



UEX CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

MARCH 31, 2012



Message to Shareholders

Global demand for electricity continues to increase despite the protracted economic slowdown and it is anticipated that world electricity demand will double during the next 20 years. There are many benefits related to using nuclear power generation to meet this demand, including lower carbon emissions while maintaining competitive economics, when compared to the use of fossil fuels. The use of renewable sources to generate electricity is growing but is unlikely to meet the world's expanding energy needs over the next few decades.

In 2011, uranium reactor needs exceeded mine supply by nearly 40 million lbs or approximately 22% of global consumption. There are 96 net new reactors that are scheduled to become operational in the next decade, 62 of which are currently under construction in 31 countries. These reactors will increase the electrical output from nuclear generation by an estimated 16%. Another 160 reactors are in the planning stages in 35 countries. The termination of the HEU agreement with Russia will remove nearly 25 million annual pounds of U_3O_8 supply from the market beginning just 20 months from now. Hence, the ever increasing need to discover and develop new uranium resources.

At the beginning of 2012, Canada and China entered into one of the most significant agreements affecting Canadian uranium exploration and development companies. This agreement will allow Canadian producers to sell uranium to China, the country that is projected to become the largest consumer of uranium in the world into the next decade. UEX is poised to provide supply to this significant future demand.

During the first quarter of this year, UEX and AREVA planned and permitted their \$6.0 million 2012 exploration program for Shea Creek. This drilling program, which began in April, will continue to expand on the very positive results received from our exploration at the Colette and Kianna deposits announced at the end of our 2011 drilling program. In addition to our planned drilling program at Colette and Kianna, we will also focus our 2012 drilling program on the 58B Deposit which was identified in 2010. At the end of the 2012 drilling program, we will update our estimated Shea Creek Project resources which are currently the largest undeveloped uranium resources in the Athabasca Basin.

Our Hidden Bay Project, which contains the sixth largest undeveloped resources in the Athabasca Basin, continues to develop positively. Results from our 2011 summer-fall drilling campaign, received in the first quarter of 2012, have provided valuable information on the continuity of the Raven and Horseshoe deposits and additional geotechnical data. Our mining consultants will utilize this information in our mining and processing plans which will be advanced during the remainder of 2012.

Exploration outside the main deposit areas at Hidden Bay continued in the winter of 2012 and a further drilling program of up to 6,000 metres is being planned for the summer of 2012. This exploration program will focus on the Rabbit West and Telephone areas of the Hidden Bay property where we have previously intersected mineralization of up to 1.53% (~15,000 ppm) over 1.5 metres.

Consolidation and asset acquisitions continued in the uranium industry as a whole and in our own backyard. Following the closing of the Rio Tinto purchase of Hathor Exploration and its Roughrider property, located in the Athabasca Basin, for approximately \$10 /lb of U_3O_8 , Cameco Corporation announced its offer to purchase the AREVA group's interest in the Millennium Deposit, also located in the Athabasca Basin, for just under \$8 /lb of U_3O_8 . China Guangdong Nuclear Power Corp. has now completed its acquisition of Extract Resources and their relatively lower grade Husab Project in Namibia, for approximately \$4.20 /lb of U_3O_8 . Denison Mines have agreed to sell their in-situ assets located in the United States to Energy Fuels and Fission Energy have agreed to acquire Pitchstone Exploration. Further consolidation may well occur in the industry in the coming months.

In March 2012, we concluded both a public financing and a private placement which resulted in a significant increase in cash resources, currently amounting to approximately \$17.4 million. Our largest shareholder, Cameco Corporation, elected to participate in both financings and thus retained their 22.58% equity interest in UEX. Over the remainder of 2012 and into 2013, UEX is well positioned to continue expanding and advancing its already significant resources.

"signed"

*Graham C. Thody
President & CEO*

May 4, 2012

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(Expressed in Canadian dollars, unless otherwise noted)

Introduction

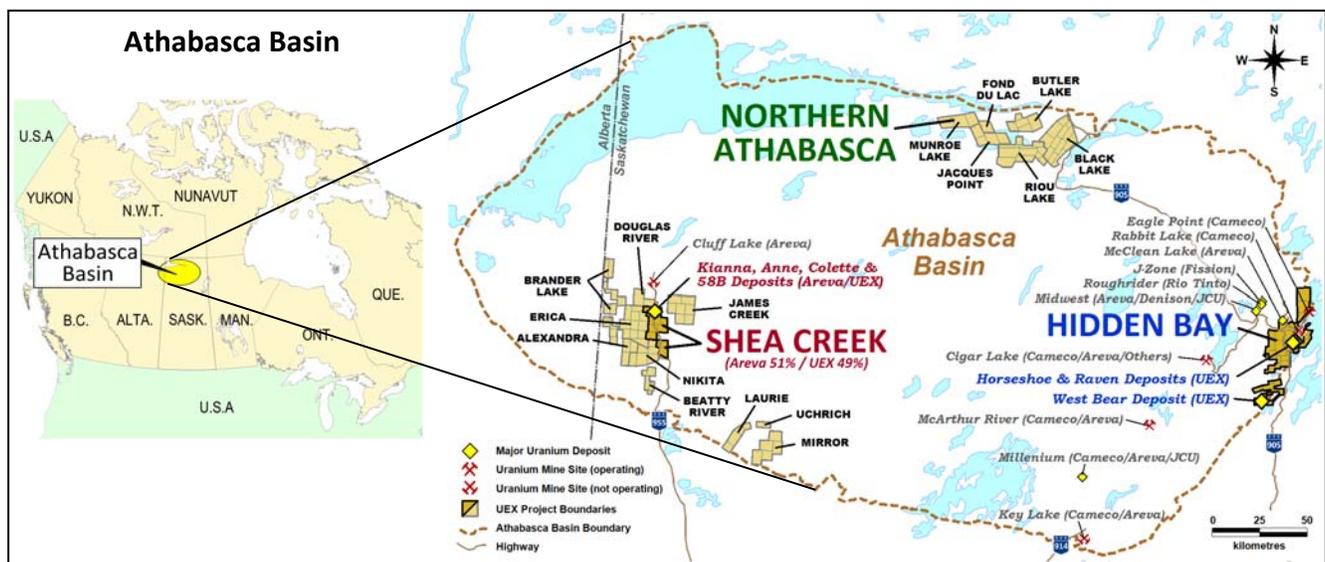
This Management's Discussion and Analysis ("MD&A") of UEX Corporation ("UEX" or the "Company") for the three-month period ended March 31, 2012 is intended to provide a detailed analysis of the Company's business and compares its financial results with those of previous periods. This MD&A is dated May 3, 2012 and should be read in conjunction with the Company's unaudited condensed interim financial statements and related notes for the three-month period ended March 31, 2012. The unaudited condensed interim financial statements are prepared in accordance with International Accounting Standards ("IAS") 34 *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB") and do not include all of the information required for full financial statements. This MD&A should also be read in conjunction with the audited annual financial statements, prepared under IFRS, for the years ended December 31, 2011 and December 31, 2010.

Other disclosure documents of the Company, including its Annual Information Form, filed with the applicable securities regulatory authorities in Canada are available at www.sedar.com.

Overview

UEX's fundamental goal is to remain one of the leading uranium explorers in the Athabasca Basin of northern Saskatchewan and to advance its portfolio of uranium deposits and discoveries through the development stage to the production stage. Since being listed on the Toronto Stock Exchange in July of 2002, UEX has aggressively pursued exploration on a diversified portfolio of prospective uranium projects in three areas within the Athabasca Basin. The Company is focusing its main efforts on two advanced projects, the 100%-owned Hidden Bay Project ("Hidden Bay") including the Horseshoe, Raven and West Bear deposits in the eastern Athabasca Basin, and the Kianna, Anne, Colette and 58B deposits within the 49%-owned Shea Creek Project ("Shea Creek") in the western Athabasca Basin.

UEX is actively involved in 18 uranium projects in the Athabasca Basin, including six that are 100% owned and operated by UEX, one joint venture with AREVA Resources Canada Inc. ("AREVA") that is operated by UEX, and ten projects joint-ventured with AREVA including one project under option from JCU (Canada) Exploration Company, Limited ("JCU"), which are operated by AREVA. AREVA is part of the AREVA group, the world's largest nuclear energy company. The 18 projects, totaling 308,320 hectares (761,875 acres), are located on the eastern, western and northern perimeters of the Athabasca Basin, the world's richest uranium district, which in 2011 accounted for approximately 17% of global primary uranium production. UEX's 100%-owned projects also include the Riou Lake Project ("Riou Lake") and the Northern Athabasca Projects. The Black Lake Project is 89.96% owned by UEX and the remainder by AREVA.



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The current technical report on the Hidden Bay property, entitled "Preliminary Assessment Technical Report on the Horseshoe and Raven Deposits, Hidden Bay Project, Saskatchewan, Canada" (the "Preliminary Assessment Technical Report", the "PA" or the "Hidden Bay Report") prepared by G. Doerksen, P.Eng., L. Melis, P.Eng., M. Liskowich, P.Geo., B. Murphy, FSAIMM, K. Palmer, P.Geo. and Dino Pilotto, P.Eng. with an effective date of February 15, 2011, filed on SEDAR at www.sedar.com on February 23, 2011, details mineral resource estimates at a cut-off grade of 0.05% U₃O₈ as follows:

Deposit		Tonnes	Grade U ₃ O ₈ (%)	U ₃ O ₈ (lbs)		Tonnes	Grade U ₃ O ₈ (%)	U ₃ O ₈ (lbs)
<i>Horseshoe</i>	Indicated	5,119,700	0.203	22,895,000	Inferred	287,000	0.166	1,049,000
<i>Raven</i>		5,173,900	0.107	12,149,000		822,200	0.092	1,666,000
<i>West Bear</i>		78,900	0.908	1,579,000		-	-	-
TOTAL		10,372,500	0.160	36,623,000		1,109,200	0.111	2,715,000

In February 2011, UEX received the Preliminary Assessment Technical Report for the Horseshoe and Raven deposits prepared by SRK Consulting (Canada) Inc. ("SRK Consulting") reporting undiscounted Earnings Before Interest and Taxes ("EBIT") of \$246 million using a mine design based on cut-off grades defined by a \$60 (US) per pound price of U₃O₈.

The Western Athabasca Projects, which include the Kianna, Anne, Colette and 58B deposits located at Shea Creek, consist of ten joint ventures with UEX holding a 49% interest and AREVA holding a 51% interest. AREVA is the operator of the Western Athabasca Projects. UEX and AREVA are in the process of negotiating joint-venture agreements for these projects.

The current technical report on the Shea Creek property, entitled "Technical Report on the Shea Creek Property, Saskatchewan, Canada, Including Mineral Resource Estimates for the Kianna, Anne and Colette Deposits" (the "Shea Creek Technical Report") prepared by K. Palmer, P.Geo. with an effective date of May 26, 2010, filed on SEDAR at www.sedar.com on July 9, 2010, details mineral resource estimates at a cut-off grade of 0.30% U₃O₈ as follows:

Deposit		Tonnes	Grade U ₃ O ₈ (%)	U ₃ O ₈ (lbs)		Tonnes	Grade U ₃ O ₈ (%)	U ₃ O ₈ (lbs)
<i>Kianna</i>	Indicated	713,000	1.442	22,665,000	Inferred	573,100	1.360	17,184,000
<i>Anne</i>		484,500	2.368	25,295,000		299,300	0.674	4,448,000
<i>Colette</i>		675,100	1.049	15,613,000		196,500	0.668	2,893,000
TOTAL		1,872,600	1.540	63,572,000		1,068,900	1.041	24,525,000

Results from the 2010 and 2011 drilling, which include the expansion of the Kianna and Colette deposits and the identification of the 58B Deposit, are not incorporated in this mineral resource estimate.

UEX operates the Black Lake Project ("Black Lake"), a joint venture with AREVA under which UEX holds an 89.96% interest and AREVA holds a 10.04% interest. Black Lake was the site of a uranium discovery made by UEX during a drilling program in September 2004.

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UEX has an option with JCU to acquire a 25% interest in the Beatty River Project ("Beatty River") located in the western Athabasca Basin in northern Saskatchewan by funding \$865,000 in exploration expenditures by December 31, 2013. Beatty River is located 40 kilometres south of the Shea Creek uranium deposits. At present, AREVA, the operator, holds a 50.7% interest and JCU holds a 49.3% interest in Beatty River. Expenditures under this agreement by UEX to March 31, 2012 amounted to \$851,836.

Growth Strategy

The main growth strategies of UEX are:

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

Uranium Industry Trends

A number of trends in the nuclear industry have the potential to affect UEX's business environment. The earthquake and tsunami that struck Japan last year and their effect on the Fukushima nuclear plants (together referred to as the "Event") resulted in downward pressure on the spot price of U₃O₈. Many companies in the uranium exploration and development industry have experienced a corresponding reduction in the trading value of their shares. The long-term effect of this Event on UEX and the uranium industry continues to be evaluated.

At the beginning of 2011, the spot and long-term prices of U₃O₈ were \$62.50 (US) per pound and \$65.00 (US) per pound respectively. During the latter part of 2011, the spot price had decreased and was \$51.75 (US) per pound as at December 31, 2011. As at UEX's 2011 fiscal year end, the long-term uranium price had decreased by \$2.00 (US) per pound to \$63.00 (US) per pound. As at the date of this document the spot price is \$51.75 (US) per pound of U₃O₈ and the long-term price is \$60.00 (US) per pound of U₃O₈. Spot and long-term uranium prices stated are as reported by The Ux Consulting Company, LLC at www.uxc.com.

In recent years, and prior to the Event, the nuclear industry had seen increased capacity at existing nuclear plants, extensions of plant licenses, and new plant planning and construction. Electricity demands are rising rapidly worldwide. Public opinion in many countries had moved in favour of nuclear power, and high oil prices had made nuclear energy the lowest-cost option in some countries. In the U.S., other than hydro, nuclear energy is the least expensive source of electricity, and several U.S. utilities had taken steps toward the planning and construction of new nuclear power plants. Of significance, in February 2012, the U.S. Nuclear Regulatory Commission approved a combined construction and operating licence to build two new AP1000 reactors, the first approvals granted in approximately three decades.

Global warming and clean energy concerns also supported increased interest in nuclear power. In view of the Event, several countries have publically stated they will review their existing and future plans related to nuclear energy, and in 2011, Germany, with 9 reactors accounting for less than 5% of world uranium demand, announced that it would plan to exit nuclear generation by 2022. Conversely, significantly more reactors are

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under construction or being planned worldwide than are proposed to be decommissioned. In particular, China, India and Russia have 43 reactors in the construction stage and 84 reactors in the planning stage. Reactors in Japan continue to undergo stress tests before they return to active service. Canada recently signed an agreement allowing for the export of uranium to China which will, when ratified, allow Canadian producers access to the fastest growing consumer of uranium in the world.

Uranium Supply and Demand

Uranium supply sources include primary mine production and secondary sources. Principal primary producers of uranium include Cameco Corporation ("Cameco") and the AREVA group, both of which produce from deposits in the Athabasca Basin of northern Saskatchewan. In 2011, worldwide annual consumption was estimated at approximately 165 million pounds U_3O_8 . World primary production in 2011 was estimated at approximately 143 million pounds U_3O_8 . 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 likely decline in importance as excess inventories and recycled uranium from nuclear weapons are progressively consumed, resulting in the need for further primary mine supply. In particular, the HEU (Highly Enriched Uranium) agreement for supply of uranium from Russia to the United States terminates at the end of 2013 and will likely reduce supply by approximately 24 million pounds U_3O_8 annually.

Demand for uranium is directly linked to the level of electricity generated by nuclear power plants. Currently, 435 reactors are operable in 31 countries worldwide. Nuclear electricity generation worldwide has been growing, since world nuclear generating capacity has continued to expand as more reactors are built than are closed, and existing reactors are being operated at higher capacity. Presently, there are 62 reactors under construction and by the year 2021 it has been estimated that there will be 96 net new operating reactors worldwide. Countries continue to evaluate the electrical needs of their populations; however, as a result of the Event, new reactors may be delayed or require additional approvals.

Long-Term Outlook

In the Company's view, the long-term uranium outlook is extremely positive as demand for electricity continues to grow. Nuclear energy, which is safe, clean, reliable and affordable, will remain an important part of the world's energy mix. The shortfall of supply for 2012 is estimated to be 25 million pounds U_3O_8 and this shortfall will likely increase throughout the current decade. New reactors will come on stream and many existing reactors, now off-line for inspection, are expected to be re-commissioned. The long-term fundamentals that have driven the growth of the nuclear industry during the past few years remain strong.

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 years ended December 31, 2011 and December 31, 2010 and the notes thereto.

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Summary of Annual Financial Results

	December 31, 2011 IFRS	December 31, 2010 IFRS	December 31, 2009 Canadian GAAP
Interest income	\$ 108,911	\$ 85,131	\$ 85,704
Net loss for the year	(5,405,217)	(6,915,077)	(8,020,216)
Basic and diluted loss per share	(0.027)	(0.035)	(0.042)
Capitalized exploration and development expenditures	10,970,686	8,271,153	14,503,291
Total assets	160,680,154	163,203,731	163,317,185

The following quarterly financial data is derived from the unaudited condensed interim financial statements of UEX as at (and for) the three-month periods ended on the dates indicated below. UEX's business is not affected by seasonality as the Company is able to perform exploration and development work year round. Variations in capitalized exploration and development expenditures from quarter to quarter and year to year are affected by the timing and size of the exploration and development programs in the periods. Variations in net loss are primarily affected by the number of options granted in the year and the associated inputs used in calculating share-based payment expense as well as by the timing of mineral property impairments that may have occurred during the period.

Summary of Quarterly Financial Results (Unaudited)

	2012 Quarter 1	2011 Quarter 4	2011 Quarter 3	2011 Quarter 2
Interest income	\$ 13,104	\$ 1,218	\$ 78,489	\$ 8,818
Net loss for the period	(505,624)	(1,913,444)	(412,693)	(927,929)
Basic and diluted loss per share	(0.002)	(0.009)	(0.002)	(0.005)
Capitalized exploration and development expenditures	1,294,145	2,011,377	4,362,578	2,789,720
Total assets	175,242,789	160,680,154	164,219,390	164,409,766

	2011 Quarter 1	2010 Quarter 4	2010 Quarter 3	2010 Quarter 2
Interest income	\$ 20,386	\$ 12,151	\$ 23,124	\$ 28,345
Net loss for the period	(2,151,151)	(4,212,396)	(359,284)	(669,202)
Basic and diluted loss per share	(0.011)	(0.021)	(0.002)	(0.003)
Capitalized exploration and development expenditures	1,807,011	799,200	1,724,080	2,673,131
Total assets	163,544,002	163,203,731	159,774,401	159,940,561

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Share Capital

The Company is authorized to issue an unlimited number of common shares without par value, of which 221,488,679 common shares were issued and outstanding as at March 31, 2012, and an unlimited number of preferred shares (no par value) issuable in series, of which 1,000,000 preferred shares have been designated Series 1 Preferred Shares, none of which are issued and outstanding. At March 31, 2012, the Company had reserved a total of 19,060,700 common shares related to director, employee and consultant share purchase options. The share purchase options are exchangeable into common shares at exercise prices ranging from \$0.72 per share to \$3.56 per share.

As at May 3, 2012, there were 221,488,679 common shares issued and outstanding and 19,060,700 share purchase options outstanding for a total of 240,549,379 on a fully-diluted basis.

Results of Operations for the Three-Month Period Ended March 31, 2012

The following information should be read in conjunction with the unaudited condensed interim financial statements for the three-month periods ended March 31, 2012 and March 31, 2011.

For the three-month period ended March 31, 2012 the Company reported a net loss of \$505,624 versus a net loss of \$2,151,151 for the three-month period ended March 31, 2011. The net loss for the three-month period ended March 31, 2011 was higher due primarily to the renunciation of flow-through amounts which led to a large tax expense of \$1,449,145 in 2011. No similar tax expense occurred in the first quarter of 2012 as all of the flow-through amounts were fully expensed in 2011 with respect to the 2010 flow-through placement.

Interest income was \$13,104 for the three-month period ended March 31, 2012 versus \$20,386 for the three-month period ended March 31, 2011. This revenue relates to interest earned on short-term cash deposits net of Part XII.6 tax, if any. The decrease in interest income during the three-month period ended March 31, 2012 was due primarily to a lower level of funds invested, offset by a decrease in Part XII.6 tax of \$38,389, as compared to the same period in the previous year.

The vesting of share purchase options during the three-month period ended March 31, 2012 resulted in total share-based compensation expense of \$306,922, of which \$88,272 was allocated to mineral property expenditures and the remaining \$218,650 was charged to operations. The vesting of share purchase options during the three-month period ended March 31, 2011 resulted in total share based compensation expense of \$246,383, of which \$62,055 was allocated to mineral property expenditures and \$184,328 was charged to operations. These differences in share-based compensation expense relate primarily to a larger number of share purchase options vesting in the three-month period ended March 31, 2012 versus March 31, 2011.

The deferred income tax recovery for the three-month period ended March 31, 2012 was \$105,007 and was a result primarily of the loss in the period from overhead costs, compared to the deferred income tax expense for the three-month period ended March 31, 2011 of \$1,449,145 which primarily reflected the renunciation of the tax benefits associated with the 2010 flow-through placement under the look-back rule of \$2,395,093, net of the flow-through premium of \$806,428.

Legal and audit fees decreased by \$27,274 because the Company did not incur costs associated with the transition to IFRS that were included in the previous period. Salaries, termination and placement fees

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decreased by \$84,751 because a \$75,000 severance payment and a \$30,375 placement fee incurred in the comparative period were non-recurring. These reductions were offset by an increase in salaries and by fees for one director which were not incurred in the comparative quarter. Travel and promotion expenses for the period increased by \$33,441 as compared to the previous period due to increased investor relations activities and associated travel costs.

The continuity of expenditures on UEX's uranium projects for the three-month periods ended March 31, 2012 and 2011 is as follows:

Project	Balance December 31 2011	Exploration expenditures during the period	Balance March 31 2012
Hidden Bay	\$ 72,668,796	\$ 1,099,523	\$ 73,768,319
Western Athabasca	56,011,738	182,957	56,194,695
Black Lake	15,188,721	5,011	15,193,732
Riou Lake	10,385,783	3,074	10,388,857
Beatty River	856,088	3,580	859,668
	\$ 155,111,126	\$ 1,294,145	\$ 156,405,271

Project	Balance December 31 2010	Exploration expenditures during the period	Balance March 31 2011
Hidden Bay	\$ 66,679,440	\$ 1,418,299	\$ 68,097,739
Western Athabasca	51,154,841	376,365	51,531,206
Black Lake	15,130,203	7,181	15,137,384
Riou Lake	12,209,890	5,307	12,215,197
Beatty River	849,833	(141)	849,692
	\$ 146,024,207	\$ 1,807,011	\$ 147,831,218

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

During the three-month period ended March 31, 2012, the Company incurred exploration and development expenditures totaling \$1,200,351, before non-cash share-based compensation and depreciation totaling \$93,794. Exploration and development expenditures during the three-month period ended March 31, 2011 totaled \$1,733,532, before non-cash share-based compensation and depreciation totaling \$73,479. This \$533,181 decrease in expenditures before non-cash items, during the three-month period ended March 31, 2012, was due to a smaller drilling program at the Hidden Bay Project and a later start to exploration on the Western Athabasca Projects, than in the comparative period.

Financing Activities

On March 13, 2012, the Company completed an underwritten bought deal public financing for 11,000,000 common shares at a price of \$0.80 per share for gross proceeds of \$8,800,000. Share issue costs include a

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cash commission of \$440,000 and other issuance costs of \$268,542. Cameco exercised its pre-emptive right to participate in the offering and purchased 3,208,902 shares so as to maintain its ownership at approximately 22.58% on the same terms as the offering, except no cash commission was payable.

On March 14, 2012, the Company completed a non-brokered private placement of 3,260,869 flow-through shares at a price of \$0.92 per share for gross proceeds of \$3,000,000 with issue costs of \$37,044 and no commission payable. A flow-through premium related to the sale of the associated tax benefits was determined to be \$97,826 on issuance. Cameco exercised its pre-emptive right to participate in the offering and purchased 951,256 common shares at a non-flow-through price of \$0.84 per share offered by the Company, so as to maintain its ownership interest at approximately 22.58%.

In the three months ended March 31, 2011, the Company did not raise any equity through public or private offerings.

The Company issued 205,000 common shares on the exercise of share purchase options for proceeds of \$192,350 during the three-month period ended March 31, 2011. No share purchase options were exercised during the three-month period ended March 31, 2012.

During the quarter ended March 31, 2011 the Company renounced \$9,075,000 of tax deductions associated with the flow-through funds raised in 2010 and accrued \$38,389 with respect to Part XII.6 tax for unspent amounts. During the quarter ended March 31, 2012, the Company did not have an obligation to renounce flow-through expenditures and did not incur any Part XII.6 tax.

Liquidity and Capital Resources

As UEX has not begun production on any of its mineral properties, the Company does not generate cash from operations. As at March 31, 2012, the Company had current assets of \$18,743,195, including \$18,509,838 in cash and cash equivalents, compared to current assets as at December 31, 2011 that totaled \$5,468,840 and included \$5,266,660 in cash and cash equivalents. Working capital at March 31, 2012 was \$17,735,214, compared to working capital of \$5,004,439 at December 31, 2011. At March 31, 2012, the Company's cash balances were invested in highly liquid term deposits redeemable within 90 days or less. The Company had sufficient cash resources at March 31, 2012 to fund its approved 2012 budgets for exploration, development and administrative costs.

Accounts payable and other liabilities at March 31, 2012 were \$1,007,981, and included \$97,826 relating to a flow-through share premium liability, which is higher than the December 31, 2011 balance of \$464,401. At March 31, 2012 trade payables were \$832,158 versus \$367,197 at December 31, 2011 with the difference being comprised primarily of amounts owed to a drilling contractor for exploration work performed on the Hidden Bay Project, amounts relating to consultants also working on the Hidden Bay Project, and amounts owed for legal and audit services relating to the Company's March 2012 share placements.

The Company's net deferred income tax liability of \$12,880,199 at March 31, 2012 is comprised of a \$15,416,863 deferred income tax liability related to the tax effect of the difference between the carrying value of the Company's mineral properties and their tax values, offset by the Company's deferred income tax assets totaling \$2,536,664. At December 31, 2011, the Company's net deferred income tax liability was \$13,186,514

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and was comprised of a \$15,415,371 deferred income tax liability related to the tax effect of the difference between the carrying value of the Company's mineral properties and their tax values, offset by the Company's deferred income tax assets totaling \$2,228,857. The main reason for the decrease in the liability is that the majority of the exploration work performed at Hidden Bay in the quarter was not funded by flow-through dollars.

Commitments

In the normal course of business, the Company enters into contracts and performs business activities that give rise to commitments for future minimum payments. The Company has an obligation under an operating lease for its office premises until November 30, 2015. Future minimum lease payments as at March 31, 2012 are as follows:

	2012	2013	2014	2015	2016
Lease for office premises	\$ 43,270	\$ 59,110	\$ 60,566	\$ 56,743	\$ nil

The Company has no other financial commitments or obligations beyond those required to fund exploration with respect to \$3.0 million of flow-through monies raised in March of 2012, the maintenance of title to its mineral properties and its option agreement obligations to JCU.

Off-Balance Sheet Arrangements

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

Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, amounts receivable and accounts payable and other liabilities. Interest income is recorded in the statement of operations and comprehensive loss. Cash and cash equivalents, as well as amounts receivable, are classified as loans and receivables, and accounts payable and other liabilities are classified as other financial liabilities and recorded at amortized cost using the effective interest rate method. In addition, any impairment of loans and receivables is deducted from amortized cost. The Company does not hold any derivative financial instruments.

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

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development programs on its mineral properties. The Company manages its capital structure, consisting of shareholders' equity, and 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. Accounts payable and other liabilities are due within the current operating period.

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

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Company's income. The Company is subject to interest rate risk on its cash and cash equivalents. The Company reduces this risk by investing its cash in highly liquid short-term interest-bearing investments that earn interest on a fixed rate basis.

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

Related Party Transactions

The Company was involved in the following related party transactions for the three months ended March 31, 2012 and 2011:

	Three months ended March 31	
	2012	2011
Other consultants ⁽¹⁾	\$ 24,843	\$ 41,120
Other consultants share-based payments ⁽²⁾	3,560	-
Panterra Geoservices Inc. ⁽³⁾	5,000	8,250
Panterra Geoservices Inc. share-based payments ⁽²⁾	13,046	33,457
	<u>\$ 46,449</u>	<u>\$ 82,827</u>

⁽¹⁾ Other consultants include close members of the family of R. Sierd Eriks, UEX's Vice-President of Exploration, who provide geological consulting services with specific services invoiced as provided.

⁽²⁾ Share-based compensation expense is the fair value of options granted which have been calculated using the Black-Scholes option-pricing model and the assumptions disclosed in Note 10(c) of the 2011 annual financial statements.

⁽³⁾ Panterra Geoservices Inc. is a company owned by David Rhys, a member of the management advisory board that provides geological consulting services to the Company. The management advisory board members are not paid a retainer or fee; specific services are invoiced as provided.

Accounting Policies

The accounting policies and methods employed by the Company determine how it reports its financial condition and results of operations, and may require management to make judgments or rely on assumptions about matters that are inherently uncertain. The Company's unaudited interim condensed results of operations are reported using policies and methods which are the same as those applied by the Company in its financial statements as at and for the year ended December 31, 2011. In preparing financial statements in accordance with International Accounting Standards ("IAS") 34 *Interim Financial Reporting*, as issued by the International

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Accounting Standards Board ("IASB"), management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses for the period. Management reviews its estimates and assumptions on an ongoing basis using the most current information available.

Critical Accounting Estimates

The Company prepares its unaudited interim condensed financial statements in accordance with IAS 34 *Interim Financial Reporting*, as issued by the IASB, 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 Company's 2011 annual financial statements. Critical estimates inherent in these accounting policies are discussed below.

Valuation of mineral properties

The recovery of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable resources, the ability of the Company to obtain financing to complete exploration and development of the properties, and on future profitable production or proceeds of disposition. The Company recognizes in income costs recovered on mineral properties when amounts received or receivable are in excess of the carrying amount. Upon transfer of exploration and evaluation assets into development properties, all subsequent expenditures on the exploration, construction, installation or completion of infrastructure facilities is capitalized within development properties.

All capitalized exploration and evaluation assets are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that the exploration expenditures are not expected to be recovered, this amount is recorded as a write-down of interest in mineral properties in the statement of operations and comprehensive loss in the period.

Environmental rehabilitation provision

The Company recognizes the fair value of a liability for environmental rehabilitation in the period in which the Company is legally or constructively required to remediate, if a reasonable estimate of fair value can be made, based on an estimated future cash settlement of the environmental rehabilitation obligation, discounted at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. The environmental rehabilitation obligation is capitalized as part of the carrying amount of the associated long-lived asset and a liability is recorded. The environmental rehabilitation cost is amortized on the same basis as the related asset. The liability is adjusted for the accretion of the discounted obligation and any changes in the amount or timing of the underlying future cash flows. Significant judgments and estimates are involved in forming expectations of the amounts and timing of environmental rehabilitation cash flows. The Company has assessed each of its mineral projects and determined that no material environmental rehabilitations exist as the disturbance to date is minimal.

Share-based payments

The Company has a share option plan which is described in Note 10(c) of the unaudited condensed interim financial statements for the three months ended March 31, 2012. The fair value of all share-based awards is

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estimated using the Black-Scholes option-pricing model at the grant date and amortized over the vesting periods. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company. Share-based payments to non-employees are measured at the fair value of the goods or services received, or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest.

None of the Company's awards call for settlement in cash or other assets. Upon the exercise of the share purchase options, consideration paid together with the amount previously recognized in the share-based payments reserve is recorded as an increase in share capital. The offset to the recorded cost is to share-based payments reserve. Consideration received on the exercise of share purchase options is recorded as share capital and the related share-based payments value in the reserve is transferred to share capital. Charges for share purchase options that are forfeited before vesting are reversed from share-based payments reserve. For those share purchase options that expire or are forfeited after vesting, the recorded value is transferred to retained earnings (deficit).

Recent Accounting Announcements

The International Accounting Standards Board issued the following IFRSs with an effective date for year ends starting on or after January 1, 2013, with early adoption permitted:

- (i) IFRS 11, *Joint Arrangements* supersedes IAS 31, *Interests in Joint Ventures* and SIC-13, *Jointly Controlled Entities – Non-monetary Contributions by Venturers*
- (ii) IFRS 12, *Disclosure of Interests in Other Entities*
- (iii) IFRS 13, *Fair Value Measurement*

The Company intends to adopt these new IFRSs in its financial statements for the annual period beginning on January 1, 2013. The Company anticipates that the application of these standards will not have a material impact on the results and financial position of the Company.

The International Accounting Standards Board has amended IFRS 7 *Financial Instruments: Disclosure* ("IFRS 7") with an effective date for year ends starting on or after January 1, 2013, with regards to risks arising from financial instruments. The changes to IFRS 7 require companies to provide the same level of disclosure as is provided internally to key management personnel. It is expected that the amendment to IFRS 7 will increase the current level of disclosure relating to transfers of financial assets.

The International Accounting Standards Board has issued IFRS 9 *Financial Instruments* ("IFRS 9") to replace IAS 39 *Financial Instruments*. IFRS 9 has an effective date for year ends starting on or after January 1, 2015, with early adoption permitted. The Company intends to adopt IFRS 9 in its financial statements for the annual period beginning on January 1, 2015. The Company does not expect IFRS 9 to have a material impact on the financial statements. The classification and measurement of the Company's financial assets is not expected to change under IFRS 9 because of the nature of the Company's operations and the types of financial assets that it holds.

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Mineral Resource Estimates

Tables 1 and 2 show respective summaries of UEX's Indicated and Inferred Mineral Resource Estimates by deposit.

TABLE 1
UEX Corporation – Indicated Mineral Resource Estimates ^{(1) (2) (3)}

Deposit	Tonnes	Grade U ₃ O ₈ (%)	Total U ₃ O ₈ (lbs)	UEX's share U ₃ O ₈ (lbs)
Kianna ⁽⁴⁾	713,000	1.442	22,665,000	11,105,850
Anne ⁽⁴⁾	484,500	2.368	25,294,000	12,394,550
Colette ⁽⁴⁾	675,100	1.049	15,613,000	7,650,370
Shea Creek Totals	1,872,600	1.540	63,572,000	31,150,280
Horseshoe ⁽⁵⁾	5,119,700	0.203	22,895,000	22,895,000
Raven ⁽⁵⁾	5,173,900	0.107	12,149,000	12,149,000
West Bear ⁽⁵⁾	78,900	0.908	1,579,000	1,579,000
Hidden Bay Totals	10,372,500	0.160	36,623,000	36,623,000
TOTALS	12,245,100	0.371	100,195,000	67,773,280

TABLE 2
UEX Corporation – Inferred Mineral Resource Estimates ^{(1) (2) (3)}

Deposit	Tonnes	Grade U ₃ O ₈ (%)	Total U ₃ O ₈ (lbs)	UEX's share U ₃ O ₈ (lbs)
Kianna ⁽⁴⁾	573,100	1.360	17,184,000	8,420,160
Anne ⁽⁴⁾	299,300	0.674	4,448,000	2,179,520
Colette ⁽⁴⁾	196,500	0.668	2,893,000	1,417,570
Shea Creek Totals	1,068,900	1.041	24,525,000	12,017,250
Horseshoe ⁽⁵⁾	287,000	0.166	1,049,000	1,049,000
Raven ⁽⁵⁾	822,200	0.092	1,666,000	1,666,000
Hidden Bay Totals	1,109,200	0.111	2,715,000	2,715,000
TOTALS	2,178,100	0.567	27,240,000	14,732,250

Notes:

- (1) The mineral resource estimates follow the requirements of *National Instrument 43-101 – Standards of Disclosure for Mineral Projects* and classifications follow CIM definition standards.
- (2) The Shea Creek mineral resources were estimated at a cut-off of 0.30% U₃O₈.
- (3) The Hidden Bay mineral resources were estimated at a cut-off of 0.05% U₃O₈.
- (4) The Shea Creek mineral resource estimates are included in the Shea Creek Technical Report with an effective date of May 26, 2010 which was filed on SEDAR at www.sedar.com on July 9, 2010.
- (5) The Hidden Bay mineral resource estimates are included in the Hidden Bay Report with an effective date of February 15, 2011 which was filed on SEDAR at www.sedar.com on February 23, 2011.

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Exploration and Development Activities

The following is a general discussion of UEX's recent exploration and development activities. Mineral resources that are not mineral reserves do not have demonstrated economic viability. 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.ux-corporation.com.

Western Athabasca Projects: Shea Creek

The Shea Creek Project ("Shea Creek") is one of the ten 49%-owned Western Athabasca Projects joint ventured with AREVA, the operator, which also include the Douglas River, Erica, Alexandra, Mirror River, Laurie, Nikita, Uchrich, James Creek and Brander Lake Projects.

Shea Creek is the flagship exploration property among the Western Athabasca Projects, consisting of 11 claims totaling 19,581 hectares (48,386 acres) and is host to the following deposits:

- Kianna Deposit ("Kianna");
- Anne Deposit ("Anne");
- Colette Deposit ("Colette"); and
- 58B Deposit ("58B").

Located in northwest Saskatchewan, just south of AREVA's former Cluff Lake mine, Shea Creek hosts the largest undeveloped uranium resources in the Athabasca Basin. High-grade uranium is distributed along a 3-kilometre long strike length at the north end of the 33-kilometre long Saskatoon Lake Conductor. The deposits at Shea Creek show three styles of mineralization: unconformity-hosted, basement-hosted and perched. Access is provided year-round by Provincial Highway 955 and by air. Field exploration is currently based from the former Cluff Lake mine camp. The Cluff Lake mine produced over 62 million pounds of U_3O_8 during its successful 22 years of operation.

In 2004, UEX entered into an agreement with AREVA to fund C\$30 million of exploration costs in exchange for a 49% interest in the Western Athabasca Projects, which include Shea Creek. AREVA continued to act as operator. The Kianna Deposit was identified in 2006, and UEX successfully met its funding target and earned its 49% interest in 2007. The 58B Deposit was identified in 2010.

Resources at the Kianna, Anne, and Colette deposits have been estimated as at December 31, 2009 following National Instrument 43-101 ("N.I. 43-101") guidelines. The deposits contain an estimated 63.5 million pounds U_3O_8 Indicated Mineral Resources and 24.5 million pounds U_3O_8 Inferred Mineral Resources at a cut-off of 0.30% U_3O_8 . The resources at Shea Creek are open in almost every direction and have excellent potential for significant expansion.

Total expenditures to the end of 2011 by UEX on exploration and development at Shea Creek were C\$36.8 million and C\$7.4 million, respectively, with approximately 229,000 metres of drilling completed.

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Western Athabasca Projects: Three Months Ended March 31, 2012

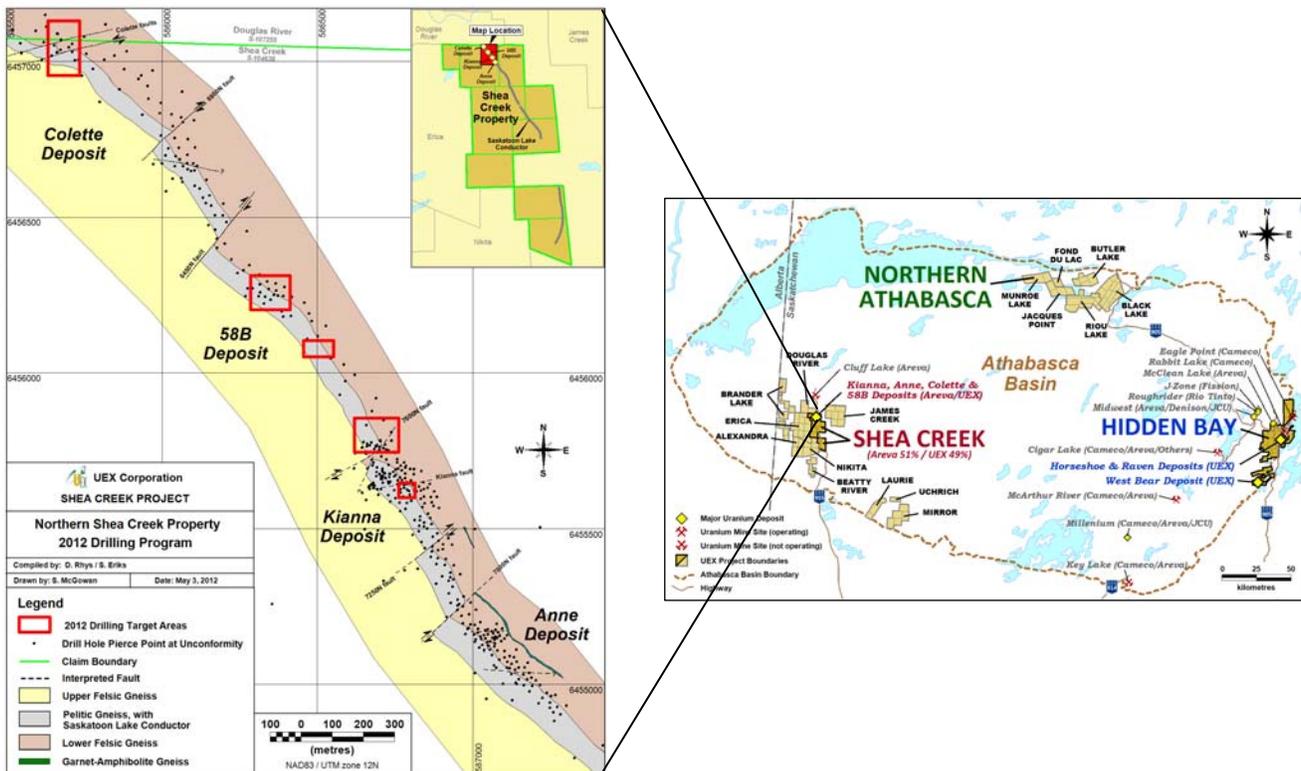
During the three-month period, the Company and AREVA completed the planning and permitting for the budgeted \$6.0-million drilling program at Shea Creek which commenced in April of 2012. In addition, geochemical results from the 2011 drilling campaign were received and were compiled into the joint ventures database.

Western Athabasca Projects: 2012 Exploration Program

The 2012 exploration program has an approved budget of \$6.0 million, for which UFX will be responsible for its 49% share, or \$2.94 million. The exploration program commenced in mid-April 2012 utilizing two drills. Exploration will comprise at least 25 drill holes which will test extensions and open areas of mineralization at the Kianna, Colette and 58B deposits as well as untested portions of the Shea Creek corridor along the Saskatoon Lake graphitic conductor between the 58B and Kianna deposits.

Following completion of the 2012 exploration program and the receipt of the geochemical results from that program, UFX intends to update the mineral resource estimates for the Shea Creek deposits incorporating the drilling results from 2010, 2011 and 2012.

2012 Shea Creek Drill Targets



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The following areas will be targeted:

- **North Colette:** Several drill holes are planned to test the open extensions of thick intercepts of unconformity mineralization encountered in the 2011 program, which included intervals of 1.28% eU₃O₈ over 26.0 metres in drill hole SHE-66-2 and 1.22% eU₃O₈ over 27.9 metres in drill hole SHE-66-3. Mineralization in these drill holes is open to the east and north. Drilling will test the extent of this zone and test for higher grade areas of mineralization within it, as well as evaluate the potential for underlying fault-associated basement mineralization, such as is seen at the Kianna Deposit.
- **Kianna Deposit:** Continued testing of basement mineralization discovered in 2011 which lies north of the main Kianna basement zone is planned. Drilling in 2011 has identified a new zone which extends from the north side of the Kianna main basement zone and may join with a second steeply dipping mineralized structure to the north. This new zone, which lies outside of the Kianna mineral resource estimate, has returned broad intercepts of mineralization including 1.28% eU₃O₈ over 25.1 metres in drill hole SHE-130-4 and 0.81% eU₃O₈ over 32.0 metres in drill hole SHE-130-12, for which true widths have not yet been determined. The 2012 drilling will target these areas, as well as explore the continuity of higher grade portions of unconformity and basement mineralization to the south.
- **58B Deposit:** The 58B Deposit lies between Kianna and Colette, and to date sufficient drilling has not been completed to estimate a mineral resource. Drilling in 2012 will further test basement mineralization where multiple high-grade veins have been intersected, including 6.53% U₃O₈ over 1.6 metres in drill hole SHE-133-5. Drilling will also test the extent and continuity of overlying unconformity mineralization.
- **Area between the 58B and Kianna deposits:** The partial definition of the 58B Deposit in 2010 highlighted the significant exploration potential of the Shea Creek mineralization trend along the Saskatoon Lake Conductor. The 700-metre strike length between the Kianna and 58B deposits remains sparsely tested. The possibility exists for the discovery of unconformity mineralization in this area and to potentially connect the Kianna and 58B deposits. Drilling in 2012 is planned for the area immediately south of the 58B Deposit.

Beatty River Project

Beatty River consists of seven claims totaling 6,688 hectares (16,526 acres) located in the western Athabasca Basin approximately 40 kilometres south of the Shea Creek deposits. At present, AREVA, the operator, owns a 50.7% interest and JCU owns a 49.3% interest in Beatty River. UEX entered into an agreement dated June 15, 2004 with JCU wherein JCU granted UEX an option to acquire a 25% interest in Beatty River. Under the agreement, UEX would earn a 25% interest in Beatty River by funding \$865,000 in exploration expenditures by December 31, 2013. Expenditures under this agreement by UEX to March 31, 2012 amounted to \$851,836.

The 2012 budget of approximately \$20,000 will involve a small target-generation compilation in which all of the existing geophysical surveys, geochemistry and drilling will be assessed to generate a prioritized plan for future work on the project.

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Hidden Bay Project

UEX operates its 100%-owned Hidden Bay Project ("Hidden Bay"), which consists of 41 claims totaling 57,024 hectares (140,909 acres) and is host to the following deposits:

- Horseshoe Deposit ("Horseshoe");
- Raven Deposit ("Raven"); and
- West Bear Deposit ("West Bear").

Hidden Bay was acquired from Cameco upon UEX's formation in 2002 establishing Cameco's initial equity position in UEX. Extensive drilling programs were conducted on the property in the following years, leading to the release of a mineral resource estimate for Horseshoe, Raven and West Bear in 2009.

Located in northeast Saskatchewan, the Hidden Bay property hosts the sixth largest undeveloped uranium resource in the Athabasca Basin. Resources at Horseshoe and Raven have been estimated following N.I. 43-101 guidelines. These deposits contain an estimated 35.0 million pounds U_3O_8 Indicated Mineral Resources and 2.7 million pounds U_3O_8 Inferred Mineral Resources at a cut-off grade of 0.05% U_3O_8 . West Bear contains an additional 1.6 million pounds U_3O_8 in the Indicated category at a cut-off grade of 0.05% U_3O_8 .

The Preliminary Assessment Technical Report, prepared by SRK Consulting, found the economics of mining the Horseshoe and Raven deposits to be "very robust." The base case economic scenario of \$60 (US) per pound of U_3O_8 would yield an estimated C\$246 million in earnings before interest and taxes.

The proximity of Horseshoe and Raven to uranium milling facilities operated by Cameco and AREVA provide opportunities for potential toll milling arrangements. The principal hydroelectric transmission lines that service both of these mill facilities also pass 3 kilometres to the north of the deposits. The Raven pit may provide further cost-savings potential should it prove viable as a tailings facility. The PA addresses these possible benefits in addition to numerous other opportunities for the improvement of economics at Hidden Bay.

Total expenditures to the end of 2011 by UEX on exploration and development at Hidden Bay were C\$58.5 million and C\$5.1 million, respectively, with approximately 484,000 metres of drilling completed.

Hidden Bay Project: 2012 Exploration and Development Programs

UEX recently completed a 2,898-metre drilling program consisting of 10 drill holes in the winter of 2012. The drilling program tested additional geological and geophysical targets in the vicinity of the Horseshoe and Raven deposits. These additional outlying exploration targets included areas with resistivity and gravity anomalies similar to those at the Horseshoe and Raven deposits, which suggest the possibility of new zones of clay alteration that may be associated with uranium mineralization. This drill program also tested structural targets where projections of known faults (such as the Dragon Lake Fault) may extend across potentially favourable lithologies that form preferential hosts to uranium mineralization in other parts of the property. Results of the drilling program are being processed, compiled and interpreted.

UEX is committed to advancing the Hidden Bay Project and, in this regard, has engaged SRK Consulting to conduct engineering studies on the Horseshoe, Raven and West Bear deposits. These studies will further examine the economic viability of mining the Horseshoe and Raven deposits as a combined open pit and underground ramp access operation and assess a variety of processing options as well as the suitability of the

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Hidden Bay Projects: 2011 Summer-Fall Exploration Results

During the summer-fall of 2011, UEX completed 63 diamond drill holes totaling 16,457 metres consisting mainly of definition and step-out drilling in the Raven Deposit and several infill drill holes at the Horseshoe Deposit. The drilling was designed primarily to test the continuity and potential for expansion of higher grade portions of the Raven Deposit, and also serve to provide geotechnical information for application to the ongoing economic analysis of the deposits. Results, which were received during the first quarter of 2012, validated the continuity of mineralization in the deposits, and expanded portions of the higher grade parts of the Raven Deposit.

Raven Drilling Results

Fifty-seven holes totaling 14,750 metres were drilled at Raven to:

- 1) test for additional continuity of higher grade areas of mineralization ($>0.1\%$ U_3O_8) that could provide higher grade underground mining targets; and
- 2) drill step-out holes to test continuity of mineralization into new areas, principally in eastern parts of the Raven Deposit.

Significant results with a grade thickness greater than 1.5 and grades greater than 0.1% U_3O_8 are as follows:

RU-243	0.274% U_3O_8 over 17.5 metres (section 5780E);
RU-246	0.445% U_3O_8 over 20.5 metres (section 5725E);
RU-248	0.414% U_3O_8 over 17.6 metres (section 5755E);
RU-252	1.492% U_3O_8 over 3.0 metres (section 5665E);
RU-254	0.119% U_3O_8 over 18.5 metres and 0.125% U_3O_8 over 21.0 metres (section 5476E);
RU-256	0.340% U_3O_8 over 5.2 metres (section 5445E);
RU-260	0.230% U_3O_8 over 11.0 metres (section 5025E);
RU-262	0.128% U_3O_8 over 15.0 metres (section 5423E);
RU-276	0.226% U_3O_8 over 13.5 metres (section 5290E);
RU-279	0.206% U_3O_8 over 24.0 metres (section 5335E); and
RU-281	1.538% U_3O_8 over 1.5 metres (section 5347E).

True thickness of these intercepts has not yet been determined. Drill holes RU-243 and RU-248 will allow for the extension of the Raven Deposit for at least 30 metres eastward from its previously modeled outline. These results are higher grade than previous drilling intercepts in that area.

The results of this program are being incorporated into the Raven wireframe model, with the objective of providing additional information that will form part of a future preliminary feasibility study for the Horseshoe and Raven deposits.

In addition to drill holes which intersected the Raven Deposit, further drill holes were completed to the east of and surrounding the deposit to explore for new mineralized areas within or close to potential future mining infrastructure. No significant uranium mineralization was intersected in these drill holes. These drill holes did, however, provide geotechnical information related to open pit and underground mining design, including possible ramp access for underground development.

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Horseshoe Drilling Results

Six drill holes totaling 1,707 metres were completed at, or adjacent to, Horseshoe to provide further information about the continuity and extent of mineralization within and adjacent to the Horseshoe Deposit, and to supply additional geotechnical data in the deposit area. Significant results with a grade thickness greater than 1.5 and grades greater than 0.09% U₃O₈ are as follows:

- HU-368 0.177% U₃O₈ over 12.0 metres (section 4307N);
- HU-370 0.098% U₃O₈ over 32.0 metres (section 4561N); and
- HU-371 0.495% U₃O₈ over 11.0 metres
including 3.295% U₃O₈ over 1.0 metre (section 4695N).

These results confirm continuity of mineralization in the Horseshoe A and B zones and, based on known morphology of these zones, are at or close to true thickness. Additional step-out holes in the Horseshoe area did not intercept any significant mineralization but, since they were drilled outside of the known resources, have no impact on the current resource model.

Other Athabasca Projects: 2012

In the three-month period ended March 31, 2012, no significant exploration work was performed on the Black Lake, Riou Lake and Northern Athabasca projects. Four claims within the Northern Athabasca Projects lapsed on February 5, 2012; however, these claims had been written off in 2010 due to a lack of planned exploration activity at that time.

Qualified Person

The disclosure of technical information regarding UEX's properties in this MD&A has been reviewed and approved by R. Sierd Eriks, P.Geo., UEX's Vice-President of Exploration, who is a Qualified Person as defined by *National Instrument 43-101 – Standards of Disclosure for Mineral Projects* and is non-independent of UEX.

Equivalent Uranium Grades

Some of the uranium grades reported for Shea Creek in our MD&A are calculated from gamma probe logging. The probe results are reported as uranium equivalent (eU₃O₈). Equivalent grade results are obtained using a DHT27-STD 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. The reader is referred to UEX's news release of March 24, 2009 for further discussion of probe calibration and comparative treatment of geochemical and probe data.

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Risks and Uncertainties

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

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

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

Joint ventures

UEx participates in certain of its projects through joint ventures with third parties (such as the Western Athabasca and Black Lake projects). UEX has other joint ventures and may enter into more in the future. There are risks associated with joint ventures, including:

- disagreement with a joint-venture partner about how to develop, operate or finance a project;
- a joint-venture partner not complying with a joint-venture agreement;
- possible litigation between joint-venture partners about joint-venture matters; and
- limited control over decisions related to a joint venture in which UEX does not have a controlling interest.

In particular, UEX is in the process of negotiating joint-venture agreements with AREVA on the Western Athabasca Projects and there is no assurance that the parties will be able to conclude a mutually satisfactory agreement.

Reliance on other companies as operators

Where another company is the operator and majority owner of a property in which UEX has an interest, UEX is and will be, to a certain extent, dependent on that company for the nature and timing of activities related to those properties and may be unable to direct or control such activities.

Uranium price fluctuations could adversely affect UEX

The market price of uranium is the most significant market risk for companies exploring for and producing uranium. The marketability of uranium is subject to numerous factors beyond the control of UEX. The price of uranium has recently experienced and may continue to experience volatile and significant price movements over short periods of time. Factors impacting price include demand for nuclear power, political and economic

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conditions in uranium producing and consuming countries, natural disasters such as those that struck Japan in March, 2011, reprocessing of spent fuel and the re-enrichment of depleted uranium tails or waste, sales of excess civilian and military inventories (including from the dismantling of nuclear weapons) by governments and industry participants and production levels and costs of production in countries such as Kazakhstan, Russia, Africa and Australia.

Reliance on the economics of the Preliminary Assessment Technical Report

The market price of U₃O₈ has decreased since the date of the PA. The uranium industry has been adversely affected by the natural disasters that struck Japan on March 11, 2011 and the resulting damage to the Fukushima nuclear facility. These events resulted in many countries, which presently rely on nuclear power for a portion of their electrical generation, stating that they will review their commitment to this source of clean energy. These reviews resulted in downward pressure on the price of uranium and may have a significant effect on the country-by-country demand for uranium. The current long-term U₃O₈ market price, as reported by Ux Consulting on February 27, 2012, is approximately \$60 (US) /lb. Given that the PA presented three economic scenarios using prices ranging from \$60 (US) to \$80 (US) /lb of U₃O₈, the economic analysis which uses U₃O₈ prices higher than the prevailing market price may no longer be accurate and readers of the PA are therefore cautioned when reading or relying on the PA.

Competition for properties could adversely affect UEX

The international uranium industry is highly competitive and significant competition exists for the limited supply of mineral lands available for acquisition. Many participants in the mining business include large, established companies with long operating histories. UEX may be at a disadvantage in acquiring new properties as many mining companies have greater financial resources and more technical staff. Accordingly, there can be no assurance that UEX will be able to compete successfully to acquire new properties or that any such acquired assets would yield reserves or result in commercial mining operations.

Resource estimates are based on interpretation and assumptions

Mineral resource estimates presented in this document and in UEX's filings with securities regulatory authorities, news releases and other public statements that may be made from time to time are based upon estimates. These estimates are imprecise and depend upon geological interpretation and statistical inferences drawn from drilling and sampling analysis, which may prove to be unreliable. There can be no assurance that these estimates will be accurate or that this mineralization could be extracted or processed profitably.

Mineral resource estimates for UEX's properties may require adjustments or downward revisions based upon further exploration or development work, actual production experience, or future changes in uranium price. In addition, the grade of mineralization ultimately mined, if any, may differ from that indicated by drilling results. There can be no assurance that minerals recovered in small-scale tests will be duplicated in large-scale tests under on-site conditions or in production scale.

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

The Company currently has sufficient financial resources to carry out its anticipated short-term planned exploration and development on all of its projects and to fund its short-term general administrative costs; however, there are no revenues from operations and no assurances that sufficient funding will be available to

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

Competition from other energy sources and public acceptance of nuclear energy

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

Dependence on key management employees

UEX's development to date has depended, and in the future will continue to depend, on the efforts of key management employees. UEX will need additional financial, administrative, technical and operations staff to fill key positions as the business grows. If UEX cannot attract and train qualified people, the Company's growth could be restricted.

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

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

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and regulations would not have an adverse effect on any uranium exploration project which UEX might undertake. World-wide demand for uranium is directly tied to the demand for electricity produced by the nuclear power industry, which is also subject to extensive government regulation and policies.

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

Conflicts of interest

Some of the directors of UEX are also directors of other companies that are similarly engaged in the business of acquiring, exploring and developing natural resource properties. Such associations may give rise to conflicts of interest from time to time. In particular, one of those consequences may be that corporate opportunities presented to a director of UEX may be offered to another company or companies with which the director is associated, and may not be presented or made available to UEX. The directors of UEX are required by law to act honestly and in good faith with a view to the best interests of UEX, to disclose any interest which they may have in any project or opportunity of UEX, and to abstain from voting on such matter. Conflicts of interest that arise will be subject to and governed by procedures prescribed in the Company's by-laws and Code of Ethics and by the *Canada Business Corporations Act*.

Internal controls

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.

Market price of shares

Securities of mining companies have experienced substantial volatility in the past often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic conditions in North America and globally, and market perceptions of the attractiveness of particular industries. The price of UEX's securities is also likely to be significantly affected by short-term changes in uranium or other commodity prices, other mineral prices, currency exchange fluctuation, or in its financial condition or results of operations as reflected in its periodic reports. Other factors unrelated to the performance of UEX that may have an effect on the price of the securities of UEX include the following: the extent of analytical coverage available to investors concerning the business of UEX may be limited if investment banks with research capabilities do not follow UEX's securities; lessening in trading volume and general market interest in UEX's securities may affect an investor's ability to trade significant numbers of securities of UEX; and the size of UEX's public float and its inclusion in market indices may limit the ability of some institutions to invest in UEX's securities. If an active market for the securities of UEX does not continue, the liquidity of an investor's investment may be limited and the price of the securities of the Corporation may decline. If an active market does not exist, investors may lose their entire investment in the Company. As a result of any of these factors,

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the market price of the securities of UEX at any given point in time may not accurately reflect the long-term value of UEX. Securities class-action litigation has been brought against companies following periods of volatility in the market price of their securities. UEX may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

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

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

Disclosure Controls and Procedures

The Company has established disclosure controls and procedures to ensure that information disclosed in this MD&A and the related unaudited interim condensed financial statements was properly recorded, processed, summarized and reported to the Company's Board and Audit Committee. The Company's certifying officers conducted or caused to be conducted under their supervision an evaluation of the disclosure controls and procedures as required under applicable Canadian securities laws as at March 31, 2012. Based on the evaluation, the Company's certifying officers concluded that the disclosure controls and procedures were effective to provide a reasonable level of assurance that information required to be disclosed by the Company in its annual filings and other reports that it files or submits under applicable Canadian securities laws is recorded, processed, summarized and reported within the time period specified and that such information is accumulated and communicated to the Company's management, including the certifying officers, as appropriate to allow for timely decisions regarding required disclosure.

It should be noted that while the Company's certifying officers believe that the Company's disclosure controls and procedures provide a reasonable level of assurance and that they are effective, they do not expect that the disclosure controls and procedures will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Internal Controls over Financial Reporting

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

There were no changes in these controls during the most recent interim period ending March 31, 2012 that had materially affected, or are reasonably likely to materially affect, such controls.

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Cautionary Statement Regarding Forward-Looking Information

Certain statements contained in this MD&A may constitute "forward-looking information" within the meaning of applicable Canadian securities legislation. These statements appear in a number of different places in this MD&A and can be identified by words such as "estimates", "projects", "expects", "intends", "believes", "plans", or their negatives or other comparable words. Forward-looking information includes 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 information is 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 this forward-looking information is based to be reasonable at the time it was prepared, but cautions readers that these assumptions may ultimately prove to be incorrect. Forward-looking information by its nature necessarily involves risks, uncertainties and other factors including without limitation: that UEX's exploration activities may not result in profitable commercial mining operations; the risks associated with UEX's participation in joint ventures; reliance on other companies as operators; uranium price fluctuations; the economic analysis contained in the current Hidden Bay project's technical report may not be accurate or reliable; competition for properties; mineral resource estimates are based on interpretations and assumptions; that failure to obtain additional financing on a timely basis could cause UEX to reduce its interest in its properties; competition from other energy sources and public acceptance of nuclear energy; dependence on key management employees; compliance with and changes to environmental and other regulatory laws; conflicts of interest; accounting policies; internal controls; market price of UEX's shares; potential costs which could be associated with any liabilities not covered by insurance or in excess of insurance coverage; and other factors all as more particularly described herein under the heading "Risks and Uncertainties" 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 information. Many of these factors are beyond the control of UEX. Except as required by applicable securities law, UEX disclaims any intention or obligation to update or revise forward-looking information, whether as a result of new information, future events or otherwise. Consequently, all forward-looking information in this MD&A is 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 information.