



UEX CORPORATION

2011 ANNUAL REPORT



Message to Shareholders

2011 was eventful for both UEX and the uranium industry. Notwithstanding the industry downturn during the year, the positive supply and demand fundamentals for uranium remain undeniable – nuclear energy is here to stay.

In February 2011, we announced the results of the Preliminary Assessment Technical Report on the Horseshoe and Raven deposits which are part of UEX's 100% owned Hidden Bay Project. As part of the further evaluation of these deposits, UEX concluded an extensive drilling program in the fall of 2011. The program was designed to better define the resources contained within these deposits as well as assist in developing the most appropriate mining plans for both the Horseshoe and Raven deposits. Significant geotechnical work was also conducted during the latter part of this program by SRK Consulting (Canada) Inc. The results from this work will be utilized in advancing the project. With two uranium processing mills located close to the Hidden Bay resources we continue our dialogue with the owners of these mills with the objective of maximizing our returns from these deposits.

The uranium industry continues to be affected by the events precipitated by the natural disasters that struck Japan in March of 2011. Countries which rely on nuclear power for a portion of their electrical generation have been evaluating their commitment to this source of clean energy. Most countries, including Russia, China and India, have confirmed their commitment to continue operating their existing reactors and, where previously planned, to continue the construction of new nuclear facilities. Worldwide there are currently 61 nuclear reactors under construction in 13 countries. It is anticipated that supply may not meet the increasing demand in the near future as, among other supply-side influences, the HEU agreement terminates at the end of 2013. Although both the long-term and spot prices have remained low since the Fukushima incident, many analysts are using in excess of \$60 US per pound of U_3O_8 in their cash flow projections for the remainder of 2012.

In the latter part of 2011, there was considerable uncertainty in the world equity markets due primarily to the turmoil within the European Union and the associated debt issues of several of their member countries. The slower than expected recovery in the United States added to this world economic uncertainty and contributed to the significant fluctuations in equity markets. The uranium sector was not immune to these events. Continued lower than expected U_3O_8 prices, in both the spot and long-term markets, may have been partially affected by this global uncertainty. Regardless of this economic unrest, we have seen renewed interest in the resources that have been developed by the junior mining explorers in the Athabasca Basin. Cameco Corporation turned its attention to the Basin's resources with its takeover attempt of Hathor Exploration Limited. Even more significant was the emergence of Rio Tinto as a potentially significant player in the Basin, previously dominated by only two major corporations, Cameco and AREVA. This renewed interest has been welcomed by investors in the Canadian uranium space who now look differently at the significant resources that have been discovered by relatively few junior companies. In relation to the most recent acquisition takeover valuations, which exceeded \$8 "per pound of U_3O_8 in the ground", companies such as UEX remain significantly undervalued.

In September and October of 2011, we released extremely positive results from our drill programs at our Kianna and Colette deposits at the Shea Creek Project. At the Kianna Deposit we encountered new basement mineralization which clearly connects what were previously considered to be two parallel zones of basement mineralization. At the Colette Deposit we announced the thickest unconformity intervals encountered in this deposit to date with drill holes intersecting in excess of 25 metres of mineralization averaging approximately 1.25% U_3O_8 . Drilling conducted between the 58B Deposit and the Kianna Deposit continued to intersect unconformity-style mineralization, thus indicating the potential for this mineralization to be continuous between these two deposits. The budgeted exploration program of \$6.0 million for Shea Creek in 2012 will focus on these areas, where we have had great success in the past, with the objective to further expand our already impressive resources. Following receipt of geochemical results from our 2012 drilling program we intend to update our mineral resource estimate for Shea Creek, incorporating drilling results from 2010 through 2012.

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

In March 2012, we concluded both a public financing and a private placement which resulted in a significant increase in cash resources, currently amounting to approximately \$18.3 million. Our largest shareholder, Cameco Corporation, elected to participate in both financings and thus retained their 22.58% equity interest in UEX.

"signed"

Graham C. Thody
President & CEO

March 22, 2012

UEX CORPORATION

Management's Discussion and Analysis

Year ended December 31, 2011

(Expressed in Canadian dollars, unless otherwise noted)

Introduction

This Management's Discussion and Analysis ("MD&A") of UEX Corporation ("UEX" or the "Company") for the year ended December 31, 2011 is intended to provide 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 22, 2012 and should be read in conjunction with the Company's audited annual financial statements and related notes for the years ended December 31, 2011 and December 31, 2010. The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").

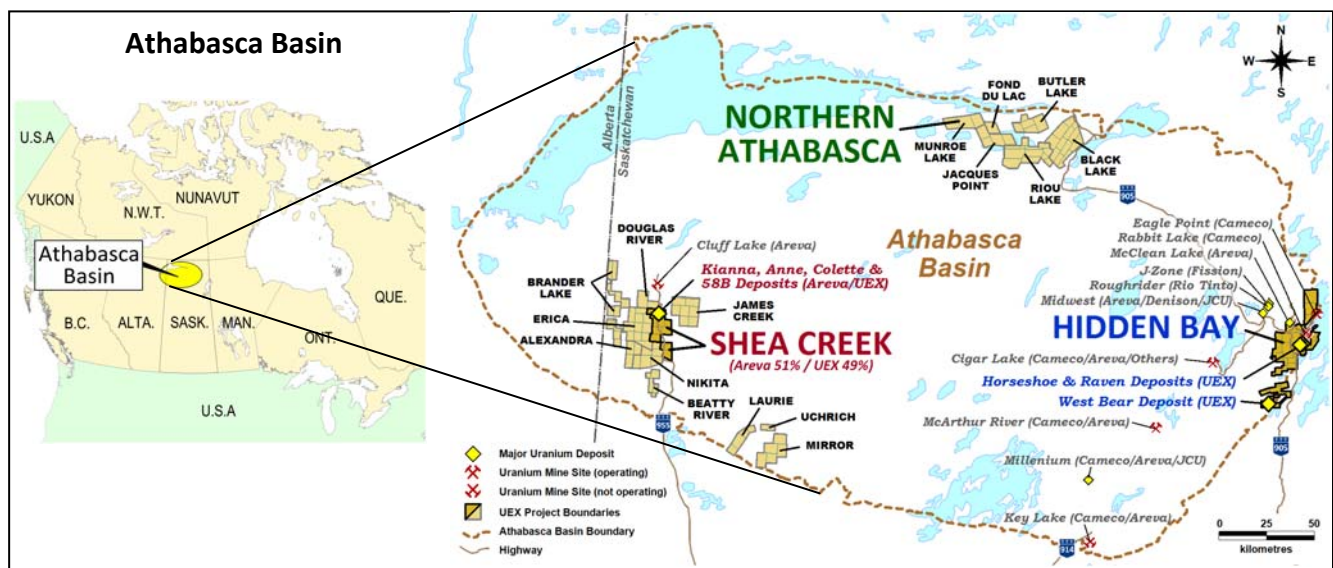
Other disclosure documents of the Company, including its Annual Information Form, filed with the applicable securities regulatory authorities in Canada are available at www.sedar.com.

Overview

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

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

UEX's 100%-owned projects also include the Riou Lake Project ("Riou Lake") and the Northern Athabasca Projects. The Black Lake Project is 89.96% owned by UEX and the remainder by AREVA.



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

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

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

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

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

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

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

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

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UEX has an option with JCU to acquire a 25% interest in the Beatty River Project ("Beatty River") located in the western Athabasca Basin in northern Saskatchewan by funding \$865,000 in exploration expenditures by December 31, 2013, after an extension was granted in November 2011. Beatty River is located 40 kilometres south of the Shea Creek uranium deposits. At present, AREVA, the operator, holds a 50.7% interest and JCU holds a 49.3% interest in Beatty River. Expenditures under this agreement by UEX to December 31, 2011 amounted to \$848,256.

Growth Strategy

The main growth strategies of UEX are:

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

Uranium Industry Trends

A number of trends in the nuclear industry have the potential to affect UEX's business environment. The earthquake and tsunami that struck Japan in March 2011 and their effect on the Fukushima nuclear plants (together referred to as the "Event") resulted in downward pressure on the spot price of U₃O₈. Many companies in the uranium exploration and development industry have experienced a corresponding reduction in the trading value of their shares. The long-term effect of this Event on UEX and the uranium industry continues to be evaluated.

At the beginning of 2011, the spot and long-term prices of U₃O₈ were \$62.50 (US) per pound and \$65.00 (US) per pound respectively. During the latter part of the year, the spot price had decreased and was \$51.75 (US) per pound as at December 31, 2011. As at UEX's fiscal year end, the long-term uranium price had decreased by \$2.00 (US) per pound to \$63.00 (US) per pound. As at the date of this document the spot price is \$51.00 (US) per pound of U₃O₈ and the long-term price is \$60.00 (US) per pound of U₃O₈. Spot and long-term uranium prices stated are as reported by The Ux Consulting Company, LLC at www.uxc.com.

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

Global warming and clean energy concerns also supported increased interest in nuclear power. In view of the Event, several countries have publically stated they will review their existing and future plans related to nuclear

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energy, and Germany, with 9 reactors accounting for less than 5% of world uranium demand, announced that it would plan to exit nuclear generation by 2022. Conversely, significantly more reactors are under construction or being planned worldwide than are proposed to be decommissioned. In particular, China, India and Russia have 41 reactors in the construction stage and 82 reactors in the planning stage. Reactors in Japan continue to undergo stress tests before they return to active service. Canada recently signed an agreement allowing for the export of uranium to China which will, when ratified, allow Canadian producers access to the fastest growing consumer of uranium in the world.

Uranium Supply and Demand

Uranium supply sources include primary mine production and secondary sources. Principal primary producers of uranium include Cameco Corporation ("Cameco") and the AREVA group, both of which produce from deposits in the Athabasca Basin of northern Saskatchewan. In 2011, worldwide annual consumption was estimated at approximately 165 million pounds U_3O_8 . World primary production in 2011 was estimated at approximately 143 million pounds U_3O_8 . The resulting shortfall between consumption and production has been covered by several secondary sources including excess inventories held by utilities, producers, other fuel cycle participants, reprocessed uranium and plutonium derived from used reactor fuel, and uranium derived from the dismantling of Russian nuclear weapons. These secondary sources will likely decline in importance as excess inventories and recycled uranium from nuclear weapons are progressively consumed, resulting in the need for further primary mine supply. In particular, the HEU (Highly Enriched Uranium) agreement for supply of uranium from Russia to the United States terminates at the end of 2013 and will likely reduce supply by approximately 24 million pounds U_3O_8 annually.

Demand for uranium is directly linked to the level of electricity generated by nuclear power plants. Currently, 434 reactors are operable in 31 countries worldwide. Nuclear electricity generation worldwide has been growing, since world nuclear generating capacity has continued to expand as more reactors are built than are closed, and existing reactors are being operated at higher capacity. Presently, there are 61 reactors under construction and by the year 2021 it has been estimated that there will be 96 net new operating reactors worldwide. Countries continue to evaluate the electrical needs of their populations; however, as a result of the Event, new reactors may be delayed or require additional approvals.

Long-Term Outlook

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

Selected Financial Information

The following is selected financial data from the audited financial statements of UEX for the last three completed fiscal years. The data should be read in conjunction with the audited financial statements for the years ended December 31, 2011 and December 31, 2010 and the notes thereto.

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Summary of Annual Financial Results

	December 31, 2011 IFRS	December 31, 2010 ⁽¹⁾ IFRS	December 31, 2009 Canadian GAAP
Interest income	\$ 108,911	\$ 85,131	\$ 85,704
Net loss for the year	(5,405,217)	(6,915,077)	(8,020,216)
Basic and diluted loss per share	(0.027)	(0.035)	(0.042)
Capitalized exploration and development expenditures	10,970,686	8,271,153	14,503,291
Total assets	160,680,154	163,203,731	163,317,185

⁽¹⁾ Refer to Note 17 in the December 31, 2011 financial statements for a reconciliation of Canadian GAAP to IFRS.

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

Summary of Quarterly Financial Results (Unaudited)

	2011 Quarter 4 IFRS	2011 Quarter 3 IFRS	2011 Quarter 2 IFRS	2011 Quarter 1 IFRS
Interest income	\$ 1,218	\$ 78,489	\$ 8,818	\$ 20,386
Net loss for the period	(1,913,444)	(412,693)	(927,929)	(2,151,151)
Basic and diluted loss per share	(0.009)	(0.002)	(0.005)	(0.011)
Capitalized exploration and development expenditures	2,011,377	4,362,578	2,789,720	1,807,011
Total assets	160,680,154	164,219,390	164,409,766	163,544,002

	2010 Quarter 4 IFRS	2010 Quarter 3 IFRS	2010 Quarter 2 IFRS	2010 Quarter 1 IFRS
Interest income	\$ 12,151	\$ 23,124	\$ 28,345	\$ 21,511
Net loss for the period	(4,212,396)	(359,284)	(669,202)	(1,674,195)
Basic and diluted loss per share	(0.021)	(0.002)	(0.003)	(0.008)
Capitalized exploration and development expenditures	799,200	1,724,080	2,673,131	2,818,991
Total assets	163,203,731	159,774,401	159,940,561	160,639,428

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Share Capital

The Company is authorized to issue an unlimited number of common shares without par value, of which 203,067,652 common shares were issued and outstanding as at December 31, 2011, and an unlimited number of preferred shares (no par value) issuable in series, of which 1,000,000 preferred shares have been designated Series 1 Preferred Shares, none of which are issued and outstanding. At December 31, 2011, the Company had reserved a total of 19,060,700 common shares related to director, employee and consultant share purchase options.

As at March 22, 2012, there were 221,488,679 common shares issued and outstanding and 19,060,700 share purchase options outstanding for a total of 240,549,379 on a fully-diluted basis. Please refer to the Subsequent Events section of this MD&A.

Results of Operations for the Year Ended December 31, 2011

For the year ended December 31, 2011, the Company reported a net loss of \$5,405,217 compared to a net loss of \$6,915,077 for the year ended December 31, 2010. The lower net loss for the year ended December 31, 2011 was primarily due to a \$3,323,328 reduction in mineral property impairment compared to the prior year, partially offset by the related adjustment to deferred tax of approximately \$1 million. Other items which offset the primary loss relating to the mineral property write-down included higher salaries, wages and a one-time severance payment, together resulting in an increase of \$296,253 over the prior year, and an increase of \$256,501 in share-based compensation.

During the year ended December 31, 2011, the Company wrote off deferred mineral property costs of \$1,883,767 as a result of the lapsing of a claim at the Riou Lake Project. During the year ended December 31, 2010, the Company wrote off the deferred mineral property costs of \$5,207,095 associated with its Northern Athabasca Projects, being the Jacques Point, Butler Lake, Munroe Lake and Fond du Lac projects, as future exploration activities were not planned at that time.

Interest income was \$108,911 for the year ended December 31, 2011 and \$85,131 for the year ended December 31, 2010. This revenue relates to interest earned on short-term cash deposits net of Part XII.6 tax. The \$23,780 increase in interest income during the year ended December 31, 2011 was due in part to higher average interest rates and a higher level of funds invested as compared to the same period in the previous year. The higher interest earned was offset by a small increase in Part XII.6 tax compared to the previous year because of the larger flow-through placement which occurred in the previous year and the timing with which it was expended in 2011.

The vesting of share purchase options during the year ended December 31, 2011 resulted in total share-based compensation expense of \$1,881,516, of which \$537,478 was allocated to mineral property expenditures and the remaining \$1,344,038 was charged to operations. The vesting of share purchase options during the year ended December 31, 2010 resulted in total share based compensation expense of \$1,562,249, of which \$474,712 was allocated to mineral property expenditures and \$1,087,537 was charged to operations. Differences in share-based compensation expense primarily relate to a larger number of share purchase options vesting in the current year.

The deferred income tax expense for the year ended December 31, 2011 was \$676,591, compared to the deferred income tax recovery for the year ended December 31, 2010 of \$439,715. A smaller mineral property

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write-down in 2011 of \$1,883,767 versus \$5,207,095 in 2010 led to a smaller income tax recovery at statutory rates in the year ended December 31, 2011 of \$499,198 versus \$1,484,022 in the year ended December 31, 2010.

Legal and audit fees increased by \$63,754 with the transition to IFRS along with an increase in general legal costs. Salaries, termination and placement fees increased by \$296,253 from the previous year, due primarily to a \$75,833 severance payment, a \$30,375 placement fee, \$84,000 in director's fees which were not incurred in the previous year, as well as a merit-based increase in compensation. Travel and promotion expenses for the year increased by \$68,894 as compared to the previous year due to increases in trade show and travel costs, as well as fees associated with the redesign of the Company website.

The continuity of expenditures on UEX's uranium projects for the years ended December 31, 2011 and 2010 is as follows:

Project	Balance December 31 2010	Exploration expenditures 2011	Write-down of mineral properties 2011	Balance December 31 2011
Hidden Bay	\$ 66,679,440	\$ 5,989,356	\$ -	\$ 72,668,796
Western Athabasca	51,154,841	4,856,897	-	56,011,738
Black Lake	15,130,203	58,518	-	15,188,721
Riou Lake	12,209,890	59,660	(1,883,767)	10,385,783
Beatty River	849,833	6,255	-	856,088
	\$ 146,024,207	\$ 10,970,686	\$ (1,883,767)	\$ 155,111,126

Project	Balance January 1 2010	Exploration expenditures 2010	Write-down of mineral properties 2010	Balance December 31 2010
Hidden Bay	\$ 63,814,144	\$ 2,865,296	\$ -	\$ 66,679,440
Western Athabasca	46,334,716	4,820,125	-	51,154,841
Black Lake	15,094,279	35,924	-	15,130,203
Riou Lake	12,186,216	23,674	-	12,209,890
Northern Athabasca	5,182,882	24,213	(5,207,095)	-
Beatty River	603,663	246,170	-	849,833
	\$ 143,215,900	\$ 8,015,402	\$ (5,207,095)	\$ 146,024,207

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

During the year ended December 31, 2011, the Company incurred exploration and development expenditures totaling \$10,387,233, before non-cash share-based compensation and depreciation totaling \$583,453. Exploration and development expenditures during the year ended December 31, 2010 totaled \$7,470,376, before non-cash share-based compensation and depreciation totaling \$545,026. This \$2,916,857 increase in expenditures before non-cash items, during the year ended December 31, 2011, was due to increased drilling and development activity at the Hidden Bay property, as well as slightly larger expenditures on the Western Athabasca properties through the joint venture with AREVA, than in the comparative year.

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Results of Operations for the Three-Month Period Ended December 31, 2011

Interest income for the three-month period ended December 31, 2011 was \$1,218 versus \$12,151 in the three-month period ended December 31, 2010. The decrease is due to the Company having a lower cash balance invested in short-term deposits during the period.

During the three months ended December 31, 2011, the Company incurred a net loss of \$1,913,444 versus a loss of \$4,212,396 in the three-month period ended December 31, 2010. The primary reason for the difference is that during the three-month period ended December 31, 2011 the Company wrote off deferred mineral property costs of \$1,883,767 as a result of the lapsing of a claim at the Riou Lake Project versus a \$5,207,095 write-down of deferred mineral property costs relating to the Northern Athabasca properties in the three-month period ended December 31, 2010. Each of the mineral property write-downs were reduced by the associated deferred tax recovery of \$605,623 in the three-month period ended December 31, 2011 and \$1,462,606 in the three-month period ended December 31, 2010.

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

Financing Activities

The Company issued 205,000 common shares on the exercise of share purchase options for proceeds of \$192,350 during the year ended December 31, 2011, and issued 200,000 common shares on the exercise of share purchase options for proceeds of \$200,000 during the year ended December 31, 2010.

On November 26, 2010, the Company issued 5,500,000 flow-through common shares at \$1.65 per share for gross proceeds of \$9,075,000, pursuant to a brokered private placement. A commission of \$453,750 was paid to the broker and \$89,039 of additional issuance costs were incurred. Common shares issued in 2011 related to the exercise of options resulting in cash receipt of \$192,350.

During the year ended December 31, 2011 the Company renounced \$9,075,000 of tax deductions associated with the flow-through funds raised in 2010. During the year ended December 31, 2010 the Company renounced \$12,763,472 of tax deductions associated with the flow-through funds raised in 2009. As at December 31, 2011 the Company has fully expended all of its required flow-through funds on qualified expenditures and paid Part XII.6 tax of \$32,398 in 2011 versus \$25,999 in 2010.

Please refer to the Subsequent Events section of this MD&A for a discussion of financing activities occurring in March 2012.

Liquidity and Capital Resources

As UEX has not begun production on any of its mineral properties, the Company does not generate cash from operations. As at December 31, 2011, the Company had current assets of \$5,468,840, including \$5,266,660 in cash and cash equivalents, compared to current assets as at December 31, 2010 that totaled \$17,047,825. Working capital at December 31, 2011 was \$5,004,439, compared to working capital of \$15,908,179 at December 31, 2010 which includes the impact of a flow-through current tax liability of \$806,428. At December 31, 2011, the Company's cash balances were invested in highly liquid term deposits redeemable within 90 days or less. The Company had sufficient cash resources at December 31, 2011 to fund its approved 2012 budgets

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for exploration, development and administrative costs. Please refer to the Subsequent Events section of this MD&A for a discussion of financing activities occurring in March 2012.

Accounts payable and other liabilities at December 31, 2011 were \$464,401, which is lower than the December 31, 2010 balance of \$1,139,646 that included \$806,428 relating to a flow-through share premium liability which was cleared on renunciation. At December 31, 2011 trade payables were \$367,197 versus \$226,776 at December 31, 2010 with the difference being comprised primarily of amounts owed to AREVA for exploration work performed on the Western Athabasca joint venture projects and amounts owed to consultants responsible for development work at the Hidden Bay Project. At December 31, 2010 UEX's exploration drilling program had concluded for the season and the bulk of amounts owed had been settled.

The Company's net deferred income tax liability of \$13,186,514 at December 31, 2011 is comprised of a \$15,415,371 deferred income tax liability related to the tax effect of the difference between the carrying value of the Company's mineral properties and their tax values, offset by the Company's deferred income tax assets totaling \$2,228,857. At December 31, 2010, the Company's net deferred income tax liability was \$11,703,495 and was comprised of a \$13,516,483 deferred income tax liability related to the tax effect of the difference between the carrying value of the Company's mineral properties and their tax values, offset by the Company's deferred income tax assets totaling \$1,812,988.

Commitments

In the normal course of business, the Company enters into contracts and performs business activities that give rise to commitments for future minimum payments. The Company has an obligation under an operating lease for its office premises until November 30, 2015. Future minimum lease payments as at December 31, 2011 are as follows:

	2012	2013	2014	2015	2016
Lease for office premises	\$ 57,653	\$ 59,110	\$ 60,566	\$ 56,743	\$ nil

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

Off-Balance Sheet Arrangements

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

Financial Instruments

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

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

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development programs on its mineral properties. The Company manages its capital structure, consisting of shareholders' equity, and makes adjustments to it, based on funds available to the Company, in order to support the exploration and development of its mineral properties. Historically, the Company has relied exclusively on the issuance of common shares for its capital requirements. Accounts payable and other liabilities are due within the current operating period.

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

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

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

Related Party Transactions

The Company was involved in the following related party transactions for the years ended December 31, 2011 and 2010 as well as for the three months ended December 31, 2011 and 2010:

	Three months ended		Year ended	
	December 31		December 31	
	2011	2010	2011	2010
Other consultants ⁽¹⁾	\$ 12,400	\$ 13,000	\$ 93,385	\$ 54,875
Other consultants share-based payments ⁽²⁾	3,587	-	17,049	-
Panterra Geoservices Inc. ⁽³⁾	7,750	16,750	39,750	49,650
Panterra Geoservices Inc. share-based payments ⁽²⁾	28,135	34,026	102,338	220,114
	\$ 51,872	\$ 63,776	\$ 252,522	\$ 324,639

⁽¹⁾ Other consultants include close members of the family of R. Sierd Eriks, UEX's Vice-President of Exploration.

⁽²⁾ Share-based compensation expense is the fair value of options granted which have been calculated using the Black-Scholes option-pricing model and the assumptions disclosed in Note 10(c) of the December 31, 2011 financial statements.

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

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Subsequent Events

On March 13, 2012, the Company completed an underwritten bought deal public financing for 11,000,000 common shares at a price of \$0.80 per share for gross proceeds of \$8,800,000. Share issue costs include a cash commission equal to 5% of the gross proceeds and other issuance costs of approximately \$200,000. Cameco exercised its pre-emptive right to participate on the same terms as the offering and purchased 3,208,902 shares, thereby maintaining its ownership of UEX at approximately 22.58%. No commission was payable related to the exercise of this pre-emptive right.

On March 14, 2012, the Company completed a non-brokered private placement of 3,260,869 flow-through shares at a price of \$0.92 per share for gross proceeds of \$3,000,000 with issue costs of approximately \$50,000 and no commission payable. Cameco had a pre-emptive right to participate in this flow-through offering and maintain their percentage interest in UEX. Cameco was offered a non-flow-through share pricing alternative, exercised its pre-emptive right to participate, and purchased 951,256 common shares at a non-flow-through price of \$0.84 per share, thereby maintaining its ownership of UEX at approximately 22.58%.

Accounting Policies

The accounting policies and methods employed by the Company determine how it reports its financial condition and results of operations, and may require management to make judgments or rely on assumptions about matters that are inherently uncertain. The Company's results of operations are reported using policies and methods in accordance with IFRS. In preparing financial statements in accordance with IFRS, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses for the period. Management reviews its estimates and assumptions on an ongoing basis using the most current information available.

Critical Accounting Estimates

The Company prepares its financial statements in accordance with IFRS, 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 financial statements. Critical estimates inherent in these accounting policies are discussed below.

Valuation of mineral properties

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

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

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Environmental rehabilitation provision

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

Share-based payments

The Company has a share option plan which is described in Note 10(c) of the financial statements for the year ended December 31, 2011. The fair value of all share-based awards is estimated using the Black-Scholes option-pricing model at the grant date and amortized over the vesting periods. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company. Share-based payments to non-employees are measured at the fair value of the goods or services received, or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest.

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

Changes in Accounting Policies Including Initial Adoption

Recent Accounting Announcements

In May of 2011, the International Accounting Standards Board issued the following IFRSs with an effective date for year ends starting on or after January 1, 2013, with early adoption permitted:

- (i) IFRS 11, *Joint Arrangements* supersedes IAS31, *Interests in Joint Ventures* and SIC-13, *Jointly Controlled Entities – Non-monetary Contributions by Venturers*
- (ii) IFRS 12, *Disclosure of Interests in Other Entities*
- (iii) IFRS 13, *Fair Value Measurement*

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

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

The International Accounting Standards Board has issued IFRS 9 *Financial Instruments* ("IFRS 9") to replace IAS39 *Financial Instruments*. IFRS 9 has an effective date for year ends starting on or after January 1, 2015, with early adoption permitted. The Company intends to adopt IFRS 9 in its financial statements for the annual period beginning on January 1, 2015. The Company does not expect IFRS 9 to have a material impact on the financial statements. The classification and measurement of the Company's financial assets is not expected to change under IFRS 9 because of the nature of the Company's operations and the types of financial assets that it holds.

Transition to International Financial Reporting Standards ("IFRS")

Effective January 1, 2011, the Company adopted IFRS with a transition date of January 1, 2010. The Company's first audited financial statements prepared in accordance with IFRS are the financial statements for the year ended December 31, 2011. Full disclosure of the Company's accounting policies in accordance with IFRS is presented in Note 2 to these financial statements. These financial statements also include reconciliations of the previously disclosed comparative period financial statements which were prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") to IFRS. Details of the accounting differences are described in Note 17 of the financial statements.

Although IFRS has a conceptual framework that is similar to previous Canadian GAAP, there are significant differences in recognition, measurement and disclosure. The transition to the IFRS framework has resulted in several changes to the Company's accounting policies that impact its financial reporting. The following are the most significant accounting differences; however, it is not a complete list of the decisions the Company was required to or elected to make:

Income taxes

Under Canadian GAAP, when an asset was acquired (other than in a business combination) and the tax basis was less than the cost of the asset, a deferred tax liability was recognized on the asset acquisition, and was added to the cost of the asset through a gross-up calculation ("tax bump"). IFRS does not permit the recognition of a deferred tax liability on the initial recognition of an asset in a transaction that is not a business combination.

When the Company acquired the Hidden Bay properties from Cameco, the transaction did not constitute a business combination and was treated as an asset acquisition. For Canadian GAAP purposes, a deferred tax liability was recognized and the carrying value of the property was increased correspondingly. Under IFRS, the deferred tax liability relating to the Hidden Bay property was eliminated as at January 1, 2010 and the carrying value of this property was correspondingly reduced.

The carrying values of the Company's deferred tax balances have also changed to the extent that the accounting basis of various assets and liabilities has been adjusted as part of the Company's IFRS conversion. The adoption of IFRS with respect to income taxes and deferred income taxes had a material impact on the

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financial statements of the Company; however, these differences are a direct result of differences between IFRS and Canadian GAAP and are not expected to occur in the future.

Flow-through shares

Under Canadian GAAP, when flow-through shares were issued, they were recorded in share capital net of issue costs in the same manner as a non-flow-through share issuance. When the Company renounced the associated tax benefits to the investors, the tax effect of the resulting temporary difference was recorded as a charge to share capital for the amount of the tax benefit renounced and a reduction in the income tax expense of the Company.

Flow-through share financing is an area that is specifically addressed under Canadian GAAP but has no equivalent guidance under IFRS. As such, the Company has elected to adopt a policy by which the difference in excess of the market value of common shares with no flow-through and the amount an investor pays for the actual flow-through shares ("premium") is allocated between the offering of shares and the sale of the tax benefits. A current liability is recognized for the premium and is extinguished when the tax effect of the temporary differences, resulting from the renunciation, is recorded. The difference between the liability and the value of the tax assets renounced is recorded as a deferred tax expense. If the flow-through shares are not issued at a premium, a current liability is not established, and on renunciation the full value of the tax assets renounced is recorded as a deferred tax expense.

This change in accounting policy for flow-through shares, and the corresponding renouncement of the associated tax benefits, will lead to larger changes in accounts payable and other liabilities between the annual and the first quarter liability balances due to the flow-through premiums on these placements (when they occur) and the renouncement, which historically has been in the first quarter of the following year.

Related party transactions

Upon formation of the Company, three exploration properties (Riou Lake, Black Lake and Serendipity Lake) were acquired from Pioneer Metals Corporation ("Pioneer") in exchange for shares in the Company. Under Canadian GAAP, related party transactions which are not in the normal course of business and lack commercial substance should be measured at the carrying amount. Under IFRS, IAS 24 *Related Party Disclosures* does not include these provisions and as a result, related party transactions are to be valued at the exchange amount (fair value). The additional value determined as fair value was allocated proportionally to the properties based on their proportional historical value.

Adoption of IFRS 6 Exploration and Evaluation Expenditures

The Company has elected to adopt the provisions of IFRS 6 *Exploration and Evaluation Expenditures* ("IFRS 6") which allow the Company to continue with the current accounting policies regarding the accounting for exploration and evaluation expenditures. 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. All capitalized exploration and evaluation assets are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that the exploration expenditures are not expected to be recovered, this amount is recorded as a write-down of interest in mineral properties in the statement of operations and comprehensive loss in the period.

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IFRS 2 Share-based Payment

The Company elected under IFRS 2 not to revalue awards that vested prior to January 1, 2010. For those awards that had not vested as of this date, IFRS requires the use of graded vesting. Previously, the Company had used straight-line vesting allowed under Canadian GAAP. The adoption of IFRS 2 also included changes related to valuing tranches separately, the estimation of forfeitures, and the treatment of share purchase options granted to consultants that provide the same or similar services as employees.

The adoption of IFRS 2 will affect the timing of the recognition of share-based payment expense, primarily due to this change from straight-line vesting under Canadian GAAP to the graded vesting method under IFRS which tends to recognize expense earlier in the vesting period.

Share-based payments reserve

The *Share-based payments reserve*, which was referred to as *Contributed surplus* under previous Canadian GAAP, contains the fair value of the existing options of the Company. Prior to the adoption of IFRS, the Company had an accounting policy whereby charges for share purchase options that were cancelled or forfeited before vesting remained on the contributed surplus account. On transition, the accounting policy with respect to cancelled or forfeited options prior to vesting has changed so that for share purchase options that expire or are forfeited after vesting, the amount previously recorded in contributed surplus is transferred to deficit. The impact of this accounting policy change is reflected on the January 1, 2010 IFRS balance sheet and subsequent periods which ensures that amounts presented in the share-based payments reserve relate only to share purchase options which have not been cancelled or forfeited.

Comparison between Canadian GAAP and IFRS

The following table provides a comparison of selected financial information between Canadian GAAP and IFRS for the interim three-month period and the year ended December 31, 2010. Refer to Note 17 of the financial statements dated December 31, 2011 for more detail regarding the impact of the transition to IFRS.

Three months ended December 31, 2010	IFRS	Canadian GAAP
Loss before income taxes	\$ (5,675,002)	\$ (6,043,724)
Net loss	(4,212,396)	(4,477,428)
Basic and diluted loss per share	(0.021)	(0.022)

Year ended December 31, 2010	IFRS	Canadian GAAP
Loss before income taxes	\$ (7,354,792)	\$ (7,490,353)
Net loss	(6,915,077)	(5,730,183)
Basic and diluted loss per share	(0.035)	(0.029)
Shareholders' equity	150,360,590	148,988,689
Total assets	163,203,731	165,886,071

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Exploration and Development Activities

The following is a general discussion of UEX's exploration and development activities during the year ended December 31, 2011. Mineral resources that are not mineral reserves do not have demonstrated economic viability. For more detailed information regarding UEX's exploration projects, please refer to UEX's current Annual Information Form, available at www.sedar.com, or to UEX's website at www.uex-corporation.com.

Mineral Resource Estimates

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

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

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

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

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

Notes:

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

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Western Athabasca Projects: 2011 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 143,480 hectares (354,547 acres).

Exploration expenditures totaled \$9.57 million for the Western Athabasca Projects, of which \$8.68 million was expended at Shea Creek. Approximately \$53,000 was spent on air and groundwater sampling and analysis related to Shea Creek. Expenditures under the joint venture are funded 49% by UEX and 51% by AREVA. The approved 2012 budget for exploration expenditures at Shea Creek is \$6.0 million, of which UEX will be responsible for its 49% share, or \$2.94 million.

Shea Creek Project

Shea Creek consists of 11 claims totaling 19,581 hectares (48,386 acres) and is host to the following deposits:

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

Directional drilling at Shea Creek

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-130" refers to a vertical pilot hole, with subsequent directional cuts from that pilot hole numbered "SHE-130-1", "SHE-130-2", and so forth.

The Kianna, Anne, Colette and 58B 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.

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Styles of mineralization at Shea Creek

Mineralized areas along the 33-kilometre long 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 Kianna has outlined a zone of this style of mineralization with a strike length of 225 metres and a downdip extension of 200 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 Anne and 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 250 metres, and is largely open. At 58B, 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 900 metres, and is open in all directions. Intercepts at Colette include SHE-52 grading 2.34% U_3O_8 over 16.8 metres. Unconformity mineralization at 58B has now been traced over a strike length of 400 metres and occurs over a width of up to 110 metres in plan view. Intercepts at 58B include SHE-133-4 grading 6.55% U_3O_8 over 2.4 metres.
- **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, such 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 to a sufficient depth 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.

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Some of the uranium grades reported in this MD&A for Shea Creek 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 grade results are obtained using a DHT27-STD gamma probe which collects continuous readings along the length of the drill hole. Probe results are calibrated using an algorithm calculated from the comparison of probe results against geochemical analyses in previous drill holes in the Shea Creek area. The reader is referred to UEX's news release of March 24, 2009 for further discussion of probe calibration and comparative treatment of geochemical and probe data.

Shea Creek Mineral Resource Estimate

The current mineral resource estimate for the Kianna, Anne and Colette deposits was commissioned by UEX and is supported by the Shea Creek Technical Report (see UEX's news release of May 26, 2010).

The current mineral resource estimate for Shea Creek incorporates resources from Kianna, Anne and Colette based on drilling information up to December 31, 2009. Mineralization encountered during the 2010 and 2011 programs is therefore not included.

At a cut-off grade of 0.30% U_3O_8 , Indicated Mineral Resources for the three deposits comprise 1,872,600 tonnes grading 1.54% U_3O_8 containing 63.57 million pounds of U_3O_8 , and an additional 1,068,900 tonnes grading 1.04% U_3O_8 in the Inferred category containing 24.53 million pounds of U_3O_8 .

This estimate confirms Shea Creek as the largest undeveloped uranium resource in the Athabasca Basin (the "Basin"). It also ranks as the third largest uranium resource in the Basin, exceeded in size only by McArthur River and Cigar Lake. Since the largest areas of the existing resource, including the Kianna and Colette basement zones, continue to be open in most directions, there is significant potential to expand these resources. In addition, new areas of mineralization exist, such as the 58B Deposit that was identified in 2010 which is not reflected in the current mineral resource estimate.

Shea Creek mineral resource estimates at various cut-off grades are summarized in Table 3. Significantly, at higher cut-off grades most of the contained uranium is retained at substantially higher grades.

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TABLE 3
Shea Creek Mineral Resource Estimates, Tonnes and Grade at Various U₃O₈ % Cut-offs

These mineral resource estimates were completed in May 2010 (incorporating drilling information up to December 31, 2009) using CIM standards of estimation of mineral resources.

Category	Cut-off U ₃ O ₈ (%)	Tonnes	Grade U ₃ O ₈ (%)	Total U ₃ O ₈ (lbs)	UEX's share U ₃ O ₈ (lbs)
Indicated	0.10	2,733,900	1.118	67,414,000	33,032,860
	0.30	1,872,600	1.540	63,572,000	31,150,280
	0.50	1,383,000	1.946	59,342,000	29,077,580
	1.00	785,200	2.885	49,948,000	24,474,520
	1.50	509,500	3.786	42,527,000	20,838,230
Inferred	0.10	1,862,800	0.674	27,688,000	13,567,120
	0.30	1,068,900	1.041	24,525,000	12,017,250
	0.50	746,700	1.323	21,776,000	10,670,240
	1.00	322,700	2.159	15,360,000	7,526,400
	1.50	188,700	2.829	11,771,000	5,767,790

These mineral resource estimates were calculated using a minimum cut-off grade of 0.05% U₃O₈ utilizing a geostatistical block-model technique with ordinary kriging methods and the DATAMINE Studio 3 software package.

The majority of the mineral resources are from Kianna and Anne, where a significant portion of the mineral resources lie in basement rocks beneath the Athabasca unconformity. A breakdown of the mineral resource estimates by deposit at a cut-off grade of 0.3% U₃O₈ is provided in Table 4.

TABLE 4
Breakdown of the Contribution of Each Deposit at Shea Creek to the Total Mineral Resource Estimates at a 0.3% U₃O₈ Cut-off

Deposit	Category	Tonnes	Grade U ₃ O ₈ (%)	Total U ₃ O ₈ (lbs)	UEX's share U ₃ O ₈ (lbs)
Kianna	Indicated	713,000	1.442	22,665,000	11,105,850
Anne	Indicated	484,500	2.368	25,294,000	12,394,060
Colette	Indicated	675,100	1.049	15,613,000	7,650,370
TOTALS	Indicated	1,872,600	1.540	63,572,000	31,150,280
Kianna	Inferred	573,100	1.360	17,184,000	8,420,160
Anne	Inferred	299,300	0.674	4,448,000	2,179,520
Colette	Inferred	196,500	0.668	2,893,000	1,417,570
TOTALS	Inferred	1,068,900	1.041	24,525,000	12,017,250

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2011 Drilling and Exploration Program at Shea Creek

The 2011 exploration program at Shea Creek was carried out from mid-February to mid-November and consisted of diamond drilling utilizing three drills, as well as a ground geophysical program which was conducted to the south of the Anne Deposit. The drilling program focused on the following:

- Expanding the Kianna Deposit and associated areas of basement mineralization;
- Testing open areas of basement mineralization and high-grade unconformity mineralization at the Colette Deposit; and
- Drilling of untested areas between the Kianna and 58B deposits.

Kianna Deposit

Drilling during 2011 tested portions of the northern parts of the Kianna Deposit, where one pilot drill hole and thirteen directional drill holes were completed to follow up on successful drilling results from the 2010 program.

The drill holes were designed to follow up on 2010 intercepts from the SHE-136 series drill holes which intersected new, open areas of structurally controlled mineralization north of the main Kianna basement deposit (see UEX news release dated September 11, 2010).

Drill hole intersections in the SHE-130 series during the 2011 program continued to outline a new zone of mineralization that links the main Kianna basement resource with a northern, parallel zone of structurally controlled mineralization, and expanded unconformity mineralization northward into areas that are outside of the existing mineral resource estimate (see UEX's news releases of May 3, 2011 and September 29, 2011).

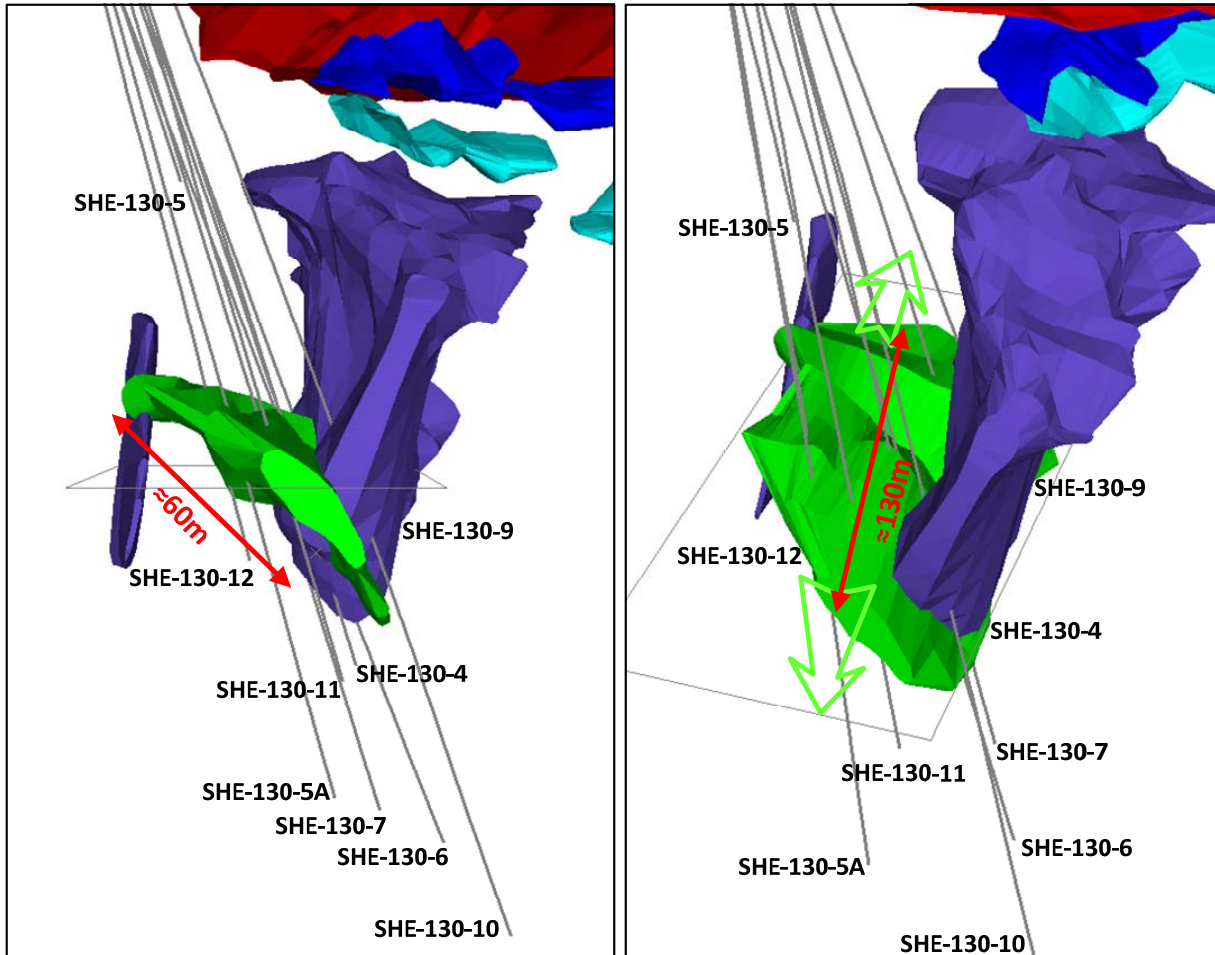
Significant intercepts at Kianna from the 2011 drilling program at the unconformity ("UC") and in the underlying basement rocks ("B") with a grade-thickness product of greater than 1.0 and grades of greater than 0.3% eU₃O₈ are as follows:


SHE-130-4:	(UC) 0.96% eU ₃ O ₈ over 3.2 metres, (B) 1.28% eU ₃ O ₈ over 25.1 metres, <i>including</i> 2.30% eU ₃ O ₈ over 9.5 metres, and (B) 0.36% eU ₃ O ₈ over 2.9 metres;	SHE-130-9:	(UC) 0.48% eU ₃ O ₈ over 2.5 metres, and (B) 1.34% eU ₃ O ₈ over 1.0 metres;
SHE-130-5A:	(B) 0.96% eU ₃ O ₈ over 2.1 metres;	SHE-130-11:	(B) 0.86% eU ₃ O ₈ over 2.6 metres, and (B) 0.78% eU ₃ O ₈ over 25.3 metres, <i>including</i> 1.32% eU ₃ O ₈ over 12.0 metres;
SHE-130-6:	(UC) 1.61% eU ₃ O ₈ over 2.9 metres;	SHE-130-12:	(B) 0.81% eU ₃ O ₈ over 32.0 metres, <i>including</i> 1.51% eU ₃ O ₈ over 1.4 metres, 2.21% eU ₃ O ₈ over 4.0 metres, and 1.64% eU ₃ O ₈ over 5.3 metres.
SHE-130-7:	(B) 1.35% eU ₃ O ₈ over 2.1 metres, (B) 2.14% eU ₃ O ₈ over 1.1 metres, (B) 4.40% eU ₃ O ₈ over 2.5 metres, and (B) 0.39% eU ₃ O ₈ over 3.9 metres;		
SHE-130-8:	(UC) 0.77% eU ₃ O ₈ over 2.8 metres, and (B) 0.70% eU ₃ O ₈ over 3.9 metres;		


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2011 Shea Creek (Kianna) SHE-130 Series Drill Results



 New Basement Mineralized Zone

 Pre-Existing Basement Mineralization Based on Drilling Information up to December 31, 2009 which was included in the Shea Creek Technical Report

 Direction of Open Mineralization

 Pre-Existing Unconformity Mineralization Based on Drilling Information up to December 31, 2009 which was included in the Shea Creek Technical Report

Note: Images of mineralized zones depicted above are based upon a minimum cut-off grade of 0.05% U_3O_8 .

The basement intercepts in the 2010 and 2011 drilling programs, including drill hole SHE-136-1 which intersected 1.84% U_3O_8 over 16.6 metres, intercepted a new shallow south-dipping to southeast-dipping zone of mineralization which exploits a mafic unit within the hosting gneiss sequence. The mafic unit associated with the new zone may also control a high-grade oreshoot in the lower part of the Kianna Deposit. The new zone is open to the northeast, southwest and updip to the north, where it may join a steeply dipping mineralized fault that is parallel to and 75 metres north of the Kianna basement zone. This parallel zone was previously intersected by drill hole SHE-114-17, which intersected 7.8 metres grading 4.38% U_3O_8 .

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Area between the Kianna and 58B deposits

The identification of the 58B Deposit in 2010 highlighted the significant exploration potential of the Shea Creek mineralization trend along the Saskatoon Lake Conductor. To further test the area of sparse drilling between Kianna and 58B, three pilot holes and ten directional drill holes in the SHE 136, SHE 140 and SHE-141 series were completed in the area during 2011. Drill hole intersections within this area expanded the unconformity mineralization northward from the Kianna Deposit toward the 58B Deposit (see UEX's news release of December 6, 2011). These drill intersections, which lie at the northern margin of Kianna, extend well outside of the current mineral resource estimate.

Mineralization was intersected in all directional drill holes in the area between Kianna and 58B either at the unconformity or in the underlying basement rocks.

The results include unconformity intercepts of 0.42% eU₃O₈ over 5.0 metres in drill hole SHE-136-7, 0.25% eU₃O₈ over 19.7 metres including 0.99% eU₃O₈ over 3.1 metres in drill hole SHE-140-1 as well as 0.88% eU₃O₈ over 1.2 metres in drill hole SHE-141-1. These intercepts suggest that unconformity mineralization may extend continuously over a strike length of greater than 300 metres northwest of the Kianna Deposit, with mineralization open along trend toward the 58B Deposit.

In addition to the unconformity intercepts, drill holes also encountered basement mineralization which is of similar style to that in Kianna and 58B, suggesting there is potential for the discovery of basement deposits in this corridor. Basement intercepts include 0.37% eU₃O₈ over 2.2 metres in drill hole SHE-140, 0.57% eU₃O₈ over 2.5 metres including 0.96% eU₃O₈ over 1.4 metres in drill hole SHE-140-3 as well as 1.85% eU₃O₈ over 0.7 metres in drill hole SHE-140-5.

These drill holes represent the first systematic exploration of this corridor and the encouraging results provide significant geological information which will be followed up in subsequent drilling programs.

Colette Deposit

Drilling was carried out in portions of the eastern, southern and northern parts of the Colette Deposit during 2011, where three pilot drill holes and twenty-two directional drill holes were completed in 2011 to test for additional basement and unconformity mineralization.

Drill hole intersections in the SHE-66 series at Colette expanded the unconformity mineralization northward. These drill intersections lie at the northern margin of, and extend outside of, the current mineral resource estimate (see UEX's news release of October 31, 2011). Mineralization is open northward in the direction of UEX and AREVA's Douglas River Project, and to the east.

Mineralization intersected in drill holes SHE-66-2 and SHE-66-3 straddles the unconformity ("UC") and extends for over 25 metres above the unconformity. Intercepts with a grade-thickness product of greater than 1.0 and grades of greater than 0.3% eU₃O₈ are as follows:

SHE-66-2: (UC) 1.28% eU₃O₈ over 26.0 metres,
including
1.82% eU₃O₈ over 7.9 metres;

SHE-66-3: (UC) 1.22% eU₃O₈ over 27.9 metres
including
1.41% eU₃O₈ over 10.3 metres.

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SHE-66-2 and SHE-66-3 lie 30 to 50 metres north of previous drill hole SHE-52, which intersected 2.34% U_3O_8 over 16.8 metres at the unconformity, including an interval of 4.29% U_3O_8 over 7.8 metres which contains a subinterval of 7.55% U_3O_8 over 2.7 metres. These drill holes collectively define a flat-lying lens of mineralization at the unconformity which, on the basis of its overall morphology, suggests that the new intercepts are within 90% of true thickness. The new intercepts also suggest a northward thickening of this lens of mineralization and could provide potential for rapid expansion of the northern Colette resource base.

Infill drilling between the widely spaced drill holes in this area will be required to assess the extent of this zone and higher grade pods within it. Significant faulting which offsets and repeats the Athabasca unconformity is present in these drill holes suggesting potential for basement mineralization at the downdip projection of the structures.

In addition to the drilling to the north of the Colette Deposit, drilling also tested extensions of mineralization in the southern area of Colette. Previous drilling at Colette was widely spaced and, as a result, the extent of high-grade mineralization at the unconformity was poorly defined since drill holes were locally up to 100 metres apart.

Mineralization intersected in drill holes from the southern area of Colette at the unconformity ("UC") and in the underlying basement rocks ("B") with a grade-thickness product of greater than 1.0 and grades of greater than 0.3% eU_3O_8 are:

SHE-111-14: (UC) 0.32% eU_3O_8 over 3.2 metres, and (UC) 0.51% eU_3O_8 over 1.9 metres;	SHE-137-2: (UC) 0.92% eU_3O_8 over 1.6 metres, (B) 1.54% eU_3O_8 over 0.7 metres, and (B) 0.82% eU_3O_8 over 1.1 metres;
SHE-111-15: (UC) 0.83% eU_3O_8 over 3.5 metres;	SHE-139-1: (B) 1.23% eU_3O_8 over 8.3 metres, <i>including</i> 4.39% eU_3O_8 over 2.1 metres.

The unconformity mineralization at Colette has now been defined over a strike length of greater than 900 metres. A significant zone of basement mineralization, which is open downdip to the west, was identified in multiple drill holes completed in 2007 and 2008 in the southern part of this deposit. This open basement-hosted mineralization has been intersected over a strike length of 250 metres and contains intercepts such as 3.23% U_3O_8 over 8.0 metres, including 12.38% U_3O_8 over 0.5 metres, and 23.93% U_3O_8 over 0.5 metres in drill hole SHE-111-06. The higher grade intercept in 2011 drill hole SHE 139-1 lies within, and expands, this basement zone.

Geophysics at Anne South

To date, all mineralization at the Shea Creek deposits has been found to be spatially associated with the Saskatoon Lake graphitic conductor. To better define its southern extent and morphology, a 51.2 line-kilometre ground Moving Loop SQUID (Superconducting Quantum Interference Device) TEM (Time-domain Electromagnetic) survey was carried out during 2011 in an area where the northwest-trending conductor may be intersected and offset by major northeast-trending faults, in a setting similar to the Shea Creek deposits. The Saskatoon Lake Conductor is virtually untested by drilling both here and in all areas southeast of the Anne Deposit. The survey identified two main, shallow-dipping conductors in the area which could represent folded portions of the conductor. Further evaluation of the data is underway for follow-up exploration.

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2011 Development Work at Shea Creek

Geotechnical, infrastructure and engineering studies on the Shea Creek Project were further advanced in 2011 through ongoing hydrological studies and assessment of potential development strategies. Hydrological studies involved installation of new instrumentation and ongoing monitoring. In addition, the development of a groundwater model commenced using existing geological data, topographic data, water level field measurements from May 2011, and piezometer data under the supervision of SRK.

2011 Exploration Program at the Douglas River Project

The Douglas River Project ("Douglas River") is contiguous with the north end of Shea Creek, where the Colette Deposit is located. No drilling had been carried out at Douglas River for more than a decade, when in the 1990s only fifteen widely spaced drill holes were completed in the entire project area.

Mineralization has been previously intersected at Douglas River in drill hole DGS-10, which intersected unconformity mineralization grading 0.53% eU₃O₈ over 3.7 metres. An untested strike length of 300 metres is present between this hole and the northern portion of Colette. The two most northern holes in the Colette Deposit, SHE-66 and SHE-74 spaced 40 metres apart, consist of perched mineralization grading 0.98% eU₃O₈ over 4.0 metres and 0.94% eU₃O₈ over 4.4 metres respectively and could be analogous to the discovery hole at Kianna.

An extensive zone of chlorite alteration with anomalous uranium geochemistry extends upward several hundred metres into the Athabasca sandstone along the Douglas River–Shea Creek project boundary in a pattern that is comparable to alteration developed above several major uranium deposits in the Athabasca Basin. Consequently, this area may represent a central portion of the hydrothermal system associated with the Shea Creek deposits.

A diamond drilling program was completed in 2011 consisting of one pilot drill hole and two directional cuts for a total of 1,775 metres. The holes tested the southeast trend from previous drill hole DGS-10. No significant mineralization was intersected.

2011 Exploration Program at the Mirror River Project

The Mirror River Project ("Mirror River") is located approximately 95 kilometres southeast of Shea Creek. A 41.1 line-kilometre ground Moving Loop SQUID TEM survey was completed on Mirror River in 2011. The survey was carried out to better refine conductive areas outlined by a previous airborne MEGATEM[®] survey. Unconformity-style uranium mineralization has the potential to be associated with these conductors where they are intersected by an interpreted northerly-trending fault zone in the surveyed area. The survey identified three mid-time conductors characterized by low conductivities which may be related to the presence of lithological contacts and/or faults. Further evaluation of the data is underway for follow-up exploration.

No significant exploration work was carried out in 2011 on the Alexandra, Brander Lake, Erica, James Creek, Laurie, Nikita or Uchrich projects as financial resources have been focused on the Shea Creek Project.

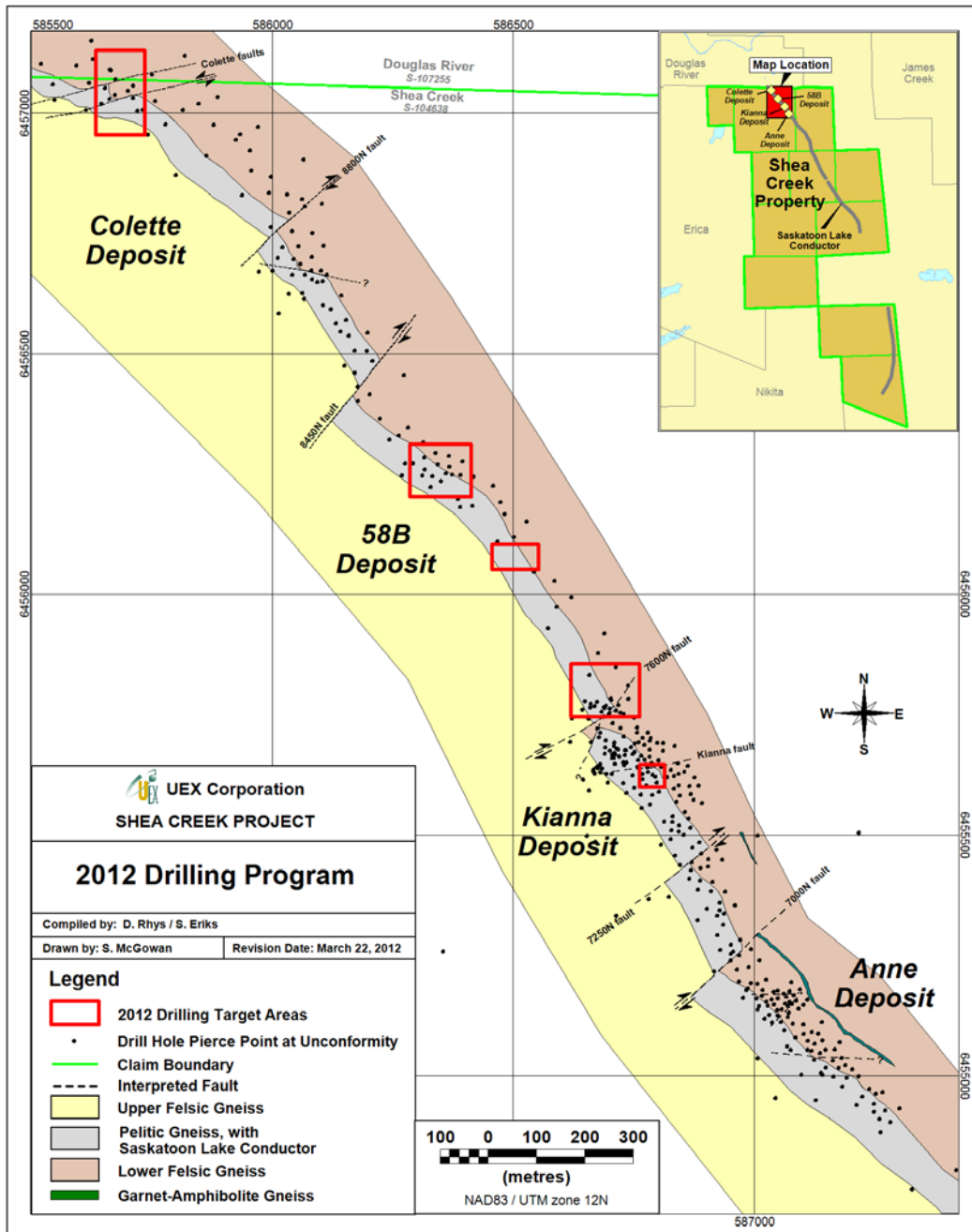
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Western Athabasca Projects: 2012 Exploration Program

The 2012 exploration program has an approved budget of \$6 million, for which UEX will be responsible for its 49% share, or \$2.94 million. The exploration program is planned to commence in April 2012 utilizing two drills. Exploration will comprise at least 25 drill holes which will test areas of open mineralization and untested portions of the Shea Creek corridor along the Saskatoon Lake graphitic conductor, to which the deposits are spatially related.

2012 Shea Creek Drill Targets



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The following areas will be targeted:

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

Beatty River Project: 2011 Exploration Program

Beatty River consists of seven claims totaling 6,688 hectares (16,526 acres) located in the western Athabasca Basin approximately 40 kilometres south of the Shea Creek deposits. At present, AREVA, the operator, owns a 50.7% interest and JCU owns a 49.3% interest in Beatty River. UEX entered into an agreement dated June 15, 2004 with JCU wherein JCU granted UEX an option to acquire a 25% interest in Beatty River. Under the agreement, UEX would earn a 25% interest in Beatty River by funding \$865,000 in exploration expenditures by December 31, 2011. AREVA reported to UEX and JCU that they did not expect that there would be sufficient expenditures in 2011 to allow UEX to be able to complete the 25% earn-in on the Beatty River Project in 2011 as previously anticipated. The Company has received, from JCU, an extension of the earn-in period to December 31, 2013. Expenditures under this agreement by UEX to December 31, 2011 amounted to \$848,256.

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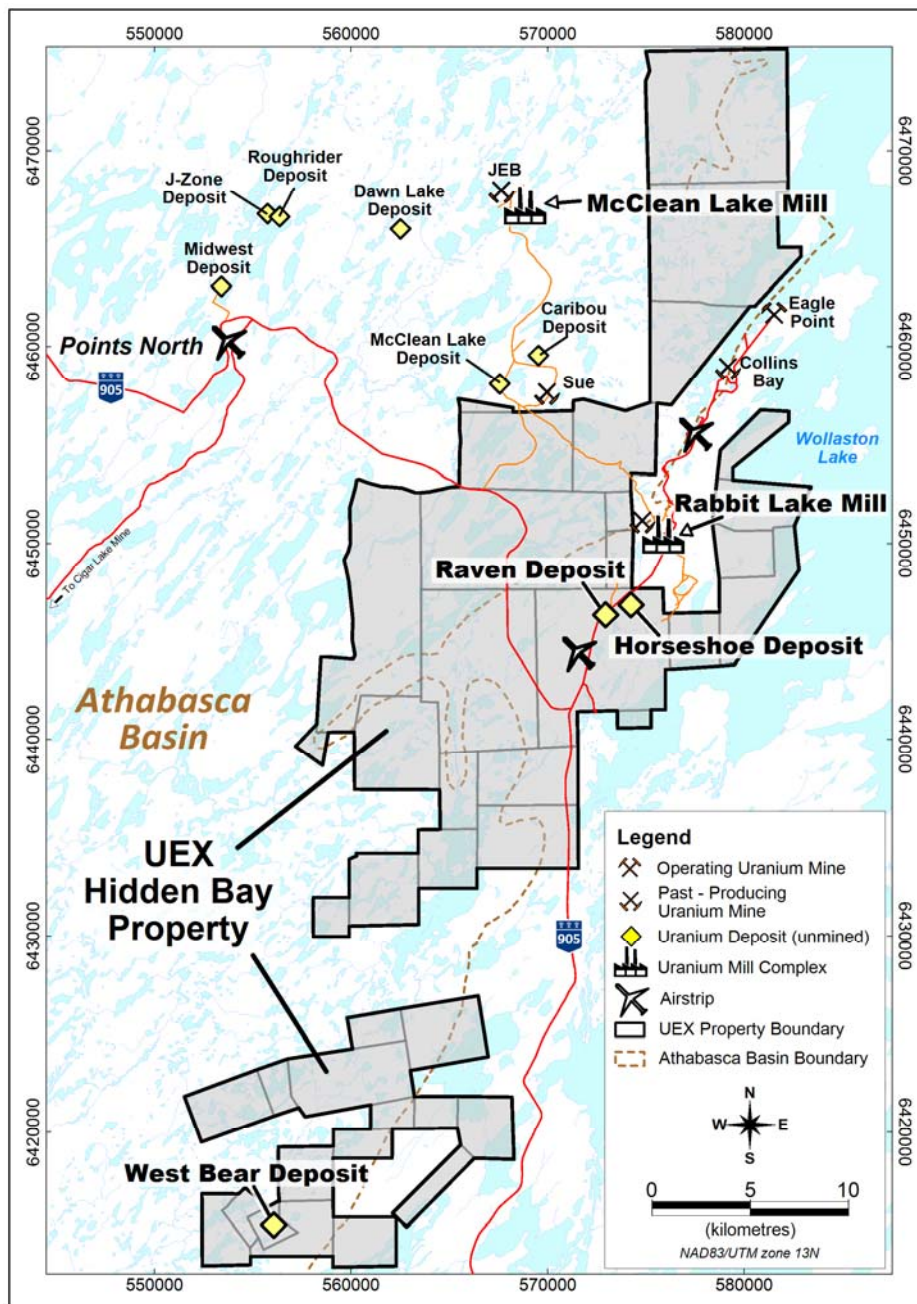
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Hidden Bay Project: 2011 Exploration and Development Programs

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

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



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Uranium Deposits

Hidden Bay is host to the Horseshoe, Raven and West Bear deposits that have estimated mineral resources which are detailed in Tables 5 and 6 below. West Bear is a classic unconformity-hosted deposit at very shallow depths, while Horseshoe and Raven are basement-hosted deposits. In July 2009, UEX received updated mineral resource estimates which are supported by the Hidden Bay Report and are based on additional drilling and expansion of the known area of deposits from the late fall 2008 and winter 2009 drilling programs.

TABLE 5
Mineral Resource Estimates for the Hidden Bay Project with Tonnes and Grade
at Various U₃O₈ % Cut-offs

These mineral resource estimates were completed in July 2009 (incorporating drilling information up to April 5, 2009) using CIM standards for estimation of mineral resources.

Category	Cut-off U ₃ O ₈ (%)	Tonnes	Grade U ₃ O ₈ (%)	Total U ₃ O ₈ (lbs)	UEX's share U ₃ O ₈ (lbs)
Indicated	0.02	16,876,600	0.112	41,617,000	41,617,000
	0.05	10,372,500	0.160	36,623,000	36,623,000
	0.10	5,434,300	0.242	28,989,000	28,989,000
	0.15	3,278,800	0.321	23,163,000	23,163,000
	0.20	2,054,800	0.409	18,503,000	18,503,000
	0.25	1,358,700	0.504	15,085,000	15,085,000
	0.30	913,800	0.616	12,408,000	12,408,000
	0.35	657,200	0.731	10,583,000	10,583,000
	0.40	506,600	0.837	9,345,000	9,345,000
Inferred	0.02	1,982,500	0.079	3,470,000	3,470,000
	0.05	1,109,200	0.111	2,715,000	2,715,000
	0.10	335,700	0.211	1,563,000	1,563,000
	0.15	202,800	0.270	1,208,000	1,208,000
	0.20	128,300	0.326	921,000	921,000
	0.25	79,200	0.388	678,000	678,000
	0.30	45,100	0.477	474,000	474,000
	0.35	27,200	0.580	348,000	348,000
	0.40	19,600	0.660	285,000	285,000

These mineral resource estimates were calculated using a minimum cut-off grade of 0.01% U₃O₈ utilizing a geostatistical block-model technique with ordinary kriging methods and the DATAMINE Studio 3 software package.

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TABLE 6
Breakdown of the Contribution of Each Deposit at Hidden Bay to the Total Mineral Resource Estimates
at a Cut-off Grade of 0.05% U₃O₈

(There are no Inferred resources for the West Bear Deposit)

Deposit	Category	Tonnes	Grade U ₃ O ₈ (%)	Total U ₃ O ₈ (lbs)	UEX's share U ₃ O ₈ (lbs)
Horseshoe	Indicated	5,119,700	0.203	22,895,000	22,895,000
Raven	Indicated	5,173,900	0.107	12,149,000	12,149,000
West Bear	Indicated	78,900	0.908	1,579,000	1,579,000
TOTALS	Indicated	10,372,500	0.160	36,623,000	36,623,000
Horseshoe	Inferred	287,000	0.166	1,049,000	1,049,000
Raven	Inferred	822,200	0.092	1,666,000	1,666,000
TOTALS	Inferred	1,109,200	0.111	2,715,000	2,715,000

Preliminary Assessment for Horseshoe and Raven

With a high proportion of the Horseshoe and Raven resource base in the Indicated category, UEX engaged SRK to perform a preliminary assessment of the potential economic viability of mining the deposits. The results of the Preliminary Assessment Technical Report on the Horseshoe and Raven deposits were reported in UEX's news release of February 23, 2011.

The PA found the economics of mining the Horseshoe and Raven deposits to be very robust and recommended the project be advanced to a preliminary feasibility level, and that this next phase of study also include the West Bear Deposit. The lack of overlying Athabasca sandstone and competent gneissic basement host rocks at the Horseshoe and Raven deposits make ground conditions amenable to potential conventional ramp access or open-pit mining methods, as are utilized at Cameco's adjacent Rabbit Lake Project.

The PA assumed that uranium processing and tailings management would be conducted through a toll arrangement at one of the two nearby mills, one operated by Cameco and the other by AREVA. As Cameco's Rabbit Lake mill is located within 4 km of Horseshoe and Raven and has excess capacity, the PA focused on this facility.

The PA was conducted utilizing cut-off grades calculated on the basis of \$60 (US) per pound ("lb") of U₃O₈ in the mine optimization plan under which 16.6 million pounds ("Mlbs") of uranium resources would be extracted over a seven-year mine life (the "Base Case").

Using a price of \$60 (US) /lb of U₃O₈ the Horseshoe and Raven deposits would have undiscounted EBIT of \$246 million, a pre-tax net present value at a 5% discount rate of \$163 million and a pre-tax internal rate of return of 42%.

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

Sensitivity analysis

The PA showed that the NPV is most sensitive to uranium price and grade. The PA also concluded that the economics are moderately sensitive to operating costs and are not particularly sensitive to capital costs. The PA included a sensitivity analysis using U₃O₈ prices of \$60 (US), \$70 (US) and \$80 (US) /lb. As discussed above, given the decrease in the market price of U₃O₈ since the date of the PA, the sensitivity analysis based on U₃O₈ prices of \$70 (US) and \$80 (US) /lb may not be reliable and accurate, thus only the results based on a U₃O₈ price of \$60 (US) /lb are disclosed below.

Sensitivity Analysis (using the Base Case mine plan)

Price U ₃ O ₈	Variable	EBIT NPV _{5%} (\$M)		
		-20% variance	0% variance	20% variance
\$60 (US) /lb	Capital Cost	187	163	138
	Operating Cost	232	163	94
	Metal Price	38	163	288
	Grade	38	163	288

Project opportunities

The Hidden Bay Project has many opportunities for improvement of economics including:

- Expansion of mineable tonnes due to an increase in U₃O₈ price or a reduction in operating costs which would result in a lower cut-off grade and thus the conversion of a higher proportion of the existing resource base to reserves;
- Expansion through discovery of additional resources and potential inclusion of Raven underground mineralization in the mine plan;
- The potential use of the Raven pit as a regional toll tailings management site and potential use of tailings as underground backfill thereby further increasing regional tailings capacity; and
- The inclusion of UEX's 100%-owned West Bear Deposit in the overall project mine plan and economics.

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The PA noted there is a shortage of tailings storage volume in the region and the use of the mined-out Raven pit could provide a minimum of four to five million cubic metres of tailings storage and potentially much more. The PA assumed a tailings deposition cost of \$35 per tonne milled by using Cameco's facilities. The use of the Raven pit to store tailings, and elimination of the toll tailings deposition fee, could significantly reduce the tailings deposition costs, potentially up to \$50 million over the life of the mine. These savings could be further increased if the improved economics allowed for use of a lower cut-off grade, which in turn would allow economic extraction of a significantly larger open-pit resource.

Mine plan

Horseshoe and Raven are proposed to be developed by conventional ramp access underground methods and open-pit mining methods, respectively. Total blended operating costs, including mining, trucking, ground support, ventilation, toll milling, general and administrative expenses, water treatment and tailings management, based on late 2010 figures, are estimated at \$201 per tonne.

Under the Base Case (cut-off grade calculated using \$60 (US) /lb U₃O₈) scenario, mining of the deposits is proposed to produce a total of 2.49 million tonnes of mill feed and 15.0 million tonnes of waste over a seven-year mine operating life at a cut-off grade of 0.15% U₃O₈ and a diluted average mining grade of 0.30% U₃O₈ containing 16.6 Mlbs of U₃O₈.

Capital requirements

Capital and owner's costs for pre-production, inclusive of a 25% contingency, are estimated to be approximately \$88 million and \$28 million, respectively. Owner's costs include environmental studies and permitting, engineering, design, resource upgrade and data collection. Sustaining capital costs and mine closure costs, inclusive of a contingency, are estimated at \$29 million. Capital payback occurs within a one-year period from the commencement of production.

Working capital is anticipated to be the equivalent of four months operating costs in the first production year, or \$20.4 million. The working capital costs will be recovered in the final production year.

Metallurgy

Metallurgical testing was completed at SGS Canada Inc.'s Lakefield Research Facility in Lakefield, Ontario under the direction of Melis Engineering Ltd. Based on supporting metallurgical test work, process uranium recoveries are estimated to be 95% with a noted absence of deleterious elements.

Recommendations

The PA found the economics of mining the Horseshoe and Raven deposits to be very robust and recommended the project be advanced to a preliminary feasibility level, which would include the West Bear Deposit.

The PA also recommended that UEX conduct an infill drilling program at the Raven Deposit to upgrade Inferred resources to Indicated resources. This is particularly important as the price of U₃O₈ increases, thereby allowing for the lower grade mineralization, some of which is in the Inferred category, to be included in the mine plan. The PA also recommended that further expansion drilling be conducted at the Raven Deposit where it appears

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the mineral resource estimate could be increased. UEX carried out its summer 2011 drilling program to follow up on these recommendations and results from this drilling program are being compiled and interpreted.

In furtherance of the recommended preliminary feasibility study, UEX conducted additional field work and information gathering for geotechnical, environmental, metallurgical and hydrological studies during 2011. The PA further recommended that the project description be compiled and submitted to the government for review and advisement of specific guideline requirements.

2011 Drilling Program on the Hidden Bay Project

Given the successful results from drilling the Horseshoe and Raven deposits over the last several years, a winter 2011 drilling program consisting of nineteen holes totalling 6,305 metres was carried out to test additional geological and geophysical targets in the area, and to test other property-wide targets, including Shamus Lake in northwestern parts of the project. The drilling intercepted anomalous mineralization and alteration in several areas, including 0.055% U_3O_8 over 2.0 metres and 0.048% U_3O_8 over 4.5 metres in drill holes SHA-046 and SHA-047 respectively, which suggest the potential for additional areas of basement mineralization.

During the summer of 2011, UEX also completed 53 diamond drill holes totaling 16,435 metres focused on targets in the vicinity of the Horseshoe and Raven deposits. The drilling was carried out at Horseshoe and Raven in three areas:

1. Step-out and infill drilling at the Raven Deposit to assess possible extensions of mineralization into open areas, upgrade portions of the deposit resources from Inferred to Indicated status, and to evaluate the potential for greater continuity and expansion of higher grade portions of the deposit.
2. Drilling between the Horseshoe and Raven deposits to follow up previous intercepts, and to assess potential for additional pods of mineralization.
3. Drilling at the Horseshoe Deposit to further enhance geological interpretation and to provide additional infill information which may upgrade the mineral resource estimate.

Results of the drilling program will be reported when compilation and interpretation are completed. The results of infill and step-out drilling will be incorporated in the planned 2012 studies.

Additional diamond drilling carried out during the summer of 2011 in the Telephone Lake area of the Hidden Bay property consisted of three holes totaling 1,284 metres. The drilling program was designed to test for a strike extension of the Sue E Deposit at depth. Results of the drilling program are being processed, compiled and interpreted.

West Bear Deposit

On January 5, 2009, UEX announced it had received a mineral resource estimate from Golder for the West Bear Deposit. The mineral resource estimate reported 78,900 tonnes grading 0.908% U_3O_8 in the Indicated category containing 1,579,000 pounds U_3O_8 at a cut-off grade of 0.05% U_3O_8 . A supporting technical document on the West Bear mineral resource estimate is provided in the Hidden Bay Report available on SEDAR at www.sedar.com.

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West Bear Preliminary Feasibility Study

The results of the Preliminary Feasibility Study (the "Study") on the West Bear Deposit were reported in UEX's news release of February 18, 2010. A supporting technical report entitled "Preliminary Feasibility Study on the West Bear Deposit, Hidden Bay Project, Saskatchewan" prepared by C. Clayton, P.Geo., K. Palmer, P.Geo. and D. Sprott, P.Eng. with an effective date of February 24, 2010 was filed on SEDAR at www.sedar.com on March 30, 2010.

Given that the Study presented a base case scenario price \$77.73 /lb of U₃O₈, which is well above the current market price of U₃O₈, readers should be aware that the economic analysis and mineral reserve calculation in the Study may no longer be accurate and should not be relied upon.

The Study concludes with various recommendations regarding environmental, socio-economic, toll milling and mining matters.

Hidden Bay Project: 2012 Exploration and Development Programs

UEX recently completed a 3,000-metre drilling program in the winter of 2012. The drilling program tested additional geological and geophysical targets in the vicinity of the Horseshoe and Raven deposits. These additional outlying exploration targets included areas with resistivity and gravity anomalies similar to those at the Horseshoe and Raven deposits, which suggest the possibility of new zones of clay alteration that may be associated with uranium mineralization. This drill program also tested structural targets where projections of known faults (such as the Dragon Lake Fault) may extend across potentially favourable lithologies that form preferential hosts to uranium mineralization in other parts of the property. Results of the drilling program are being processed, compiled and interpreted.

UEX has proposed a \$1.5-million budget for an additional drilling program to be carried out in the summer of 2012. The proposed program would consist of expanded exploration drilling at the Telephone Lake as well as the Rabbit Fault West areas to follow up on previously identified mineralization in these areas.

A \$2.0-million budget has been proposed for development at the Hidden Bay Project which will include the following:

- Geochemical, geotechnical and metallurgical studies;
- Pit hydrogeology and hydrology studies;
- Mine engineering and infrastructure analysis;
- Waste management and environmental studies;
- Continued evaluation of the suitability of the proposed Raven open pit as a tailings management facility; and
- Resource review and economic analysis.

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Other Athabasca Projects

During 2011, UEX's major focus was to expand on the successes of exploration and development on its Hidden Bay and Shea Creek projects. Consequently, no significant exploration work was carried out on its Black Lake, Riou Lake or Northern Athabasca projects for 2011. The Company commissioned a compilation of data for Riou Lake and Black Lake which resulted in the identification of several targets for future drilling programs.

Black Lake Project

Black Lake is located within the northern part of the Athabasca Basin and consists of twelve claims totaling 30,381 hectares (75,073 acres). The centre of the property is approximately 15 kilometres south of the town of Stony Rapids, Saskatchewan. The Company is currently evaluating results of a geophysical compilation at Black Lake that was completed in late 2011 and which identified potential future drilling targets.

Riou Lake Project

Riou Lake consists of eleven claims totaling 27,346 hectares (67,573 acres) and is located within the northern Athabasca Basin near the town of Stony Rapids, Saskatchewan. The Company is currently evaluating results of a geophysical compilation at Riou Lake that was completed in late 2011 and which identified potential future drilling targets.

Northern Athabasca Projects

UEX's 100%-owned Northern Athabasca Projects consist of four projects totaling 43,104 hectares (106,512 acres) in thirteen 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 this MD&A has been reviewed and approved by R. Sierd Eriks, P.Geo., UEX's Vice-President of Exploration, who is a Qualified Person as defined by *National Instrument 43-101 – Standards of Disclosure for Mineral Projects* and is non-independent of UEX.

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

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establish reserves by drilling and to construct mining and processing facilities at a site. There is no assurance that the current exploration programs of UEX will result in profitable commercial uranium mining operations. UEX may abandon an exploration project because of poor results or because UEX feels that it cannot economically mine the mineralization.

Joint ventures

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

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

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

Reliance on other companies as operators

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

Uranium price fluctuations could adversely affect UEX

The market price of uranium is the most significant market risk for companies exploring for and producing uranium. The marketability of uranium is subject to numerous factors beyond the control of UEX. The price of uranium has recently experienced and may continue to experience volatile and significant price movements over short periods of time. Factors impacting price include demand for nuclear power, political and economic conditions in uranium producing and consuming countries, natural disasters such as those that struck Japan in March, 2011, reprocessing of spent fuel and the re-enrichment of depleted uranium tails or waste, sales of excess civilian and military inventories (including from the dismantling of nuclear weapons) by governments and industry participants and production levels and costs of production in countries such as Kazakhstan, Russia, Africa and Australia.

Reliance on the economics of the Preliminary Assessment Technical Report

The market price of U_3O_8 has decreased since the date of the PA. The uranium industry has been adversely affected by the natural disasters that struck Japan on March 11, 2011 and the resulting damage to the Fukushima nuclear facility. These events resulted in many countries, which presently rely on nuclear power for a portion of their electrical generation, stating that they will review their commitment to this source of clean energy. These reviews resulted in downward pressure on the price of uranium and may have a significant effect on the country-by-country demand for uranium. The current long-term U_3O_8 market price, as reported by Ux Consulting on February 27, 2012, is approximately \$60 (US) /lb. Given that the PA presented three economic scenarios using prices ranging from \$60 (US) to \$80 (US) /lb of U_3O_8 , the economic analysis which uses U_3O_8

UEX CORPORATION

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prices higher than the prevailing market price may no longer be accurate and readers of the PA are therefore cautioned when reading or relying on the PA.

Competition for properties could adversely affect UEX

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

Resource estimates are based on interpretation and assumptions

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

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

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

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

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Competition from other energy sources and public acceptance of nuclear energy

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

Dependence on key management employees

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

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

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

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Conflicts of interest

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

Internal controls

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

Market price of shares

Securities of mining companies have experienced substantial volatility in the past often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic conditions in North America and globally, and market perceptions of the attractiveness of particular industries. The price of UEX's securities is also likely to be significantly affected by short-term

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

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

Disclosure Controls and Procedures

The Company has established disclosure controls and procedures to ensure that information disclosed in this MD&A and the related audited annual financial statements was properly recorded, processed, summarized and reported to the Company's Board and Audit Committee. The Company's certifying officers conducted or caused to be conducted under their supervision an evaluation of the disclosure controls and procedures as required under applicable Canadian securities laws as at December 31, 2011. Based on the evaluation, the Company's certifying officers concluded that the disclosure controls and procedures were effective to provide a reasonable level of assurance that information required to be disclosed by the Company in its annual filings and other reports that it files or submits under applicable Canadian securities laws is recorded, processed, summarized and reported within the time period specified and that such information is accumulated and communicated to the Company's management, including the certifying officers, as appropriate to allow for timely decisions regarding required disclosure.

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

Internal Controls over Financial Reporting

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

There were no changes in these controls during the most recent interim period ending December 31, 2011 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, 2011, 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 IFRS.

UEX CORPORATION

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Year ended December 31, 2011

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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.

Cautionary Statement Regarding Forward-Looking Information

Certain statements contained in this MD&A may constitute "forward-looking information" within the meaning of applicable Canadian securities legislation. These statements appear in a number of different places in this MD&A and can be identified by words such as "estimates", "projects", "expects", "intends", "believes", "plans", or their negatives or other comparable words. Forward-looking information includes statements regarding the outlook for our future operations, plans and timing for the commencement or advancement of exploration activities on our properties, statements about future market conditions, supply and demand conditions, forecasts of future costs and expenditures, the outcome of any legal proceedings, and other expectations, intention and plans that are not historical fact. Forward-looking information is based on certain factors and assumptions including expected economic conditions, uranium prices, results of operations, performance and business prospects and opportunities. UEX considers the factors and assumptions on which this forward-looking information is based to be reasonable at the time it was prepared, but cautions readers that these assumptions may ultimately prove to be incorrect. Forward-looking information by its nature necessarily involves risks, uncertainties and other factors including without limitation: that UEX's exploration activities may not result in profitable commercial mining operations; the risks associated with UEX's participation in joint ventures; reliance on other companies as operators; uranium price fluctuations; the economic analysis contained in the current Hidden Bay project's technical report may not be accurate or reliable; competition for properties; mineral resource estimates are based on interpretations and assumptions; that failure to obtain additional financing on a timely basis could cause UEX to reduce its interest in its properties; competition from other energy sources and public acceptance of nuclear energy; dependence on key management employees; compliance with and changes to environmental and other regulatory laws; conflicts of interest; accounting policies; internal controls; market price of UEX's shares; potential costs which could be associated with any liabilities not covered by insurance or in excess of insurance coverage; and other factors all as more particularly described herein under the heading "Risks and Uncertainties" and include unanticipated and unusual events. These and other factors could cause actual results to differ materially from future results expressed or implied by such forward-looking information. Many of these factors are beyond the control of UEX. Except as required by applicable securities law, UEX disclaims any intention or obligation to update or revise forward-looking information, whether as a result of new information, future events or otherwise. Consequently, all forward-looking information in this MD&A is qualified by this cautionary statement and there can be no assurance that actual results or developments anticipated by UEX will be realized. For the reasons set forth above, investors should not place undue reliance on forward-looking information.

Financial Statements of

UEX CORPORATION

Years ended December 31, 2011 and 2010



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Canada

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of UEX Corporation

We have audited the accompanying financial statements of UEX Corporation, which comprise the balance sheets as at December 31, 2011, December 31, 2010 and January 1, 2010, the statements of operations and comprehensive loss, changes in equity and cash flows for the years ended December 31, 2011 and December 31, 2010, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of UEX Corporation as at as at December 31, 2011, December 31, 2010 and January 1, 2010, and its financial performance and its cash flows for the years ended December 31, 2011 and December 31, 2010 in accordance with International Financial Reporting Standards.

KPMG LLP (signed)

Chartered Accountants

March 22, 2012
Vancouver, Canada

UEX CORPORATION

Balance Sheets

As at December 31, 2011, December 31, 2010 and January 1, 2010

	Notes	December 31 2011	December 31 2010 (Note 17)	January 1 2010 (Note 17)
Assets				
Current assets				
Cash and cash equivalents	3	\$ 5,266,660	\$ 16,798,832	\$ 16,938,416
Amounts receivable	4	133,345	76,665	200,152
Prepaid expenses	5	68,835	172,328	104,563
		5,468,840	17,047,825	17,243,131
Non-current assets				
Equipment	6	100,188	131,699	164,788
Mineral properties	7	155,111,126	146,024,207	143,215,900
Total assets		\$ 160,680,154	\$ 163,203,731	\$ 160,623,819
Liabilities and Shareholders' Equity				
Current liabilities				
Accounts payable and other liabilities	8	\$ 464,401	\$ 1,139,646	\$ 1,030,671
Non-current liabilities				
Deferred tax liability	9	13,186,514	11,703,495	11,933,494
Total liabilities		13,650,915	12,843,141	12,964,165
Shareholders' equity				
Share capital	10	157,826,395	157,477,185	149,307,382
Share-based payments reserve	10 (b)	8,008,322	7,641,422	6,195,212
Deficit	10 (b)	(18,805,478)	(14,758,017)	(7,842,940)
		147,029,239	150,360,590	147,659,654
Total liabilities and shareholders' equity		\$ 160,680,154	\$ 163,203,731	\$ 160,623,819
Nature and continuance of operations	1			
Commitments	7(ii) (vi), 10(d), 11			
Subsequent events	10(b)			

See accompanying notes to the financial statements.

Approved on behalf of the Board and authorized for issue on March 22, 2012.

"signed"

Graham C. Thody

Director

"signed"

Emmet A. McGrath

Director

UEX CORPORATION

Statements of Operations and Comprehensive Loss

Years ended December 31, 2011 and 2010

	Notes	2011	2010
			(Note 17)
Revenue			
Interest income		\$ 108,911	\$ 85,131
		108,911	85,131
Expenses			
Bank charges and interest		3,521	2,761
Depreciation		11,548	10,736
Filing fees and stock exchange		118,172	91,463
Legal and audit		189,064	125,310
Loss on disposal of equipment		10,893	-
Office expenses	15	306,202	332,288
Rent		113,734	91,282
Salaries, termination and placement fees		736,822	440,569
Share-based compensation	10 (c)	1,344,038	1,087,537
Travel and promotion		119,776	50,882
Write-down of mineral property	7 (iv)	1,883,767	5,207,095
		4,837,537	7,439,923
Loss before income taxes		(4,728,626)	(7,354,792)
Deferred income tax recovery (expense)	9	(676,591)	439,715
Net loss and comprehensive loss for the year		\$ (5,405,217)	\$ (6,915,077)
Basic and diluted loss per share		\$ (0.027)	\$ (0.035)
Basic and diluted weighted-average number of shares outstanding		203,057,364	197,721,556

See accompanying notes to the financial statements.

UEX CORPORATION

Statements of Changes in Equity

Years ended December 31, 2011 and 2010

	Number of common shares	Share capital	Share-based payments reserve	Deficit	Total
Balance, January 1, 2010	197,162,652	\$ 149,307,382	\$ 6,195,212	\$ (7,842,940)	\$ 147,659,654
Net loss for the year				(6,915,077)	(6,915,077)
Issue pursuant to flow-through private placements, net of issuance costs	5,500,000	8,532,211			8,532,211
Value attributed to flow-through premium on issuance		(825,000)			(825,000)
Deferred income taxes on share issue costs		146,553			146,553
Share purchase options exercised	200,000	200,000			200,000
Transfer to share capital on exercise of share purchase options		116,039	(116,039)		
Share-based payment transactions			1,562,249		1,562,249
Balance, December 31, 2010	202,862,652	157,477,185	7,641,422	(14,758,017)	150,360,590
Net loss for the year				(5,405,217)	(5,405,217)
Share purchase options exercised	205,000	192,350			192,350
Transfer to share capital on exercise of share purchase options		156,860	(156,860)		
Share-based payment transactions			1,881,516		1,881,516
Transfer to deficit on expiry and cancellation of share purchase options			(1,357,756)	1,357,756	
Balance, December 31, 2011	203,067,652	\$ 157,826,395	\$ 8,008,322	\$ (18,805,478)	\$ 147,029,239

See accompanying notes to the financial statements.

UEX CORPORATION

Statements of Cash Flows

Years ended December 31, 2011 and 2010

	2011	2010
		(Note 17)
Cash provided by (used for):		
Operating activities		
Net loss for the year	\$ (5,405,217)	\$ (6,915,077)
Adjustments for:		
Depreciation	11,548	10,736
Deferred income tax expense (recovery)	676,591	(439,715)
Interest income	(108,911)	(85,131)
Loss on disposal of equipment	10,893	-
Part XII.6 taxes	(32,398)	(25,999)
Share-based compensation	1,344,038	1,087,537
Write-down of mineral property	1,883,767	5,207,095
Changes in non-cash operating working capital		
Amounts receivable	10,608	115,927
Prepaid expenses	103,493	(67,765)
Accounts payable and other liabilities	2,082	(20,709)
	(1,503,506)	(1,133,101)
Investing activities		
Interest received	125,687	84,162
Investment in exploration and evaluation assets	(10,309,798)	(7,774,895)
Purchase of equipment	(38,780)	(47,961)
Proceeds on sale of equipment	1,875	-
	(10,221,016)	(7,738,694)
Financing activities		
Common shares issued, net of share issuance costs	-	8,532,211
Exercise of share purchase options	192,350	200,000
	192,350	8,732,211
Decrease in cash and cash equivalents during the year	(11,532,172)	(139,584)
Cash and cash equivalents, beginning of year	16,798,832	16,938,416
Cash and cash equivalents, end of year	\$ 5,266,660	\$ 16,798,832
Supplementary information		
Non-cash transactions		
Increase (decrease) in accounts payable and other liabilities relating to mineral property expenditures	129,101	(340,998)
Increase in other liabilities due to flow-through premium	-	806,428
Decrease in other liabilities due to extinguishment of flow-through premium on renouncement	(806,428)	-
Decrease (increase) in amounts receivable relating to mineral property expenditures	(51,666)	34,528
Non-cash share-based compensation included in mineral property expenditures	537,478	474,712
Depreciation included in mineral properties	45,975	70,314

See accompanying notes to the financial statements.

UEX CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2011 and December 31, 2010

1. Nature and continuance of operations

UEX Corporation (the "Company") was incorporated under the Canada Business Corporations Act on October 2, 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 currently engaged in the exploration and development of its mineral properties located in the province of Saskatchewan. The Company's shares are listed on the Toronto Stock Exchange under the symbol UEX. The head office and principal address is located at 808 Nelson Street, Suite 1007, Vancouver, British Columbia, Canada V6Z 2H2. The Company's registered office is 595 Burrard Street, Suite 2600, Vancouver, British Columbia, Canada V7X 1L3.

The Company is exploring and developing its mineral properties and has not yet determined whether its mineral properties contain mineral resources that are economically recoverable. The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable mineral resources, the ability of the Company to obtain the necessary financing to complete explorations and development and upon future profitable production or proceeds from the disposition of its mineral properties.

Based on the Board approved 2012 budgets of approximately \$4.8 million for exploration, development and administrative costs, and the cash held by the Company of \$5.3 million as at December 31, 2011 and \$13.8 million in equity financing received subsequent to year end (Note 10(b)), the Company has sufficient financial resources to continue operations for at least the 2012 fiscal year.

2. Significant accounting policies

(a) Statement of compliance

These financial statements, including comparative figures have been prepared in accordance with International Financial Reporting Standards ("IFRS"), and IFRS 1, *First-time Adoption of International Financial Reporting Standards* as issued by the International Accounting Standards Board ("IASB").

The Company adopted IFRS in accordance with IFRS 1, *First-time Adoption of International Financial Reporting Standards* effective January 1, 2010. Disclosures concerning the transition from Canadian generally accepted accounting principles ("Canadian GAAP") to IFRS are included in Note 17. The Company has consistently applied the same accounting policies throughout all periods presented, as if these policies had always been in effect.

The financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial instruments which are measured at fair value. The Company's financial statements and explanatory notes were previously prepared in accordance with Canadian GAAP. Canadian GAAP differs in some areas from IFRS and management has amended certain accounting and measurement methods previously applied under Canadian GAAP to comply with IFRS.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening IFRS balance sheet at January 1, 2010 for the purposes of the transition to IFRS, unless otherwise indicated. The policies applied in these financial statements are based on IFRS policies as of March 22, 2012, the date the Board of Directors approved the statements.

UEX CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2011 and December 31, 2010

2. Significant accounting policies (continued)

(b) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the functional currency of the Company. Transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

(c) Use of estimates and judgments

The preparation of financial statements requires management to make accounting estimates and assumptions requiring judgment in applying the Company's accounting policies. These estimates and assumptions may 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. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Significant areas requiring the use of management estimates relate to the valuation of mineral properties, determination of valuation allowances for deferred income tax assets and assumptions used in determining the fair value of non-cash share-based compensation. Actual amounts may differ from such estimates.

(d) Jointly controlled assets

The Company has an interest in several jointly controlled assets relating to the exploration and evaluation of various properties in the western and northern Athabasca Basin. The financial statements include the Company's proportionate share of the jointly controlled assets, liabilities, revenue and expenses with items of a similar nature on a line-by-line basis from the date that joint control commences until the date that joint control ceases.

(e) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits in banks and highly liquid investments with an original maturity of three months or less.

(f) Financial assets

The Company classifies its financial assets in the following categories:

- (i) Financial assets at fair value through profit or loss ("FVTPL");
- (ii) Held-to-maturity investments;
- (iii) Available-for-sale financial assets; and
- (iv) Loans and receivables.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

UEX CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2011 and December 31, 2010

2. Significant accounting policies (continued)

(f) Financial assets (continued)

Financial assets at FVTPL

Financial assets are classified as FVTPL when the financial asset is held for trading or is designated as FVTPL. A financial asset is classified as held for trading when it is purchased and incurred with the intention of generating profits in the near term, part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking; or a derivative that is not designated as a hedging instrument.

Financial assets classified as FVTPL are stated at fair value with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset.

Held-to-maturity investments

Investments are measured at amortized cost using the effective interest rate method. Transaction costs are added and amortized to the statement of operations over the life of the financial instrument on an effective yield basis. The Company does not have any assets classified as held-to-maturity investments.

Available-for-sale financial assets ("AFS")

Short-term investments are classified as available-for-sale and are carried at fair value (where determinable based on market prices of actively traded securities) with changes in fair value recorded in profit and loss. Management assesses the carrying value of AFS financial assets each period and any impairment charges are recognized in profit or loss. When financial assets classified as available-for-sale are sold, the accumulated fair value adjustments recognized in other comprehensive income are included in profit and loss. The Company does not have any assets classified as available-for-sale financial assets.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are classified as current or non-current assets based on their maturity date and are measured at amortized cost using the effective interest rate method. The Company has cash and cash equivalents, as well as trade and other amounts receivable classified as loans and receivables.

De-recognition of financial assets

A financial asset is de-recognized when the contractual right to the asset's cash flows expires or if the Company transfers the financial asset and substantially all risks and rewards of ownership to another entity.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

UEX CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2011 and December 31, 2010

2. Significant accounting policies (continued)

(g) Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss ("FVTPL") or financial liabilities at amortized cost.

Financial liabilities

Financial liabilities at amortized cost are initially measured at fair value, net of transaction costs incurred and subsequently measured at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit or loss over the period to maturity using the effective interest method.

Financial liabilities are classified as current or non-current based on their maturity dates. The Company has classified accounts payable and other liabilities as other financial liabilities.

De-recognition of financial liabilities

The Company de-recognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

(h) Impairment of non-financial assets

Non-financial assets are evaluated at least annually by management for indicators that carrying value is impaired and may not be recoverable. When indicators of impairment are present, the recoverable amount of an asset is evaluated at the level of a cash generating unit ("CGU"), the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The recoverable amount of a CGU is the greater of the CGU's fair value less costs to sell and its value in use. An impairment loss is recognized in profit or loss to the extent the carrying amount exceeds the recoverable amount.

(i) Equipment

Equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the fair value of consideration given to acquire or construct an asset and includes the direct charges associated with bringing the asset to the location and condition necessary for putting it into use, along with the future cost of dismantling and removing the asset.

When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment. The costs of the day-to-day servicing of equipment are recognized in profit or loss as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Depreciation 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%

UEX CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2011 and December 31, 2010

2. Significant accounting policies (continued)

(i) Equipment (continued)

Depreciation (continued)

In the year of acquisition, depreciation is provided at one-half the declining balance rate. Depreciation methods and useful lives are reviewed at each reporting date and adjusted as required.

(j) Mineral properties

Exploration and evaluation assets

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 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 mineral resources in the future which includes acquiring the necessary permits and approvals. Management has not identified any exploration and evaluation assets to be classified as an intangible asset.

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

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

Development properties

When mineral reserves have been determined and the decision to proceed with development has been approved, the expenditures related to development and construction are capitalized as construction-in-progress and classified as a component of property, plant and equipment. Costs associated with the commissioning of new assets incurred in the period before they are operating in the manner intended by management, are capitalized. Development expenditure is net of the proceeds of the sale of metals from ore extracted during the development phase. Interest on borrowings related to the construction and development of assets are capitalized as pre-production stripping costs and classified as a component of property, plant and equipment.

UEX CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2011 and December 31, 2010

2. Significant accounting policies (continued)

(j) Mineral properties (continued)

Reserve estimates

The Company estimates its reserves and mineral resources based on information compiled by Qualified Persons as defined in accordance with Canadian Securities Administrators National Instrument 43-101 (Standards for Disclosure of Mineral Projects). Reserves are used when performing impairment assessments on the Company's mineral properties once they have moved from Exploration and Evaluation to Development. There are numerous uncertainties inherent in the estimation of mineral reserves, and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecasted prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being revised.

(k) Provisions

General

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. The expense relating to any provision is presented in profit or loss net of any reimbursement.

Environmental rehabilitation provision

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

(l) Income taxes

The Company uses the balance sheet method of accounting for income taxes. Under the balance sheet method, deferred 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. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred tax assets also result from unused loss carry-forwards, resource-related income tax pools and timing differences for other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

UEX CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2011 and December 31, 2010

2. Significant accounting policies (continued)

(m) Flow-through shares

Under Canadian income tax legislation, a company is permitted to issue shares whereby the company agrees to incur qualifying expenditures and renounce the related income tax deductions to the investors. To account for flow-through shares, the Company allocates total proceeds from the issuance of flow-through shares between the offering of shares and the sale of tax benefits.

The total amount allocated to the offering of shares is based on the quoted price of the underlying shares. The remaining amount which is allocated to the sale of tax benefits is recorded as a liability and is reversed when the tax benefits are renounced. The difference between the amount originally recorded as a liability and the estimated income tax benefits on date of renunciation is recognized as a gain or loss in earnings. The tax effect of the renunciation is recorded at the time the Company makes the renunciation, which may differ from the effective date of renunciation. If the flow-through shares are not issued at a premium, a liability is not established and on renunciation the full value of the tax assets renounced is recorded as a deferred tax expense.

(n) Share capital

The Company records proceeds from share issuances net of direct issue costs and any tax effects. Common shares issued for consideration, other than cash, are valued at the quoted market price on the date the shares are issued.

(o) Share-based payments

The Company has a share option plan which is described in Note 10(c). The fair value of all share-based awards is estimated using the Black-Scholes option-pricing model at the grant date and amortized over the vesting periods. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest.

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

UEX CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2011 and December 31, 2010

2. Significant accounting policies (continued)

(p) 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 share method is used to calculate diluted earnings per share. Under the treasury share method, the weighted-average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds received on exercise of diluted share purchase options are used to repurchase outstanding shares at average market prices during the period.

(q) Recent accounting announcements

In May of 2011, the International Accounting Standards Board issued the following IFRSs with an effective date for year ends starting on or after January 1, 2013, with early adoption permitted:

- (i) IFRS 11, *Joint Arrangements* supersedes IAS31, *Interests in Joint Ventures* and SIC-13, *Jointly Controlled Entities – Non-monetary Contributions by Venturers*.
- (ii) IFRS 12, *Disclosure of Interests in Other Entities*
- (iii) IFRS 13, *Fair Value Measurement*

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

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

The International Accounting Standards Board has issued IFRS 9 *Financial Instruments* ("IFRS 9") to replace IAS39 *Financial Instruments*. IFRS 9 has an effective date for year ends starting on or after January 1, 2015, with early adoption permitted. The Company intends to adopt IFRS 9 in its financial statements for the annual period beginning on January 1, 2015. The Company does not expect IFRS 9 to have a material impact on the financial statements. The classification and measurement of the Company's financial assets is not expected to change under IFRS 9 because of the nature of the Company's operations and the types of financial assets that it holds.

3. Cash and cash equivalents

	December 31 2011	December 31 2010	January 1 2010
Cash	\$ 242,370	\$ 29,801	\$ 77,254
Short-term deposits	5,024,290	16,769,031	16,861,162
	\$ 5,266,660	\$ 16,798,832	\$ 16,938,416

UEX CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2011 and December 31, 2010

4. Amounts receivable

	December 31 2011	December 31 2010	January 1 2010
Interest receivable	\$ 44,660	\$ 29,038	\$ 2,069
Other receivables	88,685	47,627	198,083
	\$ 133,345	\$ 76,665	\$ 200,152

Interest receivable reflects interest earned on short-term deposits. Other receivables include \$85,818 of Harmonized Sales Tax (HST) receivable as at December 31, 2011 (\$43,156 as at December 31, 2010 and \$27,157 as at January 1, 2010).

5. Prepaid expenses

	December 31 2011	December 31 2010	January 1 2010
Advances to vendors	\$ 750	\$ 120,013	\$ 27,463
Advances to employees	-	10,504	16,683
Prepaid expenses	68,085	41,811	60,417
	\$ 68,835	\$ 172,328	\$ 104,563

6. Equipment

	Exploration equipment	Computing equipment	Furniture and fixtures	Total
Cost				
Balance at January 1, 2010	\$ 313,198	\$ 261,503	\$ 12,883	\$ 587,584
Additions	2,066	45,560	335	47,961
Balance at December 31, 2010	315,264	307,063	13,218	635,545
Additions	-	34,107	4,673	38,780
Disposals	(2,639)	(101,400)	-	(104,039)
Balance at December 31, 2011	\$ 312,625	\$ 239,770	\$ 17,891	\$ 570,286
Accumulated depreciation and impairment				
Balance at January 1, 2010	\$ 217,437	\$ 201,161	\$ 4,198	\$ 422,796
Charge for the year	29,038	50,242	1,770	81,050
Balance at December 31, 2010	246,475	251,403	5,968	503,846
Charge for the period	20,579	35,027	1,918	57,524
Disposals	(2,043)	(89,229)	-	(91,272)
Balance at December 31, 2011	\$ 265,011	\$ 197,201	\$ 7,886	\$ 470,098
Net book value				
Balance at January 1, 2010	\$ 95,761	\$ 60,342	\$ 8,685	\$ 164,788
Balance at December 31, 2010	68,789	55,660	7,250	131,699
Balance at December 31, 2011	47,614	42,569	10,005	100,188

UEX CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2011 and December 31, 2010

7. Mineral properties

Exploration and evaluation assets

	Hidden Bay	Western Athabasca	Black Lake	Riou Lake	Northern Athabasca	Beatty River	Total
	(i)	(ii)	(iii)	(iv)	(v)	(vi)	
Costs as at January 1, 2010	\$ 63,814,144	\$ 46,334,716	\$ 15,094,279	\$ 12,186,216	\$ 5,182,882	\$ 603,663	\$ 143,215,900
Additions	2,865,296	4,820,125	35,924	23,674	24,213	246,170	8,015,402
Costs as at December 31, 2010	66,679,440	51,154,841	15,130,203	12,209,890	5,207,095	849,833	151,231,302
Additions	5,989,356	4,856,897	58,518	59,660	-	6,255	10,970,686
Costs as at December 31, 2011	\$ 72,668,796	\$ 56,011,738	\$ 15,188,721	\$ 12,269,550	\$ -	\$ 856,088	\$ 156,994,893
Provision for impairment as at January 1, 2010	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Impairment charge for the year	-	-	-	-	(5,207,095)	-	(5,207,095)
Provision for impairment as at December 31, 2010	-	-	-	-	(5,207,095)	-	(5,207,095)
Impairment charge for the year	-	-	-	(1,883,767)	-	-	(1,883,767)
Provision for impairment as at December 31, 2011	\$ -	\$ -	\$ -	\$ (1,883,767)	\$ -	\$ -	\$ (1,883,767)
Net book value as at January 1, 2010	\$ 63,814,144	\$ 46,334,716	\$ 15,094,279	\$ 12,186,216	\$ 5,182,882	\$ 603,663	\$ 143,215,900
Net book value as at December 31, 2010	66,679,440	51,154,841	15,130,203	12,209,890	-	849,833	146,024,207
Net book value as at December 31, 2011	72,668,796	56,011,738	15,188,721	10,385,783	-	856,088	155,111,126

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

(i) 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.

(ii) Western Athabasca Projects

The Western Athabasca Projects, located in the western Athabasca Basin, which include the Kianna, Anne, Colette and 58B 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, 2011 and December 31, 2010. The Company is in the process of preparing joint-venture agreements with AREVA.

The Kianna, Anne, Colette and 58B deposits are subject to a royalty of \$0.212 (US) per pound of U₃O₈ sold to a maximum royalty of \$10,000,000 (US).

As at December 31, 2011, UEX approved an annual budget of \$6 million of which UEX is responsible for funding \$2.94 million.

UEX CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2011 and December 31, 2010

7. Mineral properties (continued)

Exploration and evaluation assets (continued)

(iii) 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, 2011 and December 31, 2010.

(iv) Riou Lake Project

The Company holds a 100% interest in the Riou Lake Project located in the northern Athabasca Basin. In the fourth quarter of 2011, the Company allowed one of its mineral claims for the Riou Lake Project to lapse. As a result of this event, amounts deferred in exploration and evaluation assets relating to this specific claim are impaired and resulted in a charge of \$1,883,767 to the Company's statement of operations and comprehensive loss for the year ended December 31, 2011.

(v) 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, 2010, the Company wrote off the deferred mineral property costs of \$5,207,095 associated with its Northern Athabasca Projects, being the Jacques Point, Butler Lake, Munroe Lake and Fond du Lac projects, as there has been a delay in exploration activities extending beyond three years and future exploration activities are not currently being planned.

(vi) 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. On November 4, 2011, the Company and JCU extended the term of the earn-in agreement to December 31, 2013.

8. Accounts payable and other liabilities

	December 31 2011	December 31 2010	January 1 2010
Trade payables	\$ 367,197	\$ 226,776	\$ 620,068
Other liabilities	97,204	106,442	74,857
Flow-through share premium	-	806,428	335,746
	\$ 464,401	\$ 1,139,646	\$ 1,030,671

The flow-through share premium relates to the difference between the subscription price of \$1.65 per share and the market price at the date of closing of \$1.50 per share relating to the October 28, 2010 flow-through placement of 5,500,000 shares net of the tax effect of amounts spent in 2010 and renounced under the general rule. The remaining premium was extinguished on renunciation of the tax benefits in February of 2011. The January 1, 2010 premium was partially extinguished on the renunciation of the associated tax benefits under the general rule, and the remainder on renunciation of the tax benefits in February of 2010 under the look-back rule.

UEX CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2011 and December 31, 2010

9. Income taxes

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities at December 31, 2011, December 31, 2010 and January 1, 2010 are presented below:

	December 31 2011	December 31 2010	January 1 2010
Deferred tax assets			
Losses carried forward	\$ 1,950,005	\$ 1,500,679	\$ 1,050,363
Charitable donations	7,898	6,008	5,400
Equipment	132,993	114,014	92,130
Share issuance costs	137,961	192,287	214,356
	2,228,857	1,812,988	1,362,249
Deferred tax liabilities			
Mineral properties	15,415,371	13,516,483	13,295,743
Net deferred tax liabilities	\$ 13,186,514	\$ 11,703,495	\$ 11,933,494

At December 31, 2011, the Company has non-capital losses available for income tax purposes totaling approximately \$7,222,241 (2010 - \$5,558,070) which may be carried forward to reduce future years' taxable income. These losses, if not utilized, will expire by 2031.

A reconciliation of income taxes at statutory rates with the reported taxes for the years ended December 31, 2011 and 2010 is as follows:

	Year ended December 31	
	2011	2010
Loss before income taxes	\$ (4,728,626)	\$ (7,354,792)
Statutory rates	28.5%	30.0%
Income tax recovery at statutory rates	1,347,658	2,206,438
Non-deductible expenses and permanent differences	(384,914)	(309,186)
Exploration expenditures renounced net of flow-through premium	(1,588,664)	(1,253,352)
Future corporate tax rate differences	(50,671)	(204,185)
Deferred income tax recovery (expense)	\$ (676,591)	\$ 439,715

10. Share capital

(a) Authorized

The authorized share capital of the Company consists of an unlimited number of common shares and an unlimited number of (no par value) preferred shares issuable in series, of which 1,000,000 preferred shares have been designated Series 1 Preferred Shares.

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Notes to the Financial Statements

For the years ended December 31, 2011 and December 31, 2010

10. Share capital (continued)

(b) Issued and outstanding - common shares

	Number of shares	Value
Balance, January 1, 2010	197,162,652	\$ 149,307,382
Issued in 2010		
For cash by way of private placements, net of share issuance costs	5,500,000	8,532,211
For cash on exercise of share purchase options (Note 10(c))	200,000	200,000
Share-based payment reserve transferred on exercise of share purchase options	-	116,039
Value attributed to flow-through premium on issuance	-	(825,000)
Future income taxes on share issuance costs	-	146,553
Balance, December 31, 2010	202,862,652	157,477,185
Issued in 2011		
For cash on exercise of share purchase options (Note 10(c))	205,000	192,350
Share-based payment reserve transferred on exercise of share purchase options	-	156,860
Balance, December 31, 2011	203,067,652	\$ 157,826,395

On March 13, 2012, the Company completed an underwritten bought deal public financing for 11,000,000 common shares at a price of \$0.80 per share for gross proceeds of \$8,800,000. Share issue costs include a cash commission equal to 5% of the gross proceeds and other issuance costs of approximately \$200,000. Cameco exercised its pre-emptive right to participate in the offering and purchased 3,208,902 shares so as to maintain its ownership at approximately 22.58% on the same terms as the offering, except no cash commission was payable.

On March 14, 2012, the Company completed a non-brokered private placement of 3,260,869 flow-through shares at a price of \$0.92 per share for gross proceeds of \$3,000,000 with issue costs of approximately \$50,000 and no commission payable. Cameco exercised its pre-emptive right to participate in the offering and purchased 951,256 common shares at a non-flow-through price of \$0.84 per share offered by the Company, so as to maintain its ownership interest at approximately 22.58%.

On November 26, 2010, pursuant to a subscription agreement dated October 28, 2010, the Company issued 5,500,000 flow-through common shares at \$1.65 per share for gross proceeds of \$9,075,000, pursuant to a brokered private placement. A commission of \$453,750 was paid to the broker and additional issuance costs of \$89,039 were incurred. A flow-through premium related to the sale of the associated tax benefits was determined to be \$825,000 on issuance.

In the year ended December 31, 2011 \$1,357,756 was transferred from the share-based payments reserve to deficit relating to the voluntary surrender of 775,000 share purchase options and the expiry of 180,000 share purchase options. There were no cancellations or expiry of options in the year ended December 31, 2010 and therefore no corresponding transfer from the share-based payments reserve to deficit. The share-based payments reserve values of \$8,008,322 as at December 31, 2011 and \$7,641,422 as at December 31, 2010 on the balance sheet reflect the expensed and capitalized fair value of vested share purchase options. If all options that are vested were exercised, the entire balance of the share-based payments reserve would be transferred to share capital.

UEX CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2011 and December 31, 2010

10. Share capital (continued)

(c) Share-based compensation

Under the Company's share-based compensation plan, the Company may grant share purchase 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 share purchase 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 share purchase option being granted and a share purchase option's maximum term is 10 years. The shares subject to each share purchase option shall vest at such time or times as may be determined by the Board of Directors.

A summary of the status of the Company's share-based compensation plan as at December 31, 2011 and December 31, 2010 and changes during the years ended on these dates is presented below:

	Number of share purchase options	Weighted- average exercise price
Outstanding, January 1, 2010	14,654,700	\$ 1.47
Granted	2,100,000	0.86
Exercised	(200,000)	1.00
Outstanding, December 31, 2010	16,554,700	1.39
Granted	3,666,000	1.02
Exercised	(205,000)	0.94
Cancelled	(775,000)	3.38
Expired	(180,000)	1.20
Outstanding, December 31, 2011	19,060,700	\$ 1.24

As at December 31, 2011, the Company had a total of 19,060,700 share purchase options outstanding related to director, employee and consultant share purchase options, the details of which are as follows:

Range of exercise prices	Outstanding			Exercisable	
	Number of share purchase options	Weighted- average exercise price	Weighted- average remaining contractual life (years)	Number of share purchase options	Weighted- average exercise price
\$ 0.72 - 1.16	6,836,000	\$ 0.96	7.00	3,692,001	\$ 0.94
1.17 - 1.40	5,525,000	1.24	5.13	5,525,000	1.24
1.41 - 3.56	6,699,700	1.53	4.09	6,699,700	1.53
	19,060,700	\$ 1.24	5.43	15,916,701	\$ 1.29

UEX CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2011 and December 31, 2010

10. Share capital (continued)

(c) Share-based compensation (continued)

The estimated fair value expense of all share purchase options vested during the year ended December 31, 2011 is \$1,881,516 (2010 - \$1,562,249). The amount included in mineral properties for the year ended December 31, 2011 is \$537,478 (2010 - \$474,712). The unamortized balance of share-based compensation expense for share purchase options that were not vested at December 31, 2011 is \$1,044,600 (2010 - \$637,560).

The fair value of the options granted each year was determined using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	December 31 2011	December 31 2010
Number of options granted	3,666,000	2,100,000
Expected forfeiture rate	0.81%	1.03%
Weighted-average grant date fair values	\$ 1.02	\$ 0.86
Expected volatility	85.41%	85.27%
Risk-free interest rate	2.09%	2.39%
Expected life	3.99 years	3.69 years

(d) Flow-through shares

The Company finances a portion of its exploration programs through the use of flow-through share issuances. Income tax deductions relating to these expenditures are claimable by the investors and not by the Company.

As at December 31, 2011, the Company had spent all of the \$9.1 million flow-through monies raised in the November 2010 placement. The Company renounced the income tax benefit of this issue to its subscribers in February 2011.

11. Commitments

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

	December 31 2011
2012	57,653
2013	59,110
2014	60,566
2015	56,743
2016	-

Other commitments in respect of the Company's mineral properties are disclosed in Note 7 and Note 10(d).

UEX CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2011 and December 31, 2010

12. 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.

13. 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 market risk.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure as outlined in Note 12. Accounts payable and other 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 national financial institutions. The maximum exposure to credit risk is equal to the carrying value of cash and cash equivalents and amounts receivable. The Company's investment policy is to invest its cash in highly liquid short-term interest-bearing investments that are redeemable 90 days or less from the original date of acquisition.

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

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 other 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 loans and receivables and are therefore recorded at fair value. At December 31, 2011, the Company's cash and cash equivalents of \$5,266,660 (December 31, 2010 \$16,798,832) are classified as Level 1 within the fair value hierarchy.

UEX CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2011 and December 31, 2010

14. Segmented information

The Company conducts its business as a single operating segment, being the mining and mineral exploration business in Canada. All mineral properties and equipment are located in Canada.

15. Office expenses

	Year ended December 31	
	2011	2010
Insurance	\$ 47,507	\$ 44,672
Office supplies and consulting	248,001	278,604
Telephone	10,694	9,012
	<u>\$ 306,202</u>	<u>\$ 332,288</u>

16. Related party transactions

The value of all transactions relating to key management personnel, close members of the family of persons that are key management personnel and entities over which they have control or significant influence are as follows:

(a) Related party transactions

Related party transactions include the following payments which were made to related parties other than key management personnel:

	Year ended December 31	
	2011	2010
Other consultants ⁽¹⁾	\$ 93,385	\$ 54,875
Other consultants share-based payments ⁽³⁾	17,049	-
Panterra Geoservices Inc. ⁽²⁾	39,750	49,650
Panterra Geoservices Inc. share-based payments ⁽³⁾	102,338	220,114
	<u>\$ 252,522</u>	<u>\$ 324,639</u>

⁽¹⁾ Other consultants include close members of the family of R. Sierd Eriks, UEX's Vice-President of Exploration.

⁽²⁾ Panterra Geoservices Inc. is a company owned by David Rhys, a member of the management advisory board that provides geological consulting services to the Company. The management advisory board members are not paid a retainer or fee; specific services are invoiced as provided.

⁽³⁾ Share-based compensation expense is the fair value of options granted which have been calculated using the Black-Scholes option-pricing model and the assumptions disclosed in Note 10(c).

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Notes to the Financial Statements

For the years ended December 31, 2011 and December 31, 2010

16. Related party transactions (continued)

(b) Key management personnel compensation

Key management personnel compensation includes management and director compensation as follows:

	Year ended December 31	
	2011	2010
Salaries and short-term employee benefits ⁽⁴⁾	\$ 692,719	\$ 513,833
Termination payments	75,833	-
Share-based payments ⁽³⁾	1,623,417	1,289,571
	<u>\$ 2,391,969</u>	<u>\$ 1,803,404</u>

⁽³⁾ Share-based compensation expense is the fair value of options granted which have been calculated using the Black-Scholes option-pricing model and the assumptions disclosed in Note 10(c).

⁽⁴⁾ In the event of a change of control of the Company, certain senior management may elect to terminate their employment agreements and the Company shall pay termination benefits of up to two times their respective annual salaries at that time and all of their share purchase options will become immediately vested with all other employee benefits, if any, continuing for a period of up to two years.

17. First-time adoption of IFRS

As stated in Note 2(a), these financial statements have been prepared in accordance with IFRSs, including the application of IFRS 1 *First-Time Adoption of International Financial Reporting Standards* ("IFRS 1"). IFRS 1 sets forth guidance for the initial adoption of IFRS. The Company is required to establish its IFRS accounting policies for 2011 and, in general apply these retrospectively unless a specific exemption is available to determine the IFRS opening balance sheet as at the transition date of January 1, 2010. IFRS 1 also requires that comparative financial information be provided using IFRS standards.

The IFRS accounting policies set out in Notes 2(b) through 2(q) have been applied in preparing the balance sheets at January 1, 2010 (date of transition to IFRS) and December 31, 2010 as well as the statements of operations and comprehensive loss and statements of cash flows for the year ended December 31, 2010.

In accordance with IFRS 1, estimates cannot be created or revised using hindsight. The estimates made by the Company under previous Canadian GAAP were not revised for the application of IFRS except where necessary to reflect any difference in accounting policy.

UEX CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2011 and December 31, 2010

17. First-time adoption of IFRS (continued)

The following table shows an itemized breakdown of the effect of transition to IFRS on the valuation of mineral properties:

	Note	December 31 2010	January 1 2010
Mineral properties, previous Canadian GAAP		\$ 148,706,547	\$ 145,909,266
Pioneer Metals Corporation transaction	17(a)	3,951,720	3,951,720
Hidden Bay transaction	17(b)	(3,809,000)	(3,809,000)
Share-based compensation deferral	17(c)	115,111	167,012
Remove tax effects of share-based deferral	17(e)	(2,940,171)	(3,003,098)
		\$ 146,024,207	\$ 143,215,900

The following table shows an itemized breakdown of the effect of transition to IFRS on the recognition of deferred income taxes:

	Note	December 31 2010	January 1 2010
Deferred income taxes, previous Canadian GAAP		\$ 16,564,164	\$ 14,829,975
Hidden Bay transaction	17(e)	(2,229,930)	(2,229,930)
Flow-through shares	17(d)	-	2,384,564
Remove tax effects of share-based deferral	17(e)	(3,195,922)	(3,003,098)
Deferred tax effect of IFRS transition entries	17(e)	510,026	(48,017)
Flow-through premium	17(d)	55,157	-
		\$ 11,703,495	\$ 11,933,494

The following paragraphs explain the significant differences between Canadian GAAP and the current IFRS accounting policies of the Company as well as identifying the IFRS 1 exemptions which were applied to the opening balance sheet:

(a) Measurement of related party transaction - Pioneer Metals Corporation

In 2002, the Company acquired the Riou Lake, Black Lake and Serendipity Lake mineral properties (the "Properties") from Pioneer Metals Corporation ("Pioneer") under a Plan of Arrangement (the "Plan"). Under the Plan, Pioneer shareholders received a 60% interest in the Company in exchange for the Properties and the transaction was recorded at the historical carrying value of the assets to Pioneer which was \$2,168,377. Under IFRS, all related party transactions are to be recognized at fair value of the non-monetary compensation provided by the Company. Based on the fair value of the Company's shares issued in exchange for the Properties, the Company has increased the acquisition value of the Properties by \$4,346,426. In 2004, the Company abandoned its interest in Serendipity Lake and wrote off the costs associated with this project. Given the previous impairment of the Serendipity Lake project, the \$394,706 proportional share of the fair value adjustment which would have been allocated to this project has been recorded to deficit. The net effect of these adjustments has been an increase of \$3,951,720 in the carrying value of the mineral properties.

UEX CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2011 and December 31, 2010

17. First-time adoption of IFRS (continued)

(b) Acquisition of Hidden Bay properties from Cameco Corporation

In 2002, the Company recognized a Deferred Income Tax Liability of \$3,809,000 as part of the carrying value of the Hidden Bay property acquired from Cameco. As a result of subsequent changes in estimated future income tax rates, the corresponding liability was reduced to an amount of \$2,229,930 as at January 1, 2010. IFRS prohibits the recognition of a deferred tax liability if it arises from the initial recognition of specified assets or liabilities in a transaction that does not constitute a business combination. There is no similar prohibition under Canadian GAAP. Upon transition to IFRS, the Company has reduced the carrying value of the Hidden Bay property by \$3,809,000, reduced the deferred tax liability by \$2,229,930 and recorded the remainder of \$1,579,070 to deficit.

(c) Share-based payment transactions

IFRS 1 encourages, but does not require, first-time adopters to apply IFRS 2 *Share-based Payment* ("IFRS 2") to equity instruments that were granted on or before November 7, 2002, or equity instruments that were granted subsequent to November 7, 2002 and vested before the later of the date of transition to IFRS and January 1, 2005. The Company has elected not to apply IFRS 2 to such awards.

The application of the provisions of IFRS 2 to the unvested share purchase options that were outstanding at the opening balance sheet date resulted in the recognition of share-based compensation of \$279,078 at January 1, 2010, of which \$167,012 was recorded as an increase in the carrying value of mineral properties with \$112,066 recorded to deficit.

The total impact of the application of IFRS 2 to the December 31, 2010 IFRS financial statements was \$120,190 recorded to share-based compensation expense, and a reduction in the carrying value of mineral properties of \$51,901 from the January 1, 2010 opening balance sheet adjustment of \$167,012 to \$115,111 as at December 31, 2010.

The following table shows a breakdown of the cumulative effect of adoption of IFRS 2 on mineral properties balances as at the following dates:

	January 1, 2010	December 31, 2010
January 1, 2010 – Opening IFRS 2 adjustments	\$ 167,012	\$ 167,012
2010 IFRS 2 adjustments	-	(51,901)
	\$ 167,012	\$ 115,111

UEX CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2011 and December 31, 2010

17. First-time adoption of IFRS (continued)

(c) Share-based payment transactions (continued)

On transition to IFRS, the Company elected to change its accounting policy for the treatment of amounts recorded in share-based payments reserve which relate to vested share purchase options which expire unexercised. Under IFRS, amounts recorded for expired unexercised vested share purchase options will be transferred to deficit on the date of expiry. Previously, the Company's Canadian GAAP policy was to leave such amounts in contributed surplus.

Impact on Balance Sheets

	December 31 2010	January 1 2010
Share-based payments reserve	\$ (31,134,061)	\$ (31,134,061)
Adjustment to deficit	\$ 31,134,061	\$ 31,134,061

(d) Flow-through share accounting

Under Canadian GAAP, the Company would record the gross proceeds relating to flow-through shares to share capital at the time of issuance. The Company would then record a charge (reduction) to share capital at the time the tax benefits of the flow-through shares were renounced to the subscribers. The charge was calculated by multiplying the amount of the renounced tax benefits (which are equal to the gross proceeds of the flow-through share issuance) by the effective tax rate at the time. The offset would be recorded as a deferred tax liability to reflect the fact that the Company could no longer use the tax attributes for its benefit.

Under IFRS, the proceeds from issuing flow-through shares are allocated between the offering of shares and the sale of tax benefits. The allocation is based on the difference ("premium") between the quoted price of the Company's existing shares, at the date of closing, and the amount the investor pays for the actual flow-through shares. A liability is recognized for the premium, and is extinguished when the tax effect of the temporary differences, resulting from the renunciation, is recorded. The difference between the liability and the value of the tax assets renounced is recorded as a deferred tax expense. There is no subsequent reduction in share capital. If the flow-through shares are not issued at a premium, a liability is not established and on renunciation the full value of the tax assets renounced is recorded as a deferred tax expense.

On transition to IFRS, the Company recognized in the January 1, 2010 balance sheet an increase to share capital of \$6,816,848, a current tax liability of \$335,746, a deferred tax liability of \$2,384,564 and an increase to deficit of \$9,537,158. In the year ended December 31, 2010, \$335,746 was recorded against the current tax liability recognized on January 1, 2010 and share capital was increased by \$3,446,137 along with \$725,827 recorded as deferred tax expense in the statement of operations and comprehensive loss.

In the December 31, 2010 balance sheet, a net flow-through premium of \$806,428 was recognized as a current deferred tax liability with \$55,157 recorded as an increase to deferred taxes resulting from amounts spent in 2010 and renounced under the general rule with a \$825,000 reduction to share capital.

UEX CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2011 and December 31, 2010

17. First-time adoption of IFRS (continued)

(e) Income taxes

The deferred tax liability which was reversed relating to the acquisition of the Hidden Bay properties from Cameco (refer to Note 17(b)) added \$1,579,070 to deficit and decreased the deferred income tax liability by the \$2,229,930 in the January 1, 2010 balance sheet.

Under previous Canadian GAAP, share-based payments which were deferred on mineral properties were grossed up to reflect the deferred tax liability. IFRS does not permit the treatment which was used under previous Canadian GAAP; therefore, mineral properties were reduced by \$3,003,098 as was the deferred tax liability in the January 1, 2010 opening balance sheet.

The December 31, 2010 IFRS transition balance sheet reflects the removal of \$192,824 relating to the deferred tax impact of share-based payments deferred in mineral properties during 2010. In addition, \$255,751 was added back to mineral properties to reflect amounts for the deferred tax on share-based payments which were written off under previous Canadian GAAP in December 2010 relating to the Northern Athabasca property.

Deferred income tax liability was further reduced by \$48,017 relating to the impact of the IFRS-related adjustments on mineral properties with a charge to deficit in the January 1, 2010 IFRS balance sheet. The December 31, 2010 deferred tax liability was further increased by \$558,043 when compared to the January 1, 2010 IFRS balance sheet.

The net impact of IFRS adjustments on the balance sheet as at December 31, 2010 is an increase of \$510,026 in the deferred tax liability with the corresponding entry to deferred income tax expense.

(f) Exploration and evaluation assets

The Company has elected to adopt the provisions of IFRS 6 which allow the Company to continue with the current accounting policies regarding the accounting for exploration and evaluation expenditures. Under Canadian GAAP the Company capitalizes amounts spent on exploration to the carrying value of its mineral properties.

(g) Financial statement presentation changes

The transition to IFRS has resulted in the following financial statement presentation differences:

- (i) The Company's statement of operations and comprehensive loss presents expenses by nature. The most significant result of this change is the accumulation of certain expenses under the category of *Office expenses*, which were previously presented separately on the statement of operations, comprehensive loss and deficit as *General and administration*, *Insurance* and *Telephone*.
- (ii) The contributed surplus account on the balance sheet has been renamed *Share-based payments reserve* to specifically reflect the transactions that gave rise to its existence.

UEX CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2011 and December 31, 2010

17. First-time adoption of IFRS (continued)

The following tables summarize the impact of the adoption of IFRS on the Company's financial statements.

The January 1, 2010 Canadian GAAP balance sheet has been reconciled to IFRS as follows:

		January 1, 2010		
	Notes	Canadian GAAP	Effect of transition to IFRS	IFRS
Assets				
Current assets				
Cash and cash equivalents		\$ 16,938,416	\$ -	\$ 16,938,416
Amounts receivable		200,152	-	200,152
Prepaid expenses		104,563	-	104,563
		17,243,131	-	17,243,131
Non-current assets				
Equipment		164,788	-	164,788
Mineral properties	17(a)-(c)	145,909,266	(2,693,366)	143,215,900
Total assets		\$ 163,317,185		\$ 160,623,819
Liabilities and Shareholders' Equity				
Current liabilities				
Accounts payable and other liabilities	17(d)	\$ 694,925	\$ 335,746	\$ 1,030,671
Non-current liabilities				
Deferred income taxes	17(b)(e)	14,829,975	(2,896,481)	11,933,494
Total liabilities		15,524,900		12,964,165
Shareholders' equity				
Share capital	17(a)(d)	138,144,108	11,163,274	149,307,382
Share-based payments reserve	17(c)	37,050,195	(30,854,983)	6,195,212
Deficit	17(a)-(e)	(27,402,018)	19,559,078	(7,842,940)
		147,792,285		147,659,654
Total liabilities and shareholders' equity		\$ 163,317,185		\$ 160,623,819

UEX CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2011 and December 31, 2010

17. First-time adoption of IFRS (continued)

The December 31, 2010 Canadian GAAP balance sheet has been reconciled to IFRS as follows:

December 31, 2010				
Notes	Canadian GAAP	Effect of Transition to IFRS	IFRS	
Assets				
Current assets				
	\$ 16,798,832	\$ -	\$ 16,798,832	
	76,665	-	76,665	
	172,328	-	172,328	
	17,047,825		17,047,825	
Non-current assets				
	131,699	-	131,699	
17(a)-(c)	148,706,547	(2,682,340)	146,024,207	
Total assets	\$ 165,886,071		\$ 163,203,731	
Liabilities and Shareholders' Equity				
Current liabilities				
	\$ 333,218	\$ 806,428	\$ 1,139,646	
Non-current liabilities				
17(b)(e)	16,564,164	(4,860,669)	11,703,495	
Total liabilities	16,897,382		12,843,141	
Shareholders' equity				
17(a)(d)	143,692,774	13,784,411	157,477,185	
17(c)	38,428,116	(30,786,694)	7,641,422	
17(a)-(e)	(33,132,201)	18,374,184	(14,758,017)	
	148,988,689		150,360,590	
Total liabilities and shareholders' equity	\$ 165,886,071		\$ 163,203,731	

UEX CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2011 and December 31, 2010

17. First-time adoption of IFRS (continued)

The statement of operations and comprehensive loss for the year ended December 31, 2010, under Canadian GAAP has been reconciled to IFRS as follows:

	Notes	Year ended December 31, 2010		
		Canadian GAAP	Effect of transition to IFRS	IFRS
Revenue				
Interest income		\$ 85,131	\$ -	\$ 85,131
		85,131		85,131
Expenses				
Bank charges and interest		2,761	-	2,761
Depreciation		10,736	-	10,736
Filing fees and stock exchange		91,463	-	91,463
Legal and audit		125,310	-	125,310
Office expenses ⁽¹⁾		332,288	-	332,288
Rent		91,282	-	91,282
Salaries		440,569	-	440,569
Share-based compensation	17(c)	967,347	120,190	1,087,537
Travel and promotion		50,882	-	50,882
Write-down of mineral property		5,462,846	(255,751)	5,207,095
		7,575,484		7,439,923
Loss before income taxes		(7,490,353)		(7,354,792)
Deferred income tax recovery (expense)	17(d)(e)	1,760,170	(1,320,455)	439,715
Net loss and comprehensive loss for the year		\$ (5,730,183)		\$ (6,915,077)

The statement of operations and comprehensive loss has been presented in accordance with the nature of the expenses incurred under IFRS. Certain expenses which were presented on the face of the statement of operations and comprehensive loss under Canadian GAAP have been combined under the caption of *Office expenses*. The caption which had been previously identified as *General and administration* under the Canadian GAAP presentation has been renamed *Office supplies and consulting* under the IFRS presentation. The adoption of IFRS did not have any numeric effect on these accounts.

⁽¹⁾ Office expenses

	Notes	Year ended December 31, 2010		
		Canadian GAAP	Effect of transition to IFRS	IFRS
Insurance		\$ 44,672	-	\$ 44,672
Office supplies and consulting		278,604	-	278,604
Telephone		9,012	-	9,012
		\$ 332,288		\$ 332,288

UEX CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2011 and December 31, 2010

17. First-time adoption of IFRS (continued)

The statement of cash flows for the year ended December 31, 2010, under Canadian GAAP has been reconciled to IFRS as follows:

	Year ended December 31, 2010			
	Notes	Canadian GAAP	Effect of transition to IFRS	IFRS
Cash provided by (used for):				
Operating activities				
Loss for the year		\$ (5,730,183)	\$ (1,184,894)	\$ (6,915,077)
Adjustments for:				
Depreciation		10,736	-	10,736
Deferred income tax recovery	17(d)(e)	(1,760,170)	1,320,455	(439,715)
Interest income		-	(85,131)	(85,131)
Part XII.6 taxes		-	(25,999)	(25,999)
Share-based compensation	17(c)	967,347	120,190	1,087,537
Write-down of mineral property		5,462,846	(255,751)	5,207,095
Changes in non-cash operating working capital				
Amounts receivable		88,959	26,968	115,927
Prepaid expenses		(67,765)	-	(67,765)
Accounts payable and other liabilities		(20,709)	-	(20,709)
		(1,048,939)		(1,133,101)
Investing activities				
Interest received		-	84,162	84,162
Investment in exploration and evaluation assets		(7,774,895)	-	(7,774,895)
Purchase of equipment		(47,961)	-	(47,961)
		(7,822,856)		(7,738,694)
Financing activities				
Common shares issued, net of share issuance costs		8,732,211	(200,000)	8,532,211
Exercise of share purchase options		-	200,000	200,000
		8,732,211		8,732,211
Decrease in cash and cash equivalents during the year		(139,584)		(139,584)
Cash and cash equivalents, beginning of year		16,938,416		16,938,416
Cash and cash equivalents, end of year		\$ 16,798,832		\$ 16,798,832
Supplementary information				
Non-cash transactions:				
Decrease in accounts payable and other liabilities relating to mineral property expenditures		(340,998)	-	(340,998)
Increase in other liabilities due to flow-through premium		-	806,428	806,428
Decrease in amounts receivable relating to mineral property expenditures		34,528	-	34,528
Non-cash share-based compensation included in mineral property expenditures	17(c)	526,613	(51,901)	474,712
Increase to mineral properties due to deferred income taxes		194,775	(194,775)	-
Depreciation included in mineral properties		70,314	-	70,314



Corporate Information

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