



Quarterly Report
For the
Nine Months Ending
September 30, 2008

UEX Corporation, Vancouver, B.C., Canada



Message to Shareholders

During the nine months ended September 30, 2008, UEX Corporation (“UEX”, or the “Company”) funded over \$22.0 million of exploration and development drilling at 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 \$25.0 million in cash as of the date of this document. Preliminary exploration and development budgets for 2009 total approximately \$16.5 million, of which UEX will be responsible for approximately \$11.0 million.

At its 100%-owned Hidden Bay Project in the eastern Athabasca Basin, UEX continued to make important strides in exploration and development. The Company carried out significant drilling, engineering and environmental baseline programs on its Raven and Horseshoe Deposits (“Raven” and “Horseshoe”), and is advancing towards a full feasibility study on the West Bear Deposit (“West Bear”). New resource estimates have been received or are expected shortly at these deposits. A significant milestone was the recent receipt of a National Instrument 43-101 (“N.I. 43-101”) compliant resource estimate report from Golder Associates Ltd. (“Golder”) of Saskatoon, SK, for the Horseshoe Deposit showing a mineral resource estimate of 3.578 million tonnes grading 0.237% U_3O_8 in the indicated category containing 18.693 million pounds of U_3O_8 , and 0.311 million tonnes grading 0.208% U_3O_8 in the inferred category containing 1.426 million pounds of U_3O_8 at a cut-off of 0.05% U_3O_8 . Because the total contained quantity of U_3O_8 in the current Horseshoe resource on its own is close to the combined historical non-compliant resource at Raven and Horseshoe of 22.82 million pounds of U_3O_8 , we believe we are well-advanced in reaching our objective of identifying 30 million pounds of U_3O_8 in indicated status at our three Hidden Bay deposits in 2009. UEX plans to initiate a final feasibility study at Raven and Horseshoe following receipt of N.I. 43-101 compliant resource estimates for Raven expected later in 2008.

Also at Hidden Bay, UEX received an interim resource estimate report from Golder for the West Bear Deposit in December, 2007. The new resource estimate is 73,800 tonnes grading 1.004% U_3O_8 containing 1.614 million pounds of U_3O_8 using a cut-off grade of 0.15% U_3O_8 . It is based on the 2005 and 2007 sonic drilling programs and incorporates only the high-grade main deposit area, where mineralization occurs at a vertical depth of between 10 and 31 metres from surface. This new estimate shows an increase of 223,000 pounds of U_3O_8 representing a 16.0% increase in total pounds of U_3O_8 from the 2005 Cameco Corporation N.I. 43-101 compliant indicated resource estimate. Currently, a feasibility study led by Golder is underway to determine mining options for the deposit.

On its Western Athabasca Projects (the “Projects”), UEX received confirmation from AREVA Resources Canada Inc. (“AREVA”) in January 2008 that total expenditures incurred by UEX as of December 31, 2007 on the Projects exceeded \$30.0 million and UEX, now fully-vested, holds a 49% interest in the Projects. UEX and AREVA, as joint venture partners, have funded expenditures throughout 2008 on a pro rata basis: 49% by UEX and 51% by AREVA on the Projects which include the high-grade Anne, Colette and Kianna Deposits on the Shea Creek Project. AREVA and UEX believe that the Anne and Kianna Deposits are of size sufficient to warrant underground exploration so, in early 2007, a development program was commenced for the Shea Creek Project, which includes the permitting and construction of one or two exploration shafts budgeted at approximately \$100 million per proposed shaft.

The Shea Creek drilling continues to expand the Kianna Deposit, with multiple high-grade intersections, especially in the basement portion of the deposit, our main focus. The 2008 budget at Shea Creek includes \$10 million for development and \$10.3 million for exploration. Exploration drilling at Shea Creek commenced in early January 2008 and will continue until the end of November.

The management of UEX looks forward to the future exploration and development of its existing uranium projects.

"signed"

Stephen H. Sorensen, President & CEO

November 14, 2008

Management Discussion & Analysis

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

Overview

Strategy

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 by leveraging its strong partnerships with leading uranium producers, generate revenues through the sale of uranium production. UEX believes sustainable growth is best achieved by the acquisition and partnering of a diversified portfolio of prospective uranium projects at various stages of exploration and development, located in different but prospective geological domains in the Athabasca Basin. Since being listed on the Toronto Stock Exchange in July of 2002, UEX has aggressively pursued this strategy.

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 374,513 hectares (925,442 acres), are located on the eastern, western and northern perimeters of the Athabasca Basin, the world's richest uranium belt, which accounts for approximately 23% of global primary uranium production.

UEX 100% owned projects are the Hidden Bay Project, the Riou Lake Project, and the Northern Athabasca Projects, which is a collective term for the Butler Lake, Fond du Lac, Munroe Lake, Otherside River and Jacques Point projects, staked in 2004. UEX operates the Black Lake Project, a joint venture with AREVA under which UEX holds an 89.3% interest and AREVA holds a 10.7% interest. The Black Lake Project was the site of a new uranium discovery made by UEX during a drilling program in September 2004.

The Western Athabasca Projects, which include the Anne, Colette and Kianna Deposits, 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 is currently in the process of preparing joint venture agreements with AREVA.

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 50.71% interest and JCU owns a 49.29% interest in Beatty River. Under the agreement, UEX can earn a 25% interest in Beatty River by funding \$865,000 in exploration expenditures by December 31, 2010. As at September 30, 2008, UEX's expenditures under the option were approximately \$594,000.

Growth Strategy

The main growth strategies of UEX are:

- To continue the exploration and geotechnical drilling and development work required to delineate and develop economic resources at the Shea Creek Project;
- To initiate a final feasibility study at the Raven and Horseshoe Deposits following receipt of N.I. 43-101 compliant resource estimates for both deposits;
- To complete a final feasibility study at the West Bear Deposit;
- To maintain, aggressively explore and advance to discovery its other uranium projects; and
- To provide for a diversification of project stages (from early exploration through to development), project locations and project partners;

Uranium Industry Trends

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

Current trends are encouraging for explorers and producers of uranium. The uranium spot price has appreciated over 560% since January 2001 and by November 10, 2008 the spot price was US\$48.00 per pound U_3O_8 , after peaking at a spot price of US\$136.00 per pound U_3O_8 during June 2007. The long-term uranium price was US\$70.00 per pound U_3O_8 , as of October 27, 2008. (Spot and long-term uranium prices as reported by The Ux Consulting Company, LLC).

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

UEX believes that public opinion in many countries has moved in favour of nuclear power, and historically 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 cheapest source of electricity, and in recent months, several U.S. utilities have taken steps toward the 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 and AREVA, both of which produce principally from deposits in the Athabasca Basin of northern Saskatchewan. In 2007, worldwide annual consumption was estimated at approximately 174 million pounds U_3O_8 . World primary production in 2007 was approximately 107 million pounds U_3O_8 , which was about 8 million pounds less than industry predictions, due to production problems. The resulting shortfall between consumption and production has been covered by several secondary sources including excess inventories held by utilities, producers, other fuel cycle participants, reprocessed uranium and plutonium derived from used reactor fuel, and uranium derived from the dismantling of Russian nuclear weapons. These secondary sources will decline in importance as excess inventories and recycled uranium from nuclear weapons are progressively consumed over the next decade, resulting in the need for further primary mine supply.

Demand for uranium is directly linked to the level of electricity generated by nuclear power plants. As of February 2008, 439 reactors were in operation worldwide. Nuclear electricity generation worldwide is growing, since world nuclear generating capacity continues to expand as more reactors are built than are closed, and existing reactors are being operated at higher capacity.

Long-Term Outlook

In 2000, uranium spot prices reached a low of US\$7.10 per pound U₃O₈ due to the increased availability of secondary supplies, short-term lower demand, and increased inventory sales. The spot price is at US\$48.00 per pound U₃O₈ 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 high-grade uranium deposits means that uranium exploration must be accelerated in order to meet future demand.

The recent resurgence of concern over energy security and supply, and the corresponding interest in nuclear power as a reliable and clean source of energy, has heightened public awareness that new uranium supplies will be needed in the long term. The new uranium production is likely to come from deposits in Canada, Australia, Africa, Kazakhstan and the United States. Most deposits generally have much lower grades than the high-grade deposits in the Athabasca Basin, and consequently it is anticipated that the new supply will come at higher cost, which is expected to put further upward pressure on the uranium price over the next several years.

Selected Financial Information

The following is selected financial data from the audited financial statements of UEX for the last three completed fiscal years. The data should be read in conjunction with the audited financial statements for the year ending December 31, 2007 and the notes thereto.

For the Years Ended December 31

	2007	2006	2005
	\$	\$	\$
Investment income	3,034,219	3,266,404	812,979
Net earnings (loss) for the year	(5,472,534)	(3,690,166)	488,921
Basic and diluted earnings (loss) per share	(0.03)	(0.02)	0.00
Capitalized exploration and development expenditures, net of non-cash items	35,199,037	20,853,031	17,124,476
Total assets	153,021,833	137,994,482	83,128,228

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

	Sep. 2008	June 2008	March 2008	Dec. 2007	Sep. 2007	June 2007	March 2007	Dec. 2006
	\$	\$	\$	\$	\$	\$	\$	\$
Investment income	251,284	311,467	479,096	693,362	762,380	754,608	823,869	846,630
Net earnings (loss) for the period	(2,098,103)	(5,922,594)	(806,660)	2,120,037	(8,373,384)	261,419	249,394	357,526
Basic and diluted earnings (loss) per share	(0.011)	(0.032)	(0.004)	0.011	(0.046)	0.001	0.001	0.002
Capitalized exploration and development expenditures, net of non-cash items	6,680,659	6,065,319	9,289,928	8,988,909	8,840,867	6,778,834	10,590,427	3,652,544
Total assets	154,941,483	154,893,093	154,368,149	153,021,833	153,017,409	148,362,637	148,186,531	137,994,482

Share Capital

The Company is authorized to issue an unlimited number of common shares without par value, of which 183,703,052 common shares were issued and outstanding as of September 30, 2008, 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 14, 2008, the number of common shares outstanding was 183,703,052.

At September 30, 2008, the Company had reserved a total of 18,276,200 common shares related to director, employee and consultant options, the details of which are as follows:

<u>Exercise Prices</u>	<u>Number Outstanding, September 30, 2008</u>	<u>Weighted Average Remaining Contractual Life</u>
\$ 0.08	156,500	5.0 years
0.84	300,000	5.8 years
0.95	575,000	5.9 years
1.20	4,020,000	9.7 years
1.80	99,700	6.8 years
2.75	175,000	6.4 years
3.56	1,850,000	7.9 years
4.22	3,875,000	9.1 years
4.41	1,000,000	9.5 years
5.00	1,550,000	7.3 years
5.02	1,000,000	8.4 years
6.40	3,675,000	8.3 years
	<u>18,276,200</u>	<u>8.7 years</u>

Results of Operations for the Three Months Ended September 30, 2008

For the three-month period ended September 30, 2008, the Company reported a net loss of \$2,098,103 compared to a net loss of \$8,373,384 for the three months ended September 30, 2007. The lower net loss for the three months ended September 30, 2008 was due primarily to a \$6,640,382 decrease in stock-based compensation expense.

Investment income was \$251,284 for the three months ended September 30, 2008, compared to \$762,380 for the three months ended September 30, 2007, a decrease of \$511,096 due to the investment during the period of lower cash balances than those invested during the three months ended September 30, 2007, and due to lower interest rates.

The granting and vesting of stock options during the three months ended September 30, 2008 resulted in a total stock-based compensation expense of \$2,800,284, of which \$716,276 was allocated to mineral property expenditures and the remaining \$2,084,008 was charged to operations. Total stock-based compensation expense for the three months ended September 30, 2007 was \$9,754,102, of which \$1,029,712 was allocated to mineral property expenditures and \$8,724,390 was charged to operations.

The future income tax recovery of \$6,711 during the three months ended September 30, 2008 reflects the benefit of the increase in future income tax assets during the period. The future income tax expense of \$154,687 for the three months ended September 30, 2007 was due to the reduction of future income tax assets applied against the taxable income generated during that period.

Operating expenses before stock-based compensation expense for the three months ended September 30, 2008 were \$272,090 compared to \$256,687 for the three months ended September 30, 2007, an increase of \$15,403.

General and administrative expenses totaled \$54,537 for the three months ended September 30, 2008, higher than the general and administrative expenses of \$45,408 for the three months ended September 30, 2007, due to higher office costs attributed to an increase in the Company's

business activity. Salaries and benefits totaled \$117,144 during the three months ended September 30, 2008, an increase over the salaries and benefits of \$92,430 incurred by the Company during the three months ended September 30, 2007, due to higher salary costs attributed to the increase in the Corporation's business activity. Rent costs for the three months ended September 30, 2008 were \$18,863, compared to rent costs of \$13,798 during the three months ended September 30, 2007, an increase of \$5,065 due to greater office space requirements. Legal and audit expenses for the three months ended September 30, 2008 were \$21,780, lower than the legal and audit expenses of \$39,347 during the three months ended September 30, 2007, due to a lower level of legal services provided to the Company during the current period. Filing fees and stock exchange fees decreased during the three months ended September 30, 2008 to \$23,550 compared to \$36,565 over the same period in 2007, due mainly to lower transfer agent fees.

Results of Operations for the Nine Months Ended September 30, 2008

For the nine-month period ended September 30, 2008, the Company reported a net loss of \$8,827,357 compared to a net loss of \$7,862,571 for the nine months ended September 30, 2007. The higher net loss for the nine months ended September 30, 2008 was primarily due to a \$1,299,010 decrease in investment income.

Investment income was \$1,041,847 for the nine months ended September 30, 2008, compared to \$2,340,857 for the nine months ended September 30, 2007, a decrease of \$1,299,010 due to the investment during the period of lower cash balances than those invested during the nine months ended September 30, 2007, and due to lower interest rates.

The granting and vesting of stock options during the nine months ended September 30, 2008 resulted in a total stock-based compensation expense of \$10,755,169, of which \$1,977,545 was allocated to mineral property expenditures and the remaining \$8,777,624 was charged to operations. Total stock-based compensation expense for the nine months ended September 30, 2007 was \$10,976,200, of which \$2,159,112 was allocated to mineral property expenditures and \$8,817,088 was charged to operations.

The future income tax recovery of \$20,087 during the nine months ended September 30, 2008 reflects the benefit of the increase in future income tax assets during the period. The future income tax expense of \$430,816 for the nine months ended September 30, 2007 was due to the reduction of future income tax assets applied against the taxable income generated during that period.

Operating expenses before stock-based compensation expense for the nine months ended September 30, 2008 were \$1,111,667 compared to \$955,524 for the nine months ended September 30, 2007, a difference of \$156,143, due mainly to a \$100,000 donation to the Saskatchewan Research Council toward its uranium lab expansion, and an increase in the Company's business activity during the nine months ended September 30, 2008.

General and administrative expenses were \$191,630 for the nine months ended September 30, 2008, higher than the general and administrative expenses of \$171,722 for the nine months ended September 30, 2007, due to higher office costs attributed to an increase in the Company's business activity. Salaries and benefits totaled \$344,068 during the nine months ended September 30, 2008, an increase over the salaries and benefits of \$321,898 incurred by the Company during the nine months ended September 30, 2007, due to higher salary costs attributed to the increase in the Corporation's business activity. Rent costs for the nine months ended September 30, 2008 were \$68,715, compared to rent costs of \$51,047 during the nine months ended September 30, 2007, an increase of \$17,668 due to greater office space requirements. Legal and audit expenses for the nine months ended September 30, 2008 were \$120,798, lower than the legal and audit expenses of \$137,176 during the nine months ended September 30, 2007, due to a lower level of legal services provided to the Company during the current period. Filing fees and stock exchange fees decreased in the nine months ended September 30, 2008 to \$167,130 compared to \$175,313 over the same period in 2007, due mainly to lower transfer agent fees.

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

Project	Balance December 31, 2007	Exploration & Development Expenditures During the Period	Balance September 30, 2008
Western Athabasca	\$ 30,702,947	\$ 6,111,976	\$ 36,814,923
Hidden Bay	41,273,130	15,487,704	56,760,834
Black Lake	13,883,916	1,598,570	15,482,486
Riou Lake	7,454,397	1,468,033	8,922,430
Beatty River	588,459	6,497	594,956
Northern Athabasca	5,636,733	156,484	5,793,217
	\$ 99,539,582	\$ 24,829,264	\$124,368,846

(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, 2008, the Company incurred exploration and development expenditures totaling \$22,035,906, before non-cash stock-based compensation, future income taxes and amortization of \$2,793,358. Exploration and development expenditures during the nine months ended September 30, 2007 totaled \$26,210,128, before non-cash stock-based compensation, future income taxes and amortization of \$3,241,320. This \$4,174,222 decrease in expenditures, before non-cash items, is due to the fact that the Company funded 49% of the costs relating to the Western Athabasca Projects during 2008, whereas the Company funded 100% of those costs during 2007.

Financing Activities

The Company realized \$143,680 from the exercise of stock options during the nine-month period ended September 30, 2008 compared to \$5,491,046 received from stock options exercised during the nine months ended September 30, 2007.

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, 2008. For more detailed information regarding UEX's exploration projects, please refer to UEX's current Annual Information Form, available at www.sedar.com or to UEX's website at www.uex-corporation.com.

Western Athabasca Projects: 2008 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 163,083 hectares (402,987 acres).

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 drillholes. For example, "SHE-109" refers to a vertical pilot hole, with subsequent directional cuts from that pilot hole numbered "SHE-109-1", "SHE-109-2", etc.

At the Kianna Deposit, high-grade uranium mineralization has been intersected in multiple zones at depths from 662 metres to 922 metres, a vertical distance of approximately 260 metres, located in sandstone high above the unconformity, at the unconformity, and below the unconformity in basement rocks, with unconformity depths ranging from approximately 710 to 760 metres.

The AREVA-UEX drilling programs of 2004 through to 2008 have outlined three distinct styles of high-grade uranium mineralization that are still open in all directions:

- Perched ("P"), sandstone-hosted mineralization found in discrete zones tens of metres above the unconformity currently has a defined strike length of 80 metres and a width of 60 metres (previously announced 2005 hole SHE-114-5, 27.4% U₃O₈ over 8.8 metres, including 58.3% U₃O₈ over 3.5 metres);
- Unconformity-type mineralization ("UC"), in close proximity to the unconformity has a defined strike length of 200 metres and a width of 200 metres (previously announced 2006 hole SHE-115-3, grading 12.57% U₃O₈ over 11.9 metres, including 27.35% U₃O₈ over 4.2 metres); and
- Basement-hosted mineralization ("B"), found in zones up to 200 metres below the unconformity, has outlined a strike length of 200 metres and a down-dip extension of 160 metres (previously announced 2005 hole SHE-114-11, grading 5.40% U₃O₈ over 37.7 metres, including 25.46% U₃O₈ over 4.0 metres).

The planned minimum budget of \$20.3 million for 2008 at Shea Creek includes \$10.0 million for development and \$10.3 million for exploration. Expenditures under the joint venture are funded 49% by UEX and 51% by AREVA.

Uranium grades in this document that are derived from drilling at Shea Creek are calculated from gamma probe logging. True widths of mineralized intervals have not yet been determined. The technical information in this document regarding exploration results for the Western Athabasca Projects has been compiled and reviewed by Erwin Koning, P. Geo., AREVA's District Geologist, West Athabasca Region, a qualified person as defined by National Instrument 43-101. Equivalent probe results were obtained using a STD-27 gamma probe which collects continuous readings along the length of the drill hole. Probe results are calibrated using an algorithm calculated from the comparison of probe results against geochemical analyses in previous drill holes in the Shea Creek area.

2008 Drilling Program at Shea Creek

The 2008 drilling program at Shea Creek commenced on January 14, 2008 and drilling continues to the end of November, with drill results up to June 12, 2008 having been reported. Twenty holes were completed utilizing four drills, including five pilot holes and fifteen directional cuts. To view maps of the 2008 drilling at Shea Creek, visit UEX's website at www.uex-corporation.com. Highlights of the 2008 winter/spring drilling program are given below by areas.

South of Kianna Deposit

Drilling was completed 150 metres south of Kianna and 400 metres north of Anne from pilot hole SHE-123. The last hole completed prior to this program, SHE-123-2, intersected high-grade basement-hosted mineralization grading 2.80% eU₃O₈ over 4.9 metres (previously announced November 14, 2007). This mineralization has been interpreted by AREVA geologists as occurring in a different, but parallel, fault to an interpreted controlling fault that is host to mineralization in

the Kianna Deposit 150 metres to the north. Alternatively, the mineralization may be continuous and form parts of the same mineralized zones associated with Kianna, which would have significant positive impact on the size and extent of mineralization, and may suggest a continuous link of mineralized zones between Kianna and Anne. The 2008 summer/fall drilling program continues to test this area for additional mineralization.

The recorded mineralized impacts and visible mineralization observed in the SHE-123 series of holes have outlined a new zone of high-grade mineralization approximately 50 metres in width and 75 metres in length. The holes reported here, and further directional drilling that will continue from pilot hole SHE-123, test the extent of the mineralization to the south, including mineralization at the unconformity and in the basement. A second drill has been moved to pilot hole SHE-118 at the southern tip of Kianna and is drilling south in an attempt to connect this new zone of mineralization with the Kianna Deposit.

SHE-123-3:

- (P) 0.55% eU₃O₈ over 4.4 metres
- (UC) 0.62% eU₃O₈ over 6.1 metres
- (B) 0.92% eU₃O₈ over 2.7 metres
- (B) 0.11% eU₃O₈ over 9.7 metres

SHE-123-3 is the third directional cut from pilot hole SHE-123 and the first for the 2008 drill program. The unconformity was intersected at a depth of 750.9 metres, 100 metres south of the Kianna Deposit and 20 metres north of SHE-123-2. Perched mineralization was intersected 33.3 metres above the unconformity between 713.2 and 717.6 metres grading 0.55% eU₃O₈ over 4.4 metres. Unconformity mineralization was intersected between 744.9 and 751.0 metres grading 0.62% eU₃O₈ over 6.1 metres. The basement mineralization was intersected between 782.1 and 784.8 metres grading 0.92% eU₃O₈ over 2.7 metres, and between 790.2 and 799.9 metres grading 0.11% eU₃O₈ over 9.7 metres.

SHE-123-4:

- (UC) no probe results, 6.0 metres of mineralized core intersected *
 - (B) no probe results, 3.5 metres of mineralized core intersected *
- *hole was not probed due to rod breakage

The unconformity was intersected at a depth of 753.3 metres, 17 metres north of SHE-123-3. Unconformity mineralization was intersected between 750.0 and 756.0 metres, and basement mineralization was intersected between 768.0 and 770.5 metres, and between 787.0 and 788.0 metres. No probe grade calculations were determined because the rod string could not be retrieved after a breakage. However, 100% of the core was recovered and grades from geochemical analysis will be reported when received.

SHE-123-5:

- (UC) 0.18% eU₃O₈ over 0.2 metres

The unconformity was intersected at a depth of 730.5 metres, 50 metres west of SHE-123-3. Minor mineralization was intersected just above the unconformity between 729.3 and 729.5 metres grading 0.18% eU₃O₈ over 0.2 metres.

SHE-123-6:

- (UC) 7.01% eU₃O₈ over 4.5 metres including 22.02% eU₃O₈ over 1.2 metres

The unconformity was intersected at a depth of 735.6 metres, 35 metres southwest of SHE-123-3. The purpose of the hole was to test for unconformity and the continuity of basement mineralization in the vicinity of the initial mineralized holes in the area, SHE-123-2 and SHE-123-3. High-grade unconformity mineralization was intersected between 731.9 and 736.4 metres grading 7.01% eU₃O₈ over 4.5 metres, including 22.02% eU₃O₈ over 1.2 metres.

SHE-123-7:

- (UC) 6.39% eU₃O₈ over 3.0 metres including 14.88% over 0.6 metres
- (B) 1.10% eU₃O₈ over 0.6 metres
- (B) 0.15% eU₃O₈ over 7.0 metres

The unconformity was intersected at a depth of 732.3 metres, 17 metres east of the mineralization intersected in drill hole SHE-123-5. High-grade unconformity mineralization was intersected between 729.9 and 732.9 metres grading 6.39% eU₃O₈ over 3.0 metres, including 14.88% eU₃O₈ over 0.6 metres. Basement-hosted mineralization was intersected between 792.3 to 792.9 metres grading 1.10% eU₃O₈ over 0.6 metres. A second zone in the basement was encountered between 795.0 to 802.0 metres grading 0.15% eU₃O₈ over 7.0 metres.

SHE-123-8:

(UC) 8.9% eU₃O₈ over 6.1 metres including 27.5% eU₃O₈ over 1.7 metres

(B) 0.77% eU₃O₈ over 1.5 metres

(B) 0.91% eU₃O₈ over 0.6 metres

The unconformity was intersected at a depth of 734.9 metres. This hole is 15 metres southeast of SHE-123-7, and tested for mineralization east of that hole. High-grade unconformity mineralization was intersected between 731.2 and 737.3 metres grading 8.9% eU₃O₈ over 6.1 metres, including 27.5% eU₃O₈ over 1.7 metres. The basement component of the mineralization was intersected between 793.6 and 795.1 metres grading 0.77% eU₃O₈ over 1.5 metres and between 811.4 and 812.0 metres grading 0.91% eU₃O₈ over 0.6 metres.

SHE-123-9:

(UC) 2.64% eU₃O₈ over 3.0 metres

(B) 1.22% eU₃O₈ over 7.4 metres including 1.62% eU₃O₈ over 4.9 metres

The unconformity was intersected at a depth of 737.8 metres, 15 metres north of mineralization in hole SHE-123-7. High-grade unconformity mineralization was intersected between 736.0 and 739.0 metres grading 2.64% eU₃O₈ over 3.0 metres. High-grade basement-hosted mineralization was intersected between 812.1 and 819.5 metres grading 1.22% eU₃O₈ over 7.4 metres, including 1.62% eU₃O₈ over 4.9 metres.

North of Kianna Deposit

SHE-130 was recently drilled as a pilot hole to position a series of directional cuts to intersect the proposed mineralizing structure seen in SHE-114-17. A drill tested the extensions of the mineralization in SHE-114-17 from pilot hole SHE-130.

Previous hole SHE-114-17 (first reported on June 6, 2006) was the northernmost hole drilled in the Kianna area, and intersected high-grade mineralization that has not been associated with the main mineralizing structures seen within the deposit. Both unconformity mineralization grading 0.63% eU₃O₈ over 10.6 metres and basement-hosted mineralization grading 3.20% eU₃O₈ over 8.4 metres, including 16.62% eU₃O₈ over 1.1 metres, were intersected in this hole.

South of Colette Deposit

Drilling was continued in the southern portion of the Colette Deposit to expand on known unconformity and basement mineralization. Drilling at the Colette Deposit was previously halted due to the discovery of the Kianna Deposit in July 2005.

Basement-hosted mineralization in the southern part of the Colette Deposit was intersected for the first time during the fall of 2004. All other mineralized intercepts had previously been characterized by unconformity-type mineralization, opening the possibility that the high-grade basement-hosted mineralization as discovered at Anne and Kianna could also be present at Colette.

The 2008 winter/spring drilling intersected significant basement mineralization and extended this mineralization over a strike length of 100 metres for a total known length of 200 metres. The mineralization is located directly beneath the graphitic shear zone which is developed throughout, and between the Shea Creek deposits, within and adjacent to which mineralization is localized. Mineralization here is developed along the shear zone in a style that appears comparable to Cameco's Millennium Deposit. Mineralization is open both up and down dip, and the projection of this zone to the unconformity is untested here.

The drilling has now outlined a 200-metre strike length of basement mineralization in addition to the 700-metre strike length of the unconformity mineralization from previous drilling programs. Both styles of mineralization are open in all directions. Drilling on the southern portion of the deposit will resume in the future once priority targets near Anne and Kianna are tested.

SHE-126:

(B) 0.68% eU₃O₈ over 11.4 metres

SHE-126 is a pilot hole drilled 62 metres southeast of SHE-111-5 (first reported on July 13, 2005). The unconformity was intersected at a depth of 724.0 metres. The purpose of the hole was to test for the extension of unconformity and basement mineralization southeast of SHE-111-5. Trace mineralization was intersected at the unconformity; basement mineralization was intersected between 751.7 and 763.1 metres grading 0.68% eU₃O₈ over 11.4 metres.

SHE-126-1A:

(B) 0.56% eU₃O₈ over 8.3 metres

SHE-126-1A is a restart after the initial directional cut was lost at the unconformity. The unconformity was intersected at a depth of 724.8 metres, 20 metres northwest of pilot hole SHE-126. Basement mineralization was intersected between 757.5 and 765.8 metres grading 0.56% eU₃O₈ over 8.3 metres.

SHE-126-2:

(B) 0.25% eU₃O₈ over 0.7 metres

The unconformity was intersected at a depth of 733.4 metres, 40 metres southeast of pilot hole SHE-126. Minor basement mineralization was intersected between 821.1 and 821.8 metres grading 0.25% eU₃O₈ over 0.7 metres.

SHE-126-3:

(B) 0.26% eU₃O₈ over 3.4 metres.

The unconformity was intersected at a depth of 721.5 metres, 22 metres west of SHE-126-2. Basement mineralization was intersected between 762.9 and 766.3 metres grading 0.26% eU₃O₈ over 3.4 metres extending the basement mineralization intersected in hole SHE-126-2.

SHE-126-4:

The unconformity was intersected at a depth of 728.7 metres, 20 metres southeast of SHE-126-3. Only trace basement mineralization was intersected.

SHE-126-5:

(B) 2.24% eU₃O₈ over 1.2 metres.

The unconformity was intersected at a depth of 733.8 metres, 17 metres southeast of SHE-126-4. Basement mineralization was intersected between 778.6 and 779.8 metres grading 2.24% eU₃O₈ over 1.2 metres.

Anne Deposit

Drilling in this area concentrated on expanding the southwestern portion of the Anne Deposit that still remains open in all directions. Directional drilling was started from pilot hole SHE-125 (drilled in 2007) with the goal of connecting the mineralization seen at the Anne Deposit to the SHE-105 series of mineralized holes (drilled in 2000) located 100 metres along strike to the southeast. The purpose of these holes was to test the southwestern extension of unconformity mineralization at the Anne Deposit and the possibility of basement mineralization. Mineralization was intersected in all the holes at the unconformity and it is likely that the mineralization is continuous from the Anne Deposit. Additional drilling in this area is required to assess this possibility and to further expand the open mineralization here.

SHE-125-1:

(UC) 0.28% eU₃O₈ over 3.0 metres

The unconformity was intersected at a depth of 717.0 metres, 52 metres northeast of pilot hole SHE-125. Unconformity mineralization was intersected between 714.7 and 717.7 metres grading 0.28% eU₃O₈ over 3.0 metres.

SHE-125-2:

(B) 0.22% eU₃O₈ over 0.8 metres

The unconformity was intersected at a depth of 727.6 metres, 60 metres east of pilot hole SHE-125. Trace mineralization was observed at the unconformity and within the basement between 743.5 to 744.3 metres grading 0.22% eU₃O₈ over 0.8 metres.

SHE-125-3:

(P) 0.41% eU₃O₈ over 4.7 metres

(UC) 0.43% eU₃O₈ over 5.6 metres

(B) 0.47% eU₃O₈ over 1.4 metres

The unconformity was intersected at a depth of 726.4 metres, 80 metres southeast of pilot hole SHE-125. Perched mineralization 12 metres above the unconformity was intersected at a depth between 709.5 and 714.2 metres grading 0.41% eU₃O₈ over 4.7 metres, and unconformity mineralization was intersected between 720.9 and 726.5 metres grading 0.43% eU₃O₈ over 5.6 metres. The basement mineralization was intersected between 756.2 and 757.6 metres grading 0.47% eU₃O₈ over 1.4 metres.

After the completion of SHE-125-3, the drill was moved to the north side of the Kianna Deposit to commence the SHE-130 series of holes.

South of Anne Deposit

Reconnaissance drilling was carried out in an area along the Saskatoon Lake Conductor 1.5 kilometres south of the Anne Deposit. Three drill holes were completed here to follow up drill hole SHE-2 (drilled in 1992), which intersected a flat-lying and brecciated shear zone grading 0.71% eU₃O₈ from 706.0 to 706.7 metres that is associated with significant hydrothermal alteration and structural disruption of the basal Athabasca sandstone. This hole represents the original discovery hole of the Shea Creek deposits.

Three new drill holes were completed to reduce the overall line spacing from 400 metres to 200 metres immediately north and south of SHE-2. Drilling showed that the geological trend is continuous from the Anne Deposit area.

SHE-127:

(B) Minor mineralization (0.24% eU₃O₈ over 0.5 metres)

The hole was drilled 200 metres north of hole SHE-2. The unconformity was intersected at 696.7 metres. No mineralization was encountered at the unconformity but strong fracturing and breccia were observed. Minor mineralization was observed along a fracture between 736.9 and 737.4 metres at a grade of 0.24% eU₃O₈ in basement rocks.

SHE-128 and SHE-129:

Drill holes SHE-128 and SHE-129 were drilled 200 metres and 1,000 metres south of hole SHE-2, respectively. Unconformity intercepts range from 709.9 metres in SHE-128 to 786.3 metres in SHE-129. No mineralization was intersected in either drill hole.

After the completion of SHE-129, the drill rig was moved to the vicinity of the Kianna Deposit for geotechnical drilling, as is described under "2008 Development Work at Shea Creek" below.

TABLE 1
2008 Winter/Spring Shea Creek Drill Results
All Uranium Intersections Calculated from Gamma Probe Logging

Hole	Total Depth of Hole (metres)	Depth to Unconformity (metres)	From (metres)	To (metres)	Length (metres)	Avg. Grade Within the Intersection (% eU3O8)
SHE-123-3	923.0	750.9	713.2	717.6	4.4	0.55
			744.9	751.0	6.1	0.62
			782.1	784.8	2.7	0.92
			790.2	799.9	9.7	0.11
SHE-123-4*	833.0	753.3	Mineralization intersected between 750.0 to 756.0 metres, 768.0 to 770.5 metres, and 787.0 to 788.0 metres			
SHE-123-5	827.0	730.5	729.3	729.5	0.2	0.18
SHE-123-6	859.0	735.6 <i>including</i>	731.9	736.4	4.5	7.01
			734.3	735.5	1.2	22.02
SHE-123-7	875.0	732.3 <i>including</i>	729.9	732.9	3.0	6.39
			731.1	731.7	0.6	14.88
			792.3	792.9	0.6	1.10
			795.0	802.0	7.0	0.15
SHE-123-8	915.0	734.9 <i>including</i>	731.2	737.3	6.1	8.9
			732.5	734.2	1.7	27.5
			793.6	795.1	1.5	0.77
			811.4	812.0	0.6	0.91
SHE-123-9	950.0	737.8 <i>including</i>	736.0	739.0	3.0	2.64
			812.1	819.5	7.4	1.22
			812.1	817.0	4.9	1.62
SHE-125-1	854.0	717.0	714.7	717.7	3.0	0.28
SHE-125-2	761.0	727.6	743.5	744.3	0.8	0.22
SHE-125-3	839.0	726.4	709.5	714.2	4.7	0.41
			720.9	726.5	5.6	0.43
			756.2	757.6	1.4	0.47
SHE-126	848.0	724.0	751.7	763.1	11.4	0.68
SHE-126-1*	740.0	725.4				
SHE-126-1A	836.0	724.8	757.5	765.8	8.3	0.56
SHE-126-2	832.0	733.4	821.1	821.8	0.7	0.25
SHE-126-3	848.0	721.5	762.9	766.3	3.4	0.26
SHE-126-4**	853.0	728.7				
SHE-126-5	858.0	733.8	778.6	779.8	1.2	2.24
SHE-127	804.0	696.7	736.9	737.4	0.5	0.24
SHE-128**	819.0	709.9				
SHE-129**	870.0	786.3				
SHE-130**	868.0	725.9				

*No probing - hole lost

**No recordable mineralization

2008 Development Program at Shea Creek

In 2008 the Shea Creek Project continued its transition from an exclusive exploration program to include initial development work. A budget of \$10.0 million is planned for development work in 2008.

The first phase of development proposed by AREVA is the sinking of one or two underground exploratory shafts, from which exploration drifts could be excavated to allow test mining and detailed delineation drilling. This infrastructure will later be used to better define the potential ore

bodies, their mineral resources and geology, and possible mining methods and mining conditions. AREVA has started the necessary studies for site characterization and base line studies for the exploratory shaft(s). The first proposed shaft has been strategically located between the Kianna and Anne Deposits to facilitate underground access to both deposits, as well as the highly-prospective corridor between them (see UEX's website at www.uex-corporation.com for a map depicting the shaft location). Each of the proposed shafts will have a vertical depth of approximately 950 metres and an estimated capital cost of \$100 million

Studies, Engineering and Procurement

In February 2008, a scoping level study was initiated to determine the costs of this process. SNC Lavalin, McIntosh Engineering, independent consultants and AREVA engineering personnel are continuing this work.

Geotechnical and hydrogeological data collection commenced in 2007 with the drilling and instrumenting of several boreholes in the area. These are continuing in 2008 with the drilling of a shaft pilot hole to a depth of 1,000 metres which will allow detailed geotechnical and hydrogeological testing of the shaft area. In addition, a large diameter (PQ) pumping well will be drilled to ascertain additional hydrogeological data. SRK Consulting is the lead consultant for this phase of work. With geotechnical information from current and historical drill holes, these studies will estimate groundwater inflows and geotechnical conditions in underground openings and assist in mine planning.

Metallurgical testing of the Shea Creek mineralization is also currently underway. Core samples have been sent for bench scale testing at AREVA's McClean Lake mine site to assess recoveries and processing alternatives. Core samples that are representative of waste rock will also be collected and laboratory testing (waste rock characterization) performed to determine suitable management options.

Environmental Impact Statement and Licensing

As previously announced (see UEX News Release, April 10, 2007), AREVA has started the necessary studies for site characterization and base line studies for the exploratory shaft(s). Baseline data collection and site characterization will continue in 2008 in support of the Environmental Impact Statement (EIS).

Discussions have commenced with the required regulatory authorities for environmental and regulatory process, and its impact on the filing of the project description and future environmental impact statement.

Erica Project 2008 Exploration Program

A ground geophysical program consisting of 30.2 line kilometres of grid preparation was completed. Following grid establishment, 25.8 kilometres of DC-resistivity was carried out over the grid.

James Creek Project 2008 Exploration Program

A ground geophysical program consisted of 115.0 kilometres of linecutting and a magnetotelluric survey totaling 76.0 line kilometres.

Nikita Project 2008 Exploration Program

A ground geophysical program consisting of 55.8 line kilometres of grid preparation was completed. Following grid establishment, 54.2 kilometres of DC-resistivity was carried out over the grid.

No significant exploration work was planned for 2008 on the Alexandra, Brander Lake, Douglas River, Laurie, Mirror River or Uchrich Projects.

Hidden Bay Project: Exploration and Development Programs

UEX operates its 100%-owned Hidden Bay Project, which consists of 41 claims that are 100%-owned totaling 57,024 hectares (140,909 acres). The West Bear, Raven and Horseshoe Deposits are located within the Hidden Bay Project.

Raven and Horseshoe Exploration and Development Programs

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

During the winter of 2007, five diamond drills tested both deposit areas and completed 25 holes in Raven totaling 6,408 metres, and 63 holes in Horseshoe totaling 21,804 metres. The purpose of UEX's drilling program was to further define the extent of Horseshoe mineralization to provide the basis for a N.I. 43-101 compliant resource estimate, test areas where Horseshoe mineralization extends into previously unexplored areas, and test portions of Raven to establish mineralization continuity for future resource definition.

On September 29, 2008, UEX announced it received a N.I. 43-101 compliant resource estimate report from Golder for the Horseshoe Deposit. The mineral resource estimate contains 3.578 million tonnes grading 0.237% U_3O_8 in the indicated category containing 18.693 million pounds of U_3O_8 , and 0.311 million tonnes grading 0.208% U_3O_8 in the inferred category containing 1.426 million pounds of U_3O_8 at a cut-off of 0.05% U_3O_8 . Supporting technical reports have been filed on www.sedar.com.

The N.I. 43-101 compliant mineral resource represents a substantial increase in quantity of contained uranium, grade, and resource confidence level over the non-compliant historical mineral resources of 13.6 million pounds of U_3O_8 at grades of 0.17% which were calculated in the 1970's by Gulf. The improvements represent expansion of the total known area of the deposit well beyond the deposit limits interpreted by Gulf, establishment of greater continuity of mineralization between the widely-spaced historical Gulf drill holes, and identification of areas of higher-grade mineralization within the deposit that were not tested by the historical drilling.

In addition to the resource calculation, UEX has recently received an interim report on ongoing metallurgical test work at the Horseshoe and Raven Deposits. The work, being supervised by Melis Engineering Ltd. of Saskatoon, Saskatchewan, incorporates initial results of the Phase II metallurgical testing which was performed on three HQ diameter metallurgical drill holes: two from Horseshoe and one from Raven. 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.

With approximately 93% of the Horseshoe mineral resource already in the indicated category, feasibility-level mining and economic assessment work can commence in parallel with upgrading the portions of the Horseshoe mineral resource that are currently in the inferred category to indicated through further infill drilling. In addition to the Horseshoe resource, UEX anticipates completing a N.I. 43-101 compliant mineral resource on the Raven Deposit in December, 2008.

UEX is considering a few production options which include a toll milling arrangement with one of the operators of the two active uranium mills in the region, namely Cameco's Rabbit Lake mill less than 5 kilometres to the northeast, and AREVA's McClean Lake facilities located 12 kilometres to the northwest, or potentially constructing a stand-alone facility which could process ore from all of UEX's Hidden Bay deposits. In all scenarios, given the location of the deposits in

impermeable basement rocks, any open pits created by mining either deposit will be evaluated as tailings disposal facilities for UEX's deposits, and for other operators in the area.

The current Horseshoe mineral resource estimate was prepared by K. Palmer, P. Geo., of Golder. The mineral resource calculation utilized 272 diamond drill holes (86,100 metres from holes HU-001 to HU-256, and HO-01 to HO-16) drilled between 2005 and 2008, which test the deposit at 7.5 to 30-metre drill centers. The mineral resource estimate was calculated using a minimum cut-off grade of 0.05% U₃O₈ 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 2 and 3 below. Note that approximately 93% of the resource is in the indicated category at a 0.05% U₃O₈ cut-off. At a cut-off of 0.20%, most of the contained U₃O₈ in the deposit is within areas averaging 0.433% U₃O₈.

Table 2
September 2008 Indicated Mineral Resources at Horseshoe
Tonnes and Grade at Various U₃O₈ Cut-offs

Cutoff	Tonnes	Dry Density	U₃O₈ (%)	U₃O₈ (lbs)
0.05	3,577,700	2.48	0.237	18,693,000
0.10	2,725,300	2.48	0.287	17,255,000
0.15	1,944,100	2.48	0.353	15,116,000
0.20	1,343,000	2.48	0.433	12,817,000
0.25	945,500	2.48	0.521	10,866,000
0.30	693,000	2.48	0.612	9,347,000
0.35	525,400	2.48	0.704	8,154,000
0.40	400,200	2.48	0.807	7,120,000

Table 3
September 2008 Inferred Mineral Resources at Horseshoe
Tonnes and Grade at Various U₃O₈ Cut-offs

Cutoff	Tonnes	Dry Density	U₃O₈ (%)	U₃O₈ (lbs)
0.05	311,200	2.37	0.208	1,426,000
0.10	248,600	2.37	0.239	1,310,000
0.15	180,600	2.43	0.282	1,124,000
0.20	132,400	2.45	0.320	935,000
0.25	83,900	2.47	0.376	695,000
0.30	53,100	2.47	0.439	514,000
0.35	33,000	2.47	0.512	372,000
0.40	19,300	2.49	0.607	258,000

Representative samples derived from composited drill core assay rejects from the Horseshoe Deposit, and from three HQ diameter metallurgical holes from both the Horseshoe and Raven Deposits, have now undergone preliminary testing for leach and effluent treatment conditions and grindability analysis under the direction of Melis Engineering Ltd. at SGS Lakefield Research Limited in Lakefield, Ontario.

Metallurgical testing for the Horseshoe and Raven deposits was comprised of two phases:

- (i) Initial Phase I testing in 2007 of four composites blended from assay reject samples derived from definition drill holes in the Horseshoe deposit, and representing different grade ranges from the A and B West zones; and
- (ii) Phase II comminution testwork, uranium leaching testwork, and environmental data generation from three diamond drill holes drilled at HQ (63.5 mm) diameter for metallurgical purposes, including two in the Horseshoe Deposit and one in the Raven Deposit, starting in late 2007 and still ongoing.

Drill holes for the Phase II testwork were chosen in portions of the deposits to test areas both of representative uranium grade and mineralization style. Hole HU-156 was selected to test higher grade portions of the Horseshoe A zone in the nodular mineralization style, while hole HU-157 tested disseminated mineralization style in the Horseshoe BE zone. Hole RU-130 was drilled in western-central portions of the Raven deposit, and crossed typical areas of mineralization in two of the principal lithologic host lithologies within that deposit, intersecting 0.14% U_3O_8 over 10.9 metres. Compositing intervals $>0.05\%$ U_3O_8 that occur in the drill holes and were subject to metallurgical testing are summarized in Table 4. A total of five composites representing high and low grade populations from holes HU-156 and HU-157, and mineralization from hole RU-130, were prepared.

Table 4
Compositing drill hole intersections from which Phase II metallurgical samples were derived, compositing to a minimum of 0.05% U_3O_8 .

The data is compositing from ICP geochemical analysis of splits from 0.5 m metallurgical samples which were analyzed by SRC Analytical Laboratories. Metallurgical samples also include some intervening intervals below the 0.05% cutoff for compositing.

Metallurgical Composites	Deposit	Zone	Drill hole	From (m)	To (m)	Length (m)	Grade % U_3O_8
AH, AL	Horseshoe	A zone	HU-156	168.8	187.0	18.2	1.01
BEH, BEL	Horseshoe	BE zone	HU-157	285.5	320.4	34.9	0.13
RU-130	Raven	Main	RU-130	109.0	119.0	10.9	0.14
				136.7	137.0	0.5	1.29
				144.6	149.0	4.4	0.16

Blended composites prepared for testing are listed in Table 5 below, along with key elemental analyses.

Table 5
Summary of Horseshoe and Raven composite assays

All elements were analyzed at SGS Lakefield Research Ltd. by Total Digestion ($HF/HNO_3/HClO_4 + HNO_3$) ICP except for As and Se which were analyzed by Aqua Regia Digestion (3:1 $HCl:HNO_3$) ICP

Composite	Assay, %					
	U_3O_8	As	Fe	Ni	Mo	Se
A	0.414	0.0048	1.61	0.0045	0.0014	< 0.0001
B	0.297	0.0083	3.85	0.0060	0.0008	< 0.0001
HU16	4.07	0.0785	3.36	0.0175	0.0012	< 0.0001
Main	0.33	0.0063	2.66	0.0054	0.0015	< 0.0001
AH	2.18	0.014	4.20	0.0042	0.0025	< 0.0030
AL	0.38	0.0052	1.29	0.0036	0.0018	< 0.0030
BEH	0.31	0.0055	1.39	0.0042	0.0024	< 0.0030
BEL	0.054	< 0.0040	0.73	0.0034	0.0016	< 0.0030
RU-130	0.21	< 0.0060	1.72	0.0084	0.0025	< 0.0030

The elemental analyses of the composites show that Horseshoe is relatively low in deleterious elements such as arsenic, molybdenum, selenium and base metals; hence the Horseshoe zone should present minimal processing and environmental difficulties.

Leaching tests on composites from both testing phases indicate that the uranium in the Horseshoe and Raven zones is easily leached under relatively mild atmospheric leach conditions. On average, leach extractions of 98% can be achieved with a grind K_{80} of approximately 100 μm , 12 hour leach retention time, free acid level of 10 g H_2SO_4/L representing acid additions of approximately 50 kg H_2SO_4/t , and a 475 mV redox/potential controlled with $NaClO_3$ at addition rates of 0.5 to 1 kg $NaClO_3/t$. These excellent extraction levels are comparable to other

metallurgically simple basement-hosted deposits in the region, including the nearby Eagle Point Deposit.

Horseshoe 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 of 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[®] determinations. The Raven-Horseshoe composites were categorized as medium in hardness from the perspective of SAG milling and moderately hard for ball mill grinding.

Exploration of the deposit areas continues with exploration drilling currently underway with plans to test additional historically-known areas of mineralization contained in the historical Gulf resource but outside the current resource area.

In progressing toward a feasibility study on the Horseshoe and Raven Deposits, environmental baseline studies were commenced by Golder in 2006, and Golder continues to collect biological, hydrogeological and other environmental data. During the 2007 and 2008 drilling programs, geotechnical studies of the area of the deposits also commenced, assessing rock properties and hydrogeology of the area of both the Horseshoe and Raven Deposits. Further baseline and geotechnical studies are scheduled for 2009 following the input of more detailed information on the project design generated from the ongoing feasibility study. Any additional infill holes required to upgrade the Horseshoe and future Raven mineral resources to indicated status are planned for late 2008 and early 2009, pending recommendations derived from the mineral resource work. Based on these work plans, UEX plans to begin the feasibility study for the combined Horseshoe and Raven Deposits in early 2009.

In recognition of the potential limited future tailings facility capacity at the two nearby operating mills in the area, UEX will assess the economic benefit of an assumption that following open-pit mining of the Raven and Horseshoe Deposits, the final pits would be used as tailings management facilities. Given the basement hosted nature of the Raven and Horseshoe Deposits, overall strength of the host rocks encountered during drilling, and lack of overlying Athabasca sandstone cover, it is anticipated that the ground conditions and low permeability host rocks to the deposits could be highly amenable to such a use and may increase the value of the project.

To view a map of Hidden Bay area uranium mines, mills, deposits and tailings management facilities please access UEX's website at www.ux-corporation.com under "Projects – Eastern Athabasca – Hidden Bay".

During ongoing exploration at Hidden Bay, 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 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 systematically inserts sample blanks into the sample stream. In addition, repeat analyses are routinely analyzed, and laboratory standards are inserted by SRC to assess sample repeatability and accuracy of results.

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

2008 Winter Drilling Program at Horseshoe and Raven

During the 2008 winter drilling program, 149 holes totaling 38,685 metres were drilled in the Horseshoe and Raven Deposits area using six drill rigs.

In the Horseshoe area, 77 holes totaling 20,371 metres were completed. The majority of the Horseshoe drilling (71 holes totaling 17,264 metres) tested the southeastern parts of the Horseshoe Deposit. This area contains a shallow northwest dipping mineralized zone that is contiguous with the A Zone of Horseshoe. The zone was open in many areas to the west, and required further infill drilling to test continuity of several significant historical intercepts so that it could be included in future Horseshoe resource calculations. It was not possible to test this area during the 2007 summer/fall drilling program due to the local swampy conditions. Cold temperatures during the winter of 2008 created excellent surface access conditions and drilling was successfully completed in this area.

In addition, six holes totaling 3,107 metres were drilled to test the northeastern extensions of Horseshoe where coincident resistivity and gravity anomalies occur in areas of alteration, and there is intensive faulting associated with the Dragon Lake Fault. The Dragon Lake Fault is known to be associated with uranium mineralization where it intersects the Rabbit Lake Fault a few kilometres to the north, adjacent to the past producing Rabbit Lake Deposit.

At Raven, 72 holes totaling 18,314 metres were completed. Infill and stepout drilling confirmed and extended known mineralization at the Raven Deposit. The drilling outlined several stacked, generally stratabound pods which occur in the core of the Raven syncline between depths of 50 and 350 metres below the surface. These pods collectively have a linear, east-northeast trend over a strike length of more than 500 metres.

The results from the first 93 diamond drill holes that were completed during the winter 2008 program at Horseshoe and Raven consist of 47 holes from Horseshoe (HU-180 to HU-226) and 46 holes from Raven (RU-059 to RU-104).

Horseshoe Deposit Results

The 2008 drilling, combined with results from previous drilling programs in 2006 and 2007, has now defined the Horseshoe Deposit over a strike length of approximately 550 metres. Throughout this area, mineralization occurs in several stacked, linear and shallow dipping, east-northeast plunging zones. These have now been defined continuously to the limits of mineralization at a drill spacing of 15 to 30 metres. The winter 2008 drilling results represent the final data needed for a National Instrument 43-101 ("N.I. 43-101") compliant resource calculation at Horseshoe which is expected to be delivered by Golder in the summer of 2008. The drilling spacing should be sufficient to place much of this resource in at least an indicated resource category, enabling a feasibility study.

The 2008 drilling was concentrated mainly in the Horseshoe South area which lies under swampy low ground that prevented drilling in the summer of 2007. Drill holes composited to grades of at least 0.05% U₃O₈ with a grade-thickness product of greater than 0.1 are listed in Table 6. Several holes reported in Table 6 lacked any significant intercepts because they tested the limits of mineralized zones and consequently provide boundaries for resource modeling purposes. The most significant of the intercepts are listed below and except for holes HU-180, HU-208 and HU-212, which were drilled in the B West Zone where some additional infill holes were required, all of the holes listed below were drilled in the Horseshoe South area:

- 0.32% U₃O₈ over 18.6 metres in hole HU-180 (BW zone, section 4710N)
- 0.87% U₃O₈ over 10.3 metres in hole HU-182 (section 4490N)
- 0.28% U₃O₈ over 14.3 metres in hole HU-184 (section 4516N)
- 0.25% U₃O₈ over 7.1 metres in hole HU-188 (section 4490N)
- 0.18% U₃O₈ over 11.1 metres in hole HU-189 (section 4490N)
- 0.60% U₃O₈ over 3.5 metres in hole HU-194 (section 4540N)
- 0.21% U₃O₈ over 13.2 metres in hole HU-199 (section 4516N)
- 0.23% U₃O₈ over 13.6 metres in hole HU-208 (BW zone, section 4724N)
- 2.81% U₃O₈ over 0.8 metres in hole HU-209 (section 4385N)
- 0.34% U₃O₈ over 19.6 metres in hole HU-212 (BW zone, section 4724N)
- 0.22% U₃O₈ over 10.4 metres in hole HU-216 (section 4735N)
- 0.29% U₃O₈ over 18.1 metres in hole HU-217 (section 4385N)
- 0.27% U₃O₈ over 34.0 metres in hole HU-220 (section 4516N)
- 0.16% U₃O₈ over 20.9 metres in hole HU-221 (section 4735N)
- 0.23% U₃O₈ over 26.6 metres in hole HU-223 (section 4516N)
- 0.39% U₃O₈ over 7.1 metres in hole HU-225 (section 4593N)

No zone names have been assigned to drill hole intersections in the Horseshoe South area yet, since further modeling will be necessary before the outline of mineralized zones can be fully interpreted. The B West Zone and an unnamed zone which lies above the B West Zone pass through this area and extend through the previous drilling continuously to the northeast end of the deposit. Other zones, including the large A Zone, which will host much of the Horseshoe resource, also extend through the Horseshoe South area either continuously, or as a series of sub-zones which extend off its southwestern end. Many of the intercepts reported here lie beyond the limits of previous drilling and have, as with previous drilling programs, significantly extended the overall footprint of the deposit. The mineralization in the Horseshoe South area lies at depths of 80 to 250 metres below surface, shallower than other parts of the deposit to the northeast.

In addition to the results reported above, geochemical results have now been received from metallurgical holes HU-156 and HU-157, which are currently undergoing metallurgical processing at SGS Lakefield Research ("Lakefield") under the supervision of Melis and Associates of Saskatoon, SK. Previously, only probe results were released from these holes since the whole core was sent to Lakefield for processing. Geochemical data from hole HU-156, in the Horseshoe A Zone returned 1.01% U₃O₈ over 18.2 metres between 168.8 and 187.0 metres, including 2.2% U₃O₈ over 5.2 metres. This compares closely to, although is higher in grade than, previously released probe results of 0.90% eU₃O₈ over 19.7 metres. This intercept upgrades this part of the A Zone, having higher grades and widths than adjacent holes. Hole HU-157 intersected 0.13% U₃O₈ over 34.9 metres between 285.5 and 320.4 metres, which is closely comparable to the 0.14% eU₃O₈ over 34.8 metres previously reported from probe grades. The very good correlation between values obtained from probe and geochemical grades allows independent verification of geochemical results to be used in the resource calculation, in addition to other quality assurance and quality control procedures routinely undertaken by UEX. Processing and metallurgical testing on these holes are currently underway.

Additional mineralization intersected by Gulf historically at Horseshoe is present to the northeast of the resource area. Drilling in this area is continuing, and additional resources could be delineated there.

Table 6.
Winter 2008 Horseshoe Drilling Program
Intersections from Drill Holes HU-180 to HU-226.

Only intervals with composite grades greater than 0.05% U₃O₈ 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% and a grade thickness product higher than 0.1 were intersected in holes HU-181, 186, 187, 191, 196, 202, 203, 204, 206, 207, 210, 211, 215, 218, 219, 222, and 224.

<i>Hole</i>	Section (North)	Depth of Hole (metres)	From (metres)	To (metres)	Length (metres)	Avg. Grade (% U3O8)
HU-180	4710	344	216.0	217.4	1.4	0.090
HU-180			220.8	221.7	0.9	0.077
HU-180			244.1	252.4	8.3	0.103
HU-180			261.0	279.6	18.6	0.322
HU-182	4490	200	172.7	183.0	10.3	0.871
HU-183	4710	341	106.9	112.7	5.8	0.166
HU-183			115.9	117.0	1.1	0.196
HU-183			240.9	243.0	2.1	0.085
HU-183			269.3	275.3	6.0	0.215
HU-184	4516	221	181.5	195.8	14.3	0.277
HU-185	4490	209	182.4	186.7	4.3	0.308
HU-188	4490	220	166.2	173.3	7.1	0.254
HU-189	4490	207	164.5	166.0	1.5	0.115
HU-189			176.9	188.0	11.1	0.177
HU-190	4540	220	96.2	97.7	1.5	0.147
HU-190			120.5	127.1	6.6	0.151
HU-190			192.5	194.1	1.6	0.189
HU-192	4540	237	166.0	167.0	1.0	0.129
HU-192			192.5	194.5	2.0	0.203
HU-193	4490	242	176.0	176.8	0.8	0.200
HU-193			200.1	201.9	1.8	0.777
HU-193			206.5	207.2	0.7	0.447
HU-194	4540	240	146.0	149.0	3.0	0.100
HU-194			153.0	156.5	3.5	0.604
HU-194			179.0	180.5	1.5	0.486
HU-195	4411	222	195.7	196.6	0.9	0.433
HU-197	4465	211	135.0	138.2	3.2	0.216
HU-198	4411	219	155.0	157.0	2.0	0.105
HU-198			166.8	168.5	1.7	0.073
HU-198			209.8	210.4	0.6	0.733
HU-199	4516	224	111.8	125.0	13.2	0.211
HU-199			205.8	206.7	0.9	0.376
HU-200	4465	260	99.5	100.0	0.5	0.653
HU-200			140.0	142.0	2.0	0.127
HU-200			221.7	230.2	8.5	0.151
HU-201	4411	240	214.7	216.0	1.3	0.186
HU-205	4490	200	167.9	168.8	0.9	0.537
HU-208	4724	326	243.7	248.0	4.3	0.116
HU-208			288.5	302.1	13.6	0.232
HU-209	4385	241	210.5	211.3	0.8	2.806
HU-212	4724	307	137.0	138.5	1.5	0.116
HU-212			211.0	212.6	1.6	0.387
HU-212			243.0	245.6	2.6	0.083
HU-212			252.8	272.4	19.6	0.344
HU-213	4385	249	135.8	136.9	1.1	0.165
HU-214	4570	215	131.2	132.2	1.0	0.644
HU-214			137.9	139.5	1.6	0.869
HU-214			171.3	173.0	1.7	0.177

Hole	Section (North)	Depth of Hole (metres)	From (metres)	To (metres)	Length (metres)	Avg. Grade (% U3O8)
HU-216	4735	347	122.0	123.4	1.4	0.082
HU-216			237.0	245.2	8.2	0.158
HU-216			257.0	259.0	2.0	0.120
HU-216			274.6	285.0	10.4	0.218
HU-216			320.0	320.6	0.6	0.205
HU-217	4385	246	187.4	205.5	18.1	0.290
HU-220	4516	230	122.0	156.0	34.0	0.268
HU-221	4735	323	134.9	137.0	2.1	0.117
HU-221			278.5	281.5	3.0	0.087
HU-221			286.7	307.6	20.9	0.155
HU-223	4516	200	104.5	131.1	26.6	0.228
HU-225	4593	256	155.7	162.8	7.1	0.390
HU-225			183.3	184.2	0.9	0.766
HU-226	4516	215	185.8	189.3	3.5	0.363

Raven Deposit Results

The winter 2008 drilling program at the Raven Deposit continued to expand along 30 metre step-out cross sections along strike, with some infill drilling where necessary to provide a minimum 30-metre drill spacing for resource calculation. Apart from some infill holes which were required early during the summer 2008 program, drilling at Raven is sufficient to proceed with the planned fall 2008 timeline for completion of a resource estimate. Recent and historical drilling suggest that mineralization is still open in some areas to the east, and these areas will be further tested.

Drill holes from the initial winter 2008 drill holes at Raven which composited to grades of at least 0.05% U₃O₈ with a grade-thickness product of greater than 0.1 are listed in Table 7. The most significant of these intercepts include the following:

- 0.09% U₃O₈ over 22.2 metres in hole RU-068 (section 5385E)
- 0.09% U₃O₈ over 20.0 metres, and
0.30% U₃O₈ over 11.0 metres in hole RU-071 (section 5630E)
- 0.21% U₃O₈ over 8.0 metres in hole RU-077 (section 5630E)
- 0.22% U₃O₈ over 8.1 metres in hole RU-085 (section 5385E)
- 0.17% U₃O₈ over 13.5 metres, and
0.21% U₃O₈ over 8.5 metres in hole RU-087 (section 5360E)
- 0.16% U₃O₈ over 11.0 metres in hole RU-091 (section 5360E)
- 0.39% U₃O₈ over 4.3 metres in hole RU-092 (section 5506E)
- 0.38% U₃O₈ over 37.3 metres, including
0.82% U₃O₈ over 9.4 metres in hole RU-095 (section 5445E)
- 0.51% U₃O₈ over 7.0 metres in hole RU-103 (section 5360E)
- 1.04% U₃O₈ over 1.9 metres in hole RU-104 (section 5506E)

To date, mineralization at Raven has been defined over a strike length of approximately 700 metres in a horizontal, cylindrically-shaped zone fringing an area of intense clay alteration that is developed in the hanging wall of a steeply dipping fault. Mineralization occurs near the axis of the Raven syncline at depths of 50 to 275 metres below surface. Highest grades typically occur in its upper northern and central margins, where intersections such as seen in hole RU-095 are locally developed. Areas of lower-grade mineralization, which typically grade between 0.05% and 0.15% U₃O₈, may be developed over widths of several tens of metres, defining several sub-horizontal, elongated zones that are controlled by the distribution of lithologic units.

One metallurgical drill hole, hole RU-130, was completed at Raven late during the winter program utilizing HQ diameter rods. The core is currently being prepared for metallurgical testing by Melis and Associates, and will be utilized in future economic assessment of the deposit.

Table 7.
Winter 2008 Raven Drilling Program
Intersections from Drill Holes RU-059 to RU-104.

Only intervals with composite grades greater than 0.05% U₃O₈ and a grade-thickness product greater than 0.1 are listed below. All analyses were performed by SRC by ICP. No intervals greater than 0.05% and a grade thickness product higher than 0.1 were intersected in holes RU-059, 061, 062 066, 074, 082, 086, 088, 089, 101, and 102.

<i>Hole</i>	Section (East)	Depth of Hole (metres)	From (metres)	To (metres)	Length (metres)	Avg. Grade (% U3O8)
RU-060	5580	242	71.0	71.5	0.5	0.355
RU-060			141.4	150.0	8.6	0.084
RU-060			164.5	166.1	1.6	0.059
RU-063	5580	272	206.0	208.5	2.5	0.063
RU-063			212.0	213.0	1.0	0.153
RU-063			231.7	234.6	2.9	0.054
RU-063			242.7	243.6	0.9	0.121
RU-063			246.0	253.0	7.0	0.079
RU-064	5385	297	139.1	140.5	1.4	0.097
RU-064			142.6	143.9	1.3	0.080
RU-064			145.9	153.4	7.5	0.093
RU-064			158.0	163.0	5.0	0.086
RU-064			187.9	204.3	16.4	0.092
RU-065	5580	272	209.0	213.0	4.0	0.089
RU-065			218.7	223.0	4.3	0.098
RU-067	5580	242	153.7	155.7	2.0	0.133
RU-067			188.0	195.5	7.5	0.096
RU-068	5385	302	108.0	130.2	22.2	0.093
RU-068			207.2	210.0	2.8	0.068
RU-069	5580	246	205.0	205.5	0.5	0.391
RU-070	5664	244	179.1	180.1	1.0	0.533
RU-070			194.5	199.2	4.7	0.112
RU-070			225.5	226.7	1.2	0.206
RU-071	5630	302	63.0	64.0	1.0	0.540
RU-071			113.0	114.0	1.0	0.203
RU-071			121.0	141.0	20.0	0.088
RU-071			146.0	147.0	1.0	0.199
RU-071			167.0	178.0	11.0	0.304
RU-071			185.0	186.0	1.0	0.354
RU-072	5385	251	164.1	165.3	1.2	0.247
RU-072			182.5	186.4	3.9	0.120
RU-072			192.5	194.2	1.7	0.225
RU-073	5664	239	162.3	165.1	2.8	0.097
RU-075	5630	302	121.0	143.0	22.0	0.067
RU-075			160.0	161.0	1.0	0.193
RU-075			169.0	184.5	15.5	0.090
RU-075			268.3	269.0	0.7	0.191
RU-076	5664	239	62.7	64.0	1.3	0.081
RU-076			127.0	128.6	1.6	0.071
RU-076			148.0	149.1	1.1	0.097
RU-076			154.4	156.2	1.8	0.264
RU-077	5630	302	93.0	101.0	8.0	0.208
RU-078	5385	232	106.3	111.6	5.3	0.119
RU-078			197.0	199.8	2.8	0.086
RU-079	5360	341	117.7	120.5	2.8	0.054
RU-079			133.0	137.0	4.0	0.067
RU-079			141.8	144.5	2.7	0.085
RU-079			160.0	169.0	9.0	0.074
RU-079			188.0	196.0	8.0	0.073

<i>Hole</i>	Section (East)	Depth of Hole (metres)	From (metres)	To (metres)	Length (metres)	Avg. Grade (% U3O8)
RU-079			223.0	225.0	2.0	0.117
RU-080	5630	247	129.9	132.5	2.6	0.100
RU-080			216.3	219.6	3.3	0.211
RU-081	5630	200	32.1	33.1	1.0	0.253
RU-081			110.4	113.6	3.2	0.173
RU-081			129.5	133.5	4.0	0.070
RU-083	5360	341	123.0	132.0	9.0	0.077
RU-084	5630	200	93.5	96.9	3.4	0.078
RU-085	5385	302	102.0	109.8	7.8	0.051
RU-085			127.9	128.9	1.0	0.100
RU-085			157.2	165.3	8.1	0.222
RU-087	5360	240	98.0	111.5	13.5	0.172
RU-087			133.0	138.0	5.0	0.058
RU-087			237.0	245.5	8.5	0.214
RU-090	5664	161	42.0	44.1	2.1	0.336
RU-090			68.6	69.1	0.5	0.163
RU-090			120.4	122.7	2.3	0.357
RU-090			131.6	132.7	1.1	0.272
RU-091	5360	300	152.5	167.0	14.5	0.100
RU-091			187.0	198.0	11.0	0.163
RU-091			210.0	220.0	10.0	0.065
RU-092	5506	278	186.3	186.6	0.3	0.863
RU-092			194.0	198.3	4.3	0.390
RU-092			209.4	212.6	3.2	0.091
RU-092			217.6	222.3	4.7	0.080
RU-093	5695	317	65.3	67.3	2.0	0.157
RU-093			103.7	117.8	14.1	0.076
RU-094	5360	360	87.6	88.2	0.6	0.259
RU-094			97.5	100.5	3.0	0.127
RU-094			113.0	118.5	5.5	0.072
RU-094			125.0	126.5	1.5	0.084
RU-094			137.0	146.5	9.5	0.100
RU-094			227.0	228.5	1.5	0.067
RU-094			241.0	245.0	4.0	0.094
RU-094			260.0	263.0	3.0	0.094
RU-095	5445	242	117.0	154.3	37.3	0.377
RU-095		including	120.4	129.8	9.4	0.816
RU-095			160.8	162.2	1.4	0.131
RU-095			185.4	186.1	0.7	0.403
RU-096	5360	263	183.0	185.0	2.0	0.162
RU-096			188.0	191.0	3.0	0.055
RU-097	5695	251	58.8	61.6	2.8	0.061
RU-097			178.6	181.5	2.9	0.073
RU-098	5445	239	93.9	95.2	1.3	0.180
RU-098			124.4	125.0	0.6	0.173
RU-099	5360	242	107.0	108.5	1.5	0.323
RU-099			158.4	179.0	20.6	0.072
RU-100	5695	251	89.7	92.5	2.8	0.051
RU-100			234.3	241.8	7.5	0.065
RU-103	5360	301	117.5	125.0	7.5	0.145
RU-103			157.0	164.0	7.0	0.507
RU-103			193.5	194.0	0.5	0.307
RU-103			206.5	208.0	1.5	0.160
RU-104	5506	179	79.0	80.9	1.9	1.036

2008 Winter Drilling Program in the Shamus Area

One drill completed five holes totaling 1,731 metres in the Shamus Area.

The Shamus grid lies along the southern extensions of the northeast-trending Telephone Lake fault system, a significant fault which to the north is spatially associated with the Sue Deposits on AREVA's adjacent McClean Lake Mine.

Drilling at Shamus focused on further exploring a large area of alteration in pegmatite within the hanging wall of the Telephone Lake Fault, where previous drilling has intersected multiple mineralized faults in widely spaced holes that have returned grades ranging from 0.1% to 0.46% U_3O_8 over intervals of several metres, including 0.39% U_3O_8 over 2.2 metres in hole SHA-20. This target area is similar to the geological setting and style of the Eagle Point Deposit. Results of the drilling program are being processed, compiled and interpreted.

Summer/Fall 2008 Drilling Program

Drilling during the summer and fall of 2008 commenced in early June and consists of a three stage drilling program comprised of the following:

- 1) Further infill and step-out drilling at Raven, and testing of historically known mineralization northeast of Horseshoe was conducted during June and July utilizing three drills;
- 2) Helicopter supported drilling of outlying targets at Tent-Seal and Rabbit West were conducted from August to October utilizing two drills, where previously alteration and mineralization have been intersected in several holes. The third drill remained northeast of Horseshoe to continue infill and step-out drilling during this period; and
- 3) Further ground drill testing of targets at Horseshoe was conducted late during the program with three drills, and will continue until the End of November.

A total of 11,037 metres have been drilled at Horseshoe, 7,247 metres at Raven, 6,583 metres at Tent Seal, and 4,252 metres at Rabbit West to date. Results of the drilling program are being processed, compiled and interpreted.

West Bear Deposit

A 2005 N.I. 43-101 compliant indicated resource estimate prepared by Roger Lemaitre, P. Eng., P. Geo. of Cameco, which was based only on UEX's 2005 sonic drilling program, outlined an indicated resource of 45,600 tonnes, grading 1.385% U_3O_8 and totaling 1.391 million pounds U_3O_8 at West Bear using a cut-off grade of 0.15% U_3O_8 . The West Bear resource estimate technical report dated March 2, 2006 is available for review at www.sedar.com

UEX's 2007 winter sonic drilling program included additional infill holes spaced at 5-metre intervals on two sections (1762.5E and 1787.5E) in the high-grade core of the main deposit area between sections 1750E, 1775E and 1800E drilled by Cameco in 2005. These holes were designed to better define the deposit geometry and uranium grades in this main deposit area. Uranium grades in this high-grade core area were increased, and include intercepts of 6.032% U_3O_8 over 10.67 metres in hole UEX-206 (see Section 1762.5E on UEX's website under West Bear) and 2.341% U_3O_8 over 7.08 metres in hole UEX-197 (see Section 1787.5E on UEX's website under West Bear).

The new interim resource estimate calculated by Kevin Palmer, P. Geo. of Golder dated December 11, 2007, incorporating the results from both the 2005 and 2007 winter sonic drilling programs, outlined an indicated resource of 73,800 tonnes, grading 1.004% U_3O_8 and totaling 1.614 million pounds of U_3O_8 at West Bear in the high-grade main deposit area. The resource estimate was calculated using a cut-off grade of 0.15% U_3O_8 utilizing a geostatistical-block model technique with ordinary kriging methods and the DATAMINE Studio 3 software package.

One of the goals of the 2007 winter sonic drilling program was to test the eastern deposit area for uranium mineralization not previously drilled. The 2007 program extended the uranium mineralization 150 metres east of the boundary outlined during the 2005 sonic drilling program

on drill fences spaced 25 metres apart with holes spaced at 5-metre intervals. This new uranium mineralization forms a narrow continuous lens straddling the unconformity in the northern section of the eastern deposit area. This mineralization includes intercepts of 0.360% U₃O₈ over 2.0 metres in hole UEX-116 (see Section 2075E on UEX's website under West Bear) and 0.670% U₃O₈ over 3.05 metres in hole UEX-120 (see Section 2025E on UEX's website under West Bear).

A small secondary lens of uranium mineralization not previously identified by Gulf was also discovered in the southern section of the eastern deposit area. This southern lens of mineralization extends over a strike length of over 75 metres and includes an intercept of 0.421% U₃O₈ over 2.55 metres in hole UEX-172 (see Section 2025E on UEX's website under West Bear).

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 is currently overseeing a confirmation metallurgical testing program using representative composites derived from fresh drill core samples collected from the 2007 sonic drilling program. The composites are currently being processed at SGS Lakefield Research Ltd. of Lakefield, ON to confirm leach and effluent treatment conditions on fresh samples of core.

West Bear Environmental Baseline and Feasibility Studies

Golder is carrying out an environmental baseline study ("EBS") and a feasibility study for West Bear. The EBS has been underway at West Bear since August 2005 and Golder continues to collect biological, hydrogeological and other environmental data. Further baseline studies are scheduled for 2008 following the input of more detailed information on the project design generated from the West Bear feasibility study.

A feasibility study of West Bear is currently underway under the direction of Golder, and is anticipated to be delivered in the latter part of 2008. This study will examine the most efficient methods and procedures for extracting the defined uranium resource, including the most appropriate road access and support infrastructure, mining methods and operating plans. Golder is currently carrying out mine, open-pit slope, and waste dump design work. As the feasibility study progresses, Golder will perform 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 (or 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. UEX believes that at current uranium prices, the West Bear Deposit could become a viable source of future cash flow.

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, SK.

2008 Winter Exploration Program at Black Lake

A diamond drilling program of two holes totaling 1,395 metres was completed in April 2008. The drilling program was designed to test geophysical targets outlined during ground geophysical programs in the southern portion of the property in the area of historic drill hole BL-02 completed by Uranerz Exploration and Mining Limited in the winter of 1998. Hole BL-02 intersected basement hosted uranium mineralization several metres below the unconformity. The mineralization consisted of black, sooty pitchblende and orange-yellow uranium oxide stain over a core length of approximately 0.4 metres. Analytical results returned up to 4,045 ppm U₃O₈

between 562.9 and 563.0 metres, with anomalous values of Pb, As, B, Cu and Ni associated with this uranium mineralization. However, no graphitic pelite basement lithologies were encountered and the conductor was interpreted not to have been intersected in hole BL-02. Results of the 2008 winter drilling program, along with geophysical programs conducted in late 2007 are being processed, compiled and interpreted.

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

Riou Lake Project

The Riou Lake Project ("Riou Lake") consists of 13 claims totaling 33,282 hectares and is located within the northern Athabasca Basin near the town of Stony Rapids, SK.

2008 Winter Exploration Program at Riou Lake

A diamond drilling program of five holes totaling 3,897 metres was completed in late March 2008. The drilling program tested geophysical targets outlined during previous airborne and ground geophysical programs in the eastern portion of the Riou Lake property. Results of the drilling program are being processed, compiled and interpreted.

Northern Athabasca Projects

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

No exploration work was conducted on the Northern Athabasca Projects during 2008. A 2007 summer/fall drilling program consisted of four holes and an extension of one hole for a total of 2,785 metres. No significant geochemical results were returned.

Beatty River Project

Beatty River consists of seven claims totaling 6,688 hectares located in the western Athabasca Basin approximately 40 kilometres south of the Shea Creek deposits. At present, AREVA owns a 50.71% interest and JCU owns a 49.29% interest in 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 planned for 2008 on the Beatty River Project.

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, 2008 the Company had current assets of \$30,340,989, including \$28,289,721 in cash and cash equivalents, compared to current assets as at December 31, 2007 that totaled \$53,191,977. Working capital at September 30, 2008 was \$26,500,810, compared to working capital of \$48,488,622 at December 31, 2007. 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, 2008 were \$3,840,179, which is lower than the amount at December 31, 2007 of \$4,703,355.

The Company has an obligation under an operating lease for its office premises. The future minimum lease payments are as follows: 2008 - \$10,196; 2009 - \$40,782; 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 \$15,336,731 at September 30, 2008, is comprised of a \$16,109,975 future income tax liability related to the tax effect of the difference between the carrying value of the Company's mineral properties determined in accordance with GAAP and their tax values, offset by the Company's future income tax assets totaling \$773,244. At December 31, 2007, the Company's net future income tax liability was \$14,625,397.

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.

Critical Accounting Estimates

The Company prepares its financial statements in accordance with Canadian Generally Accepted Accounting Principles, 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 - UEX uses the Black-Scholes Option Pricing Model to determine the fair value of options granted. Option pricing models require management to estimate and input highly subjective assumptions including the expected future price volatility and the expected life of the options. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options granted.

Internal Control Over Financial Reporting

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, 2008 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, 2007 is available at www.sedar.com or at UEX's website at www.ux-corporation.com

UEX CORPORATION
INTERIM FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(Unaudited - Prepared By Management)



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NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

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

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

UEX CORPORATION
BALANCE SHEET

(Unaudited - Prepared By Management)

	September 30 2008	December 31 2007
	\$	\$
ASSETS		
Current Assets		
Cash and cash equivalents	28,289,721	51,830,474
Amounts receivable	1,855,146	1,112,004
Prepaid expenses	196,122	249,499
	<hr/>	<hr/>
	30,340,989	53,191,977
Equipment (Note 3)	231,648	290,274
Mineral properties (Note 4)	124,368,846	99,539,582
	<hr/>	<hr/>
	154,941,483	153,021,833
<hr/>		
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	3,840,179	4,703,355
Future income taxes (Note 5)	15,336,731	14,625,397
	<hr/>	<hr/>
	19,176,910	19,328,752
<hr/>		
SHAREHOLDERS' EQUITY		
Share capital (Note 6)	124,699,739	124,485,587
Contributed surplus (Note 7)	30,469,999	19,785,302
Deficit	(19,405,165)	(10,577,808)
	<hr/>	<hr/>
	135,764,573	133,693,081
	<hr/>	<hr/>
	154,941,483	153,021,833
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Commitments (Note 9)

APPROVED BY THE DIRECTORS

Graham C. Thody (Signed)

Stephen H. Sorensen (Signed)

Refer to accompanying notes.

UEX CORPORATION
STATEMENT OF OPERATIONS AND DEFICIT
(Unaudited - Prepared By Management)

	Three Months Ended September 30 2008	Three Months Ended September 30 2007	Nine Months Ended September 30 2008	Nine Months Ended September 30 2007
	\$	\$	\$	\$
Expenses				
Amortization	3,166	2,696	8,367	7,778
Bank charges and interest	867	644	2,657	3,254
Donations	-	-	105,000	-
Filing fees and stock exchange	23,550	36,565	167,130	175,313
General and administration	54,537	45,408	191,630	171,722
Insurance	11,774	12,174	35,322	36,523
Legal and audit	21,780	39,347	120,798	137,176
Rent	18,863	13,798	68,715	51,047
Salaries and benefits	117,144	92,430	344,068	321,898
Stock-based compensation	2,084,008	8,724,390	8,777,624	8,817,088
Telephone	2,814	2,769	6,213	7,439
Travel and promotion	17,595	10,856	61,767	43,374
Loss before the following	(2,356,098)	(8,981,077)	(9,889,291)	(9,772,612)
Investment income	251,284	762,380	1,041,847	2,340,857
Loss before income taxes	(2,104,814)	(8,218,697)	(8,847,444)	(7,431,755)
Future income taxes (recovery)	(6,711)	154,687	(20,087)	430,816
Net loss and comprehensive loss for the period	(2,098,103)	(8,373,384)	(8,827,357)	(7,862,571)
Deficit, beginning of period	(17,307,062)	(4,594,461)	(10,577,808)	(5,105,274)
Deficit, end of period	(19,405,165)	(12,967,845)	(19,405,165)	(12,967,845)
Basic and diluted loss per share	(0.011)	(0.046)	(0.048)	(0.043)
Weighted average number of shares				
Basic	183,703,052	182,903,052	183,649,402	182,188,727
Diluted	184,757,819	185,931,448	185,037,124	185,654,146

Refer to accompanying notes.

UEX CORPORATION

STATEMENT OF CASH FLOWS

(Unaudited - Prepared By Management)

	Three Months Ended September 30 2008	Three Months Ended September 30 2007	Nine Months Ended September 30 2008	Nine Months Ended September 30 2007
	\$	\$	\$	\$
Operating Activities				
Net loss for the period	(2,098,103)	(8,373,384)	(8,827,357)	(7,862,571)
Items not involving cash				
Amortization	3,166	2,696	8,367	7,778
Stock-based compensation	2,084,008	8,724,390	8,777,624	8,817,088
Future income taxes (recovery)	(6,711)	154,687	(20,087)	430,816
Changes in non-cash working capital				
Amounts receivable	(49,502)	(4,057)	17,355	(45,666)
Prepaid expenses	111,040	9,661	53,377	(142,366)
Accounts payable and accrued liabilities	(43,267)	23,521	(61,532)	(78,519)
	631	537,514	(52,253)	1,126,560
Investing Activities				
Mineral property expenditures	(6,680,659)	(8,840,867)	(22,035,906)	(26,210,128)
Change in accounts payable and accrued liabilities relating to mineral property expenditures	(868,737)	2,616,785	(801,644)	5,061,147
Change in amounts receivable relating to mineral property expenditures	(210,125)	(469,202)	(760,497)	(418,313)
Purchase of equipment	(10,420)	(43,964)	(34,133)	(172,049)
	(7,769,941)	(6,737,248)	(23,632,180)	(21,739,343)
Financing Activities				
Issuance of share capital	-	-	143,680	5,491,046
Change in cash and cash equivalents during the period				
	(7,769,310)	(6,199,734)	(23,540,753)	(15,121,737)
Cash and cash equivalents, beginning of period	36,059,031	67,944,053	51,830,474	76,866,056
Cash and cash equivalents, end of period	28,289,721	61,744,319	28,289,721	61,744,319
Supplementary Information				
Interest received	217,517	781,514	1,095,824	2,339,380
Non-cash stock-based compensation included in mineral property expenditures	716,276	1,029,712	1,977,545	2,159,112
Increase to mineral properties due to future income taxes	264,924	479,062	731,421	1,004,809
Amortization included in mineral properties	29,924	36,589	84,392	77,399

Refer to accompanying notes.

UEX CORPORATION
NOTES TO FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2008
(Unaudited - Prepared By Management)

1. Basis of Presentation and Significant Accounting Policies

These interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles and, except for the adoption of new accounting pronouncements issued by the Canadian Institute of Chartered Accountants ("CICA") discussed below, follow the same accounting policies as used in the most recent annual financial statements. The interim financial statements should be read in conjunction with the audited financial statements for the year ended December 31, 2007.

Effective January 1, 2008, the Company adopted the following new accounting standards issued by the CICA:

- a) Handbook Section 1535, *Capital Disclosures*, specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance (see Note 10).
- b) Handbook Section 3862, *Financial Instrument Disclosures*, and Section 3863, *Financial Instruments – Presentation*, replace Section 3861, *Financial Instruments – Disclosure and Presentation*, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how an entity manages those risks (see Note 11).
- c) Handbook Section 1400, *General Standards on Financial Statement Presentation*, has been amended to require management of the Company to assess at each balance sheet date and, if necessary, disclose any uncertainty surrounding the ability of the Company to continue as a going concern. The adoption of this standard had no impact on the Company's disclosures in these interim financial statements.

2. Nature of Operations

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

3. Equipment

	September 30 2008		December 31 2007	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Exploration equipment	313,198	162,099	151,099	187,291
Computer equipment	108,268	50,657	57,611	62,664
Computer software	103,917	83,933	19,984	36,844
Furniture and fixtures	4,204	1,250	2,954	3,475
	529,587	297,939	231,648	290,274

UEX CORPORATION
NOTES TO FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2008
(Unaudited - Prepared By Management)

4. Mineral Properties

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

	Balance December 31 2007	Exploration and development expenditures during the period	Balance September 30 2008
	\$	\$	\$
Western Athabasca	30,702,947	6,111,976	36,814,923
Hidden Bay	41,273,130	15,487,704	56,760,834
Black Lake	13,883,916	1,598,570	15,482,486
Riou Lake	7,454,397	1,468,033	8,922,430
Beatty River	588,459	6,497	594,956
Northern Athabasca	5,636,733	156,484	5,793,217
	99,539,582	24,829,264	124,368,846

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

(a) Western Athabasca Projects

The Western Athabasca Projects, located in the western Athabasca Basin, which include the Anne, Colette and Kianna Deposits, are ten joint ventures with the Company holding a 49% interest and AREVA Resources Canada Inc. ("AREVA") holding a 51% interest as at September 30, 2008.

The Anne, Colette and Kianna Deposits are subject to a royalty of US \$0.212 per pound of U₃O₈ sold to a maximum of US \$10,000,000.

(b) Hidden Bay Project

The Company's 100%-owned Hidden Bay Project assets, including the West Bear, Raven and Horseshoe Deposits, are located in the eastern Athabasca Basin.

(c) Black Lake Project

The Black Lake Project, located in the northern Athabasca Basin, is a joint venture with the Company holding an 89.31% interest and AREVA holding a 10.69% interest as at December 31, 2007.

(d) Riou Lake Project

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

(e) Beatty River Project

During 2004, the Company entered into an option agreement with Japan-Canada Uranium Company, Limited ("JCU"), whereby the Company was granted an option to acquire a 25% interest in the Beatty River Project, located in the western Athabasca Basin, 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 50.71% interest and JCU held a 49.29% interest in the Beatty River Project.

(f) Northern Athabasca Projects

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

UEX CORPORATION
NOTES TO FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2008
(Unaudited - Prepared By Management)

5. Future Income Taxes

A reconciliation of income taxes at statutory rates with the reported taxes for the nine and three months ended September 30, 2008 and 2007 is as follows:

	Three Months Ended September 30 2008 \$	Three Months Ended September 30 2007 \$	Nine Months Ended September 30 2008 \$	Nine Months Ended September 30 2007 \$
Loss before income taxes	(2,104,814)	(8,218,697)	(8,847,444)	(7,431,755)
Income taxes (recovery) at statutory rates	(663,017)	(2,804,220)	(2,786,945)	(2,535,715)
Non-deductible expenses and permanent differences	656,407	2,976,903	2,766,534	3,011,015
Future tax rate differences	(101)	(17,996)	324	(44,484)
Future income taxes (recovery)	(6,711)	154,687	(20,087)	430,816

The tax effects of temporary differences that give rise to significant portion of the Company's future income tax assets and liabilities at September 30, 2008 and December 31, 2007 are presented below:

	September 30 2008 \$	December 31 2007 \$
Future income tax assets:		
Loss carry forwards	17,493	-
Equipment	40,912	38,318
Share issuance costs	714,839	714,839
	<u>773,244</u>	<u>753,157</u>
Future income tax liabilities:		
Mineral properties	(16,109,975)	(15,378,554)
Net future income tax liabilities	<u>(15,336,731)</u>	<u>(14,625,397)</u>

UEX CORPORATION
NOTES TO FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2008
(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 \$
Balance, December 31, 2007	182,903,052	124,485,587
Issued for cash:		
Exercise of stock options	800,000	143,680
Contributed surplus transferred on exercise of stock options	-	70,472
Balance, September 30, 2008	183,703,052	124,699,739

(c) Stock-Based Compensation

A summary of the status of the Company's stock-based compensation plan as of September 30, 2008, and changes during the nine-month period then ended are presented below:

	Number Of Shares	Weighted-Average Exercise Price \$
Outstanding - December 31, 2007	10,181,200	4.37
Granted during the period	8,895,000	2.88
Exercised during the period	(800,000)	0.18
Outstanding - September 30, 2008	18,276,200	3.83
Exercisable - September 30, 2008	15,366,201	3.84

UEX CORPORATION
NOTES TO FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2008
(Unaudited - Prepared By Management)

6. Share Capital (Cont'd)

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

As at September 30, 2008, the Company had reserved a total of 18,276,200 common shares for issuance related to director, employee and consultant options, the details of which are as follows:

Exercise Prices	Number Outstanding September 30, 2008	Weighted Average Remaining Contractual Life
\$		
0.08	156,500	5.0 years
0.84	300,000	5.8 years
0.95	575,000	5.9 years
1.20	4,020,000	9.7 years
1.80	99,700	6.8 years
2.75	175,000	6.4 years
3.56	1,850,000	7.9 years
4.22	3,875,000	9.1 years
4.41	1,000,000	9.5 years
5.00	1,550,000	7.3 years
5.02	1,000,000	8.4 years
6.40	3,675,000	8.3 years
	18,276,200	8.7 years

The estimated fair value of all options granted and vested during the nine months ended September 30, 2008 is \$10,755,169 (2007 - \$10,976,199). Included in deferred exploration and development expenditures is \$1,977,545 (2007 - \$2,159,112) of stock-based compensation. The unamortized balance of stock-based compensation expense for options that were not vested at September 30, 2008 is \$3,519,189.

The weighted average fair value of options granted during the nine months ended September 30, 2008 was \$1.40 per option (2007 - \$3.00 per option) using the Black-Scholes option pricing model with the following weighted average assumptions:

	2008	2007
Volatility percentage	77%	70%
Risk-free interest rate	3.0%	4.5%
Dividend yield	-	-
Expected life of options	3 years	3 years

7. Contributed Surplus

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

	\$
Contributed surplus, December 31, 2007	19,785,302
Fair value of options granted and vested during the period	10,755,169
Transferred to share capital on exercise of options	<u>(70,472)</u>
Contributed surplus, September 30, 2008	<u>30,469,999</u>

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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:

	\$
2008	10,196
2009	40,782
2010	37,384

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

10. Management of Capital Risk

The Company's objectives when managing capital are 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.

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. All of the Company's cash and cash equivalents are available for exploration and development programs and administrative operations.

11. Management of Financial Risk

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

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.

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.

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NINE MONTHS ENDED SEPTEMBER 30, 2008
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