in the Athabasca Basin, has planned expenditures estimated at $19.0 million for 2006. The main strategies of UEX are:

- To improve the geological model and complete the additional drilling required to delineate and develop an economic resource on the Anne, Colette and Kianna Deposits at the Shea Creek Project;
- To complete a final feasibility study at the West Bear uranium deposit;
- To further explore the uranium discovery made in the Fall of 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;
- To provide for a diversification of project stages (from early exploration through to development), project locations and project partners;
- To leverage its strong relationships with the world's two largest uranium companies, Cameco and the AREVA Group.

Uranium Industry Trends

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

Current trends continue to be encouraging for explorers and producers of uranium. The uranium short-term spot price has more than quintupled since January 2001 and by July 31, 2006 the spot price was US$47.25 per pound U_3O_8, an increase of over 60% from the short-term spot price of US$29.50 per pound U_3O_8 quoted on July 25, 2005.

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 million kilowatts by 2020. UEX believes that 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, and in recent months, several U.S. utilities have taken steps towards the construction of new nuclear power plants. 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 (approximately 19.4% of global mine production in 2005) and AREVA, both of which produce principally from deposits in the Athabasca Basin of northern Saskatchewan. In 2005, worldwide annual fuel consumption totaled approximately 175 million pounds U_3O_8 while world primary production was approximately 108 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. As of January 2005, 439 reactors were in operation worldwide. 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 approximately 90% in 2005. Nuclear-generated energy supplies approximately 16% of the world's electricity.

Long Term Outlook

In 2000, uranium spot prices reached 26 year lows of US$7.10 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$47.25 per pound U_3O_8 as of the date of this document, 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$47.25 per pound, uranium exploration budgets still fall 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, Africa, Kazakhstan and the United States. 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 several years.

Selected Financial Information

The following is selected financial data from the audited financial statements of UEX for the last three complete fiscal years. The data should be read in conjunction with the audited financial statements for the year ending December 31, 2005 and the notes thereto.

For the Years Ended December 31

	2005	2004	2003
(CDN$)			
Investment Income	$812,979	$254,714	$30,167
Net Loss (Before Income Taxes)	($261,533)	($1,919,682)	($462,093)
Loss Per Share (Before Income Taxes)	($0.00)	($0.01)	($0.00)
Capitalized Exploration Expenditures, net of Stock-Based Compensation	$17,124,476	$6,677,175	$921,706
Total Assets	$83,128,228	$44,521,387	$16,677,563

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

	June 2006	Mar. 2006	Dec. 2005	Sept. 2005	June 2005	Mar. 2005	Dec. 2004	Sept. 2004
(CDN$)	$	$	$	$	$	$	$	$
Investment Income	910,953	595,667	355,349	275,478	42,513	139,639	138,860	63,933
Net Earnings (Loss) Before Income Taxes	669,356	(4,371,276)	183,104	(4,710)	(176,786)	263,141)	(635,422)	(1,067,835)
Earnings (Loss) Per Share	0.013	(0.026)	0.001	(0.000)	(0.001)	(0.001)	(0.005)	(0.008)
Capitalized Exploration Expenditures, net of Stock-Based Compensation	3,676,380	7,595,177	3,908,244	4,829,102	2,899,159	5,487,971	4,467,923	735,885
Total Assets	136,398,706	138,336,861	83,128,228	82,711,917	56,386,345	46,585,561	44,521,387	33,403,058

Share Capital

The Corporation is authorized to issue an unlimited number of common shares without par value, of which 180,394,618 common shares were issued and outstanding as of June 30, 2006, 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 August 10, 2006, the number of common shares outstanding was 180,394,618.

At June 30, 2006, the Corporation had reserved a total of 5,431,300 common shares related to director and employee options, the details of which are as follows:

Exercise prices	Number outstanding, June 30, 2006	Weighted average remaining contractual life
$ 0.08	1,360,000	7.24 years
0.10	16,000	6.48 years
0.12	138,100	4.46 years
0.84	500,000	8.01 years
0.95	675,000	8.16 years
1.69	367,200	8.35 years
1.80	250,000	9.01 years
2.75	175,000	8.67 years
5.00	1,950,000	9.54 years
	5,431,300	8.38 years

<u>**Results of Operations**</u>

Three Months Ending June 30, 2006

For the three months ending June 30, 2006, the Corporation reported net earnings of $2,405,263 and earnings before income taxes of $669,356, compared to a net loss of $176,786 for the three months ending June 30, 2005. The increased net earnings for the three months ending June 30, 2006, were primarily due to a $868,440 increase in investment income, and a future income tax recovery of $1,735,907.

Investment income was $910,953 for the three months ending June 30, 2006, compared to $42,513 for the three months ending June 30, 2005, an increase of $868,440. The increase was generated by a larger cash balance invested by the Corporation as a result of its equity financings, which was higher than the amount of cash invested by the Corporation during three months ending June 30, 2005.

The future income tax recovery of $1,735,907 for the three months ending June 30, 2006 was due to the enactment of amendments to current tax legislation by the Saskatchewan government, which provided for a reduction in future corporate tax rates. There was no future income tax recovery during the three months ending June 30, 2005.

The granting and vesting of stock options during the three months ending June 30, 2006 resulted in total stock-based compensation expense of $145,842, of which $99,494 was included in mineral property expenditures and the remaining $46,348 was charged to operations. Total stock based compensation expense for the three months ending June 30, 2005 was $54,001 which was included in mineral property expenditures.

Operating expenses before stock-based compensation expense for the three months ending June 30, 2006 were $195,249 compared to $227,974 for the three months ending June 30, 2005.

General and administrative expenses were $24,998 for the three months ending June 30, 2006, lower than the general and administrative expenses of $33,165 for the three months ending June 30, 2005. Salaries and benefits totaled $103,097 in the three months ending June 30, 2006, an increase over the salaries and benefits cost of $72,419 incurred by the Corporation in three months ending June 30, 2005, primarily due to the hiring of additional employees, and higher salary costs attributed to a significant increase in the Corporation's business activity. Rent costs for the three months ending June

30, 2006 were $17,778, higher than the rent costs of $8,792 for the three months ending June 30, 2005 due mainly to the expansion of the Corporation's office premises. Legal, accounting and audit expenses for the three months ending June 30, 2006 were $11,618 lower than the cost of $71,215 during three months ending June 30, 2005, a decrease of $59,597 due mainly to a decrease in legal fees incurred by the Corporation in 2006. Furthermore, the accounting function was performed by employees of the Corporation during the three months ending June 30, 2006, while the Corporation had relied on outside accounting services during the same period in 2005. Filing fees and stock exchange fees decreased in the three months ending June 30, 2006 to $3,890, a decrease of $25,104 over the same period in 2005, in which those expenses were $28,994.

Six Months Ending June 30, 2006

For the six months ending June 30, 2006, the Corporation reported a net loss of $2,066,635 compared to a net loss of $439,927 for the six months ending June 30, 2005. The larger net loss for the six months ending June 30, 2006, was primarily due to a $4,397,998 increase of stock-based compensation expense, which was partially offset by a $1,306,180 increase in investment income, and a future income tax recovery of $1,635,285.

Investment income was $1,488,332 for the six months ending June 30, 2006, compared to $182,152 for the six months ending June 30, 2005, an increase of $1,306,180. The increase was generated by a larger cash balance invested by the Corporation as a result of its equity financings, which was higher than the amount of cash invested by the Corporation during six months ending June 30, 2005.

The granting and vesting of stock options during the six months ending June 30, 2006 resulted in total stock-based compensation expense of $5,068,445, of which $380,959 was included in mineral property expenditures and the remaining $4,687,486 was charged to operations. Total stock based compensation expense for the six months ending June 30, 2005 was $397,489, of which $108,001 was included in mineral property expenditures and $289,488 was charged to operations.

The future income tax recovery of $1,635,285 for the six months ending June 30, 2006 is due to the enactment of amendments to current tax legislation by the Saskatchewan government, which provided for a reduction in future corporate tax rates. There was no future income tax recovery during the six months ending June 30, 2005.

Operating expenses before stock-based compensation expense for the six months ending June 30, 2006 were $502,766 compared to $411,691 for the six months ending June 30, 2005, a difference of $91,075, mainly due to a significant increase in the Corporation's business activity, which led to higher administrative expenses, salaries, and stock exchange listing fees.

General and administrative expenses were $40,847 for the six months ending June 30, 2006, lower than the general and administrative expenses of $49,975 for the six months ending June 30, 2005. Salaries and benefits totaled $209,916 in the six months ending June 30, 2006, an increase over the salaries and benefits cost of $126,318 incurred by the Corporation in six months ending June 30, 2005, primarily due to the hiring of additional employees, and higher salary costs attributed to a significant increase in the Corporation's business activity. Rent costs for the six months ending June 30, 2006 were $35,463, higher than the rent costs of $17,442 for the six months ending June 30, 2005 due mainly to the expansion of the Corporation's office premises. Legal, accounting and audit expenses for the six months ending June 30, 2006 were $58,175 lower than the cost of $106,658 during six months ending June 30, 2005, a decrease of $48,483 due mainly to a decrease in legal fees incurred by the Corporation in 2006. Furthermore, the accounting function was performed by employees of the Corporation during the six months ending June 30, 2006, while the Corporation relied on outside accounting services during the same period in 2005. Filing fees and stock exchange fees rose in the six months ending June 30, 2006 to $111,650, an increase of $28,394 over the same period in 2005, in which those expenses were $83,256, due mainly to increased costs relating to stock exchange and regulatory fees which are based on the Corporation's market capitalization.

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

	Balance December 31, 2005	Exploration & development expenditures during the six months ending June 30, 2006	Balance June 30, 2006
	$	$	$
West Athabasca	11,050,485	4,090,613	15,141,098
Hidden Bay	15,612,941	3,018,014	18,630,955
Black Lake	5,015,925	3,474,523	8,490,448
Riou Lake	4,684,083	788,597	5,472,680
Beatty River	238,687	201,571	440,258
North Athabasca	1,086,931	340,337	1,427,268
	37,689,052	11,913,655	49,602,707

(For further information regarding exploration and development expenditures on the projects shown in the above table, please refer to "Exploration Activities", below.)

Exploration and development expenditures during the six months ending June 30, 2006 totaled $11,913,655, an increase of $3,418,524 over the exploration and development expenditures of $8,495,131 for the six months ending June 30, 2005, due to a successful implementation of the Corporation's strategy.

Financing Activities

UEX completed a brokered private placement during the six months ending June 30, 2006. On February 15, 2006, UEX issued 8,222,600 common shares at $5.00 per share and 2,000,000 flow-through common shares at $6.00 per share for gross proceeds of $53,113,000. A commission of $1,995,000 was paid to the broker. The net amount raised in the six months ending June 30, 2006 was $50,996,383 after costs. During the six months ending June 30, 2005, the Corporation issued 6,000,000 flow-through common shares at $2.00 per share for gross proceeds of $12,000,000 before broker's commissions of $480,000 and financing expenses of $70,237.

The Corporation realized $447,040 from the exercise of stock options and $212,500 from the exercise of share purchase warrants during the six months ending June 30, 2006 compared to $612,650 received from stock options exercised and $736,325 from share purchase warrants exercised during the six months ending June 30, 2005.

Exploration Activities

Following is a general discussion of UEX's exploration activities during the Second Quarter 2006. Final results for some of the exploration programs discussed below were only recently received, and the program descriptions may refer only to the exploration statistics available at the date of this document, and may not include specific results from those programs. UEX will update its shareholders following receipt of each program's results, and their subsequent compilation and interpretation.

For other information regarding UEX's exploration projects, please refer to UEX's current Annual Information Form, available at www.sedar.com or to UEX's website at www.uex-corporation.com

West Athabasca Projects: 2006 Exploration Programs

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

Shea Creek, containing the uranium deposits known as Anne, Colette and the newly-discovered Kianna, consists of 11 claims totaling 19,581 hectares (48,365 acres).

Directional drilling, first introduced in the Athabasca Basin by AREVA, is utilized at Shea Creek. This technology, which uses a steerable drill bit to allow several target intersections to be completed from one pilot hole, reduces the cost while improving targeting precision when drilling deep targets. A pilot hole is strategically positioned within a target area and subsequent directional cuts from the pilot hole are made towards specific targets. For example, a vertical pilot hole may reach the unconformity at a depth of 700 metres and continue into the basement for another 150 metres. Directional drilling from that pilot hole could begin in the sandstone at the 400 metre level, angling in a new direction to a different unconformity impact location and beyond, thus saving the time and expense of "re-drilling" the 400 metres length to the point where the directional hole begins.

As a result, a unique nomenclature is used for the Shea Creek drillholes. For example, "SHE-109" refers to a vertical pilot hole, with subsequent directional cuts from that pilot hole numbered "SHE-109-1", "SHE-109-2", etc.

2006 Shea Creek Exploration

In January 2006, AREVA began its third drilling campaign at Shea Creek since the inception of the UEX-COGEMA Western Athabasca Projects option agreement. The 2006 drilling program is focused on follow-up of significant intersections encountered in 2005 of high-grade, uranium mineralization in the 63B area, now called the Kianna Deposit. The Kianna Deposit area lies within a 2.2 kilometre conductive corridor between the Anne and Colette Deposits, 600 metres northwest of the Anne Deposit and 1,600 metres southeast of the Colette Deposit.

Two drill rigs were mobilized for the 2006 diamond drilling program at Shea Creek, with approximately 12,000 metres planned on the Kianna Deposit and the Colette Deposit areas consisting of about 35 holes (4 to 6 vertical, and 29 to 31 directional). As of June 30, 2006, 14 unconformity impacts totaling approximately 7,222 metres had been completed at the Kianna Deposit including directional holes from pilot holes SHE-114, SHE-115 and a new pilot hole SHE-118, and two exploration holes totaling 1,450 metres were completed on geophysical targets near the Colette Deposit.

To date, the mineralization at the Kianna Deposit has been traced over a strike length of 200 metres and a width of 100 metres, and remains open in all directions. The AREVA-UEX drilling programs of 2004, 2005 and 2006 have outlined three distinct styles of high-grade uranium mineralization:

- Perched ("P"), sandstone-hosted mineralization found in discrete zones tens of metres above the unconformity (previously announced 2005 hole SHE-114-5, 27.4% U_3O_8 over 8.8 metres, including 58.3% U_3O_8 over 3.5 metres);
- Unconformity-type mineralization ("UC"), in close proximity to the unconformity (hole SHE-115-3, grading 12.57% U_3O_8 over 11.9 metres, including 27.35% U_3O_8 over 4.2 metres);
- Basement-hosted mineralization ("B"), found in zones up to 200 metres below the unconformity (previously announced 2005 hole SHE-114-11, grading 5.4% U_3O_8 over 37.7 metres, including 25.46% U_3O_8 over 4.0 metres).

To view a drawing of the Kianna Deposit area at Shea Creek, please refer to UEX's website at www.uex-corporation.com under "Western Athabasca Projects – Shea Creek".

Highlights of 2006 Shea Creek Drilling Program

Kianna Deposit 2006 Drilling Program

SHE-118: (UC) 5.62% U_3O_8 over 8.6 metres, including 11.50% U_3O_8 over 1.2 metres and 15.07% U_3O_8 over 1.0 metre, was a vertical hole that impacted the unconformity 80 metres east of SHE-115 and 120 metres southeast of SHE-114 and will act as a pilot hole for directional drilling to test for extensions of known uranium mineralization. The unconformity was intersected at 711.4 metres. Although primarily positioned as a pilot hole, SHE-118 nevertheless intersected high-grade unconformity mineralization at and just above the unconformity from 703.5 to 712.1 metres, grading 5.62% U_3O_8 over 8.6 metres, including 11.50% U_3O_8 over 1.2 metres and 15.07% U_3O_8 over 1.0 metre.

SHE-115-7: (UC) 0.94% U_3O_8 over 4.1 metres, (B) 1.03% U_3O_8 over 6.5 metres and (B) 1.46% U_3O_8 over 3.1 metres, targeted the continuity of high-grade unconformity mineralization 20 metres west-southwest of the SHE-115-6 unconformity impact, the possibility of perched mineralization observed in the SHE-114 series of drill holes, and deep, basement-hosted mineralization. The unconformity was intersected at 723.3 metres.

SHE-115-6: (P) 2.25% U_3O_8 over 8.2 metres, (UC) 2.96% U_3O_8 over 11.1 metres, including 6.03% U_3O_8 over 3.0 metres, and (B) 2.42% U_3O_8 over 8.7 metres, targeted the continuity of high-grade mineralization 75 metres northeast of pilot hole SHE-115. The unconformity was intersected at 745.6 metres.

SHE-115-5: (UC) 12.74% U_3O_8 over 4.9 metres, including 23.55% U_3O_8 over 2.4 metres, and (B) 3.77% U_3O_8 over 4.4 metres, targeted the western extension of high-grade unconformity mineralization intersected in SHE-115-3 and SHE-102-2 at the unconformity. The unconformity was intersected at a depth of 735.2 metres, 80 metres east-northeast from pilot hole SHE-115.

SHE-115-4: (UC) 3.56% U_3O_8 over 19.8 metres, including 5.89% U_3O_8 over 11.3 metres, was targeted to test the eastern extension of high-grade mineralization intersected in SHE-115-3 at the unconformity. The unconformity was intersected at 758.5 metres, 102 metres east-northeast of pilot hole SHE-115.

SHE-115-3: (UC) 12.57% U_3O_8 over 11.9 metres, including 27.35% U_3O_8 over 4.2 metres, and (B) 0.53% U_3O_8 over 4.8 metres, and (B) 1.04% U_3O_8 over 4.9 metres, was targeted to test the continuity of high-grade mineralization in the basement and the western margin of high-grade, perched mineralization encountered in SHE-102-11 that was drilled in 2000. The unconformity was intersected at a depth of 743.5 metres, 88 metres east-northeast from pilot hole SHE-115.

SHE-115-2: (UC) 1.2% U_3O_8 over 12.1 metres, (B) 1.7% U_3O_8 over 2.4 metres, and (B) 2.84% U_3O_8 over 4.9 metres, tested the continuity of high-grade mineralization within the sandstone and basement encountered in the SHE-114 series of holes, at a point approximately 20 metres southeast of the SHE-114-5 unconformity impact. The unconformity was intersected at a depth of 737.5 metres, 78 metres northeast of pilot hole SHE-115.

SHE-115-1: (P) 0.42% U_3O_8 over 6.5 metres, (UC) 0.50% U_3O_8 over 9.5 metres, (B) 2.52% U_3O_8 over 1.0 metres, and (B) 3.63% U_3O_8 over 5.7 metres, including 20.66% over 0.8 metres, was the first directional cut from SHE-115, located 100 metres due south of pilot-hole SHE-114. The drill hole tested the continuity of high-grade mineralization encountered in the SHE-114 series of holes, within the sandstone and basement, approximately 20 metres south-east of the high-grade intersection in SHE-114-5. The unconformity was intersected at a depth of 734.8 metres, 63 metres north-northeast of pilot hole SHE-115.

SHE-114-17: (UC) 0.98% U_3O_8 over 2.5 metres, (UC) 1.06% U_3O_8 over 2.5 metres, and (B) 3.2% U_3O_8 over 8.4 metres, including 16.62% over 1.1 metres, targeted the presence of high-grade sandstone and basement mineralization due north of the pilot hole SHE-114, between the unconformity impacts of SHE-114-16 and SHE-114-2. The unconformity was intersected at 729.3 metres, 26 metres north-northeast of pilot hole SHE-114.

SHE-114-16: (no significant mineralization) was targeted to the west-northwest, between pilot hole SHE-114 and 1997 hole SHE-55. The unconformity was intersected at 716.3 metres, 35 metres northwest of pilot hole SHE-114. Although the hole did not encounter significant mineralization, it did intersect altered sandstone, and faulted basement rocks that contained weak radioactivity.

SHE-114-15: (B) 0.29% U_3O_8 over 23.9 metres, was targeted to test the continuity of high-grade sandstone and basement mineralization to the southwest of 2004 pilot hole SHE-114. The unconformity was intersected at 714.4 metres, 38 metres west-southwest of pilot hole SHE-114.

SHE-114-14: (UC) 0.45% U_3O_8 over 4.8 metres, and (B) 0.57% U_3O_8 over 7.8 metres, was planned to test for the continuity of high-grade, sandstone-hosted mineralization north of SHE-114-8 and to undercut the basement mineralization in SHE-114-8. The unconformity was intersected at 718.3 metres, 27 metres south-southwest of pilot hole SHE-114.

SHE-114-13: (Mineralized, hole lost – no gamma probe grade available), was targeted to test for continuity of high-grade sandstone mineralization between SHE-114-8 and SHE-114-11 and basement mineralization at depth. The unconformity was intersected at 715.9 metres, 51 metres south-southeast of pilot hole SHE-114. The hole could not be probed because the drill rods snapped.

SHE-114-12: (P) 1.81% U_3O_8 over 5.6 metres, (UC) 2.08% U_3O_8 over 3.7 metres, and (B) 1.37 % U_3O_8 over 6.8 metres, was the first directional hole of the 2006 program and targeted the continuity of high-grade sandstone mineralization between SHE-114-8 and SHE-114-11, and high-grade basement mineralization at depth. The unconformity was intersected at 713.8 metres, 33 metres south-southeast of pilot hole SHE-114.

Table 1 below summarizes the most significant 2006 mineralized intersections from pilot hole SHE-118 and from the SHE-114 and SHE-115 series of holes, as calculated from gamma probe logging, and displayed in descending numerical order. For comparison, the previously released results for pilot holes SHE-114, SHE-115, and directional holes SHE-114-1 to SHE-114-11 are also included. The technical information in this document regarding Shea Creek has been compiled and reviewed by Erwin Koning, P. Geo., AREVA's District Geologist, West Athabasca Region, a qualified person as defined by National Instrument 43-101.

Drilling continued until mid-June 2006. During the 2006 summer months, AREVA will analyze and interpret the 2006 results, and plans to resume the drilling program in September 2006.

Colette Deposit 2006 Drilling Program

Two diamond drill holes (SHE-116 and SHE-117) were targeted 600 metres and 800 metres to the west of the Colette Deposit mineralization to test a newly-discovered zone of low resistivity identified by the 2005 DC Resistivity survey. The targeted zone exhibited a resistivity response similar to what was observed in the mineralized zone at Colette. Hole SHE-116 encountered some encouraging sandstone alteration features but did not intersect significant mineralization. Within hole SHE-117, a zone of increased brecciation and associated dravite was observed between 650.0 to 670.0 metres, with an accompanying increase in radioactivity throughout the interval. AREVA has recommended follow-up drilling in the area.

TABLE 1.

Summary of 2005-2006 Kianna Deposit Drill Results

All Uranium Intersections Calculated from Gamma Probe Logging

Hole	Area	Total Depth of Hole (metres)	Depth to Unconformity (metres)	From (metres)	To (metres)	Length (metres)	Avg. Grade Within the Intersection (% U_3O_8)
SHE-115-6	Kianna	974.0	745.6	702.7	710.9	8.2	2.25
				730.2	741.3	11.1	2.96
			including	**738.3**	**741.3**	**3.0**	**6.03**
				773.4	774.5	1.1	2.48
				793.9	795.2	1.3	2.93
				820.2	828.9	8.7	2.42
				870.3	875.5	5.2	0.72
SHE-115-5	Kianna	959.5	735.2	731.5	736.4	4.9	12.74
			including	**732.4**	**734.8**	**2.4**	**23.55**
				791.9	796.3	4.4	3.77
			including	**794.4**	**794.9**	**0.5**	**9.21**
SHE-115-4	Kianna	935.0	758.5	745.8	765.6	19.8	3.56
			including	**745.8**	**757.1**	**11.3**	**5.89**
			including	**751.0**	**751.8**	**0.8**	**14.34**
			including	**754.7**	**755.4**	**0.7**	**12.80**
			including	760.6	765.6	5.0	0.71
SHE-115-3	Kianna	1015.0	743.5	735.0	746.9	11.9	12.57
			including	**738.6**	**739.6**	**1.0**	**19.89**
			including	**741.4**	**745.6**	**4.2**	**27.35**
				847.5	852.3	4.8	0.53
				892.2	897.1	4.9	1.04
SHE-115-2	Kianna	980.0	737.5	730.7	742.8	12.1	1.20
				769.9	772.3	2.4	1.70
				847.1	852.0	4.9	2.84
			including	**849.0**	**849.6**	**0.6**	**12.23**
SHE-115-1	Kianna	956.0	734.8	659.9	666.4	6.5	0.42
				728.25	737.75	9.5	0.50
				781.35	782.35	1.0	2.52
				911.0	916.7	5.7	3.63
			including	**911.6**	**912.4**	**0.8**	**20.66**
SHE-115*	Kianna	845.0	718.0	716.1	720.0	3.9	0.48
SHE-114-17	Kianna	989.0	729.3	718.8	721.3	2.5	0.98
				724.5	727.0	2.5	1.06
				881.8	890.2	8.4	3.20
			including	**882.5**	**883.6**	**1.1**	**16.62**
SHE-114-16	Kianna	914.0	716.3			*Weakly mineralized*	
SHE-114-15	Kianna	989.0	714.4	895.1	919.0	23.9	0.29
SHE-114-14	Kianna	1016.0	718.3	712.7	717.5	4.8	0.45
				925.9	933.7	7.8	0.57
SHE-114-13	Kianna	936.0	715.9	810.0	817.0	***Massive pitchblende veins in the basement. Hole lost – not probed***	
SHE-114-12	Kianna	926.5	713.8	682.8	688.4	5.6	1.81
				713.1	716.8	3.7	2.08
				834.4	841.2	6.8	1.37

Hole	Area	Total Depth of Hole (metres)	Depth to Unconformity (metres)	From (metres)	To (metres)	Length (metres)	Avg. Grade Within the Intersection (% U_3O_8)
SHE-114-11*	Kianna	934.0	714.2	678.5 710.3 789.9 800.0 816.1	692.2 713.7 791.3 802.4 853.8	13.7 3.4 1.4 2.4 37.7	5.83 1.43 2.04 1.05 5.40
SHE-114-10A*	Kianna	804.0	728.4	726.4	732.5	6.1	1.15
SHE-114-10*	Kianna			*Hole lost – not probed*			
SHE-114-9*	Kianna	890.0	720.1	677.0 709.2 803.9 808.5 825.7 829.9 840.7	697.0 719.2 805.4 812.9 827.5 832.5 841.9	20.0 10.0 1.5 4.4 1.8 2.6 1.2	5.88 1.48 1.71 1.02 1.09 1.64 1.38
SHE-114-8*	Kianna	889.5	715.8	835.7 853.4	843.6 861.8	7.9 8.4	5.81 4.38
SHE-114-7*	Kianna	800.0	722.5	665.6	679.7	14.1	7.73
SHE-114-6*	Kianna	747.0	715.3	*Mineralized - hole lost – not probed*			
SHE-114-5*	Kianna	866.0	714.2	677.8 814.4 821.2	686.6 816.6 823.0	8.8 2.2 1.8	27.40 1.08 5.49
SHE-114-4*	Kianna	884.0	732.5	723.6 794.8 796.8	729.7 796.0 801.2	6.10 1.2 4.4	1.10 1.26 1.27
SHE-114-3*	Kianna	835.0	752.7	748.9	752.9	4.0	1.06
SHE-114-2*	Kianna	863.0	735.7	731.2	735.8	4.6	1.71
SHE-114-1*	Kianna	850.0	720.8	680.4 806.9 809.3	687.9 807.6 810.4	7.5 0.7 1.1	1.36 1.71 2.60
SHE-114* **(Fall 2004)**	Kianna	795.0	713.9	684.0 713.2	686.0 715.2	2.0 2.0	3.26 0.69
** results previously announced - see UEX News Releases:, February 10, July 13, September 14 and October 11, 2005.*							

2006 Laurie Project Exploration

A diamond drilling program of five holes totaling approximately 2,060 metres was carried out over the TEM conductors defined by previous ground geophysical programs. Graphite was intersected in quantities great enough to explain the conductor in four of the five holes, but alteration in the basement was minimal, and no significant mineralization was intersected.

2006 Brander Lake Project Exploration

A ground geophysical program was carried out in the winter of 2006 totaling 39.8 line kilometres of TEM moving loop. Subtle, low amplitude anomalies detected in the south and southwestern areas of the property are planned to be the subject of future exploration programs.

2006 Nikita Project Exploration

A ground geophysical program totaling 14.0 kilometres of TEM moving loop was carried out in the winter of 2006. Due to poor field conditions a planned DC Resistivity survey was cancelled but was rescheduled for the summer of 2006.

2006 Mirror River Project Exploration

Due to poor field conditions, the planned diamond drilling program at Mirror River of approximately 2,300 metres in 6 diamond drill holes to test previously-defined TEM conductors was postponed.

2006 Alexandra, Erica and Uchrich Projects Exploration

Processing and interpretation of the collected data from the 2004 Fugro MEGATEM® and Falcon® Gravity Gradiometer survey, integrated with ground geophysical data, is ongoing.

Hidden Bay Project: 2006 Winter Exploration Program

In January 2006, UEX commenced the winter 2006 exploration program budgeted at approximately $2.7 million, using two diamond drills. The first drill tested targets in the West Bear, Mitchell Lake and Dwyer Lake areas, following up previously intersected prospective areas of mineralization and alteration, and tested several occurrences where uranium mineralization has been historically intersected, including the Blanche Lake and North Shore prospects. During the Winter 2006 program, the first drill completed 36 holes totaling 3,926 metres.

The second drill focused on testing targets along the Telephone Lake fault system, which represents the southern continuation of a network of faults and graphitic conductors that, to the north, host the Sue uranium deposits at the McClean Lake Mine, operated by AREVA. Drilling was planned to follow-up on the intersection of 4.52% U_3O_8 over 0.5 metres in hole SP-156 during the 2005 exploration program, as well as testing some large gaps between previous drill holes along the Telephone Lake fault system, such as a three kilometre strike length of the fault around Phantom Lake. The second drill completed 24 holes, and another 5 holes were abandoned due to difficult ground conditions, for a total of 3,926 metres.

A diamond drilling program began at the Raven-Horseshoe deposit area in late July 2006 to assist in the definition of the resources present there, with the future objective of calculating a National Instrument 43-101 ("N.I. 43-101") compliant resource.

2006 West Bear Deposit Exploration and Development

Based on the results of the 2005 West Bear sonic drilling program, UEX retained Roger Lemaitre of Cameco, a qualified person, to calculate a N.I. 43-101 compliant resource estimate. This resource estimate dated March 2, 2006 (the "2005 West Bear Report") estimates the West Bear Deposit contains an indicated resource of 45,600 metric tonnes averaging 1.385% U_3O_8, for a total uranium content of 1,391,000 pounds of U_3O_8, using a geostatistical-block model technique and the GEMCOM software package. The 2005 West Bear Report indicates that the deposit also contains 0.34% nickel, 0.11% cobalt, and 0.50% arsenic.

This new resource estimate represents a three-fold increase in uranium grade and an increase in total pounds of uranium from the historical 1980 Gulf Minerals ("Gulf") resource estimate of 131,000 tonnes at an average grade of 0.44% U_3O_8, representing 1.26 million pounds of U_3O_8 [Note: Gulf's 1980 historical resource estimate was not calculated using current Canadian Institute of Mining, Metallurgy and Petroleum categories, and no current resource or reserve confidence categories were applied. As a result, Gulf's resource estimate is not compliant with N.I. 43-101].

The 2005 West Bear Report notes that only two-thirds of the strike length of the mineralized area included as part of the historical resource outlined by Gulf was tested during the 2005 program. A number of historical Gulf holes indicate that uranium mineralization likely extends to the east up to 150 metres beyond the current boundaries of the deposit. UEX believes this eastern area has the potential to significantly increase the total pounds of uranium contained in the deposit.

A series of recommendations for future work is included in the 2005 West Bear Report that would lead to the commencement of a final feasibility study. These recommendations include:

- the implementation of a 70-hole, 2,100 metres sonic drill program to define the eastern extent of the deposit;
- the commencement of metallurgical test work on the West Bear mineralization;
- improving the method used to determine dry bulk densities, since values obtained in 2005 may have, in Cameco's opinion, understated the resource;
- the continuation of the environmental baseline study initiated in 2005;
- scouting of a road route to connect West Bear to provincial Highway 905.

UEX planned to continue the sonic drilling program in the West Bear area during the winter of 2006 to define the eastern end of the West Bear Deposit and to test open targets in the immediate deposit area. However, the sonic drilling program was postponed until the winter of 2007 because of access problems created by unusually warm winter weather.

The 2005 West Bear Report is available for review at www.sedar.com

2006 West Bear Deposit Feasibility Study

In July 2005 an Environmental Baseline Study ("EBS") began at the West Bear Deposit. An EBS is a required first step in any mine development plan and forms the basis of the Environmental Impact Statement normally required for the development of uranium mines in Saskatchewan. Golder Associates ("Golder") of Saskatoon, Saskatchewan, a division of a premier global group of consulting companies specializing in ground engineering and environmental science is carrying out the EBS at the West Bear Deposit. The EBS is estimated to cost approximately $400,000 and will span a minimum of one year.

With the relatively soft nature of the host rocks and overburden, UEX believes that the deposit could be mined using low cost, open pit mining techniques within a very short timeframe. The deposit is located close to two existing uranium mills: Cameco's Rabbit Lake Mill (51.9 kilometres by road), and the McClean Lake Mill (73.7 kilometres by road), operated by AREVA. In March 2006, UEX awarded the contract for a final feasibility study to Golder.

The technical information in this document regarding Hidden Bay exploration was compiled and reviewed by David Rhys, P. Geo., a qualified person as defined by N.I. 43-101.

Black Lake Project: 2006 Winter Exploration Program

Diamond Drilling Program

UEX's $3.3 million 2006 winter exploration program, consisting of ground geophysical surveys and diamond drilling using two diamond drill rigs, continued reconnaissance exploration of the main fault associated with the Black Lake conductive trend. This trend hosts UEX's 2004 discovery hole BL-18 which encountered unconformity-type uranium mineralization in the sandstone, immediately above the Athabasca unconformity. The intercept averaged 0.694 % U_3O_8 over 4.4 metres between 310.5 and 314.9 metres depth, including 1.96% U_3O_8 over 0.5 metres (see UEX News Release, October 12, 2004).

A total of 16,651 metres in thirty-nine (39) diamond drill holes were drilled during the program. Five drill holes were abandoned due to poor ground conditions. The thirty-four completed holes tested the Eastern Fault Zone and other prospective parts of the Property. The Property hosts a system of graphitic conductors that extends along strike for at least 20 kilometres and is coincident with a significant fault, the Platt Creek Fault. The main strand of the fault, termed the Eastern Fault Zone, is spatially associated with the uranium intercepts obtained to date.

The majority of the holes drilled during 2006 winter exploration program along the Eastern Fault Zone demonstrated sandstone structure and alteration indicative of a prospective setting for uranium deposition, along with graphitic basement rocks, but did not encounter significant uranium mineralization. However, a previously-unknown mineralized reverse fault, or basement "wedge" was intersected in hole BL-82. In the Athabasca Basin, the presence of a mineralized basement "wedge" is considered to be an important geological feature for potential uranium deposition, having formed a structural trap for mineralizing hydrothermal fluids.

Hole BL-82: 0.50% U_3O_8 over 3.3 metres, including 1.6% U_3O_8 over 0.7 metres, was drilled to follow-up a zone of anomalous radioactivity encountered in the basement in hole BL-80. The sandstone units of hole BL-82 showed promising bleaching, fracturing and dravite and pyrite alteration.

Two unconformities were encountered in hole BL-82, the first at 267.4 metres. Uranium mineralization was intersected within a brecciated zone 6.05 metres below the first unconformity in the lower half of the basement "wedge", grading 0.50% U_3O_8 over 3.3 metres from 273.45 to 276.75 metres, including 1.6% U_3O_8 over 0.7 metres from 274.45 to 275.15 metres. Below the second unconformity, at 300.84 metres, to the end of the hole at 423.06 metres, no significant mineralization was encountered.

UEX is encouraged by the presence of the mineralized "wedge" in hole BL-82, which further confirms a prospective geological setting for uranium mineralization in that area of the Property. Due to poor ground conditions as a result of unusually warm winter weather, mineralization in hole BL-82 could not be followed up along strike to the northeast. Further follow-up drilling of this target is planned for winter 2007.

All samples were analyzed at Saskatchewan Research Council Geoanalytical Laboratories by ICP, with additional uranium analyses by fluorimetry. The technical information in this document has been compiled and reviewed by Sierd Eriks, P. Geo., a qualified person as defined by N. I. 43-101.

Ground Geophysics

Moving loop electromagnetic ("EM") surveys were carried out to provide in-fill to previous EM surveys. The winter 2006 surveys detected at least one discrete conductor on most of the lines surveyed, confirming previously-defined conductive trends. These and previous EM survey results will assist in the selection of future drilling targets along the Black Lake conductive trend.

Summer/Fall 2006 Exploration Program

A summer/fall exploration 2006 program of diamond drilling and geophysical surveying commenced at Black Lake and is scheduled to continue into September 2006, as weather conditions permit.

Ground Geophysical Surveys

A DC-resistivity survey is planned primarily to assist in the mapping of alteration zones in the sandstone near discovery hole BL-18 and other prospective areas of the Property.

Diamond Drilling

A total of 6,000 metres of diamond drilling is planned for the Summer/Fall program. The areas available for drilling will be limited by the amount of access under summer conditions. Follow-up drilling on an expanded BL-18 step-out grid is planned. Additional drilling to test the full width of the Black Lake conductive trend north and south of BL-18 is also planned.

Riou Lake Project: 2006 Exploration Program

A winter 2006 program consisting of 46.4 kilometres of UTEM III moving loop electromagnetic surveys was carried to better define the geophysical conductors outlined by the 2005 airborne MEGATEM® survey and previous ground electromagnetic surveys. A ground gravity survey totaling 83.3 kilometres was also carried out to identify potentially prospective areas of low density associated with alteration along the Riou Lake and other faults.

This new geophysical data, when integrated with the results of the airborne surveys, will assist in the selection of drill targets for future drilling programs, including the planning of a helicopter-assisted summer 2006 drilling program of approximately 6,000 metres.

Northern Athabasca Projects: 2006 Exploration Program

During the summer of 2006, UEX plans to drill test targets defined by winter 2006 geophysical surveys as part of a helicopter-assisted exploration program of approximately 4,000 metres.

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 June 30, 2006 the Corporation had current assets of $86,611,125, including $86,151,660 in cash and cash equivalents compared to current assets at December 31, 2005 that totaled $45,378,076. Working capital at June 30, 2006 was $84,708,776, compared to working capital of $43,481,557 at December 31, 2005.

Accounts payable and accrued liabilities at June 30, 2006 were $1,902,349, which is slightly higher than the amount at December 31, 2005 of $1,896,519.

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 AREVA and JCU.

The Corporation's net future income tax liability of $11,700,943 at June 30, 2006, is comprised of a $13,580,185 future income tax liability related to the tax effect of the difference between the carrying value of the Corporation's mineral properties determined in accordance with GAAP and their tax values, offset by the Corporation's future income tax assets totaling $1,879,242. At December 31, 2005, the Corporation's net future income tax liability was $9,121,818. The increase in the future income tax liability in 2005 was primarily due to flow-through share expenditures renounced to shareholders during the year.

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.

Related party transactions

During the six months ending June 30, 2006, the Company did not enter into any related party transactions as compared to the six months ending June 30, 2005, in which fees for legal and accounting services totaling $113,175 were paid to firms of which a director, and a former director of the Company, are partners or owners, namely: Graham C. Thody, Director, a partner at Nemeth, Thody, Anderson, Chartered Accountants, of Vancouver, B.C., and a former director, Peter C. Kalbfleisch, a partner at Blake Cassels & Graydon LLP, of Vancouver, B.C. There are no ongoing contractual obligations to either party. As of July 1, 2005, Nemeth Thody Anderson no longer provides accounting services to the Company.

Cameco's management contract for exploration activities at the Hidden Bay Project ended on December 31, 2005, and since that date Cameco has provided certain exploration and claims management services from time-to-time. During the six months ending June 30, 2006, the Corporation was charged by Cameco a total of $35,176 (2005 - $355,239) for expenses incurred by Cameco at the Hidden Bay Project, of which no mark-up over Cameco's cost was charged. At June 30, 2006, $3,012 due to Cameco was included in accounts payable and accrued liabilities (December 31, 2005 - $92,093).

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 2006 fiscal year will be utilized to continue exploration work on the Corporation's properties and for general corporate purposes.

2006 Exploration Programs

For the Six Months ending June 30, 2006, UEX's exploration expenditures at its projects were approximately $12.0 million. The Corporation estimates its total annual expenditures on the Hidden Bay, Riou Lake, Black Lake, Northern Athabasca, Western Athabasca and Beatty River projects at approximately $19.0 million to December 31, 2006, net of any recoveries from joint venture partners and Saskatchewan government exploration incentives. Further exploration on UEX's projects for 2007 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 August 10, 2006, with exploration programs underway, the Corporation had approximately $85.0 million in cash and cash equivalents.

Events Subsequent to June 30, 2006

Subsequent to the Six Months ending June 30, 2006, the Company earned an additional 12.25% interest in the West Athabasca Projects, increasing its interest to 24.5%.

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 the Corporation'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.

Asset Retirement Obligations - The Corporation's mining, exploration and development activities are subject to various environmental government regulations, including those for asset retirement obligations. The Corporation's judgements and estimates are made when estimating the discounted future cash settlement of an asset retirement obligation. In some cases, these obligations could be incurred many years from the date of estimate. 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 - UEX 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

Certain of the statements contained in this document are "forward-looking information" within the meaning of the Ontario Securities Act. These statements appear in a number of different places in this Management Discussion and Analysis, but principally under the headings "Overview" and "Outlook" above and can be identified by words such as "estimates", "projects", "expects", "intends", "believes", "plans", or their negatives or other comparable words. Forward-looking statements include statements regarding the outlook for our future operations, plans and timing for the commencement or advancement of exploration activities on our properties, statements about future market conditions, supply and demand conditions, forecasts of future costs and expenditures, the outcome of any legal proceedings, and other expectations, intention and plans that are not historical fact. Such forward-looking statements are subject to risks, uncertainties and other factors, including without limitation the risk factors described in UEX's Annual Information Form under the heading "Risk Factors" and include unanticipated and unusual events. These and other factors could cause actual results to differ materially from future results 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 precious and base metals, environmental and safety issues including increased regulatory burdens, changes in government regulations and policies, risks and uncertainties relating to the interpretation of drill results and the estimation of mineral resources and reserves, the geology, grade and continuity of mineral deposits, the possibility that future exploration, development or mining results will not be consistent with the Company's expectations, and significant changes in the supply-demand fundamentals for precious and base metals that could negatively affect prices. Although UEX believes that the assumptions intrinsic in forward looking statements are reasonable, many of these factors are beyond the control of UEX. Consequently, all forward-looking statements made in this Management Discussion and Analysis are qualified by this cautionary statement and there can be no assurance that actual results or developments anticipated by UEX will be realized. For the reasons set forth above, investors should not place undue reliance on forward-looking 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.

Additional Information

Additional information concerning UEX, including the Corporation's Annual Information Form for the year ended December 31, 2005 is available at www.sedar.com

UEX CORPORATION

INTERIM FINANCIAL STATEMENTS

JUNE 30, 2006

(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)

	June 30 2006	December 31 2005
	$	$
ASSETS		
Current Assets		
Cash and cash equivalents	86,151,660	44,921,021
Amounts receivable	417,267	423,835
Prepaid expenses	42,198	33,220
	86,611,125	45,378,076
Equipment (Note 3)	184,874	61,100
Mineral properties (Note 4)	49,602,707	37,689,052
	136,398,706	83,128,228
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	1,902,349	1,896,519
Future income taxes (Note 5)	11,700,943	9,121,818
	13,603,292	11,018,337
SHAREHOLDERS' EQUITY		
Share capital (Note 6)	119,551,879	71,526,422
Contributed surplus (Note 7)	6,725,278	1,998,577
Deficit	(3,481,743)	(1,415,108)
	122,795,414	72,109,891
	136,398,706	83,128,228

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 June 30 2006	Three Month Period Ended June 30 2005	Six Month Period Ended June 30 2006	Six Month Period Ended June 30 2005
	$	$	$	$
Expenses				
Amortization	1,412	5,712	2,165	10,505
Bank charges and interest	292	328	635	710
Filing fees and stock exchange	3,890	28,994	111,650	83,256
General and administration	24,998	33,165	40,847	49,975
Insurance	6,356	4,148	12,711	8,295
Legal, accounting and audit	11,618	71,215	58,175	106,658
Rent	17,778	8,792	35,463	17,442
Salaries and benefits	103,097	72,419	209,916	126,318
Stock-based compensation	46,348	-	4,687,486	289,488
Telephone	1,678	2,132	4,651	4,377
Travel and promotion	24,130	1,069	26,553	4,155
Loss before the following	(241,597)	(227,974)	(5,190,252)	(701,179)
Investment and other income	910,953	42,513	1,488,332	182,152
Administrative expense recovery	-	8,675	-	79,100
Earnings (loss) before income taxes	669,356	(176,786)	(3,701,920)	(439,927)
Future income tax recovery	1,735,907	-	1,635,285	-
Net earnings (loss) for the period	2,405,263	(176,786)	(2,066,635)	(439,927)
Deficit, beginning of period	(5,887,006)	(2,167,170)	(1,415,108)	(1,904,029)
Deficit, end of period	(3,481,743)	(2,343,956)	(3,481,743)	(2,343,956)
Basic and diluted earnings (loss) per share	0.013	(0.001)	(0.012)	(0.003)
Weighted average number of shares				
Basic	180,208,905	152,096,386	177,402,988	150,572,713
Diluted	183,167,190	155,798,677	180,660,681	155,896,824

Refer to accompanying notes.

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

	Three Month Period Ended June 30 2006	Three Month Period Ended June 30 2005	Six Month Period Ended June 30 2006	Six Month Period Ended June 30 2005
	$	$	$	$
Operating Activities				
Net earnings (loss) for the period	2,405,263	(176,786)	(2,066,635)	(439,927)
Items not involving cash				
Amortization	1,412	5,712	2,165	10,505
Stock-based compensation	46,348	-	4,687,486	289,488
Future income tax recovery	(1,735,907)		(1,635,285)	
Changes in non-cash working capital				
Amounts receivable	(140,867)	117,807	(148,280)	62,431
Prepaid expenses	5,204	(38,005)	(8,978)	(34,210)
Accounts payable and accrued liabilities	(113,043)	99,766	(61,012)	94,523
	468,410	8,494	769,461	(17,190)
Investing Activities				
Mineral property expenditures	(3,676,380)	(2,899,159)	(11,271,557)	(8,387,130)
Change in accounts payable and accrued liabilities relating to mineral property expenditures	(3,073,784)	(1,648,960)	66,842	(985,865)
Change in amounts receivable relating to mineral property expenditures	327,750	530,174	154,848	(143,076)
Purchase of equipment	(8,170)	(8,547)	(144,877)	(20,455)
	(6,430,584)	(4,026,492)	(11,194,744)	(9,536,526)
Financing Activities				
Issuance of share capital	372,136	11,472,763	51,655,922	12,798,738
Change in cash and cash equivalents during the period	(5,590,038)	7,454,765	41,230,639	3,245,022
Cash and cash equivalents, beginning of period	91,741,698	20,038,440	44,921,021	24,248,183
Cash and cash equivalents, end of period	86,151,660	27,493,205	86,151,660	27,493,205
Supplementary Information				
Interest received	741,945	105,960	1,357,594	241,866
Non-cash stock-based compensation included in mineral property expenditures	99,494	54,001	380,959	108,001
Increase to mineral properties due to future income taxes	61,337	-	242,200	-
Amortization included in mineral properties	9,469	-	18,938	-

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, 2005.

2. Nature of Operations

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 and permitting 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 or the proceeds from the disposition of its mineral properties.

3. Equipment

		June 30 2006		December 31 2005
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	$	$	$	$
Exploration equipment	194,886	44,240	150,646	52,653
Computer equipment	37,119	6,368	30,751	7,329
Computer software	6,127	2,650	3,477	1,118
	238,132	53,258	184,874	61,100

4. Mineral Properties

The continuity of expenditures on mineral properties is as follows:

	Balance December 31 2005	Exploration and development expenditures during the six month period	Balance June 30 2006
	$	$	$
West Athabasca	11,050,485	4,090,613	15,141,098
Hidden Bay	15,612,941	3,018,014	18,630,955
Black Lake	5,015,925	3,474,523	8,490,448
Riou Lake	4,684,083	788,597	5,472,680
Beatty River	238,687	201,571	440,258
North Athabasca	1,086,931	340,337	1,427,268
	37,689,052	11,913,655	49,602,707

4. Mineral Properties *(Cont'd)*

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

(a) West Athabasca Projects

During 2004, the Company entered into an agreement with AREVA Resources Canada Inc. ("AREVA", formerly COGEMA Resources Inc.) 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, which include the Anne, Colette and Kianna Deposits, for every $7,500,000 incurred to a maximum total interest of 49%.

At June 30, 2006, the Company had earned a 12.25% interest in the West Athabasca Projects. Subsequent to the June 30, 2006, the Company earned an additional 12.25% interest in the West Athabasca Projects, increasing its interest to 24.5%.

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.

(b) Hidden Bay Project

The Company's 100%-owned Hidden Bay Project is located immediately west of Wollaston Lake in Saskatchewan.

(c) Black Lake Project

The Black Lake Project, located in the Athabasca Basin, is a joint venture with the Company holding a 76.43% interest and AREVA holding a 23.57% interest as of December 31, 2005. AREVA elected not to participate in the 2006 winter program at Black Lake, and as a result, their interest will be subject to dilution.

(d) Riou Lake Project

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

(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, AREVA held a 50.71% interest and JCU held a 49.29% interest in the Beatty River Project.

4. Mineral Properties *(Cont'd)*

(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 assets and liabilities at June 30, 2006 and December 31, 2005 are presented below:

	June 30 2006	December 31 2005
	$	**$**
Future income tax assets:		
Loss carry forwards	283,817	636,807
Equipment	18,172	10,971
Share issuance costs	1,577,253	855,063
	1,879,242	1,502,841
Future income tax liabilities:		
Mineral properties	13,580,185	10,624,659
Net future income tax liability	11,700,943	9,121,818

In February 2006, the Company renounced $12,000,000 of tax deductions associated with qualified expenditures incurred and to be incurred with flow-through funds, resulting in an increase to the Company's future income tax liability of $4,694,400.

During the three month period ended June 30, 2006, the Saskatchewan government enacted amendments to current tax legislation, which provided for a reduction in corporate tax rates. The effect of the change in income tax legislation on the Company's future income tax liability was a reduction of $1,981,074.

6. Share Capital

(a) Authorized

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

6. Share Capital *(Cont'd)*

(b) Issued And Outstanding Common Shares

	Number Of Shares	Value
		$
Balance, December 31, 2005	169,272,485	71,526,422
Issued for cash:		
Private placement, net of share issuance costs	10,222,600	50,996,383
Exercise of stock options	616,200	447,040
Exercise of warrants	283,333	212,500
Contributed surplus transferred on exercise of stock options	-	346,744
Future income taxes on share issuance costs	-	722,190
Future income taxes on flow-through expenditures renounced to shareholders	-	(4,694,400)
Balance, June 30, 2006	180,394,618	119,551,879

On February 15, 2006, the Company issued 8,222,600 common shares at $5.00 per share and 2,000,000 flow-through common shares at $6.00 per share for gross proceeds of $53,113,000, pursuant to a brokered private placement. A commission of $1,995,000 was paid to the broker and $121,617 of additional issuance costs were incurred.

(c) Stock-Based Compensation

A summary of the status of the Company's stock-based compensation plan as of June 30, 2006, and changes during the three month period then ended are presented below:

	Number Of Shares	Weighted-Average Exercise Price
		$
Outstanding - December 31, 2005	4,097,500	0.78
Granted during the period	1,950,000	5.00
Exercised during the period	(616,200)	0.73
Outstanding – June 30, 2006	5,431,300	2.30
Exercisable – June 30, 2006	4,897,969	

6. Share Capital *(Cont'd)*

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

As at June 30, 2006, the Company had reserved a total of 5,431,300 common shares for issuance related to director and employee options, the details of which are as follows:

Exercise Prices	Number Outstanding June 30, 2006	Weighted Average Remaining Contractual Life
$		
0.08	1,360,000	7.24 years
0.10	16,000	6.48 years
0.12	138,100	4.46 years
0.84	500,000	8.01 years
0.95	675,000	8.16 years
1.69	367,200	8.35 years
1.80	250,000	9.01 years
2.75	175,000	8.67 years
5.00	1,950,000	9.54 years
	5,431,300	8.38 years

The estimated fair value of all options granted and vested during the six month period ended June 30, 2006 is $5,068,445 (2005 - $397,489). Included in deferred exploration and development expenditures is $380,959 (2005 - $108,001) of stock-based compensation. The unamortized balance of stock-based compensation expense for options that were not vested at June 30, 2006 is $575,847 (2005 - $288,004).

The weighted average fair value of options granted during the three month period ended June 30, 2006 was $2.73 per option (2005 - $1.65 per option) using the Black-Scholes option pricing model with the following weighted average assumptions:

	2006	2005
Volatility percentage	69.01%	79.32%
Risk-free interest rate	3.90%	3.48%
Dividend yield	-	-
Expected life of options	4 years	4 years

(d) Flow-Through Shares

In February 2006, the Company renounced $12,000,000 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 $4,694,400, with a corresponding reduction in share capital.

7. Contributed Surplus

The continuity of the Company's contributed surplus is as follows:

	$
Contributed surplus, December 31, 2005	1,998,577
Fair value of options granted and vested during the period	5,068,445
Transferred to share capital on exercise of options	(341,744)
Contributed surplus, June 30, 2006	6,725,278

8. Earnings (Loss) Per Share

Basic earnings (loss) per share is calculated using the weighted average number of common shares outstanding and net earnings (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 earnings (loss) per share for the periods presented.

9. Related Party Transactions

During the six month period ended June 30, 2006, the Company was charged by Cameco Corporation ("Cameco") a total of $35,176 (2005 - $355,239) 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 June 30, 2006, $3,012 due to Cameco was included in accounts payable and accrued liabilities (December 31, 2005 - $92,093).

During the six month period ended June 30, 2006, no fees for legal and accounting services were paid to related parties. During the six month period ended June 30, 2005, fees for legal and accounting services in the amount of $113,175, a portion of which were share issue costs, were paid or accrued to firms of which a director or a former director of the Company are partners.

Corporate Information

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