UEX CORPORATION

2009 ANNUAL REPORT

Message to Shareholders

Amongst the many uranium exploration companies formed during the last decade, UEX Corporation has been one of the most successful at discovery and advancement of new uranium resources, the ultimate goal of any mineral exploration company. Our success reflects the early and well selected land positions the Company acquired in the prolific Athabasca Basin of Saskatchewan, strong relationships with the world's largest uranium companies, and effective management. Our current focus on two advanced resource development projects, Hidden Bay and Shea Creek, puts UEX among a small peer group of companies capable of providing superior results over the coming years. During 2009, we funded approximately $14.5 million of exploration and development on our Athabasca basin uranium projects, one of the largest uranium directed budgets in Canada. Approved expenditures for 2010 total $9.0 million. UEX continues to be well financed, with a current cash position of approximately $14.0 million.

The first of the two advanced resource development projects is our 100%-owned Hidden Bay Project in the eastern Athabasca Basin, where we continue to advance a group of three deposits towards production decisions. In 2009, we reported a combined National Instrument 43-101 compliant resource estimate, at a 0.05% U_3O_8 cut-off grade, for the Horseshoe, Raven and West Bear Deposits of:

- *36.62 million pounds of U_3O_8 with an average grade of 0.16% U_3O_8 in the Indicated Mineral Resource category; and*
- *2.72 million pounds of U_3O_8 with an average grade of 0.11% U_3O_8 in the Inferred Mineral Resource category.*

In February 2010, we completed a preliminary feasibility study on the West Bear Deposit upgrading the resource to a Probable Mineral Reserve estimate of 1,492,261 pounds of U_3O_8 grading 0.94% U_3O_8 at a cut-off of 0.18% U_3O_8. We have also initiated a scoping level study for the Horseshoe and Raven Deposits.

The second resource development project is our 49%-owned Shea Creek Project in the western Athabasca Basin, which includes the Kianna, Anne and Colette Deposits and the highly prospective 58B Area ("58B"), located between the Kianna and Colette Deposits. AREVA Resources Canada Inc. is the operator and 51% joint venture partner.

In 2009, we completed a diamond drilling program at Shea Creek consisting of three pilot holes and 48 directional holes. The most significant intersections were:

- *141.4 metres of 1.02% eU_3O_8 found in the basement at Kianna; and*
- *8.7 metres of 7.24% eU_3O_8 found at the unconformity at Anne.*

UEX has initiated an independent resource calculation for the three deposits on the Shea Creek Project which we expect to report by the end of the second quarter of 2010. While mineralization at these deposits is still open in most directions, we anticipate that resources at the Kianna, Anne and Colette Deposits, based on drilling up to the end of 2009, will very likely establish Shea Creek as one of the most significant projects in the Athabasca Basin and Canada.

Recent drilling results in the 58B Area, announced on March 17, 2010, suggest the potential for a new deposit which may lie in the sparsely drilled area between Kianna and Colette, further demonstrating the high exploration potential of the project. We are currently utilizing four directional drill rigs at Shea Creek, two at Kianna and two at 58B.

"signed"

Graham C. Thody, President & CEO

March 29, 2010

UEX Corporation

Management Discussion & Analysis

Year Ended December 31, 2009
(Expressed in Canadian Dollars, unless indicated otherwise.)

Introduction

This Management Discussion and Analysis ("MD&A") of UEX Corporation ("UEX" or the "Company") provides a detailed analysis of the Company's business and compares its financial results with those of the previous year. This MD&A is dated March 29, 2010 and should be read in conjunction with the Company's audited financial statements and related notes for the year ended December 31, 2009. The financial statements are prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP").

Other continuous disclosure documents, including the Company's press releases, interim and annual financial statements and Annual Information Form are available through its filings with the applicable securities regulatory authorities in Canada at www.sedar.com.

Overview

Strategy

The goals of UEX are 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. UEX's exploration success on two of these three areas has resulted in UEX focusing its main efforts on its two advanced projects, the 100%-owned Horseshoe, Raven and West Bear Deposits in the eastern Athabasca Basin, and the Kianna, Anne and Colette Deposits within the 49%-owned Shea Creek Project in the western Athabasca Basin.

About UEX

UEX is a Canadian uranium exploration and development company actively involved in 19 uranium projects in the Athabasca Basin, including seven that are 100% owned and operated by UEX, one joint venture with AREVA Resources Canada Inc. ("AREVA") that is operated by UEX, ten joint-ventured with AREVA and one 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 19 projects, totaling 338,972 hectares (837,618 acres), are located on the eastern, western and northern perimeters of the Athabasca Basin, the world's richest uranium district, which accounts for approximately 22% of global primary uranium production.

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

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

UEX holds 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, 2011. Beatty River is located 40 kilometres south of

the Shea Creek uranium deposits. At present, AREVA owns a 50.7% interest and JCU owns a 49.3% interest in Beatty River. At December 31, 2009, UEX's expenditures under the option were $604,797.

Growth Strategy

The main growth strategies of UEX are:

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

Uranium Industry Trends

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

During 2009, the uranium spot price peaked at US$54.00 per pound U_3O_8 during the month of June. Since that time, the spot price declined to a low of US$42.00 per pound during September, and by March 22, 2010 the spot price was at US$42.25 per pound U_3O_8. The long-term uranium price was US$60.00 per pound U_3O_8, as of February 22, 2010. (Spot and long-term uranium prices stated are as reported by The Ux Consulting Company, LLC at www.uxc.com).

In recent years, the nuclear industry has seen increased capacity at existing nuclear plants, extensions of plant licenses, and new plant planning and construction. Electricity demands are rising rapidly worldwide. Public opinion in many countries has moved in favour of nuclear power, and recent historical high natural gas and oil prices have made nuclear energy the lowest cost option in some countries. In the U.S., other than hydro, nuclear energy is the least expensive source of electricity, and several U.S. utilities have recently taken steps toward the planning and construction of new nuclear power plants. Global warming and clean energy concerns also support increased interest in nuclear power.

Uranium Supply and Demand

Uranium supply sources include primary mine production and secondary sources. Principal primary producers of uranium include Cameco Corporation ("Cameco") and AREVA, both of which produce principally from deposits in the Athabasca Basin of northern Saskatchewan. In 2009, worldwide annual consumption was estimated at approximately 169 million pounds U_3O_8. World primary production in 2009 was approximately 130 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 decline in importance as excess inventories and recycled uranium from nuclear weapons are progressively consumed, resulting in the need for further primary mine supply.

Demand for uranium is directly linked to the level of electricity generated by nuclear power plants. As of January 2010, 436 reactors were in operation worldwide. Nuclear electricity generation worldwide is growing, since world nuclear generating capacity continues to expand as more reactors are built than are closed, and existing reactors are being operated at higher capacity.

Long-Term Outlook

In 2000, uranium spot prices reached a low of US$7.10 per pound U_3O_8 due to the increased availability of secondary supplies, short-term lower demand, and increased inventory sales. The spot price is at US$42.25 per pound of U_3O_8 as of the date of this document, and the long-term

uranium market outlook remains positive with increased consumption and the continuing drawdown of secondary uranium sources. Given the lead time necessary to find and develop new mines, the projected gap in both supply and future depletion of existing 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 ended December 31, 2009 and the notes thereto.

For the Years Ended December 31

	2009	2008	2007
	$	$	$
Investment income	85,704	1,249,734	3,034,219
Net loss for the year	(8,020,216)	(8,803,994)	(5,472,534)
Basic and diluted earnings (loss) per share	(0.04)	(0.05)	(0.03)
Capitalized exploration and development expenditures, net of non-cash items	14,503,291	28,852,805	35,199,037
Total assets	163,317,185	154,984,327	153,021,833

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

	Dec. 2009	Sep. 2009	June 2009	March 2009	Dec. 2008	Sep. 2008	June 2008	March 2008
	$	$	$	$	$	$	$	$
Investment income	9,404	11,981	18,389	45,930	207,887	251,284	311,467	479,096
Net earnings (loss) for the period	(821,778)	(1,638,125)	(5,231,009)	(329,304)	23,363	(2,098,103)	(5,922,594)	(806,660)
Basic and diluted earnings (loss) per share	(0.004)	(0.009)	(0.027)	(0.002)	0.000	(0.011)	(0.032)	(0.004)
Capitalized exploration and development expenditures, net of non-cash items	1,631,760	4,238,985	3,185,818	5,446,728	6,816,899	6,680,659	6,065,319	9,289,928
Total assets	163,317,185	160,901,363	160,778,872	152,469,623	154,984,327	154,941,483	154,893,093	154,368,149

Share Capital

The Company is authorized to issue an unlimited number of common shares without par value, of which 197,162,652 common shares were issued and outstanding as of December 31, 2009, and an unlimited number of preferred shares issuable in series, of which 1,000,000 preferred shares have been designated Series 1 Preferred Shares, none of which are issued and outstanding. As of March 29, 2010, the number of common shares outstanding remained at 197,162,652.

At December 31, 2009, the Company had reserved a total of 14,654,700 common shares related to director, employee and consultant options, the details of which are as follows:

Exercise Prices	Number Outstanding, December 31, 2009	Weighted-Average Remaining Contractual Life
$ 0.84	300,000	4.5 years
0.95	575,000	4.7 years
1.00	600,000	10.0 years
1.20	4,020,000	6.2 years
1.34	1,685,000	9.7 years
1.45	6,350,000	7.0 years
1.80	99,700	5.5 years
2.75	175,000	5.2 years
3.56	850,000	6.7 years
	14,654,700	7.0 years

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

In December 2009, a total of 2,375,000 stock options with an exercise price of $4.22 per option were voluntarily surrendered by directors, employees, and consultants.

Results of Operations for the Year Ended December 31, 2009

For the year ended December 31, 2009, the Company reported a net loss of $8,020,216 compared to a net loss of $8,803,994 for the year ended December 31, 2008. The lower net loss for the year ended December 31, 2009 was primarily due to a $1,450,637 decrease in stock-based compensation, a $120,000 decrease in donations, a $118,115 decrease in filing and stock exchange fees, and a $380,159 increase in future income tax recovery, offset by a $1,164,039 decrease in investment income and a $651,286 increase in salaries and retiring allowance. In addition, there was no write-down of capitalized mineral property expenditures during 2009 compared to a $435,360 write-down of mineral properties during 2008.

Investment income was $85,704 for the year ended December 31, 2009, compared to $1,249,743 for the year ended December 31, 2009, a decrease of $1,164,039 due to significantly lower interest rates during 2009 being applied to lower cash balances than those existing during the year ended December 31, 2008.

The granting and vesting of stock options during the year ended December 31, 2009 resulted in total stock-based compensation expense of $7,737,515, of which $977,271 was allocated to mineral property expenditures and the remaining $6,760,244 was charged to operations. The granting and vesting of stock options during the year ended December 31, 2008 resulted in total stock-based compensation expense of $9,609,891, of which $1,399,010 was allocated to mineral property expenditures and $8,210,881 was charged to operations.

The future income tax recovery for the years ended December 31, 2009 and 2008 were $464,703 and $84,544, respectively. The increased future income tax recovery for 2009 reflects the benefit of a larger increase in future income tax assets during the current year.

Operating expenses before stock-based compensation expense for the year ended December 31, 2009 were $1,810,379, compared to $1,492,040 for the year ended December 31, 2008. This increase of $318,339 is mainly due to a $651,286 increase in salaries and retiring allowance, offset by a $118,115 decrease in filing and stock exchange fees, a $42,999 decrease in travel and promotion, and a $120,000 decrease in donations. During 2008, the Company donated $100,000 to the Saskatchewan Research Council toward its uranium lab expansion. No donations were made during the year ended December 31, 2009.

General and administrative expenses were $203,396 for the year ended December 31, 2009, a decrease of $35,359 compared to the general and administrative expenses of $238,755 for the year ended December 31, 2008 due to lower office consultant fees in 2009.

Salaries and retiring allowance totaled $1,116,372 during the year ended December 31, 2009, a $651,286 increase over the salaries and retiring allowance of $465,086 incurred by the Company during the year ended December 31, 2008. This increase is due to the payment of $630,000 to the Company's previous President and CEO upon his retirement on November 1, 2009, pursuant to a retirement agreement.

Legal and audit expenses for the year ended December 31, 2009 were $204,046, comparable to the legal and audit expenses of $219,795 during the year ended December 31, 2008. Filing fees and stock exchange fees significantly decreased in the year ended December 31, 2009 to $97,671, compared to $215,786 during 2008, directly due to decreased stock exchange and regulatory fees, which are based on the Company's market capitalization at the end of the previous year.

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

Project	Balance December 31, 2007	2008 Exploration & Development Expenditures	Write-down of Mineral Properties	Balance December 31, 2008	2009 Exploration & Development Expenditures	Balance December 31, 2009
Hidden Bay	$ 41,273,130	$ 18,064,686	$ -	$ 59,337,816	$ 9,702,937	$ 69,040,753
Western Athabasca	30,702,947	9,751,660	-	40,454,607	5,948,784	46,403,391
Black Lake	13,883,916	1,369,198	-	15,253,114	156,780	15,409,894
Riou Lake	7,454,397	1,477,100	-	8,931,497	80,301	9,011,798
Northern Athabasca	5,636,733	212,489	(435,360)	5,413,862	24,771	5,438,633
Beatty River	588,459	9,122	-	597,581	7,216	604,797
	$ 99,539,582	$ 30,884,255	$ (435,360)	$129,988,447	$ 15,920,789	$145,909,266

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

During the year ended December 31, 2009, the Company incurred exploration and development expenditures totaling $14,503,291, before non-cash stock-based compensation, future income taxes and amortization totaling $1,417,498. Exploration and development expenditures during the year ended December 31, 2008 totaled $28,852,805, before non-cash stock-based compensation, future income taxes and amortization totaling $2,031,450. This $14,349,514 decrease in expenditures, before non-cash items, is due to lower overall exploration and development budgets for 2009 relating to the Hidden Bay and Western Athabasca Projects, compared to 2008. The Company conducted extensive drilling programs at its Hidden Bay Project during 2008 with the goal of performing the necessary drilling for the purposes of obtaining National Instrument 43-101 ("N.I. 43-101") resource estimates on its Horseshoe and Raven Deposits, which were received during 2009. As a result, drilling conducted in 2009 was considerably reduced when compared to 2008. In addition, the Company reduced its exploration activities on its projects located in the northern Athabasca Basin and consequently incurred less exploration expenditures.

Results of Operations for the Three Months Ended December 31, 2009

During the three months ended December 31, 2009, the Company incurred a net loss $821,778.

A total of 2,375,000 stock options with an exercise price of $4.22 per option were voluntarily surrendered by directors, employees, and consultants during the fourth quarter. A total of 375,000 of these options were not vested at the time of forfeiture. The effect on fourth quarter results was a decrease to net loss of $122,092, a decrease in mineral properties of $21,050, and a decrease of $143,142 in contributed surplus.

There were no other significant non-recurring year-end adjustments affecting the Company's fourth quarter results.

Financing Activities

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

On December 17, 2009, the Company issued 3,628,100 flow-through common shares at $1.12 per share and 975,000 non-flow-through common shares at $1.02 per share for aggregate gross proceeds of $5,057,972, pursuant to a non-brokered private placement. The Company incurred issuance costs of $36,270.

The Company realized $12,520 from the exercise of stock options during the year ended December 31, 2009, compared to $143,680 received from stock options exercised during the year ended December 31, 2008.

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 December 31, 2009 the Company had current assets of $17,243,131, including $16,938,416 in cash and cash equivalents, compared to current assets as at December 31, 2008 that totaled $24,785,318. Working capital at December 31, 2009 was $16,548,206, compared to working capital of $19,501,945 at December 31, 2008. At the year end, the Company's cash balances were invested in highly liquid bankers' acceptance notes with terms of 90 days or less. The Company had sufficient cash resources at December 31, 2009 to fund its approved 2010 budgets of approximately $9.0 million for exploration and development and administrative costs.

Accounts payable and accrued liabilities at December 31, 2009 were $694,925, which is significantly lower than the amount at December 31, 2008 of $5,283,373 due to a lower amount of exploration and development activities during the last two months of 2009 compared to 2008.

The Company has an obligation under an operating lease for its office premises. The future minimum lease payments are $37,384 in 2010. 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 $14,829,975 at December 31, 2009 is comprised of a $16,139,907 future income tax liability related to the tax effect of the difference between the carrying value of the Company's mineral properties and their tax values, offset by the Company's future income tax assets totaling $1,039,932. At December 31, 2008, the Company's net future income tax liability was $15,058,296.

All acquisition, exploration, development and start-up costs are capitalized until such time as the project to which they relate is put into commercial production, sold, abandoned or recovery of costs is determined to be unlikely. Upon reaching commercial production, these capitalized costs are amortized over the estimated ore reserves on a unit-of-production basis. For properties which do not yet have proven reserves, the capitalized amounts represent costs to date and are not

intended to represent present or future values. The underlying value of all properties is entirely dependent on the existence and economic recovery of reserves in the future, and the ability to obtain sufficient financing to put the project into production.

Off-Balance Sheet Arrangements

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

Financial Instruments

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

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

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure. 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 accrued liabilities are due within the current operating period.

Credit risk is the risk of an unexpected loss if a third party to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk includes cash and cash equivalents and amounts receivable. The Company reduces its credit risk by maintaining its bank accounts at large international financial institutions. The maximum exposure to credit risk is equal to the carrying value of cash and cash equivalents and accounts 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. Amounts receivable consists mainly of GST receivable and office recoveries and are not considered past due.

The Company is subject to interest rate risk on its cash and cash equivalents.

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

Related Party Transactions

The Company did not have any related party transactions.

Exploration and Development Activities

The following is a general discussion of UEX's exploration and development activities during the year ended December 31, 2009. 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: 2009 Exploration and Development Programs

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

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

Shea Creek Project

The Shea Creek Project ("Shea Creek") hosts the Kianna, Anne and Colette Deposits, and consists of 11 claims totaling 19,581 hectares (48,386 acres).

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

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

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

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

- Basement-hosted mineralization ("B") is found in zones up to 200 metres below the unconformity. Drilling at the Kianna Deposit ("Kianna") has outlined a zone of this style of mineralization with a strike length of 200 metres and a downdip extension of 160 metres which includes intercepts such as SHE-114-11 grading 4.09% U_3O_8 over 45.0 metres, including 18.07% U_3O_8 over 6.0 metres. This mineralization style is also seen at the Anne Deposit ("Anne") and the Colette Deposit ("Colette"), which includes intercepts such as SHE-122-1 at Anne, grading 4.21% U_3O_8 over 36.0 metres, including 23.17% U_3O_8 over 3.5 metres, and SHE-111-6 at Colette, grading 3.23% U_3O_8 over 8.0 metres. The basement mineralization at Colette has been traced over a strike length of 240 metres, and is largely open. In the 58B Area, basement mineralization includes intercepts such as 2.21% U_3O_8 over 2.6 metres, including 6.73% U_3O_8 over 0.7 metres in SHE-58B.
- Unconformity-type mineralization ("UC") is disseminated, nodular and massive mineralization in close proximity to the unconformity. Drilling between Kianna and Anne has established that mineralization at the unconformity is continuous between the deposits, indicating a strike length of at least 1,000 metres of mineralization which is open in all directions. Intercepts of this style include SHE-115-3, grading 9.34% U_3O_8 over 12.2 metres, including 21.15% U_3O_8 over 4.3 metres at Kianna and SHE-99-2, grading 5.65%

U_3O_8 over 17.9 metres, including 14.55% U_3O_8 over 6.5 metres at Anne. The unconformity mineralization at Colette has been traced over a strike length of 650 metres, and is open in all directions. Intercepts at Colette include SHE-52 grading 2.34% U_3O_8 over 16.8 metres. Recent drilling in the 58B Area has intersected significant unconformity mineralization such as 6.55% U_3O_8 over 2.4 metres in SHE-133-4.

- Perched mineralization ("P") is sandstone-hosted pervasive and fracture-controlled pitchblende-bearing mineralization found in discrete zones tens of metres above the unconformity. At Kianna, the largest of these pods has a defined strike length of 80 metres and a width of 60 metres, and includes intercepts such as SHE-114-5, grading 20.72% eU_3O_8 over 10.2 metres, including 27.73% eU_3O_8 over 7.60 metres. This mineralization style at Colette includes intercepts such as SHE-111-11, grading 1.43% U_3O_8 over 6.0 metres. Fracture/fault-controlled perched mineralization is also developed within the Anne area; however intersections cannot be correlated between drill holes with the current density of drill information.

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

Uranium grades reported below are calculated from gamma probe logging. True widths of mineralized intervals have not yet been determined. The probe results are reported as uranium equivalent (eU_3O_8). Equivalent uranium probe 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 a radiometric to grade conversion 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.

2009 Drilling and Exploration Program at Shea Creek

The 2009 diamond drilling program at Shea Creek began in early February utilizing three diamond drills. A fourth drill was added in July, and the drilling was concluded in late October. A total of 54 diamond drill holes were completed on the project during the 2009 program, including three pilot drill holes and 51 directional cuts.

Drilling during the 2009 program concentrated on four principal areas at Shea Creek:

- Infill and step-out drill holes at the Kianna Deposit;
- Infill drilling at the Anne Deposit;
- Exploration drill holes between Anne and Kianna; and
- Exploration drill holes in the 58B target area, located between the Kianna and Colette Deposits.

Kianna Deposit

Drilling at Kianna in 2009 comprised one pilot hole and 12 directional cuts, excluding two holes which were not completed due to drilling difficulties. Drilling focused on better definition of mineralization in the basement and at the unconformity, following up on previous results. True widths of mineralized intervals have not yet been determined. The most significant intercepts, which returned grades of greater than 0.5% eU_3O_8 and a grade-thickness product of greater than 5.0 include the following:

- (UC) 2.90% eU_3O_8 over 6.9 metres in hole SHE-118-18;
- (P) 3.86% eU_3O_8 over 14.2 metres, including 20.64% eU_3O_8 over 1.4 metres, and
  (B) 1.85% eU_3O_8 over 8.7 metres in hole SHE-114-18A;
- (P) 5.94% eU_3O_8 over 12.0 metres, including 15.72% eU_3O_8 over 1.2 metres and 33.56% eU_3O_8 over 1.3 metres in hole SHE-114-19;
- (P) 2.71% eU_3O_8 over 14.2 metres, and
  (B) 3.73% eU_3O_8 over 10.8 metres in hole SHE-114-19A; and
- (B) 1.02% eU_3O_8 over 141.4 metres, including 2.27% eU_3O_8 over 4.0 metres, 2.72% eU_3O_8 over 6.6 metres, 5.55% eU_3O_8 over 15.8 metres, and 2.39% eU_3O_8 over 5.3 metres in hole SHE-114-20.

Drill hole SHE-114-20 substantially upgrades the eastern portion of the basement mineralization in Kianna. The high-grade subinterval of 5.55% eU_3O_8 over 15.8 metres expands the outlines of higher-grade material from previous drilling results. In addition, upper parts of the basement intercept in drill hole SHE-114-20 have expanded both the extent and potential of the basement zone. The mineralization intersected by this drill hole will require follow-up drilling, which is planned as part of the 2010 exploration program.

The perched and unconformity results listed above further define the high-grade portions of these zones.

Between the Anne and Kianna Deposits

Drilling in this area was undertaken to further assess the extent and continuity of mineralization between Anne and Kianna, and to define areas of higher-grade mineralization within this corridor. A total of 21 directional cuts in the SHE-37, 50 and 121 series drill holes were completed in this area, excluding one hole which was not completed due to drilling difficulties.

Some of the more significant intercepts, with a grade-thickness product greater than 5.0, include:

- (UC) 1.09% eU_3O_8 over 5.5 metres in hole SHE-50-2;
- (UC) 4.56% eU_3O_8 over 2.9 metres in hole SHE-50-5;
- (UC) 3.06% eU_3O_8 over 4.3 metres in hole SHE-50-8; and
- (UC) 1.62% eU_3O_8 over 4.3 metres in hole SHE-50-11.

Drilling in this area has better-defined the unconformity mineralization, allowing for the incorporation of this zone in future resource estimation.

Anne Deposit

Drilling at Anne in 2009 was performed with the following objectives:

a) To further test open areas in southeastern portions of Anne; and
b) To further define mineralization in the northern portions of Anne.

One pilot hole and 12 directional cuts were completed. Significant intercepts in these areas, with a grade-thickness product greater than 5.0, include the following:

- (UC) 1.47% eU_3O_8 over 7.6 metres in hole SHE-131-3;
- (UC) 7.24% eU_3O_8 over 8.7 metres, including 18.48% eU_3O_8 over 2.2 metres, and
  (B) 1.45% eU_3O_8 over 11.1 metres in hole SHE-109-5; and
- (UC) 4.51% eU_3O_8 over 8.9 metres in hole SHE-109-6.

The 109-series drill holes further outline mineralization in the northern Anne Deposit. The SHE-131 series drill holes fill large gaps in previous drilling at the southeastern end of Anne, establishing and extending continuity of mineralization approximately 100 metres further to the southeast of previous systematic areas of drilling. Unconformity mineralization throughout much of Anne, and all mineralization at the southeast end of the Anne Deposit are open and will be further tested during the 2010 program.

58B Area

This highly prospective, but virtually untested, area lies between the Kianna and Colette Deposits along a one-kilometre strike length of the Shea Creek trend, which has been previously tested by very widely-spaced holes. In 2009, one new pilot hole and two directional cuts were completed to test the possible continuity of mineralization previously intersected by drill hole SHE-58B, which encountered multiple mineralized intervals in the basement, including 2.21% U_3O_8 over 2.6 metres that also included 6.73% U_3O_8 over 0.7 metres. Drilling in 2009 intersected similar styles of structurally controlled, vein-hosted mineralization in the basement, including 1.21% eU_3O_8 over 3.1 metres and 0.85% eU_3O_8 over 1.0 metres in drill hole SHE-133-2.

UEX and AREVA view the 58B Area as highly prospective for the discovery of additional basement-hosted mineralization comparable to that observed in Kianna. This assessment is based on the dominance of basement mineralization, the presence of east-west trending, steeply dipping pitchblende veins, the intensity and extent of basement clay alteration, and a geophysical signature similar to the Kianna area. Additional drilling here, and in the relatively untested areas between the 58B target and the Kianna Deposit, are currently underway.

2009 Development Program at Shea Creek

In addition to ongoing exploration in 2009, engineering and environmental work also continued at Shea Creek. Previous work in 2007 and 2008 included environmental baseline, geotechnical and hydrological studies on the Anne and Kianna Deposits and surrounding areas.

The 2009 program included the gathering of site-specific information from Kianna by AREVA personnel and external consultants. Work included a comprehensive geotechnical core logging program of current and previous drill holes, hydraulic tests, drilling of two holes for geotechnical purposes adjacent to Kianna for conceptual mine design planning, and further environmental baseline studies.

Shea Creek 43-101 Technical Report

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

2009 Exploration Program at the Alexandra Project

A ground geophysical program was carried out over the conductive zone outlined by the 2004 airborne MEGATEM® survey. The ground geophysical survey consisted of 65 line-kilometres of new grid preparation. Following grid establishment, a total of 50 kilometres of moving loop SQUID electromagnetic survey was completed over the grid in October 2009. Results of the geophysical survey are pending.

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

Western Athabasca Projects: 2010 Exploration and Development Programs

UEX has approved total 2010 expenditures of approximately $11.8 million proposed by AREVA for the Western Athabasca Projects. The 2010 expenditures include an exploration budget of $8.7 million, of which $7.96 million has been allocated to Shea Creek, and a development budget for Shea Creek of $3.1 million. Subsequent to the budget approval, AREVA has informed UEX that they wish to reduce the 2010 development budget to approximately $2.0 million. Expenditures under the joint venture are funded 49% by UEX and 51% by AREVA.

2010 Drilling and Exploration Program at Shea Creek

The 2010 exploration program at Shea Creek began in mid-January and consists of diamond drilling utilizing at least four drills. The drilling program is intended to focus on the Kianna, Anne, and Colette Deposits as well as the area between the Kianna and Colette Deposits (“58B Area”).

Kianna Deposit

Proposed 2010 drilling at Kianna is planned to:

- Investigate the north side of the Kianna Deposit. A new pilot hole will be placed 100 metres north of the main deposit to investigate the potential for unconformity mineralization. Directional drilling from this pilot hole will test potential open mineralization associated with drill hole SHE-114-17, as well as the downdip extension of the Kianna basement mineralization which to date has not been determined;
- Test the eastern portion of the Kianna basement mineralization and the extent of the high-grade mineralization recently intersected in drill hole SHE-114-20 grading 1.02% eU_3O_8 over 141.4 metres, including 5.55% eU_3O_8 over 15.8 metres (see UEX's news release of November 19, 2009); and
- Further investigate the western and downdip portions of the Kianna basement where open areas of potential mineralization may exist.

Anne Deposit

Mineralization at the Anne Deposit is open in many areas of the unconformity, and also to the southeast. The 2010 drilling program at Anne is planned to further step out to the southeast along strike to test open areas of mineralization, which could expand the overall strike length of the mineralization at Shea Creek. A new pilot hole and three directional cuts are planned.

Area Between the Kianna and Colette Deposits ("58B Area")

The area between the Kianna and Colette Deposits, along a one-kilometre strike length of the Shea Creek conductive trend, is highly prospective and has only been tested by very few holes. Previous drilling has intersected multiple intervals of basement-hosted mineralization in the 58B Area located 700 metres northwest of Kianna. In 1997, drill hole SHE-58B intersected unconformity mineralization grading 0.44% eU_3O_8 over 8.1 metres and basement-hosted mineralization grading 2.21% U_3O_8 over 2.6 metres including 6.73% U_3O_8 over 0.7 metres.

Drilling in the 58B Area during 2009 intersected basement-hosted mineralization grading 1.34% eU_3O_8 over 3.2 metres and 0.88% eU_3O_8 over 1.1 metres in drill hole SHE-133-2 (see UEX's news release of November 19, 2009). This basement-hosted mineralization occurs in steeply dipping vein systems, suggesting the potential for Kianna-style structurally controlled mineralization in the basement.

The 2010 drilling program at 58B initially utilized the previously drilled pilot hole SHE 133. Two directional cuts, SHE-133-3 and SHE 133-4, were completed and the results include the following mineralized intersections (see UEX's news release of March 17, 2010):

- **SHE-133-3**
  - (UC) 1.81% eU_3O_8 over 7.6 metres, including 2.65% eU_3O_8 over 4.8 metres;
  - (B) 1.02% eU_3O_8 over 1.1 metres;
  - (B) 0.54% eU_3O_8 over 0.8 metres; and
  - (B) 4.80% eU_3O_8 over 0.9 metres.
- **SHE-133-4**
  - (UC) 6.55% eU_3O_8 over 2.4 metres;
  - (B) 1.08% eU_3O_8 over 1.6 metres; and
  - (B) 1.21% eU_3O_8 over 1.3 metres.

These results identify the existence of high-grade unconformity mineralization as has previously been outlined at the Kianna, Anne and Colette Deposits, and establishes the continuation of unconformity and basement-hosted mineralization in the 58B Area.

Colette Deposit

Previous drilling at the Colette Deposit is widely spaced and, as a result, the extent of high-grade mineralization at the unconformity is poorly defined. In addition, a significant zone of basement mineralization which is open downdip to the west was intersected in multiple drill holes completed in 2007 and 2008 in southern parts of this deposit. Perched mineralization in northern portions of this deposit also remains only partially outlined. Drilling in 2010 at Colette is planned to:

- Test the continuity of higher-grade mineralization at the unconformity;
- Expand the extent of the perched mineralization located in the northern part of this deposit and test for underlying basement mineralization. Stacked zones of mineralization observed in the other deposits at Shea Creek may also exist here; and
- Test open extensions of basement mineralization located in the southern part of this deposit.

2010 Development Work at Shea Creek

UEX had initially approved a development budget for 2010 in the amount of $3.10 million, as proposed by AREVA, of which UEX's 49% share would have been $1.52 million. Subsequent to this approval, AREVA requested a reduction of the total of development work to approximately $2.0 million. Development expenses under the revised budget will serve to update surface infrastructure including a review of options regarding power generation, tailings facilities and mill locations. The expenses will also provide for the collection of field data and a review of the overall project development strategy. AREVA, the joint venture operator, had previously considered the possibility of sinking an exploration shaft to facilitate the exploration of the Shea Creek Deposits from underground. Upon further review, it was decided that the rate of resource expansion achieved using surface drilling was significantly faster, and at a lower cost, than the exploration shaft alternative and hence has been adopted as the best approach for this phase of the project.

Shea Creek Resource Estimate

UEX has commissioned Golder Associates Ltd. ('Golder") of Burnaby, British Columbia, to provide an independent N.I. 43-101 compliant resource estimate for the Kianna, Anne and Colette Deposits. Currently, incorporation of additional infill sampling in support of resource geochemical modeling, and wireframe modeling by UEX personnel are underway in support of this work. It is anticipated that the resource calculation will be completed by the end of the second quarter in 2010.

2010 Exploration Program at the Mirror River Project

The Mirror River Project is one of the ten 49%-owned Western Athabasca Uranium Projects joint-ventured with AREVA, the operator. A $643,000 budget for 2010 has been approved to carry out a ground geophysical program of 82.5 line-kilometres of IP/DC resistivity. UEX's 49% share of this budget is $315,000. This ground geophysical program is planned over conductive areas outlined by a previous airborne MEGATEM® survey that has the potential to be associated with unconformity-style uranium mineralization.

Beatty River Project

Beatty River consists of seven claims totaling 6,688 hectares located in the western Athabasca Basin approximately 40 kilometres south of the Shea Creek deposits. At present, AREVA owns a 50.7% interest and JCU owns a 49.3% interest in Beatty River. UEX entered into an agreement dated June 15, 2004 with JCU wherein JCU granted UEX an option to acquire a 25% interest in Beatty River. Under the agreement, UEX can earn a 25% interest in Beatty River by funding $865,000 in exploration expenditures by December 31, 2011.

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

A 2010 diamond drilling program consisting of three holes totaling 1,164 metres at a cost of approximately $500,000 has been completed. No significant mineralization was intersected.

Hidden Bay Project: 2009 Exploration and Development Programs

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

Uranium Deposits

Hidden Bay is host to three uranium deposits which have recently estimated N.I. 43-101 compliant resources: Horseshoe, Raven and West Bear. These deposits are of the unconformity type: West Bear is a classic unconformity-hosted deposit at very shallow depths, while Horseshoe and Raven are basement-hosted varieties of the unconformity type. Previous N.I. 43-101 compliant resources are supported by a technical report by K. Palmer, P.Geo. of Golder Associates Ltd. with an effective date of January 23, 2009. This report was filed at www.sedar.com ("SEDAR") on February 19, 2009. In July 2009, UEX received updated N.I. 43-101 resources based on additional drilling and expansion of the known area of deposits from the late fall 2008 and winter 2009 drilling programs. A N.I. 43-101 compliant report with an effective date of July 15, 2009 was filed on SEDAR on September 8, 2009. The updated resources using a 0.05% U_3O_8 cut-off grade are provided in Tables 1 and 2 below:

Table 1
July 2009 N.I. 43-101 Compliant Indicated Mineral Resources on the Hidden Bay Project at a Cut-off Grade of 0.05% U_3O_8

Deposit	Tonnes	U_3O_8 (%)	U_3O_8 (lbs)
Horseshoe	5,119,700	0.203	22,895,000
Raven	5,173,900	0.107	12,149,000
West Bear	78,914	0.908	1,578,500
Total	**10,372,514**	**0.160**	**36,622,500**

Table 2
July 2009 N.I. 43-101 Compliant Inferred Mineral Resources on the Hidden Bay Project at a Cut-off Grade of 0.05% U_3O_8
(There are no Inferred resources for the West Bear Deposit)

Deposit	Tonnes	U_3O_8 (%)	U_3O_8 (lbs)
Horseshoe	287,000	0.166	1,049,000
Raven	822,200	0.092	1,666,000
Total	**1,109,200**	**0.111**	**2,715,000**

The resource estimates were calculated using a minimum cut-off grade of 0.01% U_3O_8 utilizing a geostatistical-block model technique with ordinary kriging methods and the DATAMINE Studio 3 software package.

Horseshoe and Raven Deposits

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

The July 2009 updated Horseshoe mineral resource estimate was prepared by Kevin Palmer, P.Geo., of Golder, who is independent of UEX. The mineral resource calculation utilized 376 diamond drill holes (119,400 metres from holes HU-001 to HU-350 and HO-01 to HO-16) drilled between 2005 and 2009, which tested the deposit at 7.5-metre to 30-metre drill centres. The mineral resource estimate was calculated using a minimum cut-off grade of 0.02% U_3O_8 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 3 and 4 below. Note that approximately 95% of the resource is in the Indicated category at a 0.05% U_3O_8 cut-

off. At a cut-off of 0.20% U_3O_8, most of the contained U_3O_8 in the deposit is within areas averaging 0.412% U_3O_8.

Table 3
July 2009 Indicated Mineral Resources at the Horseshoe Deposit with Tonnes and Grade at Various U_3O_8 Cut-off Grades

Cut-off	Tonnes	U_3O_8 (%)	U_3O_8 (lbs)
0.02	7,042,400	0.157	24,427,000
0.05	**5,119,700**	**0.203**	**22,895,000**
0.10	3,464,800	0.266	20,302,000
0.15	2,380,800	0.330	17,331,000
0.20	1,567,000	0.412	14,219,000
0.25	1,059,900	0.502	11,726,000
0.30	722,600	0.609	9,696,000
0.35	529,100	0.713	8,319,000
0.40	414,600	0.807	7,377,000

Table 4
July 2009 Inferred Mineral Resources at the Horseshoe Deposit with Tonnes and Grade at Various U_3O_8 Cut-off Grades

Cut-off	Tonnes	U_3O_8 (%)	U_3O_8 (lbs)
0.02	444,900	0.122	1,192,000
0.05	**287,000**	**0.166**	**1,049,000**
0.10	159,700	0.239	840,000
0.15	106,800	0.298	702,000
0.20	79,800	0.340	598,000
0.25	53,500	0.398	469,000
0.30	29,300	0.502	324,000
0.35	15,500	0.665	227,000
0.40	11,400	0.769	193,000

The July 2009 updated Raven resource estimate was prepared by Kevin Palmer, P.Geo., of Golder. The resource calculation utilized 243 diamond drill holes (65,600 metres from holes RU-001 to RU-213 and RV-001 to RV-028) drilled between 2005 and 2009 to define the deposit at 7.5-metre to 50-metre drill centres. The resource estimate was calculated using a minimum cut-off grade of 0.02% U_3O_8 utilizing a geostatistical-block model technique with ordinary kriging methods and the DATAMINE Studio 3 software package.

Details of the resources at different cut-off levels are provided in Tables 5 and 6 below. The bulk of the resource is in the Indicated category at a 0.05% U_3O_8 cut-off. At a cut-off grade of 0.10% U_3O_8, most of the contained U_3O_8 in the Indicated category is within areas averaging 0.170% U_3O_8.

Table 5
July 2009 Indicated Mineral Resources at the Raven Deposit with Tonnes and Grade at Various U_3O_8 Cut-off Grades

Cut-off	Tonnes	U_3O_8 (%)	U_3O_8 (lbs)
0.02	9,646,100	0.073	15,544,000
0.05	**5,173,900**	**0.107**	**12,149,000**
0.10	1,893,400	0.170	7,113,000
0.15	827,700	0.234	4,274,000
0.20	424,000	0.294	2,752,000
0.25	241,500	0.349	1,859,000
0.30	139,100	0.406	1,244,000
0.35	80,300	0.467	827,000
0.40	48,400	0.529	565,000

Table 6
July 2009 Inferred Mineral Resources at the Raven Deposit with Tonnes and Grade at Various U_3O_8 Cut-off Grades

Cut-off	Tonnes	U_3O_8 (%)	U_3O_8 (lbs)
0.02	1,537,600	0.067	2,278,000
0.05	**822,200**	**0.092**	**1,666,000**
0.10	176,000	0.186	723,000
0.15	96,000	0.239	506,000
0.20	48,500	0.302	323,000
0.25	25,700	0.370	209,000
0.30	15,800	0.431	150,000
0.35	11,700	0.468	121,000
0.40	8,200	0.509	92,000

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

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

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

As part of the advancement of development on the Horseshoe and Raven Deposits, environmental baseline studies carried out by Golder to collect biological, hydrogeological and other environmental data were completed in 2009. During the 2007 and 2008 drilling programs, geotechnical studies were completed to assess rock properties and the hydrogeology of the Horseshoe and Raven Deposits area. The Company is currently reviewing draft reports on this work, and has initiated a scoping level evaluation of the potential economic viability of mining the deposits.

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

West Bear Deposit

On January 5, 2009, UEX announced it had received a N.I. 43-101 compliant resource estimate report from Golder for the West Bear Deposit. The mineral resource estimate contains 78,914

tonnes grading 0.908% U_3O_8 in the Indicated category containing 1.58 million pounds U_3O_8 at a cut-off grade of 0.05% U_3O_8. A supporting technical report entitled "Technical Report on the Hidden Bay Property, Saskatchewan, Canada including Mineral Resource Estimates for Horseshoe, Raven and West Bear Deposits" by K. Palmer, P.Geo. with an effective date of January 23, 2009 was filed on SEDAR on February 19, 2009.

The updated January 2009 West Bear resource estimate was prepared by K. Palmer, P.Geo., of Golder, who is independent of UEX. The resource calculation utilized the results from 216 drill holes totaling 6,400 metres that were completed during the 2005 and 2007 sonic drilling programs. The total contained Indicated uranium resources at the West Bear Deposit have not significantly changed from the December 2007 N.I. 43-101 compliant resource calculation, also prepared by K. Palmer, P.Geo. (73,800 tonnes grading 1.00% U_3O_8 containing 1.61 million pounds of U_3O_8 using a cut-off grade of 0.15% U_3O_8 – see December 13, 2007 news release). The resource estimate was calculated using a minimum cut-off grade of 0.01% U_3O_8 utilizing a geostatistical-block model technique with ordinary kriging methods and the DATAMINE Studio 3 software package.

The new resource reported below reflects the remodeling of the deposit after significant infill sampling of drill core was undertaken in the late summer of 2007 to better define mineralization outlines. The changes in volume, with corresponding decrease in grade with respect to the December 2007 N.I. 43-101 compliant Indicated resource, reflect incorporation of lower-grade material in the new resource outlines. All resources at West Bear are classified as Indicated; details at different cut-off levels are provided in Table 7 below:

Table 7
January 2009 Indicated Mineral Resources at the West Bear Deposit with Tonnes and Grade at Various U_3O_8 Cut-off Grades.

Cutoff	Tonnes	Dry Density	U_3O_8 (%)	U_3O_8 (lbs)
0.01	209,655	1.99	0.36	1,654,594
0.02	188,137	1.99	0.40	1,646,208
0.03	112,950	1.99	0.65	1,605,245
0.04	85,265	2.02	0.84	1,584,573
0.05	**78,914**	**2.03**	**0.91**	**1,578,500**
0.10	76,067	2.03	0.94	1,574,010
0.15	70,316	2.04	1.01	1,557,586
0.20	63,767	2.04	1.09	1,532,152
0.25	57,332	2.04	1.19	1,500,142
0.30	52,067	2.04	1.28	1,468,219
0.35	47,764	2.04	1.37	1,437,236
0.40	43,560	2.05	1.46	1,402,640

West Bear Metallurgical Testing

Melis Engineering Ltd. of Saskatoon, Saskatchewan oversaw a confirmation metallurgical testing program using representative composites derived from fresh drill core samples collected from the 2007 sonic drilling program. The composites were processed at SGS Lakefield Research Ltd. of Lakefield, Ontario to confirm leach and effluent treatment conditions on fresh samples of core. Metallurgical testing resulted in an estimated overall uranium recovery of 95%.

West Bear Preliminary Feasibility Study

In February 2010, UEX received the results of the Preliminary Feasibility Study (the "Study") on the West Bear Deposit prepared by Golder. Upon finalization, the Study will be filed on SEDAR at www.sedar.com and posted on UEX's website at www.uex-corporation.com.

The Study has upgraded the previously released West Bear resource estimate to a Probable Mineral Reserve estimate of 1,492,261 pounds of U_3O_8 grading 0.94% U_3O_8 at a cut-off of 0.18% U_3O_8 which represents 96% of the mineral resource. The high conversion rate reflects the near-

surface nature of the West Bear mineralization which is amenable to open-cast mining in a shallow pit.

The Study presents a base case scenario uranium price of $77.73 (Canadian) per pound of U_3O_8, resulting in a Net Present Value of $23.4 million and an Internal Rate of Return of 118%. The feasibility of mining West Bear is most sensitive to the uranium price and is moderately sensitive to capital and operating costs. A detailed uranium price sensitivity analysis is provided in the Study as follows:

	Pre-tax		Post-tax	
U_3O_8 Price (C$/lb)	**NPV (C$M)**	**IRR (%)**	**NPV (C$M)**	**IRR (%)**
50.00	-2.8	n/a	-3.1	n/a
75.00	32.6	161	20.8	105
77.73 (base case)	**36.5**	**180**	**23.4**	**118**
100.00	68.0	332	44.6	223
125.00	103.5	502	68.5	340

The uranium price sensitivity analysis is presented on an undiscounted basis as West Bear would be mined within a period of approximately 12 months. Potentially economic material would be mined using open pit methods and then transported off-site to an existing processing facility for custom milling. Capital costs are estimated to be approximately $20.8 million and mine closure costs are estimated at $8.75 million. Working capital requirements are estimated to be approximately $0.5 million per month over the life of the operation. The Study concludes with various recommendations regarding environmental, socio-economic, toll-milling and mining matters.

2009 Winter Drilling Program at the Horseshoe and Raven Deposits

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

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

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

Horseshoe Drilling Results

The winter 2009 drilling in the Horseshoe Northeast area expanded mineralization by approximately 300 metres to the northeast of the previous January 2009 N.I. 43-101 compliant

Horseshoe resource. Mineralization in this area occurs in two new zones which lie close to, but northeast of, the previously defined areas of mineralization. The mineralization was defined at approximately 30-metre drill hole spacing. One drill hole was also completed as an infill hole in previously defined eastern parts of Horseshoe. Highlights of significant drilling intercepts include the following:

- 0.082% U_3O_8 over 15.0 metres in hole HU-311 (section 4805N);
- 0.187% U_3O_8 over 8.0 metres in hole HU-316 (section 4915N);
- 0.068% U_3O_8 over 21.0 metres in hole HU-321 (section 4954N);
- 0.220% U_3O_8 over 19.6 metres in hole HU-324 (section 4847N), including 1.089% U_3O_8 over 3.1 metres;
- 0.192% U_3O_8 over 25.5 metres in hole HU-331 (BE zone infill drill hole, section 4673N), including 1.517% U_3O_8 over 1.5 metres;
- 0.687% U_3O_8 over 3.2 metres in hole HU-349 (section 4858N);
- 0.183% U_3O_8 over 5.6 metres also in hole HU-349 (section 4858N); and
- 0.068% U_3O_8 over 27.0 metres also in hole HU-349 (section 4858N).

True thickness and morphology of the mineralization associated with these intercepts is variable, with the northeastern pod defining a steep northwest-dipping, broad lobe that is parallel to the metamorphic stratigraphy. The deeper G zone, represented by drill hole HU-324 and several other holes drilled in the fall of 2008, including drill hole HU-289 (0.57% U_3O_8 over 23.0 metres), is a lenticular, southeast dipping lens which lies at depths of 300 to 450 metres below surface and immediately to the northeast of the previous resource. The HU-349 intercept is a broad mineralized interval that returned 0.034% U_3O_8 over 316.4 metres when composited continuously, including 84.6 metres that were not sampled and which have been composited at zero grade. This latter intercept, while probably drilled at a shallow angle to a mineralized zone, has established a steeply dipping link between the two Horseshoe Northeast zones and has enhanced the understanding of the mineralization continuity.

Drill holes HU-348 and HU-350 to HU-358 were directed at exploration targets west of the Horseshoe Deposit and east of the Raven Deposit. The most significant mineralization intercepted in this area is 0.078% U_3O_8 over 11.0 metres in drill hole HU-350. This mineralization could form part of a small pod between the two deposits, although its size is limited by adjacent drill holes. The potential for additional small pods still exists between the two deposits in areas of widely spaced drilling.

Raven Drilling Results

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

- 0.748% U_3O_8 over 2.3 metres in hole RU-162 (section 5062E);
- 0.222% U_3O_8 over 5.4 metres in hole RU-164 (section 5065E);
- 0.166% U_3O_8 over 6.6 metres in hole RU-168 (section 4996E);
- 0.425% U_3O_8 over 18.4 metres in hole RU-169 (section 4936E), including 1.095% U_3O_8 over 3.1 metres;
- 0.191% U_3O_8 over 6.2 metres also in hole RU-169 (section 4936E);
- 0.141% U_3O_8 over 23.0 metres in hole RU-172 (infill hole, section 5529E);
- 0.108% U_3O_8 over 30.0 metres in hole RU-175 (section 4911E);
- 0.060% U_3O_8 over 28.0 metres in hole RU-177 (section 5613E);
- 0.169% U_3O_8 over 23.0 metres in hole RU-179 (infill hole, section 5613E);
- 0.298% U_3O_8 over 7.0 metres also in hole RU-179 (infill hole, section 5613E);
- 0.085% U_3O_8 over 16.8 metres in hole RU-181 (section 5220E);
- 0.212% U_3O_8 over 11.25 metres in hole RU-187 (infill hole, section 5000E);
- 0.087% U_3O_8 over 15.0 metres also in hole RU-187 (infill hole, section 5000E);

- 0.120% U_3O_8 over 25.0 metres in hole RU-192 (section 4915E);
- 0.800% U_3O_8 over 1.5 metres in hole RU-195 (section 4936E);
- 0.138% U_3O_8 over 12.0 metres in hole RU-197 (section 4937E);
- 0.228% U_3O_8 over 10.3 metres in hole RU-206 (section 4968E); and
- 0.062% U_3O_8 over 27.2 metres in hole RU-207 (section 5065E).

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

Seven holes drilled east of the Raven Deposit (RU-191, 194, 196, 198, 201, 202 and 204) indicate that the principal mineralized zones are now bounded in this eastern area. Narrow intervals of mineralization were intersected in several of these holes, including 0.122% U_3O_8 over 2.0 metres in drill holes RU-194, and intercepts of 0.152% U_3O_8 over 1.5 metres and 0.161% U_3O_8 over 1.0 metres in hole RU-202. Similar to the holes drilled west of Horseshoe, these results suggest the potential for small mineralized pods between the two deposits, but bounding drill holes limit their potential size.

Winter/Spring 2009 Geophysical Program in the Horseshoe and Raven Area

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

Summer 2009 Exploration Program at the Hidden Bay Project

The summer 2009 drilling program at Hidden Bay was comprised of 49 drill holes totaling 15,071 metres. Significant mineralization was intersected in several holes. The program was completed in September 2009 and was carried out in three areas:

- Horseshoe and Raven - designed to test targets peripheral to the Horseshoe and Raven Deposits for possible extensions of mineralization and to assess nearby geophysical and geological targets;
- Telephone Lake - designed to follow up previous drilling results and to further explore the Telephone Lake trend. This trend is a major fault zone which contains previous mineralized drill intercepts and extends northward into the Sue Deposits on the adjacent McClean Lake Mine property, operated by AREVA; and
- Vixen Lake South - designed to test a geophysical anomaly coincident with intense clay alteration in historical drill holes.

Drilling in the Area of the Horseshoe and Raven Deposits

During the summer of 2009, 23 drill holes totaling 7,103 metres were completed in the Horseshoe, Raven and adjacent areas. Thirteen of these holes tested possible extensions of some mineralized zones to assess the potential for resource expansion and to test for downdip continuation of mineralization. Drilling intercepts with a grade-thickness product of greater than 0.05 and grades of greater than 0.05% U_3O_8 include the following:

- 0.076% U_3O_8 over 4.0 metres, and 0.140% U_3O_8 over 2.1 metres in hole HU-361 (Horseshoe northeast);
- 0.087% U_3O_8 over 1.0 metre in hole RU-219 (pod on south side of Raven);
- 0.107% U_3O_8 over 4.4 metres in hole RU-225 (Raven west); and
- 0.120% U_3O_8 over 4.6 metres in hole RU-226 (Raven west).

These intercepts slightly expand the strike length of the mineralized zones and would result in a small increase in estimated resources. Other drill holes bounded mineralization downdip.

The remaining drill holes tested geophysical, structural and known alteration targets within one kilometre of the Horseshoe and Raven Deposits. While none of these holes intersected significant mineralization, areas of intense alteration which could potentially host mineralization were intersected, identifying future targets. Notably, in one deep hole (HU-363) which tested the Dragon Lake Fault on the east side of the Horseshoe Deposit, extensive and intense alteration extends downward for at least 600 metres into basement rocks, forming a potential feeder zone for mineralization. Given the intensity of alteration along this corridor, future drilling will target areas to the south where the Dragon Lake Fault intersects graphitic gneiss.

Telephone Lake

During the summer of 2009, 7,968 metres of drilling in 26 drill holes distributed over a four-kilometre strike length were completed in the Telephone Lake area ("Telephone"). Telephone is located immediately south of the Sue and McClean Lake Deposits and has the potential for the discovery of Sue C, D and E or Eagle Point style basement-hosted mineralization along the Telephone Lake Fault, or where fault systems intersect the sub-Athabasca unconformity.

Drilling in 2009 targeted areas of known mineralization near the unconformity that included previous intercepts of 0.20% U_3O_8 over 6.8 metres in 2006 drill hole SP-166 and 4.52% U_3O_8 over 0.5 metres in 2005 drill hole SP-156.

Drilling intercepts with a grade-thickness product of greater than 0.05 and grades of greater than 0.05% U_3O_8 include the following:

- 0.110% U_3O_8 over 0.5 metres in hole SP-191;
- 0.100% U_3O_8 over 2.0 metres, and 0.401% U_3O_8 over 1.9 metres in hole SP-193;
- 0.277% U_3O_8 over 0.3 metres in hole SP-194;
- 0.066% U_3O_8 over 1.1 metres, and 0.055% U_3O_8 over 1.0 metres in hole SP-196;
- 0.105% U_3O_8 over 1.1 metres, and 0.074% U_3O_8 over 2.8 metres in hole SP-201;
- 1.527% U_3O_8 over 1.5 metres in hole SP-203;
- 0.076% U_3O_8 over 1.6 metres in hole SP-207;
- 0.062% U_3O_8 over 1.0 metres in hole SP-209;
- 0.120% U_3O_8 over 0.7 metres in hole SP-210;
- 0.370% U_3O_8 over 6.5 metres, including 1.131% U_3O_8 over 2.0 metres, in hole SP-211;
- 0.360% U_3O_8 over 1.0 metres in hole SP-212; and
- 0.140% U_3O_8 over 0.4 metres, and 0.125% U_3O_8 over 2.7 metres in hole SP-213.

True thickness of mineralization has not yet been determined. Intercepts in drill holes SP-201, 203, 210, 211 and 212 are unconformity-hosted mineralization, while all other intercepts are basement-hosted.

The Telephone drilling has highlighted three anomalously mineralized areas that contain a combination of unconformity-hosted and basement-hosted mineralization. Additional mineralized drilling intercepts are also present periodically along the four-kilometre length of the Telephone Lake trend and extend southward into the Shamus Lake area.

As mineralization is open in many areas, UEX focused its 2010 winter exploration program to follow up these results.

Vixen Lake South

In the Vixen Lake South area, which lies 1.5 kilometres northwest of the Raven Deposit, drilling tested the core of a well-defined, east-northeast trending gravity-resistivity low where historical drilling in shallow holes had identified broad areas of clay alteration. Alteration style, geophysical signature and the east-northeast trend of the alteration zones are similar to the alteration signature associated with the Horseshoe and Raven Deposits. Four drill holes (VU-001 to VU-004, 1,697 metres total) were drilled; no significant mineralization was intersected.

Hidden Bay Project: 2010 Exploration and Development Programs

A budget of $1.6 million was approved for UEX's 2010 winter program on the Hidden Bay property.

Winter 2010 Drilling Program at Telephone Lake

A winter 2010 diamond drilling program in the Telephone Lake area of the Hidden Bay property consisting of 21 holes totaling 6,531 metres commenced on February 1st and was completed on March 1st. Two drills, operated by Driftwood Diamond Drilling Ltd. of Smithers, British Columbia, were utilized during the program.

The drilling program was designed to test potential downdip continuation of known mineralization, to test along strike for extensions of unconformity mineralization, and to test gaps where widely-spaced sections have geology favourable for basement-hosted mineralization. The geochemical results from this drilling program are pending.

Winter 2010 Geophysical Program in the Telephone-Shamus Area

A geophysical program consisting of approximately 150 line-kilometres of linecutting and 120 line-kilometres of DC Resistivity and gravity is currently in progress. This geophysical survey will extend from the southwestern parts of the Telephone Lake area southwesterly to the Hidden Bay property boundary and will test for areas of alteration potentially associated with uranium mineralization. Areas of anomalous alteration and low-grade mineralization have previously been intersected in several drill holes on the Shamus grid and mineralization occurs to the southwest on adjacent properties along the same trend.

In addition to these activities, property-wide compilation and evaluation will continue utilizing previous exploration data.

Future Scoping Studies for Horseshoe and Raven

With a high proportion of the Horseshoe and Raven resource base in the Indicated category, UEX will be initiating a scoping-level evaluation of the potential economic viability of mining the deposits, which could then be advanced to feasibility level if results are encouraging. These studies 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, operating plans, cash flow analyses and projections in order to determine net present values and internal rates of return for the deposits at various uranium price levels. In support of such work, environmental baseline studies have been underway since 2006, previously reported metallurgical studies have been completed and initial geotechnical studies have been performed. UEX has engaged a Mining Engineer to oversee all aspects of this project on its behalf including the identification of independent consulting firms from which proposals will be requested, review of proposals, granting of the contract and continued monitoring of the project.

Other Athabasca Projects

During 2009, UEX's major focus was to expand on the successes of exploration and development on it's Hidden Bay and Western Athabasca Projects. Consequently, no significant exploration work was conducted on its Black Lake, Riou Lake and Northern Athabasca Projects during 2009 or planned for 2010.

Black Lake Project

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

Riou Lake Project

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

Northern Athabasca Projects

UEX's 100%-owned Northern Athabasca Projects consists of five projects totaling 57,975 hectares in 17 claims located on the northern rim of the Athabasca Basin near Stony Rapids, Saskatchewan.

Qualified Person

The disclosure of technical information regarding UEX's properties in the 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 N.I. 43-101.

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. It is impossible to ensure that the current exploration programs of UEX will result in profitable commercial uranium mining operations.

Uranium price fluctuations could adversely affect UEX

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

Competition in the uranium industry could adversely affect UEX

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

Resource estimates are based on interpretation and assumptions

Mineralization figures presented in this document and in UEX's filings with securities regulatory authorities, press releases and other public statements that may be made from time to time are based upon estimates. These estimates are imprecise and depend upon geological interpretation and statistical inferences drawn from drilling and sampling analysis, which may prove to be

unreliable. There can be no assurance that these estimates will be accurate or this mineralization could be mined or processed profitably.

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

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

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

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

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

Mining and refining operations and exploration activities, particularly uranium mining, refining and conversion in Canada, are subject to extensive regulation by provincial, state, municipal and federal governments. Such regulations relate to production, development, exploration, exports,

taxes and royalties, labour standards, occupational health, waste disposal, protection and remediation of the environment, 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 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.

Dilution from further equity financing

If UEX raises additional funding by issuing additional equity securities, such financing may substantially dilute the interests of shareholders of UEX and reduce the value of their investment.

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 will 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 Code of Ethics and by the Canada Business Corporations Act.

Accounting policies

The accounting policies and methods employed by the Company determine how it reports its financial condition and results of operations, and they may require management to make judgements or rely on assumptions about matters that are inherently uncertain. The Company's results of operations are reported using policies and methods in accordance with Canadian GAAP. Management of UEX exercises judgement in applying accounting methods to ensure that, while GAAP compliant, they reflect the most appropriate manner in which to record the Company's financial condition and operating results. In certain instances, Canadian GAAP allows accounting policies and methods to be selected from two or more alternatives, any of which might be reasonable but may result in UEX reporting materially different amounts. Management regularly re-evaluates its assumptions but the choice of method or policy employed may have a significant impact on the actual values reported.

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, including during the current credit crisis, 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 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, 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.

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 activites.

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.

International Financial Reporting Standards ("IFRS")

The use of IFRS for financial reporting in Canada will be applicable for the fiscal year beginning January 1, 2011. The Company's IFRS transition plan consists of three main phases – Scoping, Analysis and Implementation. The Scoping phase involves a high-level analysis of the significant accounting differences between IFRS and Canadian GAAP and determining the potential impact of the new accounting standards on business areas such as information technology, internal controls and disclosure controls. The Analysis phase involves a more comprehensive analysis of the accounting standards, including the development of accounting policies and the quantification of the conversion impact. The Implementation phase executes the changes identified in the Analysis phase.

The Company has completed the Scoping phase, and both the Analysis and Implementation phases are in progress. The Company has made an initial determination that no IFRS 1 optional elections will be utilized. In addition, the Company has made an initial determination of which accounting policies will be adopted under IFRS. The Company is still analyzing how IFRS will

impact financial statement disclosure and the options that are available. A more in-depth discussion of the expected accounting changes follows after the transition plan summary.

The following table highlights some of the key activities in the transition plan and what has been accomplished as of December 31, 2009.

Key Activity	Milestones	Status
Financial Statement Preparation		
• Identification of significant accounting differences • Selection of accounting policy choices • Selection of choices available under IFRS 1 (first-time adoption) • Financial statement format • Changes in disclosure	Identification of major differences and accounting policy choices made by the end of first quarter of 2010 Quantification and development of disclosure to occur through 2010	Identification of areas of major accounting differences completed Completed review of probable accounting changes Completed review of probable utilization of IFRS 1 optional elections Detailed analysis required for financial statement disclosure options
Infrastructure		
• Development of knowledge and resources • IT impact assessment and conversion	Major knowledge training completed by end of 2009; new developments monitored throughout 2010 IT systems ready to process information in parallel in 2010	Formal course training completed and more courses being attended throughout 2010 Regular updates provided to the audit committee IASB activity being monitored on ongoing basis IT system ready to account for the Company's activities under both Canadian GAAP and IFRS for 2010
Control Environment		
• Assessment of impact on ICFR and DC&P • Changes in processes to accommodate IFRS • Documentation requirements	Processes and documentation to be complete by end of 2010	Impact assessment started Processes and policies being evaluated and amended to accommodate accounting policy choices
Business Policy		
• Assessment of impact on capital adequacy	Assessment to be complete by mid-2010	Impact assessment to be monitored throughout 2010

Financial Statement Impact – IFRS 1

The Company does not expect to use any of the IFRS 1 optional elections available to first time adopters of IFRS.

IFRS – Accounting Policy Choices

To date, the Company has identified one accounting policy choice which is significantly different from the Company's current accounting policies. Under *IFRS 6 Exploration for and Evaluation of Mineral Resources*, there are two options for the recognition and measurement of exploration and evaluation expenditures. The Company is currently reviewing the option to expense exploration and evaluation expenditures through the statement of operations as they are incurred. This would be a departure from the Company's current accounting practice of capitalizing mineral property exploration costs until such time as the project to which they relate is put into commercial production, sold, abandoned or the recovery of costs is determined to be unlikely. This may also

impact the recognition and measurement of future income taxes in accordance with *IAS 12, Income Taxes*.

The Company is in the process of assessing the IFRS conversion adjustments, but does not expect any significant changes from the adoption of the following IFRS:

- *IFRS 2 – Share Based Payments;*
- *IAS 16 Property, Plant and Equipment;*
- *IAS 36 Impairment of Assets; and*
- *IAS 37 Provisions, Contingent Liabilities and Contingent Assets*.

Critical Accounting Estimates

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

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

Asset Retirement Obligations - The Company's mining, exploration and development activities are subject to various environmental government regulations, including those for asset retirement obligations. The Company's judgements and estimates are made when estimating the discounted future cash settlement of an asset retirement obligation. In some cases, these obligations could be incurred many years from the date of estimate. These estimates may be revised as a result of changes in government regulations, or as a result of escalation of exploration properties to development or production stage.

Stock-based Compensation - 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.

Disclosure Controls and Procedures

The Company has established disclosure controls and procedures to ensure that information disclosed in this MD&A and the related financial statements was properly recorded, processed, summarized and reported to the Company's Board and Audit Committee. 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 Canadian Securities Administration regulations, as at December 31, 2009. 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 Canadian securities legislation 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, he does 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 Canadian GAAP.

There were no changes in these controls during the most recent interim period ending December 31, 2009 that had materially affected, or are reasonably likely to materially affect, such controls.

Based upon the *Internal Control over Financial Reporting – Guidance for Smaller Public Companies* by *The Committee of Sponsoring Organization of the Treadway Commission (COSO)* framework, the Company's certifying officers, have evaluated or caused to be evaluated under their supervision the effectiveness of the Company's internal controls over financial reporting. Based upon this assessment, management has concluded that as at December 31, 2009, the Company's internal control over financial reporting was effective to provide reasonable assurance regarding the preparation of the Company's financial statements in accordance with Canadian GAAP.

The internal controls over financial reporting were designed to ensure that testing and reliance could be achieved. Management and the Board of Directors work to mitigate the risk of a material misstatement in financial reporting; however, there can be no assurance that this risk can be reduced to less than a remote likelihood of a material misstatement.

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 described herein under "Risks and Uncertainties" as well as other 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.

Financial Statements of

UEX CORPORATION

Years ended December 31, 2009 and 2008

KPMG LLP
Chartered Accountants
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada

Telephone (604) 691-3000
Fax (604) 691-3031
Internet www.kpmg.ca

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the balance sheets of UEX Corporation as at December 31, 2009 and 2008 and the statements of operations, comprehensive loss and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP (signed)

Chartered Accountants

Vancouver, Canada
March 5, 2010

UEX CORPORATION

Balance Sheets

December 31, 2009 and 2008

	2009	2008
Assets		
Current assets:		
Cash and cash equivalents	$ 16,938,416	$ 24,166,305
Amounts receivable	200,152	432,243
Prepaid expenses	104,563	186,770
	17,243,131	24,785,318
Equipment (note 3)	164,788	210,532
Mineral properties (note 4)	145,909,266	129,988,477
	$ 163,317,185	$ 154,984,327
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 694,925	$ 5,283,373
Future income taxes (note 5)	14,829,975	15,058,296
Shareholders' equity:		
Share capital (note 6)	138,144,108	124,699,739
Contributed surplus (note 7)	37,050,195	29,324,721
Deficit	(27,402,018)	(19,381,802)
	147,792,285	134,642,658
	$ 163,317,185	$ 154,984,327

Nature of operations and going concern (note 1)
Commitments (notes 4 and 8)
Subsequent event (note 6(d))

See accompanying notes to financial statements.

Approved on behalf of the Board:

"Graham C. Thody" Director

"Emmet McGrath" Director

UEX CORPORATION

Statements of Operations, Comprehensive Loss and Deficit

Years ended December 31, 2009 and 2008

	2009	2008
Expenses:		
Amortization	$ 11,840	$ 12,008
Bank charges and interest	2,779	3,721
Donations	-	120,000
Filing fees and stock exchange	97,671	215,786
General and administration	203,396	238,755
Insurance	44,957	46,748
Legal and audit	204,046	219,795
Rent	88,375	87,733
Salaries and retiring allowance	1,116,372	465,086
Stock-based compensation (note 6(c))	6,760,244	8,210,881
Telephone	9,925	8,391
Travel and promotion	31,018	74,017
Loss before the undernoted items	(8,570,623)	(9,702,921)
Investment income	85,704	1,249,743
Write-down of mineral property	-	(435,360)
Loss before income taxes	(8,484,919)	(8,888,538)
Future income tax recovery (note 5)	464,703	84,544
Net loss and comprehensive loss for the year	(8,020,216)	(8,803,994)
Deficit, beginning of year	(19,381,802)	(10,577,808)
Deficit, end of year	$ (27,402,018)	$ (19,381,802)
Basic and diluted loss per share	$ (0.04)	$ (0.05)
Basic and diluted weighted average number of shares outstanding	190,161,338	183,662,888

See accompanying notes to financial statements.

UEX CORPORATION

Statements of Cash Flows

Years ended December 31, 2009 and 2008

	2009	2008
Cash provided by (used for):		
Operations:		
Net loss for the year	$ (8,020,216)	$ (8,803,994)
Items not involving cash		
Amortization	11,840	12,008
Future income tax recovery	(464,703)	(84,544)
Stock-based compensation	6,760,244	8,210,881
Write-down of mineral property	-	435,360
Changes in non-cash operating working capital:		
Amounts receivable	90,322	29,060
Prepaid expenses	82,207	62,729
Accounts payable and accrued liabilities	(107,990)	144,756
	(1,648,296)	6,256
Investments:		
Mineral property expenditures	(18,841,980)	(27,766,842)
Purchase of equipment	(44,867)	(47,263)
	(18,886,847)	(27,814,105)
Financing:		
Common shares issued, net of share issuance costs	13,307,254	143,680
Decrease in cash and cash equivalents	(7,227,889)	(27,664,169)
Cash and cash equivalents, beginning of year	24,166,305	51,830,474
Cash and cash equivalents, end of year	$ 16,938,416	$ 24,166,305
Supplementary information:		
Interest received	$ 102,755	$ 1,332,728
Non-cash transactions:		
Increase (decrease) in accounts payable and accrued liabilities relating to mineral property expenditures	(4,480,458)	435,262
Decrease in amounts receivable relating to mineral property expenditures	141,769	650,701
Non-cash stock-based compensation included in mineral property expenditures	977,271	1,399,010
Increase in mineral properties due to future income taxes	361,456	517,443
Amortization included in mineral properties	78,771	114,997

See accompanying notes to financial statements.

1. Nature of operations and going concern:

The Company was incorporated under the Canada Business Corporations Act on October 2, 2001. On October 23, 2001, the Company entered into an agreement with Pioneer Metals Corporation (Pioneer) and Cameco Corporation (Cameco) to establish the Company as a public uranium exploration company. On July 17, 2002, under a plan of arrangement with Pioneer, Pioneer transferred to the Company its uranium exploration properties and all related assets, including the Riou Lake and Black Lake Projects. On the same date, Cameco transferred its Hidden Bay uranium exploration property and certain related assets, in exchange for shares of the Company.

The Company is in the business of exploring and developing 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, and upon future profitable production or proceeds from the disposition of its mineral properties. Based on the Board approved 2010 budgets of approximately $9 million for exploration and development and administrative costs, the Company has sufficient funding to continue as a going concern.

2. Significant accounting policies:

(a) Basis of presentation:

These financial statements are stated in Canadian dollars and have been prepared in accordance with Canadian generally accepted accounting principles (Canadian GAAP).

(b) Adoption of new accounting standards:

During the year, the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants (CICA):

(*i*) Goodwill and intangible assets:

On January 1, 2009, the Company adopted the new requirements of CICA Handbook Section 3064 *Goodwill and Intangible Assets*. This new accounting standard replaces Section 3062 *Goodwill and Other Intangible Assets*. Section 3064 expands on the standards for the recognition, measurement, presentation, and disclosure of goodwill subsequent to its initial recognition and intangible assets. The adoption of this standard had no effect on these financial statements.

(*ii*) Credit risk and the fair value of financial assets and liabilities

On January 23, 2009, the CICA Emerging Issues Committee (EIC) issued EIC-173 *Credit Risk and the Fair Value of Financial Assets and Financial Liabilities*. EIC-173 is effective for interim and annual financial statements ending on or after January 20, 2009. Adoption of this guidance is to be applied retrospectively without restatement. EIC-173 clarifies that an entity should take into account its own credit risk and the credit risk of counterparties in determining the fair value of financial assets and liabilities, including derivatives. The Company's adoption of this abstract had no effect on these financial statements.

2. Significant accounting policies (continued):

(b) Adoption of new accounting standards (continued):

(*iii*) Mining exploration costs:

In March 2009, the CICA Emerging Issues Committee issued EIC-174 *Mining Exploration Costs*. This EIC abstract provides guidance related to the capitalization of exploration costs and subsequent tests for recoverability and impairment of capitalized costs. This standard is effective for financial statements issued after March 27, 2009. The Company's adoption of this abstract had no effect on these financial statements.

(*iv*) Financial Instruments:

Effective for fiscal years ending after September 30, 2009, the Company adopted the amendments to CICA Handbook Section 3862 *Financial Instruments - Disclosures* during the year. The amendments establish revised standards for the disclosure of financial instruments. This new standard establishes a three-tier hierarchy as a framework for disclosing the fair value of financial instruments based on the valuation inputs used.

(c) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the valuation of mineral properties, determination of valuation allowances for future income tax assets and assumptions used in determining the fair value of non-cash stock-based compensation. Actual amounts may differ from such estimates.

(d) Cash equivalents:

Cash equivalents are highly liquid investments having a maturity of three months or less at the date of acquisition and are readily convertible to contracted amounts of cash.

(e) Equipment:

Equipment is stated at cost less accumulated amortization. Amortization is provided on a declining-balance basis over the expected useful lives of the assets, using the following rates:

Asset	Rate
Exploration equipment	30%
Computer equipment	30% - 100%
Furniture and fixtures	20%

In the year of acquisition, amortization is provided at one-half the declining balance rate.

2. Significant accounting policies (continued):

(f) Mineral properties:

All acquisition, exploration and development costs are capitalized until such time as the project to which they relate is put into commercial production, sold, abandoned or the 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 amounts shown represent costs to date and are not intended to represent present or future values. The underlying value of all properties is dependent on the existence and economic recovery of reserves in the future. All administrative costs are expensed in the year incurred.

(g) Asset retirement obligations:

The Company recognizes the fair value of a liability for an asset retirement obligation in the period in which it incurs a legal obligation, if a reasonable estimate of fair value can be made, based on the discounted estimated future cash settlement of an asset retirement obligation. The asset retirement obligation is capitalized as part of the carrying amount of the associated long-lived asset and a liability is recorded. This asset retirement cost will be depreciated over the life of the related asset. The liability is accreted, through operating expense, over a period ending when the liability is finally settled in cash, subject to annual adjustments for changes in estimates. The Company has assessed each of its mineral projects and determined that no material asset retirement obligations exist as at December 31, 2009 and 2008.

(h) Financial instruments:

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

(i) Stock-based compensation:

The Company has a share option plan which is described in note 6(c). The Company records all stock-based payments using the fair value method.

Under the fair value method, stock-based payments are measured at the fair value of the consideration received or the fair value of the equity instruments issued or liabilities incurred, whichever is more reliably measurable, and are charged to operations over the vesting period. The offset is credited to contributed surplus. Consideration received on the exercise of stock options is recorded as share capital and the related contributed surplus is transferred to share capital.

2. Significant accounting policies (continued):

(j) Income taxes:

Income taxes are accounted for under the asset and liability method. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using the substantively enacted tax rates expected to apply when the asset is realized or the liability is settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period the substantive enactment occurs. To the extent that the Company does not consider it more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

The future income tax benefit on eligible mineral property expenditures which are renounced to investors due to the issuance of flow-through shares is charged to share capital at the time the tax credit associated with the expenditures are renounced to shareholders, provided there is reasonable assurance that the expenditures will be made.

(k) 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 and warrants would have no dilutive effects on basic loss per share for 2009 and 2008 due to the Company's loss for the year.

(l) Variable interest entities:

The Company applies CICA Accounting Guideline 15, *Consolidation of Variable Interest Entities* (AcG-15). AcG-15 prescribes the application of consolidation principles for entities that meet the definition of a variable interest entity (VIE). An enterprise holding other than a voting interest in a VIE could, subject to certain conditions, be required to consolidate the VIE if it is considered its primary beneficiary whereby it would absorb the majority of the VIE's expected losses, receive the majority of its expected residual returns, or both. Management has determined the Company does not have any variable interest entities for the years ended December 31, 2009 and 2008.

(m) Future accounting policies:

(*i*) International Financial Reporting Standards (IFRS):

In February 2008, the Accounting Standards Board announced that Canadian publicly accountable enterprises will be required to adopt IFRS effective January 1, 2011. As a result, the Company will publish its first financial statements, prepared in accordance with IFRS, for the quarter ending March 31, 2011. The Company will also provide comparative data on an IFRS basis, including an opening balance sheet as at January 1, 2010.

While IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences on recognition, measurement and disclosures. While the effects of IFRS have not yet been fully determined, the Company has identified a number of key areas which are likely to be impacted by changes in accounting policy and disclosures, including the accounting for mineral properties and future income taxes.

2. Significant accounting policies (continued):

(m) Future accounting policies (continued):

(*ii*) Business combinations:

Effective January 1, 2011, the Company will adopt three new CICA accounting standards:

- CICA Handbook Section 1582, *Business Combinations* which replaces CICA Handbook Section 1581, *Goodwill and Business Combinations*, and establishes revised standards for the recognition, measurement, presentation and disclosure of business acquisitions and aligns Canadian GAAP with IFRS standards.
- CICA Handbook Section 1601, *Consolidated Financial Statements* and CICA Handbook Section 1602, *Non-Controlling Interests*, which replace Handbook Section 1600, *Consolidated Financial Statements*, and establish revised standards for the preparation of consolidated financial statements.

Adoption of these standards is expected to have no impact on the Company's financial statements.

3. Equipment:

2009	Cost	Accumulated amortization	Net book value
Exploration equipment	$ 313,198	$ 217,437	$ 95,761
Computer equipment	261,503	201,161	60,342
Furniture and fixtures	12,883	4,198	8,685
	$ 587,584	$ 422,796	$ 164,788

2008	Cost	Accumulated amortization	Net book value
Exploration equipment	$ 313,198	$ 176,397	$ 136,801
Computer equipment	217,815	153,614	64,201
Furniture and fixtures	11,704	2,174	9,530
	$ 542,717	$ 332,185	$ 210,532

4. Mineral properties:

The continuity of expenditures on mineral properties is as follows:

Project	Balance December 31, 2008	Exploration and development expenditures	Write-down of mineral property	Balance December 31, 2009
Hidden Bay	$ 59,337,816	$ 9,702,937	$ -	$ 69,040,753
Western Athabasca	40,454,607	5,948,784	-	46,403,391
Black Lake	15,253,114	156,780	-	15,409,894
Riou Lake	8,931,497	80,301	-	9,011,798
Northern Athabasca	5,413,862	24,771	-	5,438,633
Beatty River	597,581	7,216	-	604,797
	$ 129,988,477	$ 15,920,789	$ -	$ 145,909,266

Project	Balance December 31, 2007	Exploration and development expenditures	Write-down of mineral property	Balance December 31, 2008
Hidden Bay	$ 41,273,130	$ 18,064,686	$ -	$ 59,337,816
Western Athabasca	30,702,947	9,751,660	-	40,454,607
Black Lake	13,883,916	1,369,198	-	15,253,114
Riou Lake	7,454,397	1,477,100	-	8,931,497
Northern Athabasca	5,636,733	212,489	(435,360)	5,413,862
Beatty River	588,459	9,122	-	597,581
	$ 99,539,582	$ 30,884,255	$ (435,360)	$ 129,988,477

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

(a) Hidden Bay Project:

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

(b) Western Athabasca Projects:

The Western Athabasca Projects, located in the western Athabasca Basin, which include the Kianna, Anne and Colette Deposits, are ten joint ventures with the Company holding a 49% interest and AREVA Resources Canada Inc. (AREVA) holding a 51% interest as at December 31, 2009 and 2008. The Company is in the process of preparing joint venture agreements with AREVA.

The Kianna, Anne and Colette Deposits are subject to a royalty of US$0.212 per pound of U_3O_8 sold to a maximum royalty of US$10,000,000.

4. Mineral properties (continued):

(c) Black Lake Project:

The Black Lake Project, located in the northern Athabasca Basin, is a joint venture with the Company holding an 89.96% interest and AREVA holding a 10.04% interest as at December 31, 2009 and 2008.

(d) Riou Lake Project:

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

(e) Northern Athabasca Projects:

The Company holds a 100% interest in the Northern Athabasca Projects located in the northern Athabasca Basin. During the year ended December 31, 2008 the Company decided to allow certain mineral claims of the Northern Athabasca Projects to lapse and wrote off $435,360 of deferred mineral property costs associated with those claims.

(f) Beatty River Project:

The Company holds an option with JCU (Canada) Exploration Company, Limited (JCU) 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, 2011.

5. Income taxes:

The tax effects of temporary differences that give rise to significant portions of the future tax assets and liabilities at December 31, 2009 and 2008 are presented below:

	2009	2008
Future tax assets:		
Losses carried forward	$ 1,055,763	$ 335,762
Equipment	39,813	36,616
Share issuance costs	214,356	347,775
	1,309,932	720,153
Future tax liabilities:		
Mineral properties	(16,139,907)	(15,778,449)
Net future tax liabilities	$ (14,829,975)	$ (15,058,296)

At December 31, 2009, the Company has non-capital losses available for income tax purposes totaling approximately $3,890,000 (2008 - $1,123,562) which may be carried forward to reduce future years' taxable income. These losses, if not utilized, will expire in 2029.

5. Income taxes (continued):

A reconciliation of income taxes at statutory rates with the reported taxes for the years ended December 31, 2009 and 2008 is as follows:

	2009	2008
Loss before income taxes	$ (8,484,919)	$ (8,888,538)
Statutory rates	30%	31%
Income tax recovery at statutory rates	$ 2,545,476	$ 2,755,447
Non-deductible expenses and permanent differences	(2,029,130)	(2,546,800)
Change in future corporate tax rates and tax rate differences	(51,643)	(124,103)
Future income tax recovery	$ 464,703	$ 84,544

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 in 2008:		
For cash on exercise of stock options (note 6(c))	800,000	143,680
Contributed surplus transferred on exercise of stock options	-	70,472
Balance, December 31, 2008	183,703,052	124,699,739
Issued in 2009:		
For cash by way of private placements, net of share issuance costs	13,303,100	13,294,734
For cash on exercise of stock options (note 6(c))	156,500	12,520
Contributed surplus transferred on exercise of stock options	-	12,041
Future income taxes on share issuance costs	-	125,074
Balance, December 31, 2009	197,162,652	$ 138,144,108

6. Share capital (continued):

(b) Issued and outstanding - common shares (continued):

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

On December 17, 2009, the Company issued 3,628,100 flow-through common shares at $1.12 per share and 975,000 non-flow-through common shares at $1.02 per share for aggregate gross proceeds of $5,057,972, pursuant to a non-brokered private placement. The Company incurred issuance costs of $36,270.

(c) Stock-based compensation:

Under the Company's stock-based compensation plan, the Company may grant options to its key employees, directors, officers and others providing services to the Company. The maximum number of shares issuable under the plan is a rolling number equal to 10% of the issued and outstanding common shares of the Company from time to time. Under the plan, the exercise price of each option shall be fixed by the board of directors but shall not be less than the quoted closing market price of the shares on the Toronto Stock Exchange on the date prior to the option being granted and an option's maximum term is 10 years. The shares subject to each option shall become purchasable at such time or times as may be determined by the board of directors.

A summary of the status of the Company's stock-based compensation plan as of December 31, 2009 and 2008, and changes during the years ended on these dates are presented below.

	Number of options	Weighted-average exercise price
Outstanding, December 31, 2007	10,181,200	$ 4.37
Granted during the year	8,895,000	2.88
Exercised during the year	(800,000)	0.18
Surrendered during the year	(7,225,000)	5.63
Outstanding, December 31, 2008	11,051,200	2.65
Granted during the year	10,135,000	1.41
Exercised during the year	(156,500)	0.08
Surrendered during the year	(6,375,000)	3.46
Outstanding, December 31, 2009	14,654,700	$ 1.47
Exercisable, December 31, 2009	12,488,034	$ 1.48

6. Share capital (continued):

(c) Stock-based compensation (continued):

As at December 31, 2009, the Company had a total of 14,654,700 stock options outstanding related to director, employee and consultant options, the details of which are as follows:

Exercise prices	Number outstanding, December 31, 2009	Weighted-average remaining contractual life
$ 0.84	300,000	4.5 years
0.95	575,000	4.7 years
1.00	600,000	10.0 years
1.20	4,020,000	6.2 years
1.34	1,685,000	9.7 years
1.45	6,350,000	7.0 years
1.80	99,700	5.5 years
2.75	175,000	5.2 years
3.56	850,000	6.7 years
	14,654,700	7.0 years

The estimated fair value of all options granted and vested during 2009 is $7,737,515 (2008 - $9,609,891). Of this amount, included in deferred exploration and development expenditures for the year is $977,271 (2008 - $1,399,010). The unamortized balance of stock-based compensation expense for options that were not vested at December 31, 2009 is $1,022,703 (2008 - $1,064,004).

The weighted average fair value of options granted during the year ended December 31, 2009 was $0.82 (2008 - $1.35) per option using the Black-Scholes option pricing model with the following assumptions:

	2009	2008
Volatility	91%	69%
Risk-free interest rate	1.7%	3.0%
Dividend yield	-	-
Expected life of options	3 years	3 years

(d) Flow-through shares:

In February 2010, the Company renounced $12,763,472 of tax deductions associated with qualified expenditures incurred and to be incurred with flow-through funds, and the Company recorded a future income tax liability of $3,446,137, with a corresponding reduction in share capital.

7. Contributed surplus:

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

	2009	2008
Contributed surplus, beginning of year	$ 29,324,721	$ 19,785,302
Fair value of options granted and vested during the year	7,737,515	9,609,891
Transferred to share capital on exercise of options	(12,041)	(70,472)
Contributed surplus, end of year	$ 37,050,195	$ 29,324,721

8. Commitments:

The Company has an obligation under an operating lease for its office premises until November 30, 2010. The future minimum lease payments during 2010 are $37,384.

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

9. Management of capital:

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

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

10. Management of financial risk:

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

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure as outlined in note 9 of these financial statements. Accounts payable and accrued liabilities are due within the current operating period.

Credit risk is the risk of an unexpected loss if a third party to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk includes cash and cash equivalents and amounts receivable. The Company reduces its credit risk by maintaining its bank accounts at large international financial institutions. The maximum exposure to credit risk is equal to the carrying value of cash and cash equivalents and accounts 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. Amounts receivable consists mainly of GST receivable and office recoveries and are not considered past due.

The Company is subject to interest rate risk on its cash and cash equivalents..

All financial instruments measured at fair value are categorized into one of three hierarchy levels, described below, for disclosure purposes. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities:

- Level 1 – Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities;
- Level 2 – Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability; and
- Level 3 – Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

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

Cash and cash equivalents are classified as held-for-trading and are therefore recorded at fair value. At December 31, 2009 and 2008, the Company's cash and cash equivalents of $16,938,416 (2008 - $24,166,305) are classified as Level 1 within the fair value hierarchy.

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