UEX CORPORATION

Quarterly Report
For the
Three Months Ending
March 31, 2007

UEX Corporation, Vancouver, B.C., Canada

## *Message to Shareholders*

*In the Three Months Ending March 31, 2007, UEX Corporation ("UEX", or the "Corporation") continued to make important strides in its exploration and development activities in the Athabasca Basin of northern Saskatchewan, Canada, an area that hosts the world's highest grade uranium deposits. The Corporation carried out significant drilling and geophysical programs at the Raven-Horseshoe Deposits at the Hidden Bay Project, and funded exploration at the Western Athabasca Projects operated by AREVA, which includes the high-grade Anne, Colette and Kianna Deposits at the Shea Creek Project,. In early 2007, UEX approved the commencement of a development program proposed by AREVA for the Shea Creek Project, which includes the permitting and construction of an exploration shaft strategically located midway between the Anne and Kianna Deposits, budgeted at approximately $100 million.*

*UEX's interest in the Western Athabasca Projects currently stands at 24.5%, and the Corporation anticipates earning an additional 12.25% for a 36.75% interest during the Second Quarter of 2007. UEX estimates that it will earn its full 49% interest in the Western Athabasca Projects by mid-2008.*

*UEX looks forward to receiving the results of the a final feasibility study for the West Bear Deposit later in 2007, after the integration of a follow-up sonic drilling program completed in the winter of 2007. UEX expects to initiate the public consultation and permitting process for the West Bear Deposit in 2007 as the first step towards mine development.*

*In the winter of 2007, UEX funded over 40,000 metres of exploration drilling using 10 drills at its 100%-owned, optioned, and joint-ventured exploration projects. The Corporation estimates its exploration expenditures in the Athabasca Basin will be $25.0 million in 2007. UEX is well-financed, with approximately $70.0 million in cash as of the date of this document. UEX management looks forward to the future exploration and, where warranted, development of its existing uranium projects as well as continued growth through its acquisition strategy.*

*"signed"*

*Stephen H. Sorensen, President & CEO*

May 10, 2007

## Management Discussion & Analysis

All dollar figures are in Canadian funds, unless indicated otherwise.

### Overview

### Strategy

UEX's goal is to remain the leading uranium explorer in the Athabasca Basin of northern Saskatchewan and to become a uranium producer. UEX believes sustainable growth is best achieved 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 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 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 21.45% of the outstanding 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, in certain cases, development of 19 uranium projects in the Athabasca Basin, including seven that are 100% owned and operated by UEX, one joint venture with AREVA Resources Canada 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 385,452 hectares (952,450 acres), are located in the eastern, western and northern perimeters of the Athabasca Basin, the world's richest uranium belt, which accounts for approximately 25% 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 2004. UEX operates the Black Lake Project, a joint venture with AREVA under which UEX holds an 87.2% interest and AREVA holds a 12.8% interest. The Black Lake Project was the site of a new uranium discovery made by UEX during a drilling program in September 2004.

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 (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 option agreement to ten. UEX and AREVA entered into a definitive option agreement relating to the Western Athabasca Projects dated November 10, 2004. AREVA is the operator of the Western Athabasca Projects.

In order to earn a 49% interest, UEX must fund $30 million in exploration expenditures over the eleven years of the agreement 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 |

UEX has expended approximately $21.0 million under the Western Athabasca Projects option agreement to the date of this document. Excess contributions in any year are carried forward and reduce the obligations of UEX in subsequent years. The Corporation earns a 12.25% interest in the Western Athabasca Projects for every $7.5 million of expenditures incurred to a maximum total interest of 49%. 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$10.0 million.

In August 2006, UEX was advised by AREVA that UEX had earned its second 12.25% interest in the Western Athabasca Projects after incurred expenditures of $15.0 million, for a total interest earned by UEX of 24.5%. Based on the current budgeted expenditures for 2007, UEX anticipates earning its next 12.25% interest during the Second Quarter of 2007, to hold a 36.75% earned interest.

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.

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. As of December 31, 2006, UEX's expenditures were $438,000. AREVA plans to maintain its 50.71% interest in Beatty River by matching UEX's exploration expenditures.

## Growth Strategy

Incurred and planned expenditures by UEX for 2007 are estimated at $25.0 million in the Athabasca Basin. The main strategies of UEX are:

- To complete the additional exploration and geotechnical drilling and development work required to delineate and develop economic resources at the Shea Creek Project:
- To improve the geological model of the Raven-Horseshoe Deposits through additional exploration drilling and commence a full feasibility study for the deposits;
- 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, 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 (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 are encouraging for explorers and producers of uranium. The uranium spot price has appreciated over 1,650% since January 2001 and by May 7, 2007 the spot price was US$120.00 per pound $U_3O_8$, an increase of over 66% from the 2006 year end spot price of US$72.00 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. Electricity demands are rising rapidly worldwide. For example, the China Atomic Energy Authority is reported to have nine nuclear power reactors in commercial operation, two units grid connected or in an advanced state of construction, and four more under construction. At least 30 new reactors are planned in order to increase China's nuclear power generation to 40 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 and AREVA, both of which produce principally from deposits in the Athabasca Basin of northern Saskatchewan. In 2006, worldwide annual fuel consumption was estimated at approximately 176 million pounds $U_3O_8$. World primary production in 2006 was approximately 102.3 million pounds $U_3O_8$, which was about 10 million pounds less than industry predictions, due to production problems. The resulting shortfall between consumption and production 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 2007, 435 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 79% in 2006. Nuclear-generated energy supplies approximately 16% of the world's electricity.

**Long Term Outlook**

In 2000, uranium spot prices reached a low 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$120.00 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.

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 completed fiscal years. The data should be read in conjunction with the audited financial statements for the year ending December 31, 2006 and the notes thereto.

**For the Years Ended December 31**

| | 2006 | 2005 | 2004 |
|---|---|---|---|
| (CDN$) | | | |
| Investment Income | $3,266,404 | $812,979 | $254,714 |
| Net Earnings (Loss) for the Year | ($3,690,166) | 488,921 | ($1,842,649) |
| Basic and Diluted Earnings (Loss) Per Share | ($0.02) | $0.00 | ($0.01) |
| Capitalized Exploration Expenditures, net of Stock-Based Compensation Capitalized | $20,853,031 | $17,124,476 | $6,677,175 |
| Total Assets | $137,994,482 | $83,128,228 | $44,521,387 |

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. 2007 | Dec. 2006 | Sept. 2006 | Jun. 2006 | Mar. 2006 | Dec. 2005 | Sept. 2005 | Jun. 2005 |
|---|---|---|---|---|---|---|---|---|
| (CDN$) | $ | $ | $ | $ | $ | $ | $ | $ |
| Investment Income | 823,869 | 846,630 | 913,154 | 910,953 | 595,667 | 355,349 | 275,478 | 42,513 |
| Net Earnings (Loss) For the Period | 249,394 | 357,526 | (1,981,057) | 2,405,263 | (4,471,898) | 933,558 | (4,710) | (176,786) |
| Basic and Diluted Earnings (Loss) Per Share | 0.001 | 0.002 | (0.011) | 0.013 | (0.026) | 0.005 | (0.000) | (0.001) |
| Capitalized Exploration Expenditures, net of Stock-Based Compensation Capitalized | 10,590,427 | 3,652,544 | 5,658,930 | 3,676,380 | 7,595,177 | 3,908,244 | 4,829,102 | 2,899,159 |
| Total Assets | 148,186,531 | 137,994,482 | 139,557,023 | 136,398,706 | 138,336,861 | 83,128,228 | 82,711,917 | 56,386,345 |

## Share Capital

The Corporation is authorized to issue an unlimited number of common shares without par value, of which 182,118,052 common shares were issued and outstanding as of March 31, 2007, 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 10, 2007, the number of common shares outstanding was 182,118,052

At March 31, 2007, the Corporation had reserved a total of 7,291,200 common shares related to director and employee options, the details of which are as follows:

| Exercise prices | Number outstanding, March 31, 2007 | Weighted average remaining contractual life |
|---|---|---|
| $ 0.08 | 841,500 | 6.5 years |
| 0.10 | 16,000 | 5.7 years |
| 0.12 | 84,000 | 3.6 years |
| 0.84 | 500,000 | 7.3 years |
| 0.95 | 575,000 | 7.4 years |
| 1.80 | 99,700 | 8.3 years |
| 2.75 | 175,000 | 7.9 years |
| 3.56 | 2,250,000 | 9.4 years |
| 5.00 | 1,750,000 | 8.8 years |
| 5.02 | 1,000,000 | 9.9 years |
| | 7,291,200 | 8.6 years |

## Results of Operations for the Three Months Ended March 31, 2007

For the three months ended March 31, 2007, the Corporation reported net earnings of $249,394 compared to a net loss of $4,471,898 for the three months ending March 31, 2006. The $4,721,292 increase in net earnings for the three months ending March 31, 2007, was primarily due to a $4,594,789 decrease in stock-based compensation expense, and a $228,202 increase in investment income.

Investment income was $823,869 for the three months ended March 31, 2007, compared to $595,667 for the three months ended March 31, 2006, an increase of $228,202 due to the investment during the period of larger cash balances than those invested during the period ended March 31, 2006. These larger cash balances resulted from the Corporation's equity offerings.

The granting and vesting of stock options during the three months ended March 31, 2007 resulted in total stock-based compensation expense of $970,404, of which $924,055 was included in mineral property expenditures and the remaining $46,349 was charged to operations. Total stock-based compensation expense for the three months ended March 31, 2006 was $4,922,603, of which $281,465 was included in mineral property expenditures and $4,641,138 was charged to operations.

The future income tax expense of $133,915 for the three months ended March 31, 2007 is due to the reduction of future income tax assets relating to loss carry forwards applied against taxable income generated during the period. The future income tax expense during the three months ended March 31, 2006 was $100,622.

Operating expenses before stock-based compensation expense for the three months ended March 31, 2007 were $394,211 compared to $325,805 for the three months ended March 31, 2006, a difference of $68,406, mainly due to a significant increase in the Corporation's business activity during the three months ended March 31, 2007. This increased activity led to higher administrative expenses, salaries, and stock exchange listing fees.

General and administrative expenses were $49,585 for the three months ended March 31, 2007, higher than the general and administrative expenses of $15,849 for the three months ended March 31, 2006. Salaries and benefits totaled $116,741 during the three months ended March 31, 2007, an increase over the salaries and benefits costs of $106,819 incurred by the Corporation in the three months ended March 31, 2006, due to higher salary costs attributed to a significant increase in the Corporation's business activity. Rent costs for the three months ended March 31, 2007 were $18,855, compared to rent costs of $17,685 during the three months ending March 31, 2006. Legal and audit expenses for the three months ended March 31, 2007 were $64,738, compared to $64,845 during the three months ended March 31, 2006. Filing fees and stock exchange fees rose in the three months ended March 31, 2007 to $123,117, an increase of $15,357 over the same period in 2006, in which those expenses were $107,760, due mainly to increased costs relating to stock exchange and regulatory fees which are based on the Corporation's greater market capitalization.

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

| | **Balance December 31 2006** | **Exploration & development expenditures during the three months ended March 31, 2007** | **Balance March 31 2007** |
|---|---|---|---|
| | **$** | **$** | **$** |
| West Athabasca | 17,860,659 | 2,768,241 | 20,628,900 |
| Hidden Bay | 21,840,142 | 6,866,946 | 28,707,088 |
| Black Lake | 10,432,040 | 1,807,838 | 12,239,878 |
| Riou Lake | 6,889,274 | 199,651 | 7,088,925 |
| Beatty River | 448,500 | 612 | 449,112 |
| North Athabasca | 2,915,883 | 310,868 | 3,226,751 |
| | 60,386,498 | 11,954,156 | 72,340,654 |

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

During the three months ended March 31, 2007, the Corporation incurred exploration and development expenditures totaling $10,590,427, before non-cash stock-based compensation, future income taxes and amortization of $1,363,729. Exploration and development expenditures during the three months ended March 31, 2006 totaled $7,595,177, before non-cash stock-based compensation, future income taxes and amortization of $471,797. This $2,995,250 increase in expenditures before non-cash items resulted from increased exploration and development activities during the period, consistent with the continued implementation of the Corporation's strategy.

**Financing Activities**

The Corporation realized $2,976,246 from the exercise of stock options during the three months ended March 31, 2007 compared to $250,040 received from stock options exercised and $37,500 from share purchase warrants exercised during the three months ended March 31, 2006.

**Exploration Activities**

The following is a general discussion of UEX's exploration activities during the Three Months ending March 31, 2007. For more detailed 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).

**West Athabasca Projects: 2007 Exploration and Development Programs**

*Shea Creek Project*

The Shea Creek Project ("Shea Creek"), contains the Anne and Colette Deposits and the newly-discovered Kianna Deposit, and 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.

At the Kianna Deposit, high-grade uranium mineralization has been intersected in multiple zones at depths from 662 metres to 922 metres, a vertical distance of approximately 250 metres - located in sandstone high above the unconformity, at the unconformity, and below the unconformity in basement rocks, with unconformity depths ranging from approximately 710 to 760 metres. To date, the mineralization at the Kianna Deposit has been traced over a strike length of 200 metres and a width of 150 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 (previously announced 2006 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 (2005 hole SHE-114-11, grading 5.40% $U_3O_8$ over 37.7 metres, including 25.46% $U_3O_8$ over 4.0 metres).

*2007 Kianna Deposit Drilling Program Summary*

In January 2007 a drilling program began at the Kianna Deposit consisting of approximately 24 holes, including 4 pilot holes and 20 directional holes, at a cost of approximately $4.3 million. On February 13, 2007, UEX announced the results of the first two holes of the 2007 drilling program at Shea Creek, described below, and in the following Table 1:

SHE-115-11: (B) 6.72% $U_3O_8$ over 15.1 metres, including 11.81% $U_3O_8$ over 6.2 metres. SHE-115-11 targeted the continuity of high-grade basement mineralization along the east-west structural corridor in the vicinity of SHE-114-8. The unconformity was intersected at 724.6 metres, approximately 31.0 metres south-southeast of the unconformity impact point of hole SHE-114-8, and 23.0 metres northwest of the unconformity impact point of hole SHE-115.

An intersection of high-grade, basement-hosted mineralization grading 6.72% $U_3O_8$ over 15.1 metres was encountered from 854.2 to 869.3 metres, which included 11.81% $U_3O_8$ over 6.2 metres. Several other intervals of weak, basement-hosted mineralization were intersected below the unconformity from 811.4 to 817.7 metres, and from 839.5 to 852.8 metres. From the reported 15.1 metres of the strongly mineralized zone approximately 3.7 metres more mineralization was not probed because of a technical problem and the hole was stopped at a depth of 877.0 metres.

The results from SHE-115-11 expand the known width of Kianna Deposit basement mineralization to greater than 150 metres and confirm AREVA's theory that mineralization within the basement at Kianna is structurally-controlled. There is a very good control on the orientation of the mineralizing structures, and the down-dip extension of the mineralization is possibly greater than 160 metres. The 2007 drilling program will continue to explore the known trend of this basement mineralization and should improve the understanding of the basement resources.

SHE-118-4: (UC) 1.14% $U_3O_8$ over 16.8 metres, including 2.22 % $U_3O_8$ over 6.2 metres. SHE-118-4 targeted the continuation of unconformity-style and possible deep basement mineralization. The unconformity was intersected at 730.9 metres, approximately 17.0 metres east of the unconformity impact point of hole SHE-115-5, 17.0 metres south-southwest of unconformity impact point of hole SHE-115-3, and 19.0 metres northwest of the unconformity impact point of SHE-118.

Unconformity-style mineralization was encountered straddling the unconformity, grading 1.14% $U_3O_8$ over 16.8 metres from 715.75 metres to 732.55 metres, which included 2.22% $U_3O_8$ over 6.22 metres. Several intervals of weak, basement-hosted mineralization were intersected within fault zones below the unconformity between 795.0 to 892.5 metres, with the most notable intersection grading 0.52% $U_3O_8$ over 7.2 metres from 795.6 to 802.8 metres.

**TABLE 1.**

**2007 Kianna Deposit Drill Results**
**Grades Calculated from Gamma Probe Logging**

| **2007 Winter/Spring Drilling Results** | | | | | | |
|---|---|---|---|---|---|---|
| Hole | Total Depth of Hole (metres) | Depth to Unconformity (metres) | From (metres) | To (metres) | Length (metres) | Avg. Grade Within the Intersection (% U3O8) |
| SHE-115-11 | 877.0 | 724.6. | 854.2 | 869.3 | 15.1 | 6.72 |
| | | *including* | 862.4 | 868.6 | 6.2 | 11.81 |
| SHE-118-4 | 950.0 | 730.9 | 715.75 | 732.55 | 16.8 | 1.14 |
| | | *including* | 725.75 | 731.95 | 6.2 | 2.22 |

Uranium grades shown in Table 1 are calculated from gamma probe logging. True widths of mineralized intervals have not yet been determined. The technical information in this document regarding exploration results for the Western Athabasca Projects has been reviewed by Erwin Koning, P. Geo., AREVA's District Geologist, West Athabasca Region, a qualified person as defined by National Instrument 43-101 ("N.I. 43-101").

*2007 Shea Creek Development Program*

On February 28, 2007, AREVA proposed a supplementary development program to UEX to begin during the current drilling program, consisting of:

- Geotechnical logging of pilot holes in the Kianna and Anne Deposits area;
- Drilling of geotechnical holes specifically for piezometer installation for groundwater monitoring purposes;
- Packer testing and water sampling of drill holes;
- Most of the work would be contracted under the supervision of AREVA, with involvement from AREVA's exploration and mining teams as needed.

On April 10, 2007, UEX Corporation announced AREVA's subsequent decision to launch the regulatory process regarding the sinking of an exploration shaft and development of an exploration drift at Shea Creek. The proposed shaft is strategically located between the Anne and Kianna Deposits to provide underground access to both deposits and the highly-prospective corridor between them.

The proposed shaft will have a vertical depth from surface of approximately 950 metres and an estimated capital cost of $100 million. Preliminary site characterization and base line testing will commence in the summer of 2007 with the potential for the Project Description to be filed in the last quarter of 2007. Filing of the Project Description would commence the environmental assessment process during which applications will be made in order to obtain the necessary permits to construct the exploration shaft.

A schedule for the integration of development work into the ongoing exploration program has been established by AREVA. In April 2007, two drill rigs carried out exploration drilling at the Kianna Deposit and a third rig was engaged in drilling exploration holes approximately 20 kilometres south of Shea Creek along the extension of Shea Creek Conductor. In mid-April 2007, the third drill rig and a fourth drill rig arrived on site. Exploration and development programs will be integrated using the four drills according to the following schedule:

- Two diamond drills will be used for continued exploration of the mineralized zones at the Kianna Deposit from April 2007 until mid-June 2007;

- Two diamond drills will be used to drill five pilot holes for exploration purposes beginning in mid-April in the area between the Anne and Kianna Deposits, which is a highly-prospective corridor about 600 metres long. These five pilot holes should be completed by mid-June 2007. Each pilot hole will be logged to acquire geotechnical data, and Packer testing is planned after the five drill holes are completed, likely in June and July. The pilot holes will be used for directional exploration drilling at a later date.

In July and August 2007, AREVA intends to use two drills for drilling five larger-diameter, HQ-size hydrogeological holes to a depth of approximately 800 metres in the immediate Kianna and Anne Deposits area. One drill hole is planned over the proposed location for the shaft. Three engineering holes should be completed by the end of July, and if five holes are drilled, the completion date is expected be the third week of August. The purpose of the hydrogeological holes will be to estimate the ground water flow into the shaft and the underground workings, at a scoping study level, for the Project Description.

In mid-September 2007 AREVA plans to resume exploration drilling with two drills in the area of the Kianna and Anne Deposits, and the program is expected to continue into November 2007.

*Mirror River Project 2007 Winter Program*

AREVA carried out a diamond drilling program at Mirror River of approximately 2,072 metres in 3 completed drill holes, and in 4 holes that were lost or abandoned due to poor rock conditions, to test previously-defined electromagnetic conductors. Although some prospective features such as fracturing and graphitic basement conductors were encountered, no significant uranium mineralization was intersected in the drill holes

*James Creek Project 2007 Winter Program*

A ground geophysical program consisting of grid preparation 141.6 line km and 105.0 km of Double Loop electromagnetic surveying was carried out in the winter of 2007. Results are being processed, compiled and interpreted.

*Nikita Project 2007 Winter Program*

A total of 94.4 km of grid preparation was completed in November of 2006. A ground geophysical program was initiated in November/December of 2006 and approximately 16.0 km of the proposed 80.0 line km of DC Resistivity survey was completed. The DC Resistivity survey will be completed in conjunction with the Alexandra survey.

*Alexandra Project 2007 Winter Program*

A total of 84.0km of line cutting was completed for a planned ground geophysical program totaling 72.0 line km of DC resistivity surveying.

No significant exploration work is planned for 2007 on the Erica, Douglas River, Brander Lake, Laurie and Uchrich Projects.

**Hidden Bay Project**

UEX operates its Hidden Bay Project, which consists of 40 claims that are 100%-owned, and one mineral lease, which is owned 76.73% by UEX and 23.27% by three minority partners, totaling 56,531 hectares (139,688 acres). The West Bear Deposit ("West Bear"), and the Raven and Horseshoe Deposits ("Raven-Horseshoe") are located within the Hidden Bay Project.

Throughout the First Quarter of 2007, and ending in mid-April 2007, UEX completed 30,320 metres of diamond drilling and 3,386 metres of sonic drilling at the Hidden Bay Project, as described below.

*2007 Raven-Horseshoe Winter Exploration Program*

Raven-Horseshoe hosts a total historical resource estimate of 6.7 million tonnes at an average grade of 0.16% $U_3O_8$, representing approximately 23 million contained pounds of $U_3O_8$. [Note: this is a historical resource estimate completed by Gulf Minerals ("Gulf") in 1978 that was not estimated using current Canadian Institute of Mining, Metallurgy and Petroleum categories, and for which no current resource or reserve confidence categories were applied.] Raven-Horseshoe is of the basement-hosted type and is located approximately 5 kilometres southeast of the edge of the Athabasca Group sandstones, which normally cover uranium deposits in the Athabasca Basin. The deposits are also located less than 5 kilometres south of the Rabbit Lake Mill owned by Cameco.

During the winter of 2007, five diamond drills tested both deposit areas and completed 25 holes in the Raven Deposit totaling 6,408 metres, and 63 holes in the Horseshoe Deposit totaling 21,804 metres. The objectives of the drilling program were:

- to continue drilling step-out drill holes to the northeast in successive cross sections spaced 60 metres apart to test the extent of newly defined, and historically intersected mineralization in the Horseshoe Deposit;
- to provide 15 to 30 metre spaced infill drilling of mineralization intersected during the 2006 program;
- to test peripheral geophysical targets and potential extensions of mineralization;
- to drill central portions of the Raven Deposit, where only widely-spaced historical Gulf drilling has been completed, and where Gulf obtained intercepts of up to 0.60% $U_3O_8$ over 11.28 metres in hole LB-040.

Results of the 2007 Raven-Horseshoe winter drilling program are being processed, compiled and interpreted.

UEX's drilling has identified two sub-zones within the Horseshoe Deposit, named the "A" and "B" zones, and UEX's drilling completed in 2006 expanded the extent of both of these zones. UEX believes that its 2007 drilling programs could be of sufficient drilling density to provide the basis for calculation of a N.I. 43-101 compliant resource estimate for the central Horseshoe Deposit, and could define the extent and continuity of significant mineralization in other portions of Raven-Horseshoe defined by historical drilling. Additional drilling may be required to infill these other areas during the summer and fall of 2007 prior to inclusion in a resource estimate.

Golder Associates ("Golder") initiated an environmental baseline study ("EBS") at Raven-Horseshoe in 2006, which is ongoing. In addition, UEX engaged Golder to begin a study of geotechnical and metallurgical data from Raven-Horseshoe drill core for the purposes of future feasibility studies.

*West Bear 2007 Sonic Drilling Program*

The West Bear resource estimate dated March 2, 2006 (the "West Bear Report") estimates that West Bear 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.

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 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 historical resource estimate is not compliant with N.I. 43-101]. UEX's 2006 West Bear Report is available for review at www.sedar.com

The 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 UEX's 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.

In April 2007, UEX completed a follow-up sonic drilling program of 113 holes totaling 3,386 metres at West Bear, to explore the eastern area of the deposit which was not drilled by UEX in 2005, and to infill holes within the core area of high-grade mineralization such as was intersected in 2005 hole UEX-026. Results of the sonic drilling program are being processed, compiled and interpreted, and are expected to be integrated into an updated resource estimate later in 2007.

*West Bear 2007 Development Work*

Golder is carrying out an EBS and a mining feasibility study for West Bear. The EBS has been underway since 2005 and Golder collected biological, hydrogeological and other environmental data throughout 2006. Further baseline studies are planned in 2007 following the input of more detailed information on the project design generated from preparation of the West Bear feasibility study.

UEX looks forward to the completion of the feasibility study, which is expected to be delivered later in 2007, following Golder's receipt and integration of the results from UEX's 2007 sonic drilling program. The feasibility study examines the most efficient methods and procedures for extracting the defined uranium resource, including the most appropriate road access and support infrastructure, mining methods and operating plans. Golder is currently carrying out mine, open pit slope, and waste dump design work. As the feasibility study progresses, Golder will supervise the tendering of contracts for all aspects of a potential mining operation, and will generate cash flow analyses and projections in order to calculate a net present value and an internal rate of return for West Bear.

With the relatively soft nature of the host rocks and overburden, UEX believes that West Bear 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.

Golder and UEX have created a Strategic Planning Group, consisting of key representatives from both companies, in order to commence the permitting process for West Bear in 2007. Following receipt of the final EBS report from Golder, UEX plans to initiate the environmental assessment ("EA") process with the appropriate government agencies on both provincial and federal levels. The first step in the provincial EA process is to provide a Project Proposal to the Saskatchewan EA Branch that details the project description (e.g., mine plan, mining method, water and waste management), current environmental conditions, proposed measures to mitigate environmental issues, and residual effects from the project. After review of this document, the EA Branch will decide if the project meets the definition of a "development", in which case, an Environmental Impact Statement ("EIS") will be required and various provincial and federal responsible authorities will be identified to take part in the review of the EIS. The Strategic Planning Group plans to initiate the community and public consultation process in 2007.

*Telephone Lake Trend 2007 Winter Drilling Program*

Four diamond drill holes were completed on prospective targets in the Phantom Lake area totaling 1,115 metres. Results are being processed, compiled and interpreted.

*2007 West Rabbit Lake Fault Winter Drilling Program*

Four diamond drill holes were completed on prospective targets in the West Rabbit Lake Fault area totaling 993 metres. Results are being processed, compiled and interpreted.

**Black Lake Project**

The Black Lake Project ("Black Lake") is located within the northern part of the Athabasca Basin immediately adjacent to the Riou Lake Project, and consists of 12 claims totaling 30,381 hectares. The centre of the property area is approximately 15 kilometres south of the town of Stony Rapids, SK.

On February 27, 2007, UEX announced the results of the 2006 Summer/Fall exploration program at Black Lake, which included a 23-hole diamond drilling program totaling 10,830 metres, and a ground geophysical survey consisting of 77.0 kilometres of pole-pole resistivity.

The use of resistivity surveys in the Athabasca Basin has proved to be a useful exploration tool for mapping alteration in sandstone, especially when applied to a known graphitic conductor system like that at Black Lake. The 2006 survey was successful in defining an area encompassing hole BL-18 that exhibits a significant low resistivity anomaly situated above a low magnetic and low gravity signature in the basement rocks. Other similar resistivity lows were detected along strike of the known Black Lake conductor system.

A closely-spaced pattern of drill holes identified an alteration zone striking through the location of hole BL-18 to the northwest, cross-cutting the alignment of the Eastern Fault zone and its coincident conductor system. Three holes located within the alteration zone encountered uranium mineralization at, or immediately above, the Athabasca Group sandstone unconformity:

- BL-109: 0.10% $U_3O_8$ over 1.90 metres, from 311.70 to 313.60 metres
- BL-110: 0.79% $U_3O_8$ over 2.82 metres, from 309.73 to 312.55 metres
- BL-111: 0.11% $U_3O_8$ over 2.90 metres, from 312.50 to 315.40 metres

The other holes drilled in the 2006 summer/fall program did not encounter significant uranium mineralization, but assisted in mapping the graphitic conductor system and alteration in the sandstone.

*2007 Winter Exploration Programs*

During the winter of 2007, UEX completed an 11-hole diamond drilling program at Black Lake totaling 5,502 metres. A program of linecutting and approximately 230 kilometres of ground resistivity and 25 kilometres of detailed magnetic surveys was carried out to better define the character of previously-identified geophysical conductors. Results of the drilling and geophysical programs are being processed, compiled and interpreted.

The technical information in this document regarding Black Lake has been compiled and reviewed by Sierd Eriks, P. Geo., a qualified person as defined by N.I. 43-101. True widths of mineralized intervals have not yet been determined. All core samples were analyzed at Saskatchewan Research Council by ICP, with additional uranium analyses by fluorimetry.

## Riou Lake Project

The Riou Lake Project ("Riou Lake") consists of 13 claims totaling 33,182 hectares and is located within the northern Athabasca Basin near the town of Stony Rapids, SK.

On April 23, 2007, UEX announced the results of a Fall 2006 drilling program at Riou Lake. Three holes were drilled totaling approximately 2,487 metres, including a hole that was restarted from a wedge at 335 metres depth after the initial hole was lost in highly fractured rock. One of the three holes encountered a narrow interval of uranium mineralization.

Hole RLG-D25 intersected uranium-bearing basement rock just below the unconformity at 602.3 metres, grading 0.66% $U_3O_8$ over 0.10 metres. The geochemical signature of the occurrence is similar to that of uranium deposits in the Athabasca Basin with accompanying enrichment in nickel, arsenic, cobalt, copper, lead, potassium and magnesium. A subsequent re-evaluation of the KC Conductor in the area of hole RLG-D25 indicates that the hole narrowly missed the optimum target location where the top of the conductor intersects the unconformity, interpreted to be approximately 25 metres north of the hole collar. Follow-up drilling is planned for this prospective area of the KC Conductor in 2007.

The technical information regarding Riou Lake has been compiled and reviewed by Sierd Eriks, P. Geo., a qualified person as defined by National Instrument 43-101. True widths of drill hole intervals have not yet been determined. All core samples were analyzed at Saskatchewan Research Council by ICP, with additional uranium analyses by fluorimetry.

*2007 Winter Exploration Programs*

During the winter of 2007, UEX carried out a pole-pole DC Resistivity survey totaling approximately 30.0 line kilometres at Riou Lake within the Hocking Lake Corridor, a highly-prospective area with known faulting, graphitic conductors, and sandstone alteration on surface and in drill holes.

Follow-up drilling of any prospective targets interpreted from the ongoing ground surveys would occur as part of a summer 2007 helicopter-supported drilling program, or from a land-based drill, depending on the access to the target location.

## <u>Northern Athabasca Projects</u>

UEX's 100%-owned Northern Athabasca Projects consists of five projects totaling 83,758 hectares in 24 claims located on the northern rim of the Athabasca Basin near Stony Rapids, Saskatchewan, as follows: Butler Lake - 19,648 hectares, Fond du Lac – 16,838 hectares, Otherside River – 12,762 hectares, Munroe Lake – 18,275 hectares, and Jacques Point - 16,235 hectares. UEX staked the five new project areas in 2004 following a review of the favourable geophysical and structural characteristics in the region.

*2006 Drilling Program Results*

On April 23, 2007, UEX announced the results of a Summer/Fall 2006 drilling program totaling 4,353 metres in 8 holes on the Butler Lake, Fond du Lac, Munroe Lake, and Otherside River projects. The helicopter-supported drilling program targeted anomalous geophysical responses obtained from the 2005 airborne and 2006 ground geophysical programs. None of the holes intersected significant uranium mineralization. However, on the Munroe Lake, hole ML-02 encountered strong dravite alteration in the sandstone. At the Butler Lake Project, anomalous uranium values up to 5 to 10 times background were observed in the basal 30.0 metres of sandstone. Hole BTL-01 also encountered anomalous nickel values below the unconformity, which was reached at 403.1 metres. A subsequent borehole electromagnetic survey of hole BTL-01 indicated that a strong basement conductor lies about 50 metres below the end of hole at 540.0 metres. Follow-up drilling is planned later in 2007.

*2007 Winter Exploration Program*

During the winter of 2007, a time-domain electromagnetic survey totaling 70.0 line kilometers was completed at Munroe Lake in the vicinity of hole ML-02, and on other conductors interpreted from UEX's 2005 MEGATEM airborne survey. Follow-up drilling of interpreted conductors is planned as part of the helicopter-supported drilling program during the summer and fall of 2007.

The technical information regarding the Northern Athabasca Projects has been compiled and reviewed by Sierd Eriks, P. Geo., a qualified person as defined by National Instrument 43-101. True widths of drill hole intervals have not yet been determined. All core samples were analyzed at Saskatchewan Research Council Geoanalytical Laboratories by ICP, with additional uranium analyses by fluorimetry.

**Beatty River Project**

The Beatty River Project ("Beatty River") consists of seven claims totaling 6,688 hectares located in the western Athabasca Basin approximately 40 kilometres south of the Shea Creek Deposits. At present, AREVA owns a 50.71% interest and JCU owns a 49.29% interest in the Beatty River Project. UEX entered into an agreement dated June 15, 2004 with JCU wherein JCU has granted UEX an option to acquire a 25% interest in Beatty River. Under the agreement, UEX can earn a 25% interest in the Beatty River Project by funding $865,000 in exploration expenditures by December 31, 2008.

*2007 Winter Exploration Program*

AREVA's proposed winter 2007 ground geophysical program to better define the location of the previously-identified conductor at Beatty River was postponed because no suitable geophysical contractor was available. The work has been re-scheduled for the summer/fall of 2007.

## 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 March 31, 2007 the Corporation had current assets of $75,597,047, including $74,704,909 in cash and cash equivalents compared to current assets as at December 31, 2006 that totaled $77,405,892. Working capital at March 31, 2007 was $69,320,312, compared to working capital of $76,568,491 at December 31, 2006.

Accounts payable and accrued liabilities at March 31, 2007 were $6,276,735, which is significantly higher than the amount at December 31, 2006 of $837,401. The increase is due to significantly more exploration activity during March 2007 than the level of exploration activity at December 31, 2006.

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 $15,623,170 at March 31, 2007, is comprised of a $16,853,860 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 $1,230,690. At December 31, 2006, the Corporation's net future income tax liability was $11,346,499. The increase in the future income tax liability in 2007 was primarily due to flow-through share expenditures renounced to shareholders during the period.

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.

## 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.

## 2007 Exploration Programs

In 2007, 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 $25.0 million to December 31, 2007. Further exploration on UEX's projects for 2008 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 10, 2007, with its 1st Quarter 2007 exploration programs completed, the Corporation had approximately $69.5 million in cash and cash equivalents.

## 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.

## Internal Control Over Financial Reporting

There have been no changes in the Corporation's internal controls over financial reporting that occurred during the most recent interim period ended March 31, 2007 that have materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting.

## Caution Regarding Forward Looking Statements

Statements contained in this document which are not historical facts are forward looking statements and are prospective. 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. Forward looking statements are based on certain factors and assumptions including expected economic conditions, uranium prices, results of operations, performance and business prospects and opportunities. UEX considers the factors and assumptions on which these forward-looking statements are based to be reasonable at the time they were prepared, but cautions readers that these assumptions may ultimately prove to be incorrect. Forward-looking statements by their nature necessarily involve risks, uncertainties and other factors including without limitation, the risk that uranium price fluctuations could adversely affect UEX, that UEX's exploration activities may not result in profitable commercial mining operations, that competition from other energy sources and public acceptance of nuclear energy may affect UEX's prospects, that competition in the uranium industry could adversely affect UEX, that failure to obtain additional financing on a timely basis could cause UEX to reduce its interest in its properties, that compliance with and changes to environmental and other regulatory laws could adversely affect UEX, and other factors all as more particularly described under the heading "Narrative Description of the Business – Risk Factors" in the Corporation's most recent Annual Information Form 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. 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, 2006 is available at www.sedar.com or at UEX's website at www.uex-corporation.com

**UEX CORPORATION**

**INTERIM FINANCIAL STATEMENTS**

**MARCH 31, 2007**

***(Unaudited - Prepared By Management)***

Suite 1007 – 808 Nelson Street, Vancouver, B.C.  V6Z 2H2
PH: (604) 669-2349  FAX: (604) 669-1240   uex@intergate.ca

## 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 2007 | December 31 2006 |
|---|---|---|
| | $ | $ |
| **ASSETS** | | |
| **Current Assets** | | |
| Cash and cash equivalents | 74,704,909 | 76,866,056 |
| Amounts receivable | 647,427 | 465,424 |
| Prepaid expenses | 244,711 | 74,412 |
| | 75,597,047 | 77,405,892 |
| **Equipment** (Note 3) | 248,830 | 202,092 |
| **Mineral properties** (Note 4) | 72,340,654 | 60,386,498 |
| | 148,186,531 | 137,994,482 |
| **LIABILITIES** | | |
| **Current liabilities** | | |
| Accounts payable and accrued liabilities | 6,276,735 | 837,401 |
| **Future income taxes** (Note 5) | 15,623,170 | 11,346,499 |
| | 21,899,905 | 12,183,900 |
| **SHAREHOLDERS' EQUITY** | | |
| **Share capital** (Note 6) | 120,712,102 | 119,783,082 |
| **Contributed surplus** (Note 7) | 10,430,404 | 11,132,774 |
| **Deficit** | (4,855,880) | (5,105,274) |
| | 126,286,626 | 125,810,582 |
| | 148,186,531 | 137,994,482 |

**Commitments** (Note 9)

**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 | 2007 | 2006 |
|---|---|---|
| | $ | $ |
| **Expenses** | | |
| Amortization | 2,477 | 753 |
| Bank charges and interest | 944 | 343 |
| Filing fees and stock exchange | 123,117 | 107,760 |
| General and administration | 49,585 | 15,849 |
| Insurance | 12,175 | 6,355 |
| Legal and audit | 64,738 | 64,845 |
| Rent | 18,855 | 17,685 |
| Salaries and benefits | 116,741 | 106,819 |
| Stock-based compensation | 46,349 | 4,641,138 |
| Telephone | 2,061 | 2,973 |
| Travel and promotion | 3,518 | 2,423 |
| **Loss before the following** | (440,560) | (4,966,943) |
| Investment income | 823,869 | 595,667 |
| **Earnings (loss) before income taxes** | 383,309 | (4,371,276) |
| Future income taxes | (133,915) | (100,622) |
| **Net earnings (loss) for the period** | 249,394 | (4,471,898) |
| Deficit, beginning of period | (5,105,274) | (1,415,108) |
| **Deficit, end of period** | (4,855,880) | (5,887,006) |
| **Basic and diluted earnings (loss) per share** | 0.001 | (0.026) |
| **Weighted average number of shares outstanding** | | |
| Basic | 181,453,712 | 174,565,894 |
| Diluted | 184,379,964 | 178,119,051 |

**Refer to accompanying notes.**

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

| THREE MONTH PERIOD ENDED MARCH 31 | 2007 | 2006 |
|---|---|---|
| | $ | $ |
| **Cash provided by (used for):** | | |
| **Operating activities** | | |
| Net earnings (loss) for the period | 249,394 | (4,471,898) |
| Items not involving cash | | |
| Amortization | 2,477 | 753 |
| Stock-based compensation | 46,349 | 4,641,138 |
| Future income taxes | 133,915 | 100,622 |
| Changes in non-cash operating working capital | | |
| Amounts receivable | 75,837 | (7,413) |
| Prepaid expenses | (170,299) | (14,182) |
| Accounts payable and accrued liabilities | (50,324) | 52,031 |
| | 287,349 | 301,051 |
| **Investing activities** | | |
| Mineral property expenditures | (10,590,427) | (7,595,177) |
| Change in accounts payable and accrued liabilities relating to mineral property expenditures | 5,489,658 | 3,140,626 |
| Change in amounts receivable relating to mineral property expenditures | (257,840) | (172,902) |
| Purchase of equipment | (66,133) | (136,707) |
| | (5,424,742) | (4,764,160) |
| **Financing activities** | | |
| Issuance of share capital | 2,976,246 | 51,283,786 |
| **Change in cash and cash equivalents during the period** | (2,161,147) | 46,820,677 |
| Cash and cash equivalents, beginning of period | 76,866,056 | 44,921,021 |
| **Cash and cash equivalents, end of period** | 74,704,909 | 91,741,698 |
| **Supplementary information** | | |
| Interest received | 902,040 | 615,629 |
| Non-cash stock-based compensation included in mineral property expenditures | 924,055 | 281,465 |
| Increase to mineral properties due to future income taxes | 422,756 | 180,863 |
| Amortization included in mineral properties | 16,918 | 9,469 |

**Refer to accompanying notes.**

## 1. Basis of Presentation

These interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles and, except for the adoption of new accounting pronouncements issued by the Canadian Institute of Chartered Accountants ("CICA") discussed below, 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, 2006.

On January 1, 2007, the Company adopted new accounting standards issued by the CICA relating to *Financial Instruments – Recognition and Measurement* and *Comprehensive Income*. The adoption of these standards had no impact on the Company's financial statements. The fair market value of the Company's financial assets and liabilities approximates the carrying amount as a result of the short-term nature of the instruments. The Company has not entered into any hedging relationships and does not hold any available-for-sale securities that would result in the recognition of other comprehensive income or loss.

## 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 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

| | | March 31 2007 | | December 31 2006 |
|---|---|---|---|---|
| | Cost | Accumulated Amortization | Net Book Value | Net Book Value |
| | $ | $ | $ | $ |
| Exploration equipment | 236,203 | 73,365 | 162,838 | 139,129 |
| Computer equipment | 87,954 | 19,321 | 68,633 | 56,042 |
| Computer software | 23,199 | 10,234 | 12,965 | 5,378 |
| Furniture and fixtures | 4,718 | 324 | 4,394 | 1,543 |
| | 352,074 | 103,244 | 248,830 | 202,092 |

## 4. Mineral Properties

The continuity of expenditures on mineral properties is as follows:

| | Balance December 31 2006 | Exploration and development expenditures during the period | Balance March 31 2007 |
|---|---|---|---|
| | $ | $ | $ |
| West Athabasca | 17,860,659 | 2,768,241 | 20,628,900 |
| Hidden Bay | 21,840,142 | 6,866,946 | 28,707,088 |
| Black Lake | 10,432,040 | 1,807,838 | 12,239,878 |
| Riou Lake | 6,889,274 | 199,651 | 7,088,925 |
| Beatty River | 448,500 | 612 | 449,112 |
| North Athabasca | 2,915,883 | 310,868 | 3,226,751 |
| | 60,386,498 | 11,954,156 | 72,340,654 |

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 March 31, 2007, the Company has earned a 24.5% interest in the West Athabasca Projects.

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 assets, including the West Bear and Raven-Horseshoe deposits are located immediately west of Wollaston Lake in Saskatchewan.

(c) Black Lake Project

The Company has an 87.24% interest and AREVA has a 12.76% interest in the Black Lake Project located in the Athabasca Basin.

**4. Mineral Properties *(Cont'd)***

(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.

(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 March 31, 2007 and December 31, 2006 are presented below:

| | **March 31 2007** | **December 31 2006** |
|---|---|---|
| | **$** | **$** |
| **Future income tax assets:** | | |
| Loss carry forwards | 173,857 | 228,323 |
| Equipment | 33,967 | 25,345 |
| Share issuance costs | 1,022,866 | 1,110,937 |
| | 1,230,690 | 1,364,605 |
| **Future income tax liabilities:** | | |
| Mineral properties | (16,853,860) | (12,711,104) |
| **Net future income tax liabilities** | (15,623,170) | (11,346,499) |

In February 2007, the Company renounced $12,000,000 of tax deductions associated with qualified expenditures incurred with flow-through funds, resulting in an increase to the Company's future income tax liability of $3,720,000.

## 5. Future Income Taxes *(Cont'd)*

A reconciliation of income taxes at statutory rates with the reported taxes for the three month periods ended March 31, 2007 and 2006 is as follows:

| | Three Month Period Ended March 31 2007 | Three Month Period Ended March 31 2006 |
|---|---|---|
| | $ | $ |
| **Earnings (loss) before income taxes** | 383,309 | (4,371,267) |
| Income taxes (recovery) at statutory rates | 130,785 | (1,491,476) |
| Non-deductible expenses and permanent differences | 16,193 | 1,592,098 |
| Future tax rate differences | (13,063) | - |
| **Future income taxes** | 133,915 | 100,622 |

## 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.

(b) Issued and outstanding - common shares

| | Number Of Shares | Value |
|---|---|---|
| | | $ |
| **Balance, December 31, 2006** | 180,819,918 | 119,783,082 |
| Issued for cash: | | |
| Exercise of stock options | 1,298,134 | 2,976,246 |
| Contributed surplus transferred on exercise of stock options | - | 1,672,774 |
| Future income taxes on flow-through expenditures renounced to shareholders | - | (3,720,000) |
| **Balance, March 31, 2007** | 182,118,052 | 120,712,102 |

## 6. Share Capital *(Cont'd)*

(c) Stock-Based Compensation

A summary of the status of the Company's stock-based compensation plan as of March 31, 2007, and changes during the three month period then ended are presented below:

| | Number Of Shares | Weighted-Average Exercise Price |
|---|---|---|
| | | $ |
| **Outstanding - December 31, 2006** | 7,656,000 | 2.84 |
| Granted during the period | 1,000,000 | 5.02 |
| Exercised during the period | (1,298,134 ) | 2.29 |
| Cancelled during the period | (66,666 ) | 5.00 |
| **Outstanding - March 31, 2007** | 7,291,200 | 3.22 |
| **Exercisable - March 31, 2007** | 6,507,868 | 3.05 |

As at March 31, 2007, the Company had reserved a total of 7,291,200 common shares for issuance related to director and employee options, the details of which are as follows:

| Exercise Prices | Number Outstanding March 31, 2006 | Weighted Average Remaining Contractual Life |
|---|---|---|
| $ | | |
| 0.08 | 841,500 | 6.5 years |
| 0.10 | 16,000 | 5.7 years |
| 0.12 | 84,000 | 3.6 years |
| 0.84 | 500,000 | 7.3 years |
| 0.95 | 575,000 | 7.4 years |
| 1.80 | 99,700 | 8.3 years |
| 2.75 | 175,000 | 7.9 years |
| 3.56 | 2,250,000 | 9.4 years |
| 5.00 | 1,750,000 | 8.8 years |
| 5.02 | 1,000,000 | 9.9 years |
| | 7,291,200 | 8.6 years |

The estimated fair value of all options granted and vested during the three month period ended March 31, 2007 is $970,404 (2006 - $4,922,603). Included in deferred exploration and development expenditures is $924,055 (2006 - $281,465) of stock-based compensation. The unamortized balance of stock-based compensation expense for options that were not vested at March 31, 2007 is $1,631,932.

The weighted average fair value of options granted during the three month period ended March 31, 2007 was $2.46 per option (2006 - $2.73 per option) using the Black-Scholes option pricing model with the following weighted average assumptions:

| | 2007 | 2006 |
|---|---|---|
| Volatility percentage | 70% | 69% |
| Risk-free interest rate | 4.0% | 3.9% |
| Dividend yield | - | - |
| Expected life of options | 3 years | 4 years |

## 6. Share Capital *(Cont'd)*

(e) Flow-Through Shares

In February 2007, 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 $3,720,000, 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, 2006** | 11,132,774 |
| Fair value of options granted and vested during the period | 970,404 |
| Transferred to share capital on exercise of options | (1,672,774) |
| **Contributed surplus, March 31, 2007** | 10,430,404 |

## 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. Commitments

The Company has an obligation under an operating lease for its office premises. The future minimum lease payments are as follows:

| | $ |
|---|---|
| 2007 | 30,587 |
| 2008 | 40,782 |
| 2009 | 40,782 |
| 2010 | 37,384 |

Other commitments in respect of the Company's mineral properties are disclosed in Note 4.

## Corporate Information

**Corporate Office**

Suite 1007 – 808 Nelson Street
Vancouver, British Columbia, Canada V6Z 2H2

Telephone: (604) 669-2349
Fax : (604) 669-1240
e-mail : uex@intergate.ca
Website: www.uex-corporation.com

**Solicitors**

Blake Cassels & Graydon LLP
Suite 2600 - 3 Bentall Centre
P.O. Box 49314
595 Burrard Street
Vancouver, British Columbia V7X 1L3

**Auditors**

KPMG LLP
777 Dunsmuir Street
Vancouver, British Columbia V7Y 1Q3

**Transfer Agency**

Computershare Investor Services Inc.
3rd Floor, 510 Burrard Street
Vancouver, British Columbia V6C 3B9

**Directors & Officers**

Stephen H. Sorensen
President, Chief Executive Officer, and Director

Graham C. Thody
Director, and Chairman

Colin C. Macdonald
Director

Walter T. Segsworth
Director

Suraj P. Ahuja
Director

Warren W. Stanyer
Vice-President, Corporate Development, and Corporate Secretary

R. Sierd Eriks
Vice-President, Exploration

E. Louie Zioulas
Vice-President, Finance