



Quarterly Report  
For the  
Nine-Month Period Ending  
September 30, 2009

UEX Corporation, Vancouver, B.C., Canada



## **Message to Shareholders**

*During the nine-month period ended September 30, 2009, UEX Corporation ("UEX", or the "Company") funded approximately \$12.9 million of exploration and development on its 100%-owned, optioned, and joint-ventured uranium projects, all in the prolific Athabasca Basin, an area that hosts the world's highest-grade uranium deposits. UEX is well financed, with approximately \$13.5 million in cash as of the date of this document.*

*At its 100%-owned Hidden Bay Project in the eastern Athabasca Basin, UEX continues to make important strides in exploration and development. UEX has exceeded its goal to establish resources of over 40 million pounds of U<sub>3</sub>O<sub>8</sub> at Hidden Bay. Significant milestones for the Hidden Bay Project include the combined National Instrument 43-101 compliant resource estimates for the Raven, Horseshoe, and West Bear Deposits of 16.876 million tonnes grading 0.112% U<sub>3</sub>O<sub>8</sub> in the Indicated category containing 41.617 million pounds of U<sub>3</sub>O<sub>8</sub>, and 1.982 million tonnes grading 0.079% U<sub>3</sub>O<sub>8</sub> in the Inferred category containing 3.470 million pounds of U<sub>3</sub>O<sub>8</sub> at a cut-off of 0.02% U<sub>3</sub>O<sub>8</sub>. The Company carried out significant drilling programs on its Raven and Horseshoe Deposits, and is well advanced on its pre-feasibility study on the West Bear Deposit. A winter 2009 diamond drilling program carried out from the beginning of January to early April utilizing three diamond drills completed a total of 32,167 metres in 105 holes. A summer 2009 drilling program at Hidden Bay totaling 15,071 metres in 49 holes utilizing two diamond drills was completed in September. The Company is currently awaiting geochemical results from this program.*

*At its 49%-owned Western Athabasca Projects, which include the Anne, Colette and Kianna Deposits on the Shea Creek Project, UEX and AREVA Resources Canada Inc. ("AREVA"), as joint venture partners, fund expenditures on a pro rata basis: 49% by UEX and 51% by AREVA. A 2009 diamond drilling program at Shea Creek consisting of three completed pilot holes and 48 completed directional holes utilizing four diamond drills was finalized in late October. The Company is currently compiling the results from this program for inclusion in an upcoming news release. The 2009 budgets at Shea Creek consisted of \$2 million for development and \$8.25 million for exploration. Budgets and plans for the 2010 year will be released shortly.*

*During the third quarter of 2009, UEX President and CEO Stephen Sorensen ("Stephen") announced his retirement which became effective November 1, 2009. The Company's Board of Directors has appointed Graham Thody, current Chairman of UEX, as Stephen's successor. Stephen has had a remarkable tenure as the leader of UEX. Under his guidance UEX acquired the Hidden Bay Project which hosts the Raven, Horseshoe and West Bear Deposits. He concluded the transaction with AREVA allowing UEX to acquire its 49% interest in the Western Athabasca Projects which now host the Kianna, Anne and Colette Deposits. All of us at UEX would like to express our heartfelt appreciation to Stephen for his enormous contributions and wish him the very best for his retirement.*

*"signed"*

*Graham C. Thody, President & CEO*

November 13, 2009

## **Management Discussion & Analysis**

*(All dollar amounts are in Canadian dollars, unless indicated otherwise.)*

### **Overview**

UEX's goals are to remain the leading uranium explorer in the Athabasca Basin of northern Saskatchewan, to advance its portfolio of uranium deposits and discoveries through the development stage and to the production stage. Since being listed on the Toronto Stock Exchange in July of 2002, UEX has aggressively pursued exploration on a diversified portfolio of prospective uranium projects in three areas within the Athabasca Basin. UEX's remarkable exploration success on two of these three areas has allowed UEX to change its focus toward exclusively advanced projects by developing, in parallel, both of these major uranium resource projects, the 100%-owned West Bear, Raven and Horseshoe Deposits in the eastern Athabasca Basin, and the Kianna, Anne and Colette Deposits within the 49%-owned Shea Creek Project in the western Athabasca Basin.

### **About UEX**

UEX is a Canadian uranium exploration and development company actively involved in 19 uranium projects in the Athabasca Basin, including seven that are 100% owned and operated by UEX, one joint venture with AREVA that is operated by UEX, ten joint-ventured with AREVA and one under option from Japan-Canada Uranium Company, Limited ("JCU"), which are operated by AREVA. AREVA is part of the AREVA Group, the world's largest nuclear energy company. The 19 projects, totaling 353,134 hectares (872,613 acres), are located on the eastern, western and northern perimeters of the Athabasca Basin, the world's richest uranium belt, which accounts for approximately 21% of global primary uranium production.

UEX 100%-owned projects are the Hidden Bay Project, the Riou Lake Project, and the Northern Athabasca Projects. The Hidden Bay Project includes the Raven, Horseshoe, and West Bear Deposits. UEX operates the Black Lake Project, a joint venture with AREVA under which UEX holds an 89.96% interest and AREVA holds a 10.04% interest. The Black Lake Project was the site of a uranium discovery made by UEX during a drilling program in September 2004.

The Western Athabasca Projects, which include the Anne, Colette and Kianna Deposits located on the Shea Creek Project, are ten joint ventures with UEX holding a 49% interest and AREVA holding a 51% interest. AREVA is the operator of the Western Athabasca Projects. UEX and AREVA are currently in the process of preparing joint venture agreements.

In June 2004, UEX announced an agreement with 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 50.7% interest and JCU owns a 49.3% 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, 2010. As at September 30, 2009, UEX's expenditures under the option were \$604,930.

### **Growth Strategy**

The main growth strategies of UEX are:

- To continue the exploration and development work required to delineate and develop economic resources at the Shea Creek Project;
- To initiate the feasibility process at the Raven and Horseshoe Deposits;
- To complete a pre-feasibility study at the West Bear Deposit;
- To maintain, explore and advance to discovery its other uranium projects; and
- To pursue a diversified portfolio of projects from early exploration through to development and production.

## **Uranium Industry Trends**

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

During 2009, the uranium spot price peaked at US\$54.00 per pound  $U_3O_8$  during the month of June. Since that time, the spot price declined to a low of US\$42.00 per pound during September, and by November 9, 2009 the spot price was at US\$45.50 per pound  $U_3O_8$ . The long-term uranium price was US\$64.00 per pound  $U_3O_8$ , as of October 26, 2009. (Spot and long-term uranium prices stated are as reported by The Ux Consulting Company, LLC at [www.uxc.com](http://www.uxc.com)).

In recent years, the nuclear industry has seen increased capacity at existing nuclear plants, extensions of plant licenses, and new plant planning and construction. Electricity demands are rising rapidly worldwide. China has at least 30 new reactors planned in order to increase China's nuclear power generation to 40 million kilowatts by 2020. India has similar ambitious plans.

UEX believes that public opinion in many countries has moved in favour of nuclear power, and recent historical high 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 least expensive source of electricity, and several U.S. utilities have recently taken steps toward the planning and construction of new nuclear power plants. Global warming concerns also 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 Corporation ("Cameco") and AREVA, both of which produce principally from deposits in the Athabasca Basin of northern Saskatchewan. In 2008, worldwide annual consumption was estimated at approximately 172 million pounds  $U_3O_8$ . World primary production in 2008 was approximately 115 million pounds  $U_3O_8$ . The resulting shortfall between consumption and production has been covered by several secondary sources including drawdown of 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 2009, 436 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.

## **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 is at US\$45.50 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 drawdown of secondary uranium sources. Given the lead time necessary to find and develop new mines, the projected gap in both supply and future depletion of existing 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 public awareness that new uranium supplies will be needed in the long term. 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 selected financial data is 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, 2008 and the notes thereto.

### **For the Years Ended December 31**

	<b>2008</b>	<b>2007</b>	<b>2006</b>
	\$	\$	\$
Investment income	1,249,743	3,034,219	3,266,404
Net loss for the year	(8,803,994)	(5,472,534)	(3,690,166)
Basic and diluted earnings (loss) per share	(0.05)	(0.03)	(0.02)
Capitalized exploration and development expenditures, net of non-cash items	28,852,805	35,199,037	20,853,031
Total assets	154,984,327	153,021,833	137,994,482

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**

	<b>Sep. 2009</b>	<b>June 2009</b>	<b>March 2009</b>	<b>Dec. 2008</b>	<b>Sep. 2008</b>	<b>June 2008</b>	<b>March 2008</b>	<b>Dec. 2007</b>
	\$	\$	\$	\$	\$	\$	\$	\$
Investment income	11,981	18,389	45,930	207,896	251,284	311,467	479,096	693,362
Net earnings (loss) for the period	(1,638,125)	(5,231,009)	(329,304)	23,363	(2,098,103)	(5,922,594)	(806,660)	2,390,037
Basic and diluted earnings (loss) per share	(0.009)	(0.027)	(0.002)	0.000	(0.011)	(0.032)	(0.004)	0.013
Capitalized exploration and development expenditures, net of non-cash items	4,238,985	3,185,818	5,446,728	6,816,899	6,680,659	6,065,319	9,289,928	8,988,909
Total assets	160,901,363	160,778,872	152,469,623	154,984,327	154,941,483	154,893,093	154,368,149	153,021,833

## **Share Capital**

The Company is authorized to issue an unlimited number of common shares without par value, of which 192,559,552 common shares were issued and outstanding as of September 30, 2009, and an unlimited number of preferred shares issuable in series, of which 1,000,000 preferred shares have been designated Series 1 Preferred Shares, none of which are issued and outstanding. As of November 13, 2009, the number of common shares outstanding was 192,559,552.

At September 30, 2009, the Company had reserved a total of 16,429,700 common shares related to director, employee and consultant options, the details of which are as follows:

Exercise Prices	Number Outstanding, September 30, 2009	Weighted-Average Remaining Contractual Life
\$ 0.84	300,000	4.8 years
0.95	575,000	4.9 years
1.20	4,020,000	6.5 years
1.34	1,685,000	10.0 years
1.45	6,350,000	7.3 years
1.80	99,700	5.8 years
2.75	175,000	5.4 years
3.56	850,000	6.9 years
4.22	2,375,000	7.6 years
	16,429,700	7.2 years

During the third quarter of 2009, the Company's President and CEO announced his retirement. His retirement agreement consisted of the cancellation of 4,000,000 existing share purchase options, the reduction of the expiration date on his remaining 3,000,000 share purchase options to a three-year period ended October 31, 2012, and the subsequent cash payment on November 1, 2009 of an amount equal to two years' salary.

### **Results of Operations for the Three-Month Period Ended September 30, 2009**

For the three-month period ended September 30, 2009, the Company reported a net loss of \$1,638,125 compared to a net loss of \$2,098,103 for the three months ended September 30, 2008. The lower net loss for the three-month period ended September 30, 2009 was primarily due to a \$608,385 decrease in stock-based compensation, and a \$53,362 increase in future income tax recovery, offset by a \$239,303 decrease in investment income.

Investment income was \$11,981 for the three-month period ended September 30, 2009, compared to \$251,284 for the three months ended September 30, 2008, a decrease of \$239,303 due to the investment during the period of lower cash balances than those invested during the three months ended September 30, 2008, and also due to lower interest rates in the current period.

The granting and vesting of stock options during the three-month period ended September 30, 2009 resulted in total stock-based compensation expense of \$1,683,220, of which \$207,597 was allocated to mineral property expenditures and the remaining \$1,475,623 was charged to operations. The granting and vesting of stock options during the three months ended September 30, 2008 resulted in total stock-based compensation expense of \$2,800,284, of which \$716,276 was allocated to mineral property expenditures and \$2,084,008 was charged to operations.

The future income tax recovery for the three-month periods ended September 30, 2009 and 2008 were \$60,073 and \$6,711, respectively. The increased future income tax recovery for 2009 reflects the benefit of a larger increase in future income tax assets during the current period.

Operating expenses before stock-based compensation expense for the three-month period ended September 30, 2009 were \$234,556, compared to \$272,090 for the three months ended September 30, 2008, a decrease of \$37,534 due mainly to decreases in transfer agent fees, general office expenses, and travel and promotion costs.

General and administrative expenses were \$35,595 for the three-month period ended September 30, 2009, a decrease of \$18,942 compared to the general and administrative expenses of \$54,537 for the three months ended September 30, 2008 due to lower office consultant fees in 2009. Salaries and benefits totaled \$122,304 during the three-month period ended September 30, 2009, an increase over the salaries and benefits of \$117,144 incurred by the Company during the three months ended September 30, 2008 due to the addition of accounting personnel. Legal

and audit expenses for the three-month period ended September 30, 2009 were \$35,578, higher than the legal and audit expenses of \$21,780 during the three months ended September 30, 2008 due to an increase in legal fees. Filing fees and stock exchange fees decreased during the three-month period ended September 30, 2009 to \$3,697, compared to \$23,550 during 2008, due to lower transfer agent fees.

### **Results of Operations for the Nine-Month Period Ended September 30, 2009**

For the nine-month period ended September 30, 2009, the Company reported a net loss of \$7,198,438 compared to a net loss of \$8,827,357 for the nine months ended September 30, 2008. The lower net loss for the nine-month period ended September 30, 2009 was primarily due to a \$2,161,085 decrease in stock-based compensation, a \$105,000 decrease in donations, a \$73,960 decrease in filing and stock exchange fees, and a \$194,486 increase in future income tax recovery, offset by a \$965,547 decrease in investment income.

Investment income was \$76,300 for the nine-month period ended September 30, 2009, compared to \$1,041,847 for the nine months ended September 30, 2008, a decrease of \$965,547 due to the investment during the period of lower cash balances than those invested during the nine months ended September 30, 2008, and also due to lower interest rates during the current period.

The granting and vesting of stock options during the nine-month period ended September 30, 2009 resulted in total stock-based compensation expense of \$7,597,359, of which \$980,820 was allocated to mineral property expenditures and the remaining \$6,616,539 was charged to operations. The granting and vesting of stock options during the nine months ended September 30, 2008 resulted in total stock-based compensation expense of \$10,755,169, of which \$1,977,545 was allocated to mineral property expenditures and \$8,777,624 was charged to operations.

The future income tax recovery for the nine-month periods ended September 30, 2009 and 2008 were \$214,573 and \$20,087, respectively. The increased future income tax recovery for 2009 reflects the benefit of a larger increase in future income tax assets during the current period.

Operating expenses before stock-based compensation expense for the nine-month period ended September 30, 2009 were \$872,772, compared to \$1,111,667 for the nine months ended September 30, 2008, a decrease of \$238,895 due mainly to a \$73,960 decrease in filing and stock exchange fees, a \$54,353 decrease in travel and promotion, and to a \$100,000 donation to the Saskatchewan Research Council toward its uranium lab expansion during 2008. No donations were made during the nine months ended September 30, 2009.

General and administrative expenses were \$157,114 for the nine-month period ended September 30, 2009, a decrease of \$34,516 compared to the general and administrative expenses of \$191,630 for the nine months ended September 30, 2008 due to lower office consultant fees in 2009. Salaries and benefits totaled \$371,311 during the nine-month period ended September 30, 2009, a \$27,243 increase over the salaries and benefits of \$344,068 incurred by the Company during the nine months ended September 30, 2008 due to the addition of accounting personnel. Legal and audit expenses for the nine-month period ended September 30, 2009 were \$122,701, comparable to the legal and audit expenses of \$120,798 during the nine months ended September 30, 2008. Filing fees and stock exchange fees significantly decreased in the nine-month period ended September 30, 2009 to \$93,170, compared to \$167,130 during 2008, directly due to decreased stock exchange and regulatory fees, which are based on the Company's market capitalization.

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

Project	Balance December 31, 2008	Exploration & Development Expenditures During the Period	Balance September 30, 2009
Hidden Bay	\$ 59,337,816	\$ 9,430,318	\$ 68,768,134
Western Athabasca	40,454,607	4,605,228	45,059,835
Black Lake	15,253,114	133,018	15,386,132
Riou Lake	8,931,497	77,842	9,009,339
Northern Athabasca	5,413,862	11,771	5,425,633
Beatty River	597,581	7,349	604,930
	\$129,988,477	\$ 14,265,526	\$144,254,003

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

During the nine-month period ended September 30, 2009, the Company incurred exploration and development expenditures totaling \$12,871,531 before non-cash stock-based compensation, future income taxes and amortization totaling \$1,393,995. Exploration and development expenditures during the nine months ended September 30, 2008 totaled \$22,035,906 before non-cash stock-based compensation, future income taxes and amortization totaling \$2,793,358. This \$9,164,375 decrease in expenditures, before non-cash items, is due to lower overall exploration and development budgets for 2009 relating to the Hidden Bay and Western Athabasca Projects, compared to 2008. In addition, the Company reduced its exploration activities in its projects located in the northern Athabasca Basin and consequently incurred less exploration expenditures.

### **Financing Activities**

On April 15, 2009, the Company issued 8,700,000 flow-through common shares at \$1.00 per share for gross proceeds of \$8,700,000, pursuant to a brokered private placement. A commission of \$348,000 was paid to the broker and \$78,968 of additional issuance costs were incurred.

The Company realized \$12,520 from the exercise of stock options during the nine-month period ended September 30, 2009, compared to \$143,680 received from stock options exercised during the nine months ended September 30, 2008.

### **Exploration and Development Activities**

The following is a general discussion of UEX's exploration and development activities during the nine-month period ended September 30, 2009. For more detailed information regarding UEX's exploration projects, please refer to UEX's current Annual Information Form, available at [www.sedar.com](http://www.sedar.com), or to UEX's website at [www.uex-corporation.com](http://www.uex-corporation.com).

### **Western Athabasca Projects: 2009 Exploration and Development Programs**

AREVA acts as operator on the ten Western Athabasca Projects, which include the Shea Creek exploration and development project, and the Douglas River, Erica, Alexandra, Mirror River, Laurie, Nikita, Uchrich, James Creek and Brander Lake exploration projects totaling 154,301 hectares (381,286 acres).

UEX has approved 2009 expenditures totaling approximately \$11.0 million as proposed by AREVA for the Western Athabasca Projects. The 2009 expenditures include an exploration budget of \$9.0 million, of which \$8.25 million has been allocated to Shea Creek, and a development budget for Shea Creek of \$2.0 million. Expenditures under the joint venture are funded 49% by UEX and 51% by AREVA.

## Shea Creek Project

The Shea Creek Project ("Shea Creek"), hosts the Kianna, Anne and Colette Deposits, and consists of 11 claims totaling 19,581 hectares (48,386 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-metre length to the point where the directional hole begins.

As a result, a unique nomenclature is used for the Shea Creek drill holes. 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.

The Kianna, Anne and Colette Deposits within Shea Creek are distributed along a strike length of over three kilometres of the north-northwest trending Saskatoon Lake graphitic conductor. The Saskatoon Lake Conductor is coincident with a southwest-dipping, reverse fault that displaces the flat lying unconformity with the overlying Athabasca Group sandstone by several tens of metres. Depths to the unconformity typically range from 700 to 740 metres.

Mineralized areas along the Saskatoon Lake Conductor at Shea Creek occur often in areas where northeast-trending discordant faults offset the northwest-trending conductive graphitic unit. Three styles and settings of mineralization are present:

- Basement-hosted mineralization ("B") found in zones up to 200 metres below the unconformity. Drilling at Kianna has outlined a zone of this style of mineralization with a strike length of 200 metres and a downdip extension of 160 metres which includes intercepts such as SHE-114-11, grading 4.09%  $U_3O_8$  over 45.0 metres, including 18.07%  $U_3O_8$  over 6.0 metres. This mineralization style at Anne and Colette includes intercepts such as SHE-122-1 at Anne, grading 4.21%  $U_3O_8$  over 36.0 metres, including 23.17%  $U_3O_8$  over 3.5 metres, and SHE-111-6 at Colette, grading 3.23%  $U_3O_8$  over 8.0 metres. The basement mineralization at Colette has been traced over a strike length of 240 metres, and is largely open.
- Perched ("P") sandstone-hosted pervasive and fracture-controlled pitchblende-bearing mineralization found in discrete zones tens of metres above the unconformity. At Kianna, the largest of these pods has a defined strike length of 80 metres and a width of 60 metres, and includes intercepts such as SHE-114-5, grading 20.72%  $eU_3O_8$  over 10.2 metres, including 27.73%  $eU_3O_8$  over 7.60 metres. This mineralization style at Colette includes intercepts such as SHE-111-11, grading 1.43%  $U_3O_8$  over 6.0 metres. Fracture/fault-controlled perched mineralization is also developed within the Anne area; however intersections cannot be correlated between drill holes with the current density of drill information.
- Unconformity-type ("UC") disseminated, nodular and massive mineralization in close proximity to the unconformity. At Kianna, the principal zone of this style has a defined strike length of 200 metres and a plan width of 200 metres with intercepts such as SHE-115-3, grading 9.34%  $U_3O_8$  over 12.2 metres, including 21.15%  $U_3O_8$  over 4.3 metres. Much of the mineralization at Anne and Colette is of this style also, with intercepts such as SHE-99-2 at Anne, grading 5.65%  $U_3O_8$  over 17.9 metres, including 14.55%  $U_3O_8$  over 6.5 metres, and SHE-52 at Colette, grading 2.34%  $U_3O_8$  over 16.8 metres. The unconformity mineralization at Anne has been traced over a strike length of 250 metres, a plan view width of 100 metres, and is open in all directions. The unconformity mineralization at Colette has been traced over a strike length of 650 metres, and is open in all directions.

Mineralization of these styles is open in many parts of the deposits. The zones may be stacked with additional underlying zones successively beneath a zone at or above the unconformity. For example, at Kianna, high-grade uranium mineralization has been intersected in multiple zones at depths from 662 metres to 922 metres, a vertical distance of approximately 260 metres. Areas of low-grade mineralization intersected near the unconformity in widely spaced holes between the deposits suggest the potential for additional mineralized zones in areas which are largely untested, or where historical drill holes did not penetrate sufficiently deeply to test for all mineralization settings. In addition, excellent exploration potential occurs along the extensions of the Saskatoon Lake Conductor in southern and central parts of the property, as well as along parallel conductors to the west.

Principal composites reported here are mainly geochemical, and are based on analysis of split half cores typically collected at approximately 0.5-metre sample intervals. The analysis was performed by the Saskatchewan Research Council Geoanalytical Laboratories ("SRC") using ICP-MS and ICP-OES analysis for uranium. In addition to the geochemical analyses, downhole radiometric probe data is available for most drill holes. As is standard practice in uranium exploration in the Athabasca Basin, the probe data can be used to estimate uranium grade when sufficient geochemical data is available to calibrate the probe results to specific mineral deposits or mineralized areas. The converted probe data, which are denoted as "eU<sub>3</sub>O<sub>8</sub>", then form a check for the geochemical data, and allow estimation of the uranium grade of mineralized intervals in areas of poor core recovery where representative sampling is not possible. Composited drilling results in areas of less than 80% core recovery, or where sampling is incomplete, are reported here as equivalent probe data.

The conversion formula from probe data to equivalent uranium grades (denoted as "eU" or "eU<sub>3</sub>O<sub>8</sub>") on an exploration or mining project is periodically modified for different mineralized areas as new geochemical data is received. Probe data reported in UEX disclosures prior to 2008 utilized a modified conversion coefficient which had been developed by AREVA in its operations at the Dominique-Peter Deposit at the nearby Cluff Lake mining operations in the 1980s. Cluff Lake is located 13 kilometres north of the Shea Creek Project and, prior to generation of sufficient geochemical data at Shea Creek, was considered to be a reasonable analogue for estimation of probe equivalent grades at Shea Creek. In early 2008, AREVA calculated specific probe conversion coefficients for the Kianna and Anne Deposits based on geochemical data received up to that time, which replaced the earlier Cluff Lake coefficient. Consequently, the geochemical data reported here, and the probe equivalent grades which are reported here in areas of poor core recovery or incomplete sampling, differ from, and supersede all previously composited probe estimated intervals reported by AREVA to UEX and disclosed by UEX in news releases from 2004 to 2009.

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 and approved by R. Sierd Eriks, P.Geo., UEX's Vice President of Exploration, David Rhys, P.Geo., consultant to UEX, and Erwin Koning, P.Geo., AREVA's District Geologist, West Athabasca Region, who are Qualified Persons as defined by N.I. 43-101.

### Gold Mineralization

Gold was mined as a by-product from the D orebody at Cluff Lake. At Shea Creek, locally high gold grades are also present. Significant composited gold intercepts with a grade of greater than 3.0 g/T Au and grade-thickness product of greater than 5.0 are illustrated in Table 1; the morphology and true thickness of areas which are high in gold content are as yet undetermined. Analyses are by fire assay by the SRC laboratories. The high gold grades frequently, but not always, occur in areas of higher grade uranium mineralization, and can be present in both unconformity and basement mineralization in all three deposits at Shea Creek. Native gold grains both encapsulated in pitchblende, sometimes in association with Bi-tellurides, and free in the surrounding clay alteration have been identified in samples from basement and sandstone-hosted mineralization.

Significant gold-bearing intercepts include 20.79 g/T Au over 2.40 metres in drill hole SHE-087, 14.02 g/T Au over 3.30 metres in hole SHE-115-03, 13.75 g/T Au over 2.50 metres in hole SHE-079, 9.70 g/T Au over 3.50 metres in hole SHE-102, and 5.95 g/T Au over 5.70 metres in hole SHE-115-05. Future work to establish patterns of gold distribution is planned, especially to identify if any consistent local gold-enriched domains can be identified which might enhance the potential value of parts of the Shea Creek Deposits.

**Table 1:**

**Summary of Significant Gold Intercepts with a Grade of >3 g/Tonne Au and a Grade-Thickness (Au g/Tonne x metres) of >5 from Drill Holes at Shea Creek**

(Gold analyses are by fire assay at the SRC Laboratories. The true thickness and morphology of areas of higher grade gold mineralization are as yet undetermined.)

Hole	From (m)	To (m)	Length (m)	Au ppm (g/Tonne)	Area	Mineralization Style
SHE-016	717.70	721.00	3.30	5.80	Anne	Unconformity
SHE-018	719.60	720.10	0.50	10.74	Kianna South	Unconformity
SHE-023	736.90	738.10	1.20	7.50	Colette	Unconformity
SHE-052	710.10	713.50	3.40	5.37	Colette	Unconformity
SHE-078	702.00	708.00	6.00	3.85	Colette	Unconformity
SHE-079	714.50	717.00	2.50	13.75	Anne	Unconformity
SHE-079	729.50	731.00	1.50	5.88	Anne	Basement
SHE-087	708.60	711.00	2.40	20.79	Anne	Unconformity
SHE-091	707.00	710.00	3.00	3.44	Colette	Unconformity
SHE-094-01	742.10	744.30	2.20	7.49	Anne	Basement
SHE-094-05	716.40	718.70	2.30	3.53	Anne	Unconformity
SHE-095-03	719.80	720.20	0.40	19.50	Anne	Unconformity
SHE-096-03	710.20	716.00	5.80	4.14	Anne	Unconformity
SHE-099	707.20	708.90	1.70	7.55	Anne	Unconformity
SHE-100-01	717.00	719.50	2.50	6.20	Anne	Unconformity
SHE-101-04	736.20	737.70	1.50	4.61	Anne	Unconformity
SHE-102	716.80	720.30	3.50	9.70	Kianna	Unconformity
SHE-102-02	715.20	715.80	0.60	23.00	Kianna	Unconformity
SHE-109-01	723.80	725.30	1.50	6.20	Anne	Unconformity
SHE-111-08	732.50	733.50	1.00	27.26	Colette South	Unconformity
SHE-114-11	837.00	839.90	2.90	6.03	Kianna	Basement
SHE-115	715.50	716.50	1.00	5.63	Kianna	Unconformity
SHE-115-03*	743.00	746.30	3.30	14.02	Kianna	Unconformity
SHE-115-05**	732.00	737.70	5.70	5.95	Kianna	Unconformity
SHE-115-05	794.50	795.00	0.50	19.04	Kianna	Basement
SHE-115-06	743.50	745.00	1.50	4.21	Kianna	Unconformity
SHE-115-10	833.50	840.00	6.50	3.20	Kianna	Basement
SHE-118	706.00	711.40	5.40	5.43	Kianna	Unconformity
SHE-118-01	873.50	874.00	0.50	18.26	Kianna	Basement

\* includes 0.3 m unsampled, composited at 0 grade

\*\* includes 0.1 m unsampled, composited at 0 grade

### 2009 Drilling and Exploration Program at Shea Creek

The 2009 diamond drilling program at Shea Creek began in early February utilizing three diamond drills. A fourth drill was added in July. The drilling was concluded on October 23, 2009 with the completion of three pilot holes (SHE-131, SHE-132 and SHE-133) and completion of forty-eight directional holes (SHE-131-1 to 131-5, SHE-132-1 to 132-5, SHE-50-1 to 50-11, SHE-37-1 to 37-7, SHE-114-18 to 114-20, SHE-115-19 to 115-22, SHE-133-1 to 133-2, SHE-112-3 to 112-4, SHE-109-3 to 109-7, SHE-118-17 to 118-18 and SHE-121-4 to 121-5). The drilling program focused on testing the following:

- The southern margin of the Anne Deposit for the presence of additional mineralization and associated structures at the unconformity and within the basement (SHE-131 series);
- The eastern margin of the Kianna Deposit for the presence of additional mineralization and associated structures at the unconformity (SHE-132 series);
- The prospective corridor between the Anne and Kianna deposits for mineralization and favourable structures at the unconformity and within the basement (SHE-50 and SHE-121 series);
- The northern margin of the Anne Deposit for the presence of additional mineralization and associated structures at the unconformity and within the basement (SHE-37 series);
- The Kianna Deposit for the presence of additional mineralization and associated structures in the basement (SHE-114, SHE-115 and SHE-118 series). Geotechnical studies, including fracture analysis and packer testing, were also be carried out on these holes;
- The Anne Deposit to continue delineation drilling of the unconformity mineralization and extensions of the basement mineralization (SHE-109 and SHE-112 series); and
- The prospective Area 58B north of the Kianna Deposit to test for the continuation of unconformity and basement mineralization intersected in previous hole SHE-58B (SHE-133 series).

The Company is currently compiling the results from this program.

### 2009 Development Work at Shea Creek

In 2009, the Shea Creek Project continued its transition from an exclusive exploration program to include initial development work. A budget of \$2 million was approved for 2009 studies supporting future development work. In addition, baseline data collection and site characterization continued in 2009 in support of a future Environmental Impact Statement.

### Current Shea Creek 43-101 Technical Report

A current 43-101 compliant technical report on the Shea Creek property entitled "Technical Report on the Shea Creek Property, Northern Saskatchewan" by D.A. Rhys, P.Geo., L. Horn, AusIMM and R. S. Eriks, P.Geo. dated April 3, 2009 was filed on [www.sedar.com](http://www.sedar.com). The technical report was prepared to provide a review of significant exploration results at the Shea Creek property.

### 2009 Exploration Program at the Alexandra Project

A ground geophysical program was carried out over the conductive zone outlined by the 2004 airborne MEGATEM survey. The ground geophysical surveys consist of 65 line-kilometres of new grid preparation. Following grid establishment, a total of 50 kilometres of moving loop SQUID electromagnetics was recently completed over the grid in October. Results of the geophysical survey are pending.

No significant exploration work was conducted on the Brander Lake, Douglas River, Erica, James Creek, Laurie, Mirror River, Nikita or Uchrich Projects during 2009.

## Hidden Bay Project: 2009 Exploration and Development Programs

UEX operates its 100%-owned Hidden Bay Project, which consists of 41 claims totaling 56,624 hectares (139,921 acres). The Horseshoe, Raven and West Bear Deposits are located within the Hidden Bay Project.

### Uranium Deposits

Hidden Bay is host to three uranium deposits which have recently estimated N.I. 43-101 compliant resources: Horseshoe, Raven and West Bear. These deposits are of the unconformity type: West Bear is a classic unconformity-hosted deposit at very shallow depths, while Horseshoe and Raven are basement-hosted varieties of the unconformity type. Previous N.I. 43-101 compliant resources, which are supported by a technical report by K. Palmer, P.Geol. of Golder Associates Ltd. ("Golder") with an effective date of January 23, 2009 was filed at [www.sedar.com](http://www.sedar.com) ("SEDAR") on February 19, 2009. In July 2009, UEX received updated N.I. 43-101 resources based on additional drilling and expansion of the known area of deposits from the late fall 2008 and winter 2009 drilling programs. A N.I. 43-101 compliant report with an effective date of July 15, 2009 was filed on SEDAR on September 8, 2009. The updated resources using a 0.02% cut-off grade are provided in Tables 2 and 3 below:

**Table 2**  
**July 2009 N.I. 43-101 Compliant Indicated Mineral Resources on the Hidden Bay Project at a Cut-off Grade of 0.02% U<sub>3</sub>O<sub>8</sub>**

Deposit	Tonnes	U <sub>3</sub> O <sub>8</sub> (%)	U <sub>3</sub> O <sub>8</sub> (lbs)
Horseshoe	7,042,400	0.157	24,427,000
Raven	9,646,100	0.073	15,544,000
West Bear	188,100	0.397	1,646,000
<b>Total</b>	<b>16,876,600</b>	<b>0.112</b>	<b>41,617,000</b>

**Table 3**  
**July 2009 N.I. 43-101 Compliant Inferred Mineral Resources on the Hidden Bay Project at a Cut-off Grade of 0.02% U<sub>3</sub>O<sub>8</sub>**  
**(There are no Inferred resources for the West Bear Deposit)**

Deposit	Tonnes	U <sub>3</sub> O <sub>8</sub> (%)	U <sub>3</sub> O <sub>8</sub> (lbs)
Horseshoe	444,900	0.122	1,192,000
Raven	1,537,600	0.067	2,278,000
<b>Total</b>	<b>1,982,500</b>	<b>0.079</b>	<b>3,470,000</b>

The resource estimates were calculated using a minimum cut-off grade of 0.01% U<sub>3</sub>O<sub>8</sub> utilizing a geostatistical-block model technique with ordinary kriging methods and the DATAMINE Studio 3 software package.

### Raven and Horseshoe Exploration and Development Programs

Raven and Horseshoe are basement-hosted deposits and are located approximately five kilometres southeast of the edge of the Athabasca Group sandstones, which normally cover uranium deposits in the Athabasca Basin.

The July 2009 updated Horseshoe mineral resource estimate was prepared by Kevin Palmer, P.Geol., of Golder, who is independent of UEX. The mineral resource calculation utilized 376 diamond drill holes (119,400 metres from holes HU-001 to HU-350, and HO-01 to HO-16) drilled between 2005 and 2009, which tested the deposit at 7.5-metre to 30-metre drill centres. The mineral resource estimate was calculated using a minimum cut-off grade of 0.02% U<sub>3</sub>O<sub>8</sub> utilizing a geostatistical block-model technique with ordinary kriging methods and the DATAMINE Studio 3 software package.

Details of the mineral resources at different cut-off levels are provided in Tables 4 and 5 below. Note that approximately 95% of the resource is in the Indicated category at a 0.05% U<sub>3</sub>O<sub>8</sub> cut-

off. At a cut-off of 0.20%, most of the contained U<sub>3</sub>O<sub>8</sub> in the deposit is within areas averaging 0.412% U<sub>3</sub>O<sub>8</sub>.

**Table 4**  
**July 2009 Indicated Mineral Resources at the Horseshoe Deposit**  
**with Tonnes and Grade at Various U<sub>3</sub>O<sub>8</sub> Cut-off Grades**

Cut-off	Tonnes	U <sub>3</sub> O <sub>8</sub> (%)	U <sub>3</sub> O <sub>8</sub> (lbs)
0.02	7,042,400	0.157	24,427,000
<b>0.05</b>	<b>5,119,700</b>	<b>0.203</b>	<b>22,895,000</b>
0.10	3,464,800	0.266	20,302,000
0.15	2,380,800	0.330	17,331,000
0.20	1,567,000	0.412	14,219,000
0.25	1,059,900	0.502	11,726,000
0.30	722,600	0.609	9,696,000
0.35	529,100	0.713	8,319,000
0.40	414,600	0.807	7,377,000

**Table 5**  
**July 2009 Inferred Mineral Resources at the Horseshoe Deposit**  
**with Tonnes and Grade at Various U<sub>3</sub>O<sub>8</sub> Cut-off Grades**

Cut-off	Tonnes	U <sub>3</sub> O <sub>8</sub> (%)	U <sub>3</sub> O <sub>8</sub> (lbs)
0.02	444,900	0.122	1,192,000
<b>0.05</b>	<b>287,000</b>	<b>0.166</b>	<b>1,049,000</b>
0.10	159,700	0.239	840,000
0.15	106,800	0.298	702,000
0.20	79,800	0.340	598,000
0.25	53,500	0.398	469,000
0.30	29,300	0.502	324,000
0.35	15,500	0.665	227,000
0.40	11,400	0.769	193,000

The July 2009 updated Raven resource estimate was prepared by Kevin Palmer, P.Geol., of Golder. The resource calculation utilized 243 diamond drill holes (65,600 metres from holes RU-001 to RU-213, and RV-001 to RV-028) drilled between 2005 and 2009, to define the deposit at 7.5-metre to 50-metre drill centres. The resource estimate was calculated using a minimum cut-off grade of 0.02% U<sub>3</sub>O<sub>8</sub> utilizing a geostatistical-block model technique with ordinary kriging methods and the DATAMINE Studio 3 software package.

Details of the resources at different cut-off levels are provided in Tables 6 and 7 below. The bulk of the resource is in the Indicated category at a 0.05% U<sub>3</sub>O<sub>8</sub> cut-off. At a cut-off grade of 0.10%, most of the contained U<sub>3</sub>O<sub>8</sub> in the Indicated Resource is within areas averaging 0.170% U<sub>3</sub>O<sub>8</sub>.

**Table 6**  
**July 2009 Indicated Mineral Resources at the Raven Deposit**  
**with Tonnes and Grade at Various U<sub>3</sub>O<sub>8</sub> Cut-off Grades**

Cut-off	Tonnes	U <sub>3</sub> O <sub>8</sub> (%)	U <sub>3</sub> O <sub>8</sub> (lbs)
0.02	9,646,100	0.073	15,544,000
<b>0.05</b>	<b>5,173,900</b>	<b>0.107</b>	<b>12,149,000</b>
0.10	1,893,400	0.170	7,113,000
0.15	827,700	0.234	4,274,000
0.20	424,000	0.294	2,752,000
0.25	241,500	0.349	1,859,000
0.30	139,100	0.406	1,244,000
0.35	80,300	0.467	827,000
0.40	48,400	0.529	565,000

**Table 7**  
**July 2009 Inferred Mineral Resources at the Raven Deposit**  
**with Tonnes and Grade at Various U<sub>3</sub>O<sub>8</sub> Cut-off Grades**

<b>Cut-off</b>	<b>Tonnes</b>	<b>U<sub>3</sub>O<sub>8</sub> (%)</b>	<b>U<sub>3</sub>O<sub>8</sub> (lbs)</b>
0.02	1,537,600	0.067	2,278,000
<b>0.05</b>	<b>822,200</b>	<b>0.092</b>	<b>1,666,000</b>
0.10	176,000	0.186	723,000
0.15	96,000	0.239	506,000
0.20	48,500	0.302	323,000
0.25	25,700	0.370	209,000
0.30	15,800	0.431	150,000
0.35	11,700	0.468	121,000
0.40	8,200	0.509	92,000

UEX received a report on metallurgical test work for the Horseshoe and Raven Deposits. Representative samples derived from composited drill core assay rejects from the Horseshoe Deposit, and from three HQ-diameter metallurgical holes, two from Horseshoe and one from Raven, have undergone testing for leach and effluent treatment conditions and grindability analysis under the direction of Melis Engineering Ltd. of Saskatoon, Saskatchewan at SGS Lakefield Research Limited in Lakefield, Ontario. These tests indicate that uranium in both deposits is easily leached under relatively mild atmospheric leach conditions, producing leach extractions of 98%, and lacking any significant concentrations of deleterious elements such as arsenic, molybdenum, selenium and base metals.

Horseshoe and Raven mineralization is comprised of pitchblende and other uranium oxides and silicates without the potentially deleterious nickel-arsenide minerals that may affect extraction and pose tailings disposal problems. Initial effluent treatment testwork indicates that regulatory discharge limits will be achievable. Tailings aging tests of waste raffinate and leach residue suggest that while molybdenum and residual uranium levels in the tailings supernatant increase upon aging, excess tailings water would be re-used and/or treated in the mill process and waste treatment circuits under normal operating conditions to potentially mitigate these effects. These results suggest that methods for treatment of waste and effluent generated by the processing of this mineralization would be comparable to those in use at operating mines in the area.

Nine composites were submitted for Bond ball mill work index (BWI) and SPI<sup>®</sup> determinations. The Raven and Horseshoe composites were categorized as medium in hardness from the perspective of SAG milling, and moderately hard for ball mill grinding.

As part of the feasibility process on the Horseshoe and Raven Deposits, environmental baseline studies carried out by Golder to collect biological, hydrogeological and other environmental data were completed in 2009. During the 2007 and 2008 drilling programs, geotechnical studies were completed to assess rock properties and hydrogeology of the area of both the Horseshoe and Raven Deposits. The Company is currently reviewing draft reports on this work.

The Raven and Horseshoe Deposits are situated in close proximity to two mills, namely Cameco's Rabbit Lake Mill less than 5 kilometres to the northeast of these deposits, and AREVA's McClean Lake facilities located 12 kilometres to the northwest of these deposits, which could facilitate potential production if such a decision is made. Given the location of the Horseshoe and Raven Deposits in impermeable basement rocks, any open pits created by mining either deposit will be evaluated as tailings disposal facilities for UEX's deposits.

The technical information in this document regarding Raven and Horseshoe has been compiled by David Rhys, P.Geo., and the metallurgical component by Bruce Fielder, P.Eng., who are Qualified Persons as defined by N.I. 43-101.

### 2009 Winter Drilling Program at the Raven and Horseshoe Deposits

The winter 2009 drilling program comprised 32,167 metres of drilling in 105 diamond drill holes which were completed between January and April 2009 using three drills. This program included 56 drill holes (16,631 metres) at Raven consisting mostly of stepout drill holes in western parts of the deposit, but also included four infill drill holes and seven holes drilled to test targets east of Raven. A total of 49 drill holes (15,536 metres) were completed at Horseshoe which were focused mainly in the Horseshoe Northeast area, expanding mineralization there. Ten of the Horseshoe drill holes explored the area between Horseshoe and Raven to the west.

Drilling during this program expanded the footprint of the deposits, and the results were incorporated into a revised and expanded N.I. 43-101 resource estimate which was received in July 2009.

Geochemical samples are selected with the aid of a hand-held scintillometer to identify areas of above-background radioactivity. Samples are split, with half remaining in the core box, and the remainder shipped to Saskatchewan Research Council Geoanalytical Laboratories ("SRC") where they are crushed and ground to minus 106 microns. The pulp is digested in aqua regia leach and analyzed by ICP for uranium and other elements. In addition to the geochemical analyses, down-hole probe radiometric results obtained for all drill holes on completion of drilling provide an independent check of the geochemical data. Probe results can be used for grade calculations where poor ground conditions occur and drill core recoveries are low, although at Raven and Horseshoe recoveries are generally at, or close to, 100%. UEX has commenced systematic insertion of sample blanks and standards of several grades into the sample stream. In addition, repeat analyses are routinely analyzed, laboratory standards are inserted by SRC, and selected sample pulps have been submitted to other independent laboratories for check analyses to assess sample repeatability and accuracy of the SRC results.

#### *Horseshoe Drilling Results*

The winter 2009 drilling in the Horseshoe Northeast area has now expanded mineralization by approximately 300 metres to the northeast of the previous N.I. 43-101 compliant Horseshoe resource. Mineralization in this area occurs in two new zones which lie close to, but northeast of, the previously defined areas of mineralization. The mineralization has now been defined at approximately 30-metre drill hole spacing. One drill hole was also completed as an infill hole in previously defined eastern parts of Horseshoe. Significant drilling intercepts from the Horseshoe drilling program are listed in Table 8. Highlights include the following:

- 0.082% U<sub>3</sub>O<sub>8</sub> over 15.0 metres in hole HU-311 (section 4805N);
- 0.187% U<sub>3</sub>O<sub>8</sub> over 8.0 metres in hole HU-316 (section 4915N);
- 0.068% U<sub>3</sub>O<sub>8</sub> over 21.0 metres in hole HU-321 (section 4954N);
- 0.220% U<sub>3</sub>O<sub>8</sub> over 19.6 metres in hole HU-324 (section 4847N), including 1.089% U<sub>3</sub>O<sub>8</sub> over 3.1 metres;
- 0.192% U<sub>3</sub>O<sub>8</sub> over 25.5 metres in hole HU-331 (BE zone infill drill hole, section 4673N), including 1.517% U<sub>3</sub>O<sub>8</sub> over 1.5 metres;
- 0.687% U<sub>3</sub>O<sub>8</sub> over 3.2 metres in hole HU-349 (section 4858N);
- 0.183% U<sub>3</sub>O<sub>8</sub> over 5.6 metres also in hole HU-349 (section 4858N); and
- 0.068% U<sub>3</sub>O<sub>8</sub> over 27.0 metres also in hole HU-349 (section 4858N).

True thickness and morphology of the mineralization associated with these intercepts is variable, with the northeastern pod defining a steep northwest dipping, broad lobe that is parallel to the metamorphic stratigraphy. The deeper G zone, represented by drill hole HU-324 and several other holes drilled in the fall of 2008, including drill hole HU-289 (0.57% U<sub>3</sub>O<sub>8</sub> over 23.0 metres), is a lenticular, southeast dipping lens which lies at depths of 300 to 450 metres below surface immediately to the northeast of the previous resource. The HU-349 intercept is a broad mineralized interval that returned 0.034% U<sub>3</sub>O<sub>8</sub> over 316.4 metres when composited continuously, including 84.6 metres that were not sampled and which have been composited at zero grade. This latter intercept, while probably drilled at a shallow angle to a mineralized zone,

has established a steeply dipping link between the two Horseshoe Northeast zones and has enhanced understanding of the mineralization continuity.

Drill holes HU-348, and HU-350 to HU-358, were directed at exploration targets west of the Horseshoe Deposit and east of the Raven Deposit. The most significant mineralization intercepted in this area is 0.078% U<sub>3</sub>O<sub>8</sub> over 11.0 metres in drill hole HU-350. This mineralization could form part of a small pod between the two deposits, although its size is limited by adjacent drill holes. Potential for additional small pods still exists between the two deposits in areas of widely spaced drilling.

**Table 8**  
**Winter 2009 Horseshoe Drilling Program**  
**Intersections from Drill Holes HU-310 to HU-358.**

Only intervals with composite grades greater than 0.05% U<sub>3</sub>O<sub>8</sub> and a grade-thickness product greater than 0.1 are listed below. All analyses were performed by Saskatchewan Research Council by ICP. No intervals greater than 0.05% U<sub>3</sub>O<sub>8</sub> and a grade thickness product higher than 0.1 were intersected in holes HU-312, 313, 318, 322, 325, 326, 335, 336, 338, 340, 342, 344, 346, and 351 to 358.

<i>Hole</i>	<b>Section (North)</b>	<b>Depth of Hole (metres)</b>	<b>From (metres)</b>	<b>To (metres)</b>	<b>Length (metres)</b>	<b>Avg. Grade (% U<sub>3</sub>O<sub>8</sub>)</b>
HU-310	4805	474	317.8	325.6	7.8	0.073
			341.0	352.0	11.0	0.089
			363.0	364.0	1.0	0.220
HU-311	4870	279	166.6	181.6	15.0	0.082
			254.1	256.0	1.9	0.366
HU-314	4885	249	110.3	116.0	5.7	0.111
			166.0	169.0	3.0	0.067
			177.0	179.0	2.0	0.061
HU-315	4795	444	300.0	303.0	3.0	0.093
			323.7	325.0	1.3	0.079
			377.6	378.2	0.6	0.656
HU-316	4915	346	168.0	176.0	8.0	0.187
			225.0	225.4	0.4	0.406
			248.5	249.5	1.0	0.291
			289.2	291.0	1.8	0.067
HU-317	4915	300	145.0	146.0	1.0	0.212
			157.6	157.9	0.3	0.891
			174.7	181.7	7.0	0.071
HU-319	4954	261	214.0	216.4	2.4	0.106
HU-320	4833	471	385.0	386.0	1.0	0.111
HU-321	4954	279	151.0	172.0	21.0	0.068
HU-323	4833	285	211.0	213.0	2.0	0.107
HU-324	4847	453	179.6	180.2	0.6	0.248
			362.5	363.7	1.2	0.315
			379.6	399.2	19.6	0.220
			<i>including</i> 396.1	399.2	3.1	1.089
HU-327	4885	399	273.4	275.2	1.8	0.084
HU-328	4871	450	357.0	358.0	1.0	0.413
			361.0	362.0	1.0	0.146
			396.9	397.8	0.9	0.151
HU-329	5015	299	33.0	33.7	0.7	0.613
			41.0	43.1	2.1	0.230
HU-330	4897	417	344.5	345.2	0.7	0.443
HU-331	4673	359	295.5	321.0	25.5	0.192
			<i>including</i> 295.5	297.0	1.5	1.517
HU-332	4985	349	265.0	268.0	3.0	0.096
			277.4	278.0	0.6	0.198

Hole	Section (North)	Depth of Hole (metres)	From (metres)	To (metres)	Length (metres)	Avg. Grade (% U <sub>3</sub> O <sub>8</sub> )
HU-333	4985	222	138.0	140.2	2.2	0.077
			147.0	156.0	9.0	0.068
			168.5	175.5	7.0	0.050
			186.5	196.5	10.0	0.051
HU-334	4985	241	185.0	188.0	3.0	0.060
HU-337	4985	180	102.0	104.0	2.0	0.055
HU-339	5015	120	45.4	46.4	1.0	0.354
HU-341	5015	270	216.0	218.0	2.0	0.070
HU-343	5015	300	203.7	208.0	4.3	0.134
			223.0	225.0	2.0	0.059
HU-345	5045	270	180.0	182.0	2.0	0.058
HU-347	4858	300	107.0	109.0	2.0	0.118
			180.0	185.0	5.0	0.064
HU-348	4033	289	143.5	147.0	3.5	0.077
HU-349*	4845	519	108.9	111.3	2.4	0.115
			162.0	166.3	4.3	0.144
			213.9	215.4	1.5	0.199
			253.4	256.6	3.2	0.687
			264.6	265.6	1.0	0.153
			274.6	276.0	1.4	0.180
			303.0	308.6	5.6	0.183
			332.6	334.9	2.3	0.053
			348.0	349.0	1.0	0.108
			355.0	356.8	1.8	0.244
			372.5	376.0	3.5	0.061
			387.0	390.0	3.0	0.196
			433.0	438.0	5.0	0.076
476.0	503.0	27.0	0.068			
HU-350	4033	300	178.5	189.5	11.0	0.078

\* HU-349 interval also composites to 0.034% U<sub>3</sub>O<sub>8</sub> over 316.4 metres, including 84.6 metres that were not sampled and which have been composited at 0 grade.

#### Raven Drilling Results

The winter 2009 drilling program expanded the Raven Deposit an additional 250 metres west of the recent N.I. 43-101 compliant Raven resource. Mineralization intersected is primarily in extensions of the two previously defined principal zones within the Raven Deposit: the shallow-plunging Upper zone and the southeast-dipping Lower zone. In addition, two infill drill holes also better established continuity of mineralization within the existing resource area. Full results are listed in Table 9. Principal drilling intercepts include the following:

- 0.748% U<sub>3</sub>O<sub>8</sub> over 2.3 metres in hole RU-162 (section 5062E);
- 0.222% U<sub>3</sub>O<sub>8</sub> over 5.4 metres in hole RU-164 (section 5065E);
- 0.166% U<sub>3</sub>O<sub>8</sub> over 6.6 metres in hole RU-168 (section 4996E);
- 0.425% U<sub>3</sub>O<sub>8</sub> over 18.4 metres in hole RU-169 (section 4936E), including 1.095% U<sub>3</sub>O<sub>8</sub> over 3.1 metres;
- 0.191% U<sub>3</sub>O<sub>8</sub> over 6.2 metres also in hole RU-169 (section 4936E);
- 0.141% U<sub>3</sub>O<sub>8</sub> over 23.0 metres in hole RU-172 (infill hole, section 5529E);
- 0.108% U<sub>3</sub>O<sub>8</sub> over 30.0 metres in hole RU-175 (section 4911E);
- 0.060% U<sub>3</sub>O<sub>8</sub> over 28.0 metres in hole RU-177 (section 5613E);
- 0.169% U<sub>3</sub>O<sub>8</sub> over 23.0 metres in hole RU-179 (infill hole, section 5613E);
- 0.298% U<sub>3</sub>O<sub>8</sub> over 7.0 metres also in hole RU-179 (infill hole, section 5613E);
- 0.085% U<sub>3</sub>O<sub>8</sub> over 16.8 metres in hole RU-181 (section 5220E);
- 0.212% U<sub>3</sub>O<sub>8</sub> over 11.25 metres in hole RU-187 (infill hole, section 5000E);
- 0.087% U<sub>3</sub>O<sub>8</sub> over 15.0 metres also in hole RU-187 (infill hole, section 5000E);

- 0.120% U<sub>3</sub>O<sub>8</sub> over 25.0 metres in hole RU-192 (section 4915E);
- 0.800% U<sub>3</sub>O<sub>8</sub> over 1.5 metres in hole RU-195 (section 4936E);
- 0.138% U<sub>3</sub>O<sub>8</sub> over 12.0 metres in hole RU-197 (section 4937E);
- 0.228% U<sub>3</sub>O<sub>8</sub> over 10.3 metres in hole RU-206 (section 4968E); and
- 0.062% U<sub>3</sub>O<sub>8</sub> over 27.2 metres in hole RU-207 (section 5065E).

True thickness of the intercepts is variable since mineralized zones have complex shapes. Most zones are lensoidal.

Seven holes drilled east of the Raven Deposit (RU-191, 194, 196, 198, 201, 202 and 204) indicate that the principal mineralized zones are now bounded in this eastern area. Narrow intervals of mineralization were intersected in several of these holes, including 0.122% U<sub>3</sub>O<sub>8</sub> over 2.0 metres in drill holes RU-194, and intercepts of 0.152% U<sub>3</sub>O<sub>8</sub> over 1.5 metres and 0.161% U<sub>3</sub>O<sub>8</sub> over 1.0 metres in hole RU-202. Similar to the holes drilled west of Horseshoe, these results suggest the potential for small mineralized pods between the two deposits, but bounding drill holes limit their potential size.

**Table 9**  
**Winter 2009 Raven Drilling Program**  
**Intersections from Drill Holes RU-161 to RU-216.**

Only intervals with composite grades greater than 0.05% U<sub>3</sub>O<sub>8</sub> and a grade-thickness product greater than 0.1 are listed below. All analyses were performed by Saskatchewan Research Council by ICP. No intervals greater than 0.05% U<sub>3</sub>O<sub>8</sub> and a grade thickness product higher than 0.1 were intersected in holes RU-165, 166, 173, 176, 178, 180, 183, 184, 188, 190, 196, 198, 201, 203, 204, 205, 208, 210, 212, 214, 215, and 216.

<i>Hole</i>	<b>Section (East)</b>	<b>Depth of Hole (metres)</b>	<b>From (metres)</b>	<b>To (metres)</b>	<b>Length (metres)</b>	<b>Avg. Grade (% U<sub>3</sub>O<sub>8</sub>)</b>
RU-161	5062	320	232.3	237.3	5.0	0.133
			260.4	261.5	1.1	0.343
			270.4	271.5	1.1	0.276
RU-162	5062	299	140.7	143.0	2.3	0.092
			221.3	223.0	1.7	0.103
			231.7	234.0	2.3	0.748
RU-163	5062	291	137.3	145.0	7.7	0.090
RU-164	5065	212	115.8	121.2	5.4	0.222
			132.0	133.5	1.5	0.065
RU-167	5060	380	296.2	298.0	1.8	0.060
			309.0	313.0	4.0	0.068
			321.4	322.3	0.9	0.120
RU-168	4996	356	93.0	94.0	1.0	0.195
			102.0	103.0	1.0	0.115
			252.5	253.5	1.0	0.098
			275.8	282.4	6.6	0.166
			<i>including</i>	275.8	276.1	0.3
RU-169	4936	380	163.0	169.2	6.2	0.191
			187.8	190.0	2.2	0.079
			201.0	219.4	18.4	0.425
			<i>including</i>	214.3	217.4	3.1
RU-170	4936	386	188.8	190.7	1.9	0.098
			204.4	205.4	1.0	0.105
RU-171	4936	320	149.0	151.0	2.0	0.072
			157.0	158.2	1.2	0.098
			215.0	218.0	3.0	0.241
			225.9	226.5	0.6	0.362
RU-172	5529	288	73.0	76.0	3.0	0.063
			88.0	111.0	23.0	0.141
			209.0	217.0	8.0	0.083

<i>Hole</i>	<b>Section (East)</b>	<b>Depth of Hole (metres)</b>	<b>From (metres)</b>	<b>To (metres)</b>	<b>Length (metres)</b>	<b>Avg. Grade (% U<sub>3</sub>O<sub>8</sub>)</b>
RU-174	5562	309	96.5	98.0	1.5	0.117
			106.5	108.0	1.5	0.199
			243.0	251.0	8.0	0.084
RU-175	4911	251	144.7	174.7	30.0	0.108
RU-177	5613	279	216.0	244.0	28.0	0.060
RU-179	5613	291	105.0	108.5	3.5	0.072
			146.0	149.0	3.0	0.132
			171.0	194.0	23.0	0.169
			221.0	228.0	7.0	0.298
			240.0	243.5	3.5	0.074
RU-181	5220	345	286.2	303.0	16.8	0.085
RU-182	5000	251	185.0	187.0	2.0	0.078
			212.4	223.0	10.6	0.066
RU-185	4886	420	173.5	174.5	1.0	0.110
			189.0	191.5	2.5	0.232
			347.5	354.0	6.5	0.082
RU-186	5000	161	134.5	138.5	4.0	0.046
RU-187	5000	212 <i>including</i>	63.8	75.0	11.2	0.212
			63.8	68.1	4.3	0.483
			99.0	114.0	15.0	0.087
			133.0	137.0	4.0	0.067
			165.0	172.0	7.0	0.119
195.0	203.0	8.0	0.096			
RU-189	4886	399	165.4	167.0	1.6	0.277
RU-191	5780	259	212.0	214.0	2.0	0.053
RU-192	4915	212	123.5	127.0	3.5	0.147
			158.5	183.5	25.0	0.120
RU-193	4915	200	165.0	166.8	1.8	0.115
RU-194	5780	330	225.0	227.0	2.0	0.122
			258.0	260.5	2.5	0.046
RU-195	4936	260	145.0	146.0	1.0	0.204
			165.5	168.0	2.5	0.100
			190.5	192.0	1.5	0.800
			202.0	220.5	18.5	0.052
RU-197	4937	245	132.0	144.0	12.0	0.138
			206.0	208.0	2.0	0.215
RU-199	4937	227	177.0	180.0	3.0	0.068
			189.8	190.3	0.5	0.733
RU-200	5060	395	311.0	315.8	4.8	0.081
RU-202	5755	370	96.5	98.0	1.5	0.152
			117.0	118.0	1.0	0.161
RU-206	4968	468 <i>including</i>	149.0	151.0	2.0	0.054
			232.2	242.5	10.3	0.228
			233.4	237.1	3.7	0.474
295.5	300.0	4.5	0.120			
RU-207	5065	335	260.8	288.0	27.2	0.062
RU-209	4968	350	153.0	155.0	2.0	0.059
			228.5	231.5	3.0	0.075
RU-211	4968	351	163.0	164.0	1.0	0.695
			188.5	189.5	1.0	0.100
			199.0	208.0	9.0	0.064
RU-213	4968	302	109.3	116.0	6.7	0.038
			220.5	221.0	0.5	0.364

### Winter/Spring 2009 Geophysical Program in the Raven-Horseshoe Area

A geophysical program consisting of approximately 210 line-kilometres of linecutting, 170 line-kilometres of DC Resistivity and 130 line-kilometres of gravity was carried out from late March to May 2009. The geophysical surveys were carried out in areas to the north, south and west of the Raven and Horseshoe Deposits. Preliminary processing and interpretation of the DC resistivity and gravity survey results were used to help to define priority targets outside the known areas of mineralization for follow-up during a summer 2009 drilling program.

### Summer 2009 Exploration Program at the Hidden Bay Project

A summer 2009 diamond drilling program at the Hidden Bay Project consisting of 49 holes totaling 15,071 metres commenced on July 8<sup>th</sup> and was completed on September 11<sup>th</sup>. Two drills, operated by Driftwood Diamond Drilling Ltd. of Smithers, BC, were utilized during the program.

With the successful expansion of the Raven and Horseshoe Deposits by stepout drilling in the winter of 2009, drilling has now largely tested the areas of previous historical drilling by Gulf Minerals Corporation. Parts of some mineralized zones which remain partially open were tested with several drill holes this summer. Areas of clay alteration and interpreted structures defined by previous drill holes and 2009 resistivity surveys were tested in the proximity of the Raven and Horseshoe Deposits. In the Vixen Lake area to the northwest, drilling tested the source area of pitchblende mineralization that occurs in glacial till and coincides with anomalous DC Resistivity lows identified during the winter 2009 geophysical program. Twenty-three holes totaling 7,103 metres were completed in the Horseshoe, Raven and adjacent areas. Geochemical results from this drilling program are pending.

A further 7,968 metres of drilling in twenty-six holes were completed in the Telephone Lake area in the northwestern parts of the Hidden Bay Project. This area, which lies just south of and along strike from the Sue Deposits on the adjacent McClean Lake mine operated by AREVA, contains the potential for the discovery of a Sue C or Eagle Point style mineralization along the Telephone Lake Fault. Drilling targeted areas of mineralization down dip from previous mineralized intercepts near the Athabasca unconformity that include values of 0.20% U<sub>3</sub>O<sub>8</sub> over 6.8 metres in 2006 drill hole SP-166, and 4.52% U<sub>3</sub>O<sub>8</sub> over 0.5 metres in 2005 drill hole SP-156. Geochemical results from this drilling program are pending.

### West Bear Deposit

On January 5, 2009, UEX announced it had received a N.I. 43-101 compliant resource estimate report from Golder for the West Bear Deposit. The mineral resource estimate contains 78,914 tonnes grading 0.908% U<sub>3</sub>O<sub>8</sub> in the Indicated category containing 1.58 million pounds U<sub>3</sub>O<sub>8</sub> at a cut-off grade of 0.05% U<sub>3</sub>O<sub>8</sub>. A supporting technical report entitled "Technical Report on the Hidden Bay Property, Saskatchewan, Canada including Mineral Resource Estimates for Horseshoe, Raven and West Bear Deposits" by K. Palmer, P.Geol. with an effective date of January 23, 2009 was filed on SEDAR on February 19, 2009.

The updated January 2009 West Bear resource estimate was prepared by K. Palmer, P.Geol., of Golder, who is independent of UEX. The resource calculation utilized the results from 216 drill holes totaling 6,400 metres which were completed during the 2005 and 2007 sonic drilling programs. Total contained Indicated uranium resources at the West Bear Deposit have not significantly changed from the December 2007 N.I. 43-101 compliant resource calculation, also prepared by K. Palmer, P.Geol. (73,800 tonnes grading 1.00% U<sub>3</sub>O<sub>8</sub>, containing 1.61 million pounds of U<sub>3</sub>O<sub>8</sub> using a cut-off grade of 0.15% U<sub>3</sub>O<sub>8</sub> – see December 13, 2007 news release). The resource estimate was calculated using a minimum cut-off grade of 0.01% U<sub>3</sub>O<sub>8</sub> utilizing a geostatistical-block model technique with ordinary kriging methods and the DATAMINE Studio 3 software package.

The new resource reported below reflects the remodeling of the deposit after significant resampling of drill core was undertaken to better define mineralization outlines. The changes in volume, with corresponding decrease in grade with respect to the December 2007 N.I. 43-101 compliant Indicated resource, reflect incorporation of lower-grade material in the new resource outlines. All resources at West Bear are classified as Indicated; details at different cut-off levels are provided in Table 10 below:

**Table 10**  
**January 2009 Indicated Mineral Resources at the West Bear Deposit**  
**with Tonnes and Grade at Various U<sub>3</sub>O<sub>8</sub> Cut-off Grades.**

<b>Cutoff</b>	<b>Tonnes</b>	<b>Dry Density</b>	<b>U<sub>3</sub>O<sub>8</sub> (%)</b>	<b>U<sub>3</sub>O<sub>8</sub> (lbs)</b>
0.01	209,655	1.99	0.36	1,654,594
0.02	188,137	1.99	0.40	1,646,208
0.03	112,950	1.99	0.65	1,605,245
0.04	85,265	2.02	0.84	1,584,573
<b>0.05</b>	<b>78,914</b>	<b>2.03</b>	<b>0.91</b>	<b>1,578,500</b>
0.10	76,067	2.03	0.94	1,574,010
0.15	70,316	2.04	1.01	1,557,586
0.20	63,767	2.04	1.09	1,532,152
0.25	57,332	2.04	1.19	1,500,142
0.30	52,067	2.04	1.28	1,468,219
0.35	47,764	2.04	1.37	1,437,236
0.40	43,560	2.05	1.46	1,402,640

The information in this document regarding West Bear has been compiled and reviewed by Sierd Eriks, P.Geo., a qualified person as defined by N.I. 43-101.

#### West Bear Metallurgical Testing

Melis Engineering Ltd. of Saskatoon, SK oversaw a confirmation metallurgical testing program using representative composites derived from fresh drill core samples collected from the 2007 sonic drilling program. The composites were processed at SGS Lakefield Research Ltd. of Lakefield, ON to confirm leach and effluent treatment conditions on fresh samples of core.

#### West Bear Pre-Feasibility Study

The pre-feasibility study of West Bear is nearing completion under the direction of Golder. This study examined 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 carried out mine, open-pit slope, and waste dump design work. The study also included cash flow analyses and projections in order to determine net present values and internal rates of return for West Bear at various uranium price levels.

West Bear uranium mineralization occurs at a vertical depth of between 10 and 31 metres (approximately 33 to 100 feet) from surface and is one of the shallowest undeveloped uranium deposits in the Athabasca Basin. Combined with the relatively soft nature of the host rocks and overburden, UEX believes that the deposit could be mined using low-cost, open-pit techniques within a very short timeframe. The deposit is located close to two existing uranium mills, Cameco's Rabbit Lake Mill and the McClean Lake Mill, operated by AREVA.

#### **Black Lake Project**

The Black Lake Project ("Black Lake") is located within the northern part of the Athabasca Basin 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, Saskatchewan.

No significant exploration work was conducted on the Black Lake Project during 2009.

### **Riou Lake Project**

The Riou Lake Project ("Riou Lake") consists of 12 claims totaling 32,306 hectares and is located within the northern Athabasca Basin near the town of Stony Rapids, Saskatchewan.

No significant exploration work was conducted on the Riou Lake Project during 2009.

### **Northern Athabasca Projects**

UEX's 100%-owned Northern Athabasca Projects consists of five projects totaling 72,537 hectares in 21 claims located on the northern rim of the Athabasca Basin near Stony Rapids, Saskatchewan.

No significant exploration work was conducted on the Northern Athabasca Projects during 2009.

### **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 50.7% interest and JCU owns a 49.3% interest in Beatty River. UEX entered into an agreement dated June 15, 2004 with JCU wherein JCU granted UEX an option to acquire a 25% 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, 2010.

No significant exploration work was conducted on the Beatty River Project during 2009.

### **Liquidity and Capital Resources**

As UEX has not begun production on any of its exploration and development properties, the Company does not generate cash from operations. As at September 30, 2009 the Company had current assets of \$16,478,751, including \$16,076,189 in cash and cash equivalents, compared to current assets as at December 31, 2008 that totaled \$24,785,318. Working capital at September 30, 2009 was \$14,111,011, compared to working capital of \$19,501,945 at December 31, 2008. The Company's cash balances are invested in highly liquid bankers' acceptance notes, fully guaranteed by the bank, with terms of 90 days or less.

Accounts payable and accrued liabilities at September 30, 2009 were \$2,367,740, which is lower than the amount at December 31, 2008 of \$5,283,373.

The Company has an obligation under an operating lease for its office premises. The future minimum lease payments are as follows: 2009 - \$10,196; and 2010 - \$37,384. The Company has no other financial commitments or obligations beyond those required to fund exploration and development related to the maintenance and title of its mineral dispositions and its option agreement obligations to JCU.

The Company's net future income tax liability of \$15,091,211 at September 30, 2009 is comprised of a \$16,141,219 future income tax liability related to the tax effect of the difference between the carrying value of the Company's mineral properties and their tax values, offset by the Company's future income tax assets totaling \$1,050,008. At December 31, 2008, the Company's net future income tax liability was \$15,058,296.

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, and the ability to obtain sufficient financing to put the project into production.

## **Off-Balance Sheet Arrangements**

The Company does not have any off-balance sheet arrangements.

## **Financial Instruments**

The Company's financial instruments consist of cash and cash equivalents, amounts receivable and accounts payable and accrued liabilities. Cash and cash equivalents are designated as held for trading and carried at fair value, with the unrealized gain or loss recorded in the statement of operations. Interest income is recorded in the statement of operations. Amounts receivable are classified as loans and receivables, and accounts payable and accrued liabilities are classified as other financial liabilities, and recorded at amortized cost using the effective interest rate method. In addition, any impairment of loans and receivables is deducted from amortized cost. The Company does not hold any derivative financial instruments.

The carrying amounts of cash and cash equivalents, amounts receivable and accounts payable and accrued liabilities are a reasonable estimate of their fair values because of the short period to maturity of these instruments.

## **Adoption of New Accounting Policies**

Effective January 1, 2009, the Company adopted the following accounting standards updates issued by the CICA:

### *i) Goodwill and Intangible Assets*

CICA Handbook Section 3064 "Goodwill and Intangible Assets" replaced Section 3062 "Goodwill and Other Intangible Assets" and Section 3450 "Research and Development Costs". The new pronouncement establishes standards for the recognition, measurement, presentation, and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. The adoption of this standard had no effect on the Company's interim financial statements.

### *ii) Credit Risk and the Fair Value of Financial Assets and Liabilities*

Emerging Issues Committee ("EIC") abstract 173 "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities" clarifies that an entity should take into account its own credit risk and counterparty credit risk in determining the fair value of financial assets and liabilities, including derivatives. The adoption of this abstract had no effect on the Company's interim financial statements.

### *iii) Mining Exploration Costs*

EIC-174 "Mining Exploration Costs" clarifies guidance related to capitalization of exploration costs and impairment of capitalized costs. The adoption of this abstract had no effect on the Company's interim financial statements.

## **International Financial Reporting Standards ("IFRS")**

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian generally accepted accounting principles ("Canadian GAAP") with IFRS over an expected five-year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly accountable companies to use IFRS, replacing Canadian GAAP. This date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. The Company is currently assessing the financial reporting impact of the transition to IFRS.

## **Risks and Uncertainties**

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

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

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

### **Uranium price fluctuations could adversely affect UEX.**

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

### **Competition from other energy sources and public acceptance of nuclear energy.**

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

### **Competition in the uranium industry could adversely affect UEX.**

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

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

The Company has sufficient financial resources to carry out planned exploration on all its projects into 2009, and to fund its general administrative costs; however, there are no revenues from operations and no assurances that sufficient funding will be available to conduct further exploration and development of its projects, or to fund exploration expenditures under the terms of any option agreements, after that time. If the Company's exploration and development

programs are successful, additional funds will be required for the development of one or more projects. Failure to obtain additional funding could result in the delay or indefinite postponement of further exploration and development, or the possible loss of the Company's properties. It is intended that such funding will be obtained primarily from future equity issues. If additional funds are raised from the issuance of equity or equity-linked securities, the percentage ownership of the current shareholders of UEX will be reduced, and the newly issued securities may have rights, preferences or privileges senior to or equal to those of the holders of UEX's existing common shares. The ability of UEX to raise additional capital, and the cost of such capital, will depend upon market conditions from time to time. There can be no assurances that such funds will be available at reasonable cost, or at all.

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

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

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

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

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

**Dependence on key management employees.**

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

**Resource estimates are based on interpretation and assumptions.**

Mineralization figures presented in this document and in UEX's filings with securities regulatory authorities, press releases and other public statements that may be made from time to time are

based upon estimates. These estimates are imprecise and depend upon geological interpretation and statistical inferences drawn from drilling and sampling analysis, which may prove to be unreliable. There can be no assurance that these estimates will be accurate or this mineralization could be mined or processed profitably.

Because UEX has not commenced production on any of its properties, and has not defined or delineated any proven or probable reserves on any of its properties, mineralization estimates for UEX's properties may require adjustments or downward revisions based upon further exploration or development work, actual production experience, or future changes in uranium price. In addition, the grade of mineralization ultimately mined, if any, may differ from that indicated by drilling results. There can be no assurance that minerals recovered in small-scale tests will be duplicated in large-scale tests under on-site conditions or in production scale.

In addition, certain of the resource estimates presented in this document and in UEX's filings with securities regulatory authorities, press releases and other public statements that may be made from time to time are historical estimates. These historical estimates were not made using current Canadian Institute of Mining, Metallurgy and Petroleum categories and no current resource or reserve confidence categories were applied. As a result, these estimates are not compliant with N.I. 43-101. UEX has not independently verified the results of these historical resource estimates and they may not be reliable.

### **Critical Accounting Estimates**

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

**Valuation of Mineral Properties** - The amounts shown for mineral properties and deferred exploration costs represent costs to date, and do not necessarily represent present or future values, as they are entirely dependent upon the economic recovery of current and future reserves. All acquisition, exploration, development and start-up costs are capitalized until such time as the project to which they relate is put into commercial production, sold, abandoned or recovery of costs is determined to be unlikely by management.

**Asset Retirement Obligations** - The Company's mining, exploration and development activities are subject to various environmental government regulations, including those for asset retirement obligations. The Company'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** - The Company uses the Black-Scholes Option-Pricing Model to determine the fair value of options granted. Option-pricing models require management to estimate and input highly subjective assumptions including the expected future price volatility and the expected life of the options. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options granted.

### **Disclosure Controls and Procedures**

The Company has established disclosure controls and procedures to ensure that information disclosed in this MD&A and the related financial statements was properly recorded, processed, summarized and reported to the Company's Board and Audit Committee.

## **Internal Controls Over Financial Reporting**

The Company's certifying officers acknowledges that they are responsible for designing internal controls over financial reporting, or causing them to be designed under their supervision, in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP.

There have been no changes in the Company's internal controls over financial reporting that occurred during the most recent interim period ended September 30, 2009 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

## **Caution Regarding Forward-Looking Statements**

Statements contained in this document that 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 Company'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. Except as required by applicable securities laws (and UEX's disclosure policy), 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 Company's Annual Information Form for the year ended December 31, 2008 is available at [www.sedar.com](http://www.sedar.com) or at UEX's website at [www.uex-corporation.com](http://www.uex-corporation.com)

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**UEX CORPORATION**  
**INTERIM FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**  
*(Unaudited - Prepared by Management)*

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PH: (604) 669-2349 FAX: (604) 669-1240 [uex@uex-corporation.com](mailto:uex@uex-corporation.com)

## **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.

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**UEX CORPORATION**  
**INTERIM BALANCE SHEETS**  
*(Unaudited - Prepared by Management)*

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	September 30 2009	December 31 2008
	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	16,076,189	24,166,305
Amounts receivable	277,966	432,243
Prepaid expenses	124,596	186,770
	<hr/>	<hr/>
	16,478,751	24,785,318
<b>Equipment</b> (Note 3)	168,609	210,532
<b>Mineral properties</b> (Note 4)	144,254,003	129,988,477
	<hr/>	<hr/>
	160,901,363	154,984,327
<hr/>		
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	2,367,740	5,283,373
<b>Future income taxes</b> (Note 5)	15,091,211	15,058,296
	<hr/>	<hr/>
	17,458,951	20,341,669
<hr/>		
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 6)	133,112,613	124,699,739
Contributed surplus (Note 7)	36,910,039	29,324,721
Deficit	(26,580,240)	(19,381,802)
	<hr/>	<hr/>
	143,442,412	134,642,658
	<hr/>	<hr/>
	160,901,363	154,984,327
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Commitments (Note 9)

APPROVED BY THE DIRECTORS

Graham C. Thody (Signed)

Colin C. Macdonald (Signed)

Refer to accompanying notes.

**UEX CORPORATION****INTERIM STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT***(Unaudited - Prepared by Management)*

	Three-Month Period Ended September 30 2009 \$	Three-Month Period Ended September 30 2008 \$	Nine-Month Period Ended September 30 2009 \$	Nine-Month Period Ended September 30 2008 \$
<b>Expenses</b>				
Amortization	2,912	3,166	7,913	8,367
Bank charges and interest	665	867	2,150	2,657
Donations	-	-	-	105,000
Filing fees and stock exchange	3,697	23,550	93,170	167,130
General and administration	35,595	54,537	157,114	191,630
Insurance	11,254	11,774	33,761	35,322
Legal and audit	35,578	21,780	122,701	120,798
Rent	19,288	18,863	69,697	68,715
Salaries and benefits	122,304	117,144	371,311	344,068
Stock-based compensation	1,475,623	2,084,008	6,616,539	8,777,624
Telephone	3,095	2,814	7,541	6,213
Travel and promotion	168	17,595	7,414	61,767
<b>Loss before the following</b>	<b>(1,710,179)</b>	<b>(2,356,098)</b>	<b>(7,489,311)</b>	<b>(9,889,291)</b>
Investment income	11,981	251,284	76,300	1,041,847
<b>Loss before income taxes</b>	<b>(1,698,198)</b>	<b>(2,104,814)</b>	<b>(7,413,011)</b>	<b>(8,847,444)</b>
Future income tax recovery (Note 5)	60,073	6,711	214,573	20,087
<b>Net loss and comprehensive loss for the period</b>	<b>(1,638,125)</b>	<b>(2,098,103)</b>	<b>(7,198,438)</b>	<b>(8,827,357)</b>
Deficit, beginning of period	(24,942,115)	(17,307,062)	(19,381,802)	(10,577,808)
<b>Deficit, end of period</b>	<b>(26,580,240)</b>	<b>(19,405,165)</b>	<b>(26,580,240)</b>	<b>(19,405,165)</b>
<b>Basic and diluted loss per share</b>	<b>(0.009)</b>	<b>(0.011)</b>	<b>(0.038)</b>	<b>(0.048)</b>
<b>Weighted average number of shares outstanding</b>				
Basic	192,690,536	183,703,052	189,100,231	183,649,402
Diluted	193,004,813	184,757,819	189,391,201	185,037,124

Refer to accompanying notes.

**UEX CORPORATION**  
**INTERIM STATEMENTS OF CASH FLOWS**  
*(Unaudited - Prepared by Management)*

	Three-Month Period Ended September 30 2009	Three-Month Period Ended September 30 2008	Nine-Month Period Ended September 30 2009	Nine-Month Period Ended September 30 2008
	\$	\$	\$	\$
<b>Operating activities</b>				
Net loss for the period	(1,638,125)	(2,098,103)	(7,198,438)	(8,827,357)
Items not involving cash				
Amortization	2,912	3,166	7,913	8,367
Stock-based compensation	1,475,623	2,084,008	6,616,539	8,777,624
Future income tax recovery	(60,073)	(6,711)	(214,573)	(20,087)
Changes in non-cash working capital				
Amounts receivable	24,883	(49,502)	96,718	17,355
Prepaid expenses	2,823	111,040	62,174	53,377
Accounts payable and accrued liabilities	770	(43,267)	(188,785)	(61,532)
	(191,187)	631	(818,452)	(52,253)
<b>Investing activities</b>				
Mineral property expenditures	(4,218,277)	(7,759,521)	(15,540,820)	(23,598,047)
Purchase of equipment	(9,203)	(10,420)	(16,396)	(34,133)
	(4,227,480)	(7,769,941)	(15,557,216)	(23,632,180)
<b>Financing activities</b>				
Issuance of share capital	12,520	-	8,285,552	143,680
<b>Change in cash and cash equivalents during the period</b>				
	(4,406,147)	(7,769,310)	(8,090,116)	(23,540,753)
Cash and cash equivalents, beginning of period	20,482,336	36,059,031	24,166,305	51,830,474
<b>Cash and cash equivalents, end of period</b>	<b>16,076,189</b>	<b>28,289,721</b>	<b>16,076,189</b>	<b>28,289,721</b>
<b>Supplementary Information</b>				
Interest received	11,013	217,517	94,058	1,095,824
Non-cash transactions:				
Increase (decrease) in accounts payable and accrued liabilities relating to mineral property expenditures	47,396	(868,737)	(2,726,848)	(801,644)
Decrease (increase) in amounts receivable relating to mineral property expenditures	(26,688)	(210,125)	57,559	(760,497)
Non-cash stock-based compensation included in mineral property expenditures	207,597	716,276	980,820	1,977,545
Increase to mineral properties due to future income taxes	76,783	264,924	362,769	731,421
Amortization included in mineral properties	18,622	29,924	50,406	84,392

Refer to accompanying notes.

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**UEX CORPORATION**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2009**  
*(Unaudited - Prepared by Management)*

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**1. Nature of Operations**

The Company is in the process of exploring its mineral properties and has not yet determined whether its mineral properties contain reserves that are economically recoverable. The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable reserves in its mineral properties, the ability of the Company to obtain the necessary financing to complete exploration and development, the 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 proceeds from the disposition of its mineral properties.

**2. Basis of Presentation and Significant Accounting Policies**

These interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") 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, 2008.

a) Effective January 1, 2009, the Company adopted the following accounting standards updates issued by the CICA:

*i)* Goodwill and Intangible Assets

CICA Handbook Section 3064 "Goodwill and Intangible Assets" replaced Section 3062 "Goodwill and Other Intangible Assets" and Section 3450 "Research and Development Costs". The new pronouncement establishes standards for the recognition, measurement, presentation, and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. The adoption of this standard had no effect on these interim financial statements.

*ii)* Credit Risk and the Fair Value of Financial Assets and Liabilities

Emerging Issues Committee ("EIC") abstract 173 "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities" clarifies that an entity should take into account its own credit risk and counterparty credit risk in determining the fair value of financial assets and liabilities, including derivatives. The Company's adoption of this abstract had no effect on these interim financial statements.

*iii)* Mining Exploration Costs

EIC-174 "Mining Exploration Costs" clarifies guidance related to capitalization of exploration costs and impairment of capitalized costs. The Company's adoption of this abstract had no effect on these interim financial statements.

b) International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five-year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly accountable companies to use IFRS, replacing Canadian GAAP. This date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. The Company is currently assessing the financial reporting impact of the transition to IFRS.

**UEX CORPORATION**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2009**  
*(Unaudited - Prepared by Management)*

**3. Equipment**

			September 30 2009	December 31 2008
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Exploration equipment	313,198	207,177	106,021	136,801
Computer equipment	110,124	67,923	42,201	53,107
Computer software	124,088	111,801	12,287	11,094
Furniture and fixtures	11,704	3,604	8,100	9,530
	559,114	390,505	168,609	210,532

**4. Mineral Properties**

The continuity of exploration and development expenditures on mineral properties is as follows:

Projects	Balance December 31 2008	Exploration and development expenditures during the period	Balance September 30 2009
	\$	\$	\$
Hidden Bay	59,337,816	9,430,318	68,768,134
Western Athabasca	40,454,607	4,605,228	45,059,835
Black Lake	15,253,114	133,018	15,386,132
Riou Lake	8,931,497	77,842	9,009,339
Northern Athabasca	5,413,862	11,771	5,425,633
Beatty River	597,581	7,349	604,930
	129,988,477	14,265,526	144,254,003

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

(a) Hidden Bay Project

The Company's 100%-owned Hidden Bay Project, including the West Bear, Raven and Horseshoe Deposits, is located in the eastern Athabasca Basin of northern Saskatchewan, Canada.

(b) Western Athabasca Projects

The Western Athabasca Projects, located in the western Athabasca Basin, which include the Anne, Colette and Kianna Deposits, consist of ten joint ventures with the Company holding a 49% interest and AREVA Resources Canada Inc. ("AREVA") holding a 51% interest as at September 30, 2009. The Company is in the process of preparing joint venture agreements with AREVA.

The Anne, Colette and Kianna Deposits are subject to a royalty of US\$0.212 per pound of U<sub>3</sub>O<sub>8</sub> sold, to a maximum of US\$10,000,000.

(c) Black Lake Project

The Black Lake Project, located in the northern Athabasca Basin, is a joint venture with the Company holding an 89.96% interest and AREVA holding a 10.04% interest as at December 31, 2008.

**UEX CORPORATION**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2009**  
*(Unaudited - Prepared by Management)*

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

(d) Riou Lake Project

The Company has a 100% interest in the Riou Lake Project located in the northern Athabasca Basin.

(e) Northern Athabasca Projects

The Company has a 100% interest in the Northern Athabasca Projects located in the northern Athabasca Basin.

(f) 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, by funding \$865,000 in exploration expenditures by December 31, 2008. On January 29, 2008, the deadline date was extended to December 31, 2010. At the time of the agreement, AREVA held a 50.7% interest and JCU held a 49.3% interest in the Beatty River Project. To date the Company has funded \$604,930 of exploration expenditures.

**5. Future Income Taxes**

A reconciliation of income taxes at statutory rates with the reported taxes for the three-month and nine-month periods ended September 30, 2009 and 2008 is as follows:

	Three-Month Period Ended September 30 2009 \$	Three-Month Period Ended September 30 2008 \$	Nine-Month Period Ended September 30 2009 \$	Nine-Month Period Ended September 30 2008 \$
<b>Loss before income taxes</b>	(1,698,198)	(2,104,814)	(7,413,011)	(8,847,444)
Income recovery at statutory rates	509,459	663,017	2,223,903	2,786,945
Non-deductible expenses and permanent differences	(442,712)	(656,407)	(1,985,488)	(2,766,534)
Future tax rate differences	(6,674)	101	(23,842)	(324)
<b>Future income tax recovery</b>	60,073	6,711	214,573	20,087

The tax effects of temporary differences that give rise to a significant portion of the Company's future income tax assets and liabilities at September 30, 2009 and December 31, 2008 are presented below:

	September 30 2009 \$	December 31 2008 \$
<b>Future income tax assets:</b>		
Loss carry forwards	548,199	335,762
Equipment	38,753	36,616
Share issuance costs	463,056	347,775
	<u>1,050,008</u>	<u>720,153</u>
<b>Future income tax liabilities:</b>		
Mineral properties	<u>(16,141,219)</u>	<u>(15,778,449)</u>
<b>Net future income tax liabilities</b>	<u>(15,091,211)</u>	<u>(15,058,296)</u>

**UEX CORPORATION**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2009**  
*(Unaudited - Prepared by Management)*

**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 \$
<b>Balance, December 31, 2008</b>	183,703,052	124,699,739
Issued for cash:		
Private placement, net of share issuance costs	8,700,000	8,273,032
Exercise of stock options	156,500	12,520
Contributed surplus transferred on exercise of stock options	-	12,041
Future income taxes on share issuance costs	-	115,281
<b>Balance, September 30, 2009</b>	<b>192,559,552</b>	<b>133,112,613</b>

On April 15, 2009, the Company issued 8,700,000 flow-through common shares at \$1.00 per share for gross proceeds of \$8,700,000, pursuant to a brokered private placement. A commission of \$348,000 was paid to the broker and \$78,968 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 September 30, 2009, and changes during the nine-month period then ended, are presented below:

	Number of Shares	Weighted-Average Exercise Price \$
<b>Outstanding – December 31, 2008</b>	11,051,200	2.65
Granted during the period	9,535,000	1.43
Exercised during the period	(156,500)	0.08
Cancelled during the period	(4,000,000)	3.02
<b>Outstanding – September 30, 2009</b>	<b>16,429,700</b>	<b>1.87</b>
<b>Exercisable – September 30, 2009</b>	<b>14,288,034</b>	<b>1.87</b>

During the period, the Company's President and CEO announced his retirement. His retirement agreement consisted of the cancellation of 4,000,000 existing share purchase options, the reduction of the expiration date on his remaining 3,000,000 share purchase options to a three-year period ended October 31, 2012, and the subsequent cash payment on November 1, 2009 of an amount equal to two years' salary.

**UEX CORPORATION**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2009**  
*(Unaudited - Prepared by Management)*

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

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

As at September 30, 2009, the Company had reserved a total of 16,429,700 common shares for issuance related to director, employee and consultant options, the details of which are as follows:

Exercise Prices	Number Outstanding September 30, 2009	Weighted-Average Remaining Contractual Life
\$		
0.84	300,000	4.8 years
0.95	575,000	4.9 years
1.20	4,020,000	6.5 years
1.34	1,685,000	10.0 years
1.45	6,350,000	7.3 years
1.80	99,700	5.8 years
2.75	175,000	5.4 years
3.56	850,000	6.9 years
4.22	2,375,000	7.6 years
	16,429,700	7.2 years

The estimated fair value of all options granted and vested during the nine-month period ended September 30, 2009 is \$7,597,359 (2008 - \$10,755,169). Included in deferred exploration and development expenditures is \$980,820 (2008 - \$1,977,545) of stock-based compensation. The unamortized balance of stock-based compensation expense for options that were not vested at September 30, 2009 is \$1,388,504.

The weighted-average fair value of options granted during the nine-month period ended September 30, 2009 was \$0.83 per option (2008 - \$1.40) using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	2009	2008
Volatility percentage	91%	77%
Risk-free interest rate	1.7%	3.0%
Dividend yield	-	-
Expected life of options	3 years	3 years

**7. Contributed Surplus**

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

	\$
<b>Contributed surplus, December 31, 2008</b>	29,324,721
Fair value of options granted and vested during the period	7,597,359
Transferred to share capital on exercise of stock options	<u>(12,041)</u>
<b>Contributed surplus, September 30, 2009</b>	<u>36,910,039</u>

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**UEX CORPORATION**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2009**  
*(Unaudited - Prepared by Management)*

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**8. Earnings (Loss) per Share**

Basic earnings (loss) per share is calculated using the weighted-average number of common shares outstanding and earnings (loss) available to shareholders. For all periods presented, earnings (loss) available to shareholders equals reported earnings (loss). The treasury stock method is used to calculate diluted earnings per share. However, outstanding options 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:

	\$
2009	10,196
2010	37,384

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

**10. Management of Capital**

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development programs on its mineral properties. The Company manages its capital structure, consisting of shareholders' equity and cash and cash equivalents, and makes adjustments to it, based on funds available to the Company, in order to support the exploration and development of its mineral properties. Historically, the Company has relied exclusively on the issuance of common shares for its capital requirements.

All of the Company's cash and cash equivalents are available for exploration and development programs and administrative operations. The Company has not changed its approach to capital management during the current period. The Company is not subject to any external capital restrictions.

**11. Management of Financial Risk**

The Company operates entirely in Canada and is therefore not subject to any significant foreign exchange risk. The Company's financial instruments are exposed to limited liquidity risk, credit risk and interest rate risk.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure as outlined in Note 10 of these interim financial statements. Accounts payable and accrued liabilities are due within the current operating period.

Credit risk is the risk of an unexpected loss if a third party to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk includes cash and cash equivalents and amounts receivable. The Company reduces its credit risk by maintaining its bank accounts at large international financial institutions. The maximum exposure to credit risk is equal to the carrying value of cash and cash equivalents and amounts receivable. The Company's investment policy is to invest its cash in highly liquid short-term interest-bearing investments, such as bankers' acceptance notes, with maturities 90 days or less from the original date of acquisition.

The Company holds a significant portion of its cash and cash equivalents in interest-bearing instruments. The primary objective of the Company's investment activities is to preserve principal while at the same time maximizing the income it receives from its investments without significantly increasing risk. To minimize interest rate risk, the Company maintains its portfolio of cash equivalents in highly liquid short-term interest-bearing investments, such as bankers' acceptance notes, with maturities 90 days or less from the original date of acquisition.



## Corporate Information

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### Corporate Office

**UEx Corporation**

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Web site: [www.uex-corporation.com](http://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.**

3<sup>rd</sup> Floor, 510 Burrard Street  
Vancouver, British Columbia V6C 3B9

### Directors & Officers

**Graham C. Thody**

*President, Chief Executive Officer, and Chairman*

**Colin C. Macdonald**

*Director*

**Suraj P. Ahuja**

*Director*

**Mark P. Eaton**

*Director*

**R. Sierd Eriks**

*Vice-President, Exploration*

**E. Louie Zioulas**

*Vice-President, Finance and Corporate Secretary*