UEX CORPORATION

2012 ANNUAL REPORT

Message to Shareholders

There is a growing sense of investor optimism in the uranium sector in an otherwise depressed resource marketplace. This is reflected in analyst and other commentary as well as retail and institutional inquires. This optimism appears to stem from the expectation that the supply and demand fundamentals for uranium continue to point to higher spot and long-term commodity pricing. I believe it is not a question of if these prices will rise to pre-Fukushima levels, but when will this rise occur. With a return to higher uranium prices we will see a renewed advancement of projects that are not economic at current commodity prices.

UEX has remained active but prudent during the downturn in the uranium commodity price which has declined by 15% since the beginning of March 2012 to its current spot price of $42.25 per pound U_3O_8*. The long-term commodity price has declined by 7% during the same period to $56.00 per pound* U_3O_8*. In March 2012 we completed a successful capital raise of $15 million concurrently through a short form prospectus offering, a private flow-through offering and a private placement with our largest shareholder, Cameco Corporation, who retained their 22.58% shareholding of UEX. Brokerage fees amounted to under 3% of the total capital raised. The general resource sector slowdown, subsequent to our financing, resulted in poor capital markets where the ability to raise additional funds at modest dilution was restricted. In light of this more restrictive market situation, UEX made the decision to defer discretionary spending on exploration where results were not being rewarded with higher shareholder value.*

We did, however, have a successful drilling program at Hidden Bay early in Q1 2012 and for the remainder of the year we continued to work with SRK Consulting on studies and other long-lead items that will contribute to an eventual pre-feasibility study. By making prudent decisions with long-lead items now, we are ensuring that the Hidden Bay Project will be well along the development path when uranium prices begin to recover. The Company has also entered into discussions with SaskPower to determine the further cost-savings potential of connecting the Raven camp to the existing local power grid which is only 950 metres away.

UEX had yet another successful drilling campaign at Shea Creek in 2012 which was capped off with the discovery of the Kianna East and Upper Kianna East mineralized zones. Intersections of 3.59% eU_3O_8 *over 16.0 metres (including 6.39%* eU_3O_8 *over 8.2 metres) and 3.70%* eU_3O_8 *over 18.1 metres (including 11.28%* eU_3O_8 *over 4.8 metres) ranked among the best reported from the Athabasca Basin during and subsequent to 2012.*

We are currently completing work on updating our estimated mineral resource for the Colette and Kianna deposits and a new resource for the 58B deposit which will incorporate the successful results of our 2010, 2011 and 2012 drilling programs. We expect this work to be completed by the end of the first quarter of 2013 with a publication to occur shortly thereafter. Shea Creek remains the largest undeveloped uranium resource in the Athabasca Basin and ranks third in size behind only the McArthur River and Cigar Lake deposits.

In early 2013 UEX signed an agreement with Uracan Resources Ltd. allowing them to earn a 60% ownership interest in the Black Lake Project by fully funding $10 million in exploration expenditures. UEX will remain the operator until the earn-in is completed and we expect the first exploration under this agreement, estimated at $2 million, will be conducted during the upcoming winter.

We saw a continuation of the merger-and-acquisition activity in the Athabasca Basin that began in 2011 with larger companies acquiring advanced-stage projects to slot into their project pipelines. As consolidation continues, there remain fewer and fewer quality N.I. 43-101 uranium resources that are not held by major companies. Considering that risk levels seem to be increasing abroad, I believe Saskatchewan's Athabasca Basin provides a politically safe alternative for many companies looking to secure stable sources of uranium resources for their future. UEX is well-positioned in the Basin with an excellent portfolio of advanced exploration properties located near existing infrastructure in a jurisdiction that has a long and stable history of developing and mining uranium for the world's markets.

I am optimistic that 2013 will be a better year for the uranium sector with the HEU agreement ending in 2013 removing approximately 24 million pounds of annual supply from the market, the increased construction and start-up of nuclear power generating facilities in China and elsewhere, and an expectation that Japan may restart additional reactors in their fleet during the second half of 2013. These events are potential catalysts for the anticipated resurgence of the uranium commodity price and, correspondingly, our shareholder value.

I believe that the benefits of nuclear power are as compelling now as they have ever been and that having reliable, clean energy will drive the success of tomorrow's economies.

UEX is well funded with $11.1 million in cash at March 19, 2013 to carry out our 2013 plans and beyond, should the equity markets remain weak for the junior resource sector in the near term.

"signed"

Graham C. Thody
President & CEO

March 19, 2013

THE COMPANY

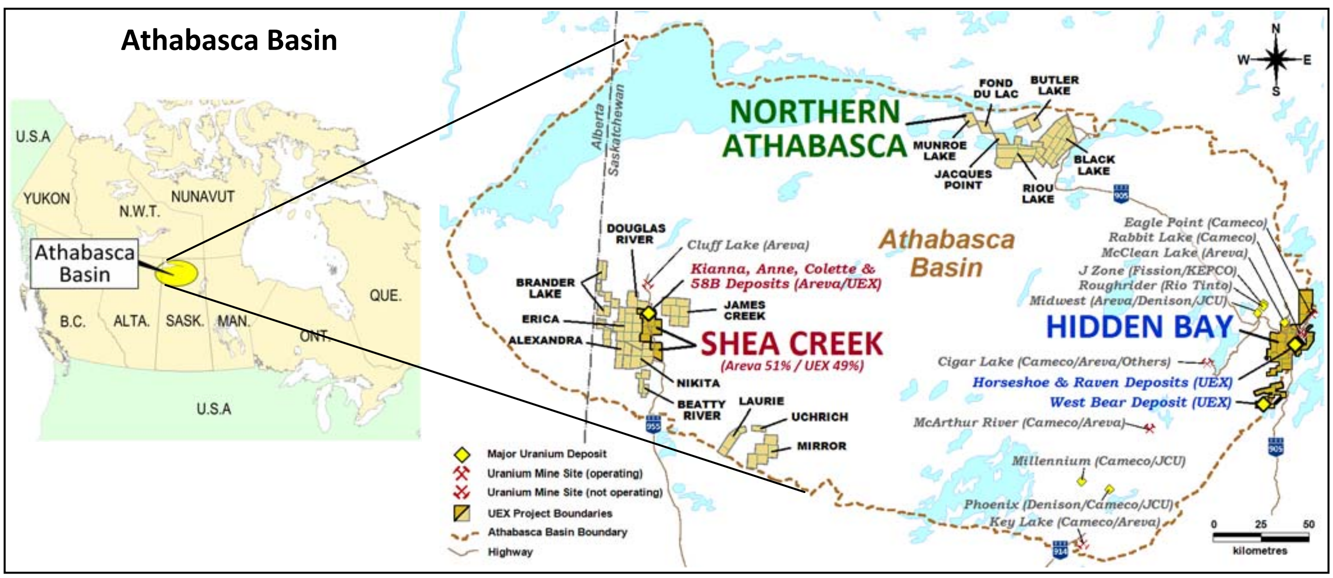
Introduction

This Management's Discussion and Analysis ("MD&A") of UEX Corporation ("UEX" or the "Company") for the year ended December 31, 2012 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 19, 2013 and should be read in conjunction with the Company's audited annual financial statements and related notes for the years ended December 31, 2012 and 2011. 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 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 seventeen (eighteen during 2011 and 2012) 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") and Uracan Resources Ltd. ("Uracan") that is operated by UEX, nine (ten during 2011 and 2012) projects joint-ventured with and operated by AREVA, and one project joint-ventured with AREVA and JCU (Canada) Exploration Company, Limited ("JCU"), which is operated by AREVA. AREVA is part of the AREVA group, one of the world's largest nuclear service providers. The James Creek Project has been written off from an accounting perspective in 2012, as AREVA and UEX have no plans to continue with exploration on these claims which will lapse subsequent to the date of this MD&A.

(Expressed in Canadian dollars, unless otherwise noted)

The seventeen projects, totaling 264,363 hectares (653,255 acres), are located on the eastern, western and northern perimeters of the Athabasca Basin, the world's richest uranium district, which in 2012 accounted for approximately 15% 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 ("Black Lake") is owned 89.97% by UEX and the remainder by AREVA. UEX is the project operator. Black Lake was the site of a uranium discovery made by UEX during a drilling program in September 2004. UEX entered into an earn-in agreement with Uracan on January 24, 2013 whereby Uracan can earn a 60% interest in the project (see "Black Lake Project"). Subsequent to the fiscal year end, UEX completed its earn-in to a 25% interest in the Beatty River Project ("Beatty River") with JCU by funding $858,118 in exploration expenditures and making a payment to JCU of $3,441. Beatty River is located in the western Athabasca Basin in northern Saskatchewan, 40 kilometres south of the Shea Creek uranium deposits. At present, AREVA, the operator, holds a 50.7% interest, UEX holds a 25.0% interest and JCU holds a 24.3% interest in Beatty River (see "Beatty River Project").

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 and filed on SEDAR at *www.sedar.com* on February 23, 2011, details mineral resource estimates at a cut-off grade of 0.05% U_3O_8 as follows:

Deposit		**Tonnes**	**Grade U_3O_8 (%)**	**U_3O_8 (lbs)**		**Tonnes**	**Grade U_3O_8 (%)**	**U_3O_8 (lbs)**
Horseshoe	**Indicated**	5,119,700	0.203	22,895,000	**Inferred**	287,000	0.166	1,049,000
Raven		5,173,900	0.107	12,149,000		822,200	0.092	1,666,000
West Bear		78,900	0.908	1,579,000		-	-	-
TOTAL		**10,372,500**	**0.160**	**36,623,000**		**1,109,200**	**0.111**	**2,715,000**

The Preliminary Assessment Technical Report for the Horseshoe and Raven deposits prepared by SRK Consulting (Canada) Inc. ("SRK Consulting") reported undiscounted earnings before interest and taxes ("EBIT") of $246 million using a mine design based on cut-off grades defined by a US$60 per pound price of U_3O_8.

The Western Athabasca Projects, which include the Kianna, Anne, Colette and 58B deposits located at Shea Creek, consist of nine 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 and filed on SEDAR at *www.sedar.com* on July 9, 2010, details mineral resource estimates at a cut-off grade of 0.30% U_3O_8 as follows:

(Expressed in Canadian dollars, unless otherwise noted)

Deposit		Tonnes	Grade U_3O_8 (%)	U_3O_8 (lbs)		Tonnes	Grade U_3O_8 (%)	U_3O_8 (lbs)
Kianna	Indicated	713,000	1.442	22,665,000	Inferred	573,100	1.360	17,184,000
Anne		484,500	2.368	25,294,000		299,300	0.674	4,448,000
Colette		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**

The Company has engaged an independent consultant who is updating the mineral resource estimates for the Colette and Kianna deposits at Shea Creek, incorporating the drilling results from the 2010, 2011 and 2012 drilling campaigns. In addition, an initial mineral resource estimate is being prepared for the 58B Deposit. UEX anticipates that the mineral resource estimates will be completed by the end of the first quarter of 2013.

Growth Strategy

The main growth strategies of UEX are:

- To continue the exploration and evaluation work required to delineate and develop economic uranium resources at Shea Creek;
- To advance the evaluation/development process at the Horseshoe, Raven and West Bear uranium deposits at the Hidden Bay Project 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.

THE INDUSTRY

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 of 2011 and their effect on the Fukushima nuclear plants (together referred to as the "Event'') resulted in uncertainty about the future of the nuclear industry. This uncertainty, as well as the existence of excess fuel inventories from reactors shut down due to the Event, created downward pressure on the spot price and long-term price of U_3O_8 which has continued into 2013. Many companies in the uranium exploration and development industry have experienced a corresponding reduction in the trading value of their shares. The medium and long-term effect of the Event on UEX and the uranium industry continues to be observed and evaluated; however we, along with many industry insiders, believe that the fundamentals for uranium are very good and will continue to improve as more nuclear plants come on-line and many more move into the approval or construction phase.

At the beginning of 2012, the spot and long-term prices of U_3O_8 were US$51.75 per pound and US$63.00 per pound respectively. Both quoted prices declined during the latter half of 2012 and, as of the date of this document, The Ux Consulting Company, LLC (*www.uxc.com*) reports the spot price at US$42.25 per pound of U_3O_8 and the long-term price at US$56.00 per pound of U_3O_8.

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 were rising and continue to rise rapidly worldwide. Public opinion in many countries had moved in favour of nuclear power, and high oil prices had made nuclear energy the lowest-cost option in some countries. In the United States, several U.S. utilities had taken steps toward the planning and construction of new nuclear power plants. 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. Presently, in the U.S. there is one new reactor under construction and preparatory work is being conducted at four units. In late 2012, the United Kingdom granted the first site licence in 25 years and planning for two nuclear reactors is underway.

The U.S. government announced in November of 2012 that it will fund up to half the cost of a five-year project to design and commercialize small modular reactors ("SMRs") for the United States. The technology has been used for naval propulsion since 1955 and is used today by several of the world's navies; however, to date it has not been commercialized for civilian electrical power generation. SMRs are typically about one-third the size of current nuclear power plants (180 megawatts of power versus 1,000 megawatts for many full-scale nuclear power plants) and could be contained entirely underground. By 2022, it is expected that SMRs will be manufactured in factories and moved to areas that, in the past, could not support a larger reactor installation, such as remote industrial sites or smaller towns. SMRs have the potential to significantly reduce the cost of nuclear power generation, provide scalability in that additional units could be added as required and also contribute to the reduction of greenhouse gases created from locations that are currently burning fossil fuels to generate electricity.

Global warming and clean energy concerns support increased interest in nuclear power. In view of the Event, several countries reviewed their existing and future plans related to nuclear energy, and Germany, with nine reactors accounting for less than 5% of world uranium demand, announced that it would plan to exit nuclear generation by 2022. However, significantly more reactors are under construction or being planned worldwide than are proposed to be decommissioned. China, India and Russia have 46 reactors in the construction stage and 93 reactors in the planning stage. Saudi Arabia has announced plans to construct 16 nuclear reactors by 2030, with the first two reactors to be completed in the next decade.

Japan has restarted two of its reactors since the Event. Although the governing party that was in power in Japan when the Event occurred announced a draft energy policy to phase out its dependence on nuclear energy by 2040, the Japanese government did not adopt the policy into law. The election of the Liberal Democratic Party to power in Japan in late 2012 may be a positive signal for the nuclear power sector in Japan as they have supported pro-nuclear power generation policies in the past and have made statements that they intend to restart the Japanese economy which has been doubly hit by the global economic slowdown and the higher cost of replacement electricity generation. Japan's newly created Nuclear Regulatory Authority will establish standards against which future restarts will be evaluated. As it is anticipated that these standards will not be in place until the middle of 2013, we do not expect further restarts to take place before the latter part of 2013. It is estimated that the Japanese utilities have spent upwards of $12 billion on safety upgrades to their nuclear reactor facilities. We are optimistic that the investment of this capital in nuclear energy indicates the intent of the utilities to restart more of Japan's nuclear reactor fleet.

In 2012, Canada signed an agreement allowing for the export of uranium to China which grants Canadian producers access to the fastest growing consumer of uranium in the world. In October 2012, China's State Council announced they will accept new applications for the construction of reactors, paving the way for a significant build out of third-generation nuclear reactors. In addition, Canada and India reached an administrative arrangement and confirm their commitment to work toward a bilateral agreement that will allow Canadian-origin uranium to be exported to India, to help fuel their planned increase in nuclear power generation.

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 2012, worldwide annual consumption was estimated at approximately 165 million pounds U_3O_8. World primary production in 2012 was estimated at approximately 152 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.

It is currently estimated that, for 2013, the worldwide annual consumption will exceed global primary production by 12 million pounds U_3O_8. 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. Plans to increase uranium supply on several development projects worldwide have been impacted by the recent low uranium prices, leading to delay or shelving of these projects until prices improve, further reducing near to mid-term uranium supply levels.

Demand for uranium is directly linked to the level of electricity generated by nuclear power plants. Currently, 435 reactors are operable in 30 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 65 reactors under construction and by the year 2021 it has been recently re-estimated that there will be 80 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 continue to be delayed or require additional approvals.

Long-Term Outlook

In the Company's view, the long-term uranium outlook remains 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. New reactors will come on stream and many existing reactors, now off-line for inspection and upgrade, are expected to be re-commissioned. It is currently estimated that by 2022 world annual uranium consumption will reach 220 million pounds U_3O_8 and existing primary production will decline to 125 million pounds U_3O_8. Consequently, there will continue to be the need for new supply from primary sources during the next decade, as well as the need for higher uranium prices to incentivize this new supply. The long-term fundamentals that have driven the growth of the nuclear industry during the past few years remain strong.

(Expressed in Canadian dollars, unless otherwise noted)

FINANCIAL UPDATE

Selected Financial Information

The following is selected financial data from the audited financial statements of UEX for the last two completed fiscal years. The data should be read in conjunction with the audited financial statements for the years ended December 31, 2012 and 2011 and the notes thereto.

Summary of Annual Financial Results

	December 31, 2012	December 31, 2011	December 31, 2010
Interest income	$ 221,465	$ 108,911	$ 85,131
Net loss for the year	(3,911,251)	(5,405,217)	(6,915,077)
Basic and diluted loss per share	(0.018)	(0.027)	(0.035)
Capitalized exploration and evaluation expenditures	4,325,063	10,970,686	8,271,153
Total assets	172,460,671	160,680,154	163,203,731

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.

Summary of Quarterly Financial Results (Unaudited)

	2012 Quarter 4	2012 Quarter 3	2012 Quarter 2	2012 Quarter 1
Interest income	$ 48,016	$ 52,834	$ 107,511	$ 13,104
Net loss for the period	(2,412,604)	(356,474)	(636,549)	(505,624)
Basic and diluted loss per share	(0.011)	(0.002)	(0.003)	(0.002)
Capitalized exploration and evaluation expenditures	1,113,382	2,216,322	1,310,955	1,294,145
Total assets	172,460,671	175,444,858	175,141,957	175,242,789

	2011 Quarter 4	2011 Quarter 3	2011 Quarter 2	2011 Quarter 1
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 evaluation 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

UEX's business is not affected by seasonality as the Company is able to perform exploration and evaluation work year round. Variations in capitalized exploration and evaluation expenditures from quarter to quarter and year to year are affected by the timing and size of the exploration and evaluation programs in the periods. In 2012, in response to a decrease in uranium prices following the earthquake and tsunami that hit Japan's Fukushima nuclear power plant and the global economic slowdown that affected UEX's share price, certain discretionary exploration expenditures were deferred. This decrease in exploration expenditures is reflected in the 2012 quarterly financial results. Variations in net loss are primarily affected by the number of options granted in the year and the associated inputs used in calculating share-based payment expense as well as by the timing of mineral property impairments that may have occurred during the period.

In the fourth quarter of 2012, the Company determined that the carrying value of the James Creek Project, one of the Western Athabasca Projects joint-ventured with AREVA, was impaired and a $1,609,741 charge is reflected in the net loss for the period. The determination for the James Creek impairment was due to the fact that AREVA, the project operator, did not propose a budget for 2013 and confirmed the seven James Creek claims will be allowed to lapse in 2013 subsequent to the release of this MD&A. In the fourth quarter of 2011, the Company determined that one of its mineral claims for the Riou Lake property was impaired and, as a result of the decision to let a claim lapse and not re-stake, led to a $1,883,767 charge which is reflected in the net loss for the period. The Q4 2012 loss was also increased by $144,853 in deferred tax expense for the period. The impact of the Q4 2011 mineral property write-down on the loss for the comparative quarter was reduced by a deferred tax recovery of $605,623.

Share Capital

The Company is authorized to issue an unlimited number of common shares without par value, of which 221,488,679 common shares were issued and outstanding as at December 31, 2012, and an unlimited number of preferred shares (no par value) issuable in series, of which 1,000,000 preferred shares have been designated Series 1 Preferred Shares, none of which are issued and outstanding. At December 31, 2012, the Company had reserved a total of 16,186,000 common shares related to director, employee and consultant share purchase options. The share purchase options are exchangeable into common shares at exercise prices ranging from $0.60 per share to $1.45 per share.

As at March 19, 2013, there were 221,488,679 common shares issued and outstanding and 16,186,000 share purchase options outstanding for a total of 237,674,679 on a fully-diluted basis.

Results of Operations for the Year Ended December 31, 2012

For the year ended December 31, 2012, the Company reported a net loss of $3,911,251 versus a net loss of $5,405,217 for the year ended December 31, 2011. The net loss for the year ended December 31, 2012 was lower primarily due to a smaller mineral property impairment charge in the current year of $1,609,741 versus $1,883,767 in the prior year. The larger renunciation of flow-through expenditures in 2011 (2010 placement of $9.075 million renounced in 2011 versus 2012 placement of $3.0 million renounced in 2012) contributed to a significant tax expense of $676,591 in 2011 versus a tax recovery of $114,593 in 2012. The net loss for the year was also reduced due to share-based compensation expense, which was $390,506 less than in the prior year primarily due to a smaller number of options having been granted in 2012, and by a mineral property impairment charge that was $274,026 less than the impairment charge in the prior year.

Interest income was $221,465 for the year ended December 31, 2012 versus $108,911 for the year ended December 31, 2011. This revenue relates to interest earned on short-term cash deposits net of Part XII.6 tax of the *Income Tax Act* (Canada) ("Part XII.6 tax"), if any. The increase in interest income during the year ended December 31, 2012 was primarily due to higher short-term investment balances in the current year and because the Company did not incur Part XII.6 tax, as 2012 flow-through expenditures were incurred prior to the Company's renouncement of the related tax benefits to shareholders. In the comparative period, interest income was lower because of lower short-term investment balances for the period and due to a Part XII.6 tax of $32,398, which was incurred because the tax benefits of 2011 flow-through expenditures were renounced to shareholders for the 2010 taxation year.

Filing fees and stock exchange costs decreased when compared to the prior year by $25,830, primarily due to the Company's lower market capitalization at December 31, 2011. Legal and audit fees incurred during the year ended December 31, 2012 increased by $32,909 as compared to the previous year. This increase was due to joint-venture audit costs incurred in 2012 that were not incurred in 2011, partially offset by one-time IFRS transition costs that were incurred in the comparative year. Maintenance costs of $17,078 were incurred in the current year with respect to the Raven Camp, which was purchased earlier in 2012. The $59,279 decrease in office expenses was primarily due to a reduction in office consulting costs for IT support, computer maintenance and general administration. Salaries, termination and placement fees increased $72,926 primarily due to annual performance-adjusted compensation. Travel and promotion expenses for the year increased by $46,006 as compared to the previous year due to increased investor relations and promotional activities together with the associated travel costs.

The vesting of share purchase options during the year ended December 31, 2012 resulted in total share-based compensation expense of $1,346,364, of which $392,832 was allocated to mineral property expenditures and the remaining $953,532 was charged to operations. 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 $1,344,038 was charged to operations. These differences in share-based compensation expense result primarily from fewer share purchase options granted and vesting in the year ended December 31, 2012 versus December 31, 2011.

The deferred tax recovery for the year ended December 31, 2012 was $114,593 compared to a deferred tax expense for the year ended December 31, 2011 of $676,591. This difference was primarily due to a smaller renunciation of tax benefits in 2012 amounting to $712,173 (net of the $97,826 flow-through premium value) when compared to the 2011 tax benefits renounced of $1,588,664 (net of the $806,428 flow-through premium value). These tax costs were netted against the tax benefits of $1,086,978 for 2012 and $1,347,568 for 2011 which were derived from net operating losses.

(Expressed in Canadian dollars, unless otherwise noted)

The continuity of expenditures on UEX's uranium projects for the years ended December 31, 2012 and 2011 is as follows:

Project	Balance December 31 2011	Exploration and evaluation expenditures during the year	Impairment charge for the year	Balance December 31 2012
Hidden Bay	$ 72,668,796	$ 2,694,429	$ -	$ 75,363,225
Riou Lake	10,385,783	40,154	-	10,425,937
Western Athabasca	56,011,738	3,146,304	(1,609,741)	57,548,301
Black Lake	15,188,721	44,055	-	15,232,776
Beatty River	856,088	9,862	-	865,950
	$ 155,111,126	$ 5,934,804	$ (1,609,741)	$ 159,436,189

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

In 2012, total exploration and evaluation expenditures at Hidden Bay of $2,694,429 included evaluation expenditures of $1,299,781 (2011 exploration and evaluation expenditures of $5,989,356 included evaluation expenditures of $587,961) primarily relating to environmental and technical studies. Total evaluation costs of $6,589,920 as at December 31, 2012 are included in the $75,363,225 balance (the December 31, 2011 exploration and evaluation total of $72,668,796 includes $5,290,139 of evaluation expenditures) and represent costs associated with the continuing evaluation of and advancement of Hidden Bay, and include the West Bear Preliminary Feasibility Study (February 24, 2010) the Hidden Bay Preliminary Assessment Technical Report (February 23, 2011) and various environmental and technical studies.

At December 31, 2012, total exploration and evaluation assets to date of $57,548,301 for Western Athabasca include evaluation expenditures of $7,370,026 (the December 31, 2011 exploration and evaluation total of $56,011,738 includes $7,370,026 of evaluation expenditures) relating to the Shea Creek Project. There were no evaluation expenditures in 2012 or 2011 that were related to this project. For further information regarding expenditures on the projects shown in the table above, please refer to "Exploration and Evaluation Activities".

During the year ended December 31, 2012, the Company incurred exploration and evaluation expenditures totaling $5,503,491 before non-cash share-based compensation and depreciation totaling $431,313. Exploration and evaluation expenditures during the year ended December 31, 2011 totaled $10,387,233 before non-cash share-based compensation and depreciation totaling $583,453. This $4,883,742 decrease in expenditures before non-cash items during the year ended December 31, 2012 was due to a smaller exploration drilling program at the Hidden Bay Project and a slightly reduced budget for exploration on the Western Athabasca Projects than incurred in the comparative period.

(Expressed in Canadian dollars, unless otherwise noted)

The Company has an interest in several joint operations relating to the exploration and evaluation of various properties in the western and northern Athabasca Basin. These interests are governed by contractual arrangements but have not been organized into separate legal entities or vehicles. The joint arrangements that the Company is party to in some cases entitle the Company to a right of first refusal on the projects should one of the partners choose to sell their interest. The joint arrangements are governed by a management committee which sets the annual exploration budgets for these projects. Should the Company be unable to, or choose not to, fund its required contributions as outlined in the agreement, there is a risk that the Company's ownership interest could be diluted. As a result of decisions to fund exploration programs for the joint arrangements, the Company may choose to complete further equity issuances or fund these amounts through the Company's general working capital.

UEX is party to the following joint arrangements:

Ownership interest Effective December 31, 2012	**Western Athabasca**	**Black Lake** [1]	**Beatty River** [2]
UEX Corporation	49.000 %	89.960 %	- %
AREVA Resources Canada Inc.	51.000	10.040	50.702
JCU (Canada) Exploration Co. Ltd.	-	-	49.298
	100.000 %	100.000 %	100.000 %

(1) Subsequent to December 31, 2012, UEX notified AREVA that their ownership interest had been diluted from 10.04% to 10.03% as a result of their decision to not participate in the 2012 programs (see Note 7(v) *Black Lake Project* in the annual financial statements). Also subsequent to year end, UEX entered into an agreement with Uracan Resources Ltd. ("Uracan") whereby the Company will transfer to Uracan a 60% interest in the Black Lake Project upon completion of their funding of $10 million in exploration expenditures on UEX's behalf (see Note 18 *Subsequent events* in the annual financial statements).

(2) Subsequent to December 31, 2012, UEX completed its earn-in on the Beatty River Project and holds a 25% interest in the project (see Note 7(vi) *Beatty River Project* in the annual financial statements).

Ownership interest Effective March 19, 2013	**Western Athabasca**	**Black Lake**	**Beatty River**
UEX Corporation	49.000 %	89.970 %	25.000 %
AREVA Resources Canada Inc.	51.000	10.030	50.702
JCU (Canada) Exploration Co. Ltd.	-	-	24.298
	100.000 %	100.000 %	100.000 %

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

For the three-month period ended December 31, 2012 the Company incurred a net loss of $2,412,604 versus a net loss of $1,913,444 for the three-month period ended December 31, 2011. The net loss for the three-month period ended December 31, 2012 was higher primarily due to the effect of a larger flow-through tax renouncement in 2011 (2010 flow-through placement of $9.1 million renounced in the period) versus 2012 (2012 flow-through placement of $3.0 million renounced in period). Other factors which increased the net loss in the period included legal costs incurred in the quarter relating to the Uracan earn-in option for Black Lake, the payment of annual performance-adjusted compensation, and higher travel and promotion costs relating to attending investor conferences and trade shows. The higher net loss in the period was partially offset by a mineral property impairment charge that was $274,026 lower than the impairment charge in the comparative period.

(Expressed in Canadian dollars, unless otherwise noted)

Interest income was $48,016 for the three-month period ended December 31, 2012 versus $1,218 for the three-month period ended December 31, 2011. Interest earned on short-term investments in the current period is higher due to higher average short-term investment balances relative to the comparative period.

In the three-month period ended December 31, 2012, legal and audit fees were $29,278 higher than in the comparative period primarily due to joint-venture compliance audit costs that were not incurred in the comparative period and higher legal fees associated with the Uracan Black Lake earn-in agreement. Salaries, termination and placement fees increased $134,331 following the payment of annual, performance-adjusted compensation in the period. Travel and promotion expenses increased by $15,535 during the period due to the Company's attendance at an additional investor trade show that was not attended in the comparative period.

The vesting of share purchase options during the three-month period ended December 31, 2012 resulted in total share-based compensation expense of $218,728, of which $54,955 was allocated to mineral property expenditures and the remaining $163,773 was charged to operations. The vesting of share purchase options during the three-month period ended December 31, 2011 resulted in total share based compensation expense of $365,410, of which $93,948 was allocated to mineral property expenditures and $271,462 was charged to operations. These differences in share-based compensation expense result primarily from fewer share purchase options vesting in the three-month period ended December 31, 2012 versus December 31, 2011.

Financing Activities

On March 13, 2012, the Company completed an underwritten bought deal public financing for 10,000,000 common shares at a price of $0.80 per share for gross proceeds of $8,000,000. Cameco exercised its pre-emptive right to participate in the offering and purchased 3,208,902 shares for $2,333,746, so as to maintain its ownership at approximately 22.58%, on the same terms as the offering except no cash commission was payable. In addition, the underwriter exercised its 10% over-allotment rights and Cameco exercised its associated pre-emptive right resulting in the Company receiving another $1,033,375. Share issue costs include a cash commission of $440,000 and other issuance costs of $275,633.

<u>Proceeds from Short Form Prospectus Offering as of March 13, 2012</u>

	Offering & Cameco Pre-emptive Distribution	10% Over-Allotment	Additional Cameco Pre-emptive Distribution	Total	Actual Net Proceeds	Difference
Gross Proceeds	$10,333,746	$ 800,000	$ 233,375	$11,367,121	$11,367,121	$ -
Fees payable to Underwriters	400,000	40,000	-	440,000	440,000	-
Expenses of Offering	200,000	-	-	200,000	275,633	75,633
Net Proceeds	**$ 9,733,746**	**$ 760,000**	**$ 233,375**	**$10,727,121**	**$10,651,488**	**$ 75,633**

Use of Proceeds from Short Form Prospectus Offering as at December 31, 2012

	PROPOSED USE OF PROCEEDS (1)				ACTUAL USE OF PROCEEDS	
	Offering & Cameco Pre-emptive Distribution	10% Over-Allotment	Additional Cameco Pre-emptive Distribution	Total	Use of Proceeds	Difference / Remaining to be Spent
Shea Creek Project						
Exploration and drilling (i)	$ 3,000,000	-	-	$ 3,000,000	-	-
Updated mineral resource estimate	100,000	-	-	100,000	31,355	68,645
Hidden Bay Project						
Exploration and drilling (ii)	1,750,000	-	-	1,750,000	-	-
Capital expenditures (iii)	200,000	-	-	200,000	109,270	-
Evaluation (2)	2,000,000	-	-	2,000,000	1,065,638	934,362
Working capital and general corporate expenses	2,683,746	760,000	233,375	3,677,121	1,448,934	7,068,917
TOTAL	**$ 9,733,746**	**$ 760,000**	**$ 233,375**	**$10,727,121**	**$ 2,655,197**	**$ 8,071,924**

(1) In the Short Form Prospectus, amounts were presented in millions

(2) Referred to as "Development to December 31, 2012 with goal of advancing toward the pre-feasibility stage" in the Short Form Prospectus

When the short form prospectus was prepared and filed, the use of proceeds table included only funds related to the offering which, in addition to the $8.8-million bought deal, included proceeds from shares to be issued to Cameco for having exercised their pre-emptive right to maintain their existing ownership percentage of the Company and proceeds related to the 10% over-allotment. At that time all conditions precedent related to the flow-through placement and the associated Cameco private placement had not been met. Upon completion of the flow-through, UEX had an obligation to fund $3.0 million in qualified exploration costs. The flow-through placement was completed on March 14, 2012 and management has reallocated these flow-through amounts to be used to fund the 2012 drilling at Shea Creek. This eliminated the potential Part XII.6 tax that could have become payable due to the timing of the spending of the flow-through funds.

In the months following the Offering and the completion of the private placements, market conditions in the resource sector deteriorated significantly and the ability to raise capital became challenging and highly dilutive for most public companies. Management took the following steps to preserve capital in difficult and uncertain market conditions:

(i) Shea Creek exploration of $3.0 million which was to be funded out of this placement has been funded by the flow-through placement which was closed on March 14, 2012 and the amount allocated for this purpose in the short form prospectus offering has been transferred to working capital and general corporate expenses.

(ii) Planned exploration expenditures of $1.75 million at Hidden Bay have been deferred with these amounts being allocated to working capital and general corporate expenses.

(iii) Planned capital expenditures on the Hidden Bay Project, which included the acquisition of the Raven camp, were completed at less than anticipated cost and other non-critical expenditures have been deferred with the remaining funds allocated to working capital and general corporate expenses.

As market conditions improve and circumstances are such that undertaking these expenditures are in the best interest of UEX, funds may be reallocated to exploration from working capital.

On March 14, 2012, the Company completed a non-brokered private placement of 3,260,869 flow-through shares at a price of $0.92 per share for gross proceeds of $3,000,000 with issue costs of $37,044 and no commission payable. A flow-through premium related to the sale of the associated tax benefits was determined to be $97,826 on issuance (market price on date of subscription was $0.89). 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%.

Proceeds from Flow-through and Cameco Private Placements as of March 14, 2012

	Flow-through Private Placement	Cameco Pre-emptive Distribution (Private Placement)	Total	Actual Net Proceeds	Difference
Gross Proceeds	$ 3,000,000	$ 799,055	$ 3,799,055	$ 3,799,055	-
Legal fees on private placements	-	37,044	37,044	37,044	-
Net Proceeds	**$ 3,000,000**	**$ 762,011**	**$ 3,762,011**	**$ 3,762,011**	**-**

Use of Proceeds from Flow-through and Cameco Private Placements as at December 31, 2012

	PROPOSED USE OF PROCEEDS [1]			ACTUAL USE OF PROCEEDS	
	Flow-through Private Placement	Cameco Pre-emptive Distribution (Private Placement)	Total	Use of Proceeds	Remaining to be Spent
Hidden Bay Project					
Exploration and evaluation [(2) (iv)]	$ 1,037,989	$ 762,011	$ 1,800,000	$ 351,022	$ -
Black Lake & Riou Lake Projects					
Exploration [(v)]	1,962,011	-	1,962,011	-	-
Shea Creek Project					
Exploration [(v)]	-	-	-	2,921,482	-
Other Exploration [3]	-	-	-	78,238	-
Working capital and general corporate expenses	-	-	-	-	411,269
TOTAL	**$ 3,000,000**	**$ 762,011**	**$ 3,762,011**	**$ 3,350,742**	**$ 411,269**

(1) In the Short Form Prospectus, amounts were presented in millions
(2) Referred to as "Exploration and development work at the Hidden Bay Project in 2013" in the Short Form Prospectus
(3) Exploration expenditures on the Black Lake, Riou Lake, Beatty River, and Western Athabasca properties (excluding Shea Creek)

Due to changes in equity market conditions following the closing of this financing, management took the following steps to preserve capital in difficult and uncertain times. Shea Creek exploration, which was to be funded out of the short form prospectus offering proceeds, has been funded by this placement. Reallocating these funds to meet UEX's joint-venture funding obligations for Shea Creek exploration in 2012 avoids the Part XII.6 taxes that would apply in 2013 if the funds were spent under the look-back rule.

(iv) Unspent funds to be used in 2013 for Hidden Bay exploration work have been transferred to cover the Shea Creek exploration expenditures of $959,471 in 2012 and other exploration expenditures of $78,238, with the remainder of $411,269 from the Cameco private placement resulting from them exercising their pre-emptive rights have been reallocated to working capital and general corporate expenses. The total budget for Shea Creek in 2012 was $2,940,000 of which $18,518 was funded prior to the closing of this placement.

(v) Planned exploration at the Black Lake and Riou Lake projects of $1,962,011 in 2013 has been deferred and funds which were to be used toward this work have been reallocated to fund the 2012 exploration program at Shea Creek.

As market conditions improve and circumstances are such that undertaking these expenditures are in the best interest of UEX, funds may be reallocated to exploration from working capital.

In the year ended December 31, 2011, the Company did not raise any equity through public or private offerings.

The Company issued 205,000 common shares on the exercise of share purchase options for proceeds of $192,350 during the year ended December 31, 2011. No share purchase options were exercised during the year ended December 31, 2012.

Effective December 31, 2012, the Company renounced flow-through expenditures relating to the flow-through funds raised in 2012 ($3.0 million under the general rule) and did not incur Part XII.6 tax. In January of 2013, UEX mailed the tax deduction forms related to the $3,000,000 flow-through funds raised in March of 2012. 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 ($204,287 under the *general rule* and $8,870,713 under the *look-back rule*) and accrued $32,398 with respect to Part XII.6 tax for unspent amounts under the look-back rule.

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, 2012, the Company had current assets of $12,852,916, including $12,580,134 in cash and cash equivalents, compared to current assets as at December 31, 2011 that totaled $5,468,840 and included $5,266,660 in cash and cash equivalents. Working capital at December 31, 2012 was $12,342,017, compared to working capital of $5,004,439 at December 31, 2011. At December 31, 2012, the Company's cash balances were invested in highly liquid term deposits redeemable within 90 days or less. The Company had sufficient cash resources at December 31, 2012 to fund its approved 2013 budgets for exploration, evaluation and administrative costs.

Accounts payable and other liabilities at December 31, 2012 were $510,899, which is higher than the December 31, 2011 balance of $464,401. This difference is primarily comprised of slightly larger amounts owed to AREVA for exploration work performed on the Shea Creek Project and amounts relating to consultants working on evaluation for the Hidden Bay Project than in the comparative year.

(Expressed in Canadian dollars, unless otherwise noted)

The Company's net deferred income tax liability of $12,966,524 at December 31, 2012 is comprised of a $15,801,130 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 $2,834,606. At December 31, 2011, the Company's net deferred income tax liability was $13,186,514 and was comprised of a $15,415,371 deferred income tax liability related to the tax effect of the difference between the carrying value of the Company's mineral properties and their tax values, offset by the Company's deferred income tax assets totaling $2,228,857. The deferred tax liability decreased from 2011 to 2012 primarily due to the significant exploration and evaluation work completed at Hidden Bay in 2012 which was not funded by flow-through dollars (and thus not renounced) and which did not add to the taxable timing difference in mineral properties.

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, 2012 are as follows:

	2013	2014	2015	2016	2017
Lease for office premises	$ 59,110	$ 60,566	$ 56,743	$ nil	$ nil

The Company has no other financial commitments or obligations beyond those required to fund $1.5-million (49% share) of the approved $3.1-million 2013 exploration budgets for the Western Athabasca, and the maintenance of title to its mineral properties. UEX has spent all of the 2012 flow-through dollars ($3.0 million) on eligible exploration expenditures and renounced these expenditures to shareholders, effective December 31, 2012, in January of 2013.

Off-Balance Sheet Arrangements

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

Financial Instruments

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

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

(Expressed in Canadian dollars, unless otherwise noted)

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 three months and years ended December 31, 2012 and 2011:

	Three months ended December 31		Year ended December 31	
	2012	2011	2012	2011
Other consultants[(1)]	$ 5,525	$ 12,400	$ 60,130	$ 93,385
Other consultants share-based payments[(2)]	2,099	3,587	13,674	17,049
Panterra Geoservices Inc.[(3)]	8,750	7,750	29,750	39,750
Panterra Geoservices Inc. share-based payments[(2)]	7,801	28,135	54,722	102,338
	$ 24,175	$ 51,872	$ 158,276	$ 252,522

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

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

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

Accounting Policies

The accounting policies and methods employed by the Company determine how it reports its financial condition and results of operations, and may require management to make judgments or rely on assumptions about matters that are inherently uncertain. The Company's 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.

Change in Accounting Policy

The Company has early adopted IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities*, as well as the amendments to IAS 27 *Separate Financial Statements* (as amended in 2011) and IAS 28 *Investments in Associates and Joint Ventures* (as amended in 2011), with a date of initial application of January 1, 2012. The main purpose of early adoption was to allow disclosure of accounting policies for joint arrangements (IFRS 11) in the annual financial statements which would not require amendment in the Company's accounting policies for the March 31, 2013 financial statements. As a result of the decision to early adopt IFRS 11, the following standards were adopted concurrently: IFRS 10; IFRS 12; IAS 27; and IAS 28.

IFRS 10 *Consolidated Financial Statements*

The adoption of this standard had no impact on the financial statements of the Company as there are no subsidiaries or investments in separate entities.

IFRS 11 *Joint Arrangements*

Under IFRS 11, the Company classifies its interests in joint arrangements as either joint operations or joint ventures depending on the Company's rights to the assets, and obligations for the liabilities, of the arrangements. When making this determination, the Company considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements, and other facts and circumstances. Previously, the structure of the arrangement was the sole focus of classification. The adoption of this standard had no impact on the financial statements of the Company because the application of IFRS 11 resulted in the same accounting treatment for the Company's joint operations (previously referred to as jointly controlled assets).

The Company does not have any joint arrangements that are classified under IFRS 11 as joint ventures. However, "joint operations" as defined by IFRS are nevertheless commonly referred to as "joint ventures" by UEX, its operating partners and the general mining industry, and use of the term "joint venture" by UEX in its disclosures for the purposes of describing its operating results is considered consistent with these statements.

IFRS 12 *Disclosure of Interests in Other Entities*

The adoption of this standard has led to some greater disclosure in the financial statements with respect to the Company's joint arrangements and the risks associated with these agreements.

IAS 27 *Separate Financial Statements*

The adoption of this standard had no impact on the financial statements of the Company as UEX Corporation does not have any investments in subsidiaries, joint ventures or associates for which the Company has made an election, or is required by local regulators, to present separate financial statements.

IAS 28 *Investments in Associates and Joint Ventures*

The adoption of this standard had no impact on the financial statements of the Company as UEX Corporation does not have any investments in associates or joint arrangements which would be classified as joint ventures under IFRS 11, each of which would require the application of equity method accounting.

Joint Arrangements

Joint arrangements are arrangements of which the Company has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns. They are classified and accounted for as follows:

(i) *Joint operation* – when the Company has rights to the assets, and obligations for the liabilities, relating to an arrangement, it accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation.

(ii) *Joint venture* – when the Company has rights only to the net assets of the arrangement, it accounts for its interest using the equity method.

The Company has an interest in several joint operations 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 joint operations' assets, liabilities, revenue and expenses with items of a similar nature on a line-by-line basis from the date that the joint arrangement commences until the date that the joint arrangement ceases. These interests are governed by contractual arrangements but have not been organized into separate legal entities or vehicles.

The Company does not have any joint arrangements that are classified under IFRS 11 as joint ventures. However, "joint operations" as defined by IFRS are nevertheless commonly referred to as "joint ventures" by UEX, its operating partners and the general mining industry, and use of the term "joint venture" by UEX in its disclosures for the purposes of describing its operating results is considered consistent with these statements.

The joint arrangements that the Company is party to in some cases entitle the Company to a right of first refusal on the projects should one of the partners choose to sell their interest. The joint arrangements are governed by a management committee which sets the annual exploration budgets for these projects. In certain cases, should the Company choose not to fund their minimum required contributions as outlined in the agreement, there is a risk that the Company's ownership interest could be diluted. As a result of decisions to fund exploration programs for the joint arrangements, the Company may choose to complete further equity issuances or fund these amounts through the Company's general working capital.

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.

As at December 31, 2012, the market capitalization of UEX Corporation was below the carrying value of the Company's net assets which are primarily represented by mineral properties. The Company has reviewed recent arms-length transactions for the acquisition of uranium resources defined by National Instrument 43-101 and has concluded that the carrying value of the Company's net assets is supported.

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 judgements 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, 2012. 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 the share-based payments reserve is recorded as an increase in share capital. The offset to the recorded cost is to share-based payments reserve. Consideration received on the exercise of share purchase options is recorded as share capital and the related share-based payments value in the reserve is transferred to share capital. Charges for share purchase options that are forfeited before vesting are reversed from share-based payments reserve. For those share purchase options that expire or are forfeited after vesting, the recorded value is transferred to retained earnings (deficit).

Recent Accounting Announcements

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

(i) IFRS 7 *Financial Instruments: Disclosure*

It is expected that the amendment to IFRS 7 will increase the current level of disclosure relating to transfers of financial assets between the levels of the fair value hierarchy and require more detailed disclosure of both the valuation techniques used and unobservable inputs (if any), including the Company's own data.

(ii) IFRS 10 *Consolidated Financial Statements*

The adoption of this standard had no impact on the financial statements of the Company as there are no subsidiaries or investments in separate entities.

(iii) IFRS 11 *Joint Arrangements* supersedes IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities – Non-monetary Contributions by Venturers*

The adoption of this standard had no impact on the financial statements of the Company because the application of IFRS 11 resulted in the same accounting treatment for the Company's joint operations (previously referred to as jointly controlled assets).

(iv) IFRS 12 *Disclosure of Interests in Other Entities*

The adoption of this standard has led to some greater disclosure in the financial statements with respect to the Company's joint arrangements and the risks associated with these agreements.

(v) IFRS 13 *Fair Value Measurement*

The Company does not expect the adoption of IFRS 13 to have a material impact on its financial statements.

The Company early adopted IFRS 10, IFRS 11 and IFRS 12 in its financial statements for the annual period beginning on January 1, 2012. The application of these standards did not have a material impact on the results or the financial position of the Company but did result in some additional disclosure relating to the Company's joint arrangements. The Company intends to adopt IFRS 7 and IFRS 13 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 issued IFRS 9 *Financial Instruments* ("IFRS 9") to replace IAS 39 *Financial Instruments*. IFRS 9 has an effective date for year ends starting on or after January 1, 2015, with early adoption permitted. The Company intends to adopt IFRS 9 in its financial statements for the annual period beginning on January 1, 2015. The Company does not expect IFRS 9 to have a material impact on the financial statements. The classification and measurement of the Company's financial assets is not expected to change under IFRS 9 because of the nature of the Company's operations and the types of financial assets that it holds.

(Expressed in Canadian dollars, unless otherwise noted)

EXPLORATION AND EVALUATION UPDATE

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_3O_8 (%)	Total U_3O_8 (lbs)	UEX's share U_3O_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_3O_8 (%)	Total U_3O_8 (lbs)	UEX's share U_3O_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% U_3O_8.

(3) The Hidden Bay mineral resources were estimated at a cut-off of 0.05% U_3O_8.

(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.

Exploration and Evaluation Activities

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

Western Athabasca Projects: Shea Creek

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

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

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

Located in northwest Saskatchewan, just south of AREVA's former Cluff Lake mine, Shea Creek hosts the largest undeveloped uranium resources in the Athabasca Basin. High-grade uranium is distributed along a 3-kilometre long strike length at the north end of the 33-kilometre long Saskatoon Lake Conductor. The deposits at Shea Creek show three styles of mineralization: unconformity-hosted, basement-hosted and perched. Access is provided year-round by Provincial Highway 955 and by air. Field exploration is currently based from the former Cluff Lake mine camp. The Cluff Lake mine produced over 64 million pounds of U_3O_8 during its successful 22 years of operation.

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

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

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

Total expenditures to the end of 2012 by UEX on exploration and evaluation at Shea Creek were C$39.9 million and C$7.4 million, respectively, with approximately 241,000 metres of drilling completed.

Western Athabasca Projects: 2012 Exploration Program

The 2012 exploration program for Shea Creek had an approved budget of $6.0 million, of which UEX funded its 49% share, or $2.94 million.

In the first quarter of 2012, the Company and AREVA completed the planning and permitting on the drilling program at Shea Creek. Also in the first quarter, geochemical results from the 2011 drilling campaign were received and were compiled into the joint venture database. The exploration program commenced in mid-April 2012 and utilized two drills. AREVA field staff arrived on site April 16th to re-open the camp and TEAM Drilling arrived on April 17th with their equipment and a five-man crew. Exploration drilling at Colette began shortly thereafter with two shifts on the drill. A second drill was mobilized in mid-May to drill selected targets at 58B, also with two shifts on the second drill. After drilling was completed at Colette and 58B, the two drills operating on the project were moved to the Kianna Deposit to test basement mineralization to the north, southwest and east of the main Kianna basement zone.

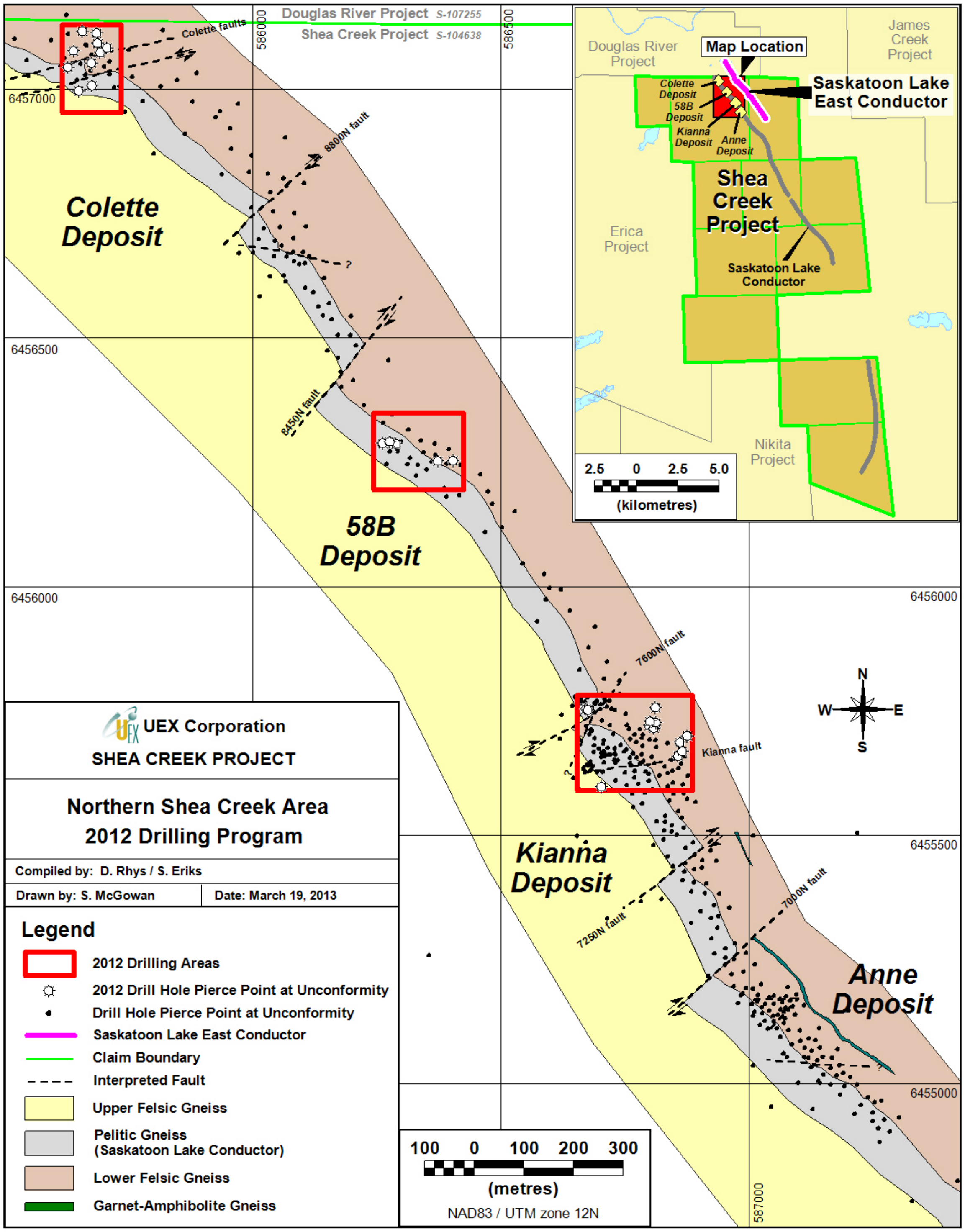
Exploration results reported to the date of this document comprise 25 drill holes that tested extensions and open areas of mineralization at the Colette, 58B and Kianna deposits (see Figure 1).

This drilling program in 2012 met its objectives to confirm the continuity of mineralization in the northern portion of the Colette Deposit, further delineate the 58B Deposit and test margins of the northern and southwestern parts of Kianna as well as east of the main Kianna deposit. Highlights of the program are as follows:

- Confirmation that the higher grade unconformity and perched mineralization in the northern portion of the Colette Deposit is continuous over a lateral area of at least 100 x 50 metres and extends up to 25 metres above the unconformity;
- Further definition of northern portions of the 58B Deposit at the unconformity and better constraint of the distribution of basement mineralization;
- Extension of a section of basement mineralization in the existing main Kianna Deposit by approximately 30 metres to the east; and
- Discovery of a new zone of basement mineralization that lies more than 80 metres below and to the east of the main Kianna Deposit.

Figure 1

Northern Shea Creek Area 2012 Drilling Program



(Expressed in Canadian dollars, unless otherwise noted)

Drilling Results – Colette Deposit

Ten directional drill cuts were completed at the Colette Deposit to test the open extensions of thick intercepts of unconformity mineralization encountered in the 2011 program. Mineralized intersections in holes SHE-66-4 to SHE-66-13 confirm the continuity of higher grade unconformity and perched mineralization in the northern portion of the Colette Deposit. The mineralization largely straddles the basal Athabasca unconformity ("UC") and also occurs perched ("P") above the unconformity. Highlights of the drill results with a grade-thickness product of greater than 1.0 and grades of greater than 0.2% eU_3O_8 include:

SHE-66-4:	(P)	0.27% eU_3O_8 over 5.0 metres, *including*
		0.45% eU_3O_8 over 2.5 metres, and
	(UC)	0.98% eU_3O_8 over 19.4 metres, *including*
		1.25% eU_3O_8 over 11.5 metres;
SHE-66-5:	(UC)	0.32% eU_3O_8 over 9.5 metres, *including*
		0.92% eU_3O_8 over 1.5 metres;
SHE-66-6:	(UC)	0.76% eU_3O_8 over 4.3 metres;
SHE-66-7:	(UC)	0.29% eU_3O_8 over 9.1 metres, *including*
		0.54% eU_3O_8 over 2.0 metres and
		0.58% eU_3O_8 over 1.9 metres;
SHE-66-8:	(UC)	0.27% eU_3O_8 over 11.1 metres, *including*
		0.50% eU_3O_8 over 2.4 metres and
		0.67% eU_3O_8 over 1.5 metres;
SHE-66-9:	(P)	0.60% eU_3O_8 over 11.5 metres, *including*
		0.78% eU_3O_8 over 5.9 metres and
		0.49% eU_3O_8 over 4.6 metres, and
	(UC)	1.37% eU_3O_8 over 1.5 metres;
SHE-66-10:	(P)	1.96% eU_3O_8 over 10.9 metres, and
	(UC)	0.62% eU_3O_8 over 3.1 metres;
SHE-66-11:	(UC)	0.45% eU_3O_8 over 4.9 metres, *including*
		0.68% eU_3O_8 over 3.0 metres;
SHE-66-13:	(UC)	0.95% eU_3O_8 over 5.2 metres.

Drill holes SHE-66-4 to SHE-66-13 were designed to follow up on successful drilling results from the SHE-66 series drill holes at Colette obtained in 2011. These included intervals of 1.28% eU_3O_8 over 26.0 metres in drill hole SHE-66-2 and 1.22% eU_3O_8 over 27.9 metres in drill hole SHE-66-3.

These drill holes continue to define a thick 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. Mineralization is open to the northeast in the direction of UEX's and AREVA's Douglas River Project.

In addition to the unconformity mineralization, drill holes SHE-66-4, SHE-66-9 and SHE-66-10 intersected perched mineralization grading 0.27% eU_3O_8 over 5.0 metres, including 0.45% eU_3O_8 over 2.5 metres, 0.60% eU_3O_8 over 11.5 metres, including 0.78% eU_3O_8 over 5.9 metres and 1.96% eU_3O_8 over 10.9 metres, respectively.

(Expressed in Canadian dollars, unless otherwise noted)

Drilling Results – 58B Deposit

Five directional drill holes were completed during the 2012 exploration program at 58B, a new deposit identified in 2010 and located in an area between the Kianna and Colette deposits.

The 58B Deposit was not included in the May 2010 N.I. 43-101 mineral resource estimate. Previously reported drilling in 2010 includes unconformity and basement intercepts of 6.53% eU_3O_8 over 1.6 metres in drill hole SHE-133-5, 2.13% eU_3O_8 over 10.6 metres in drill hole SHE-133-7, 6.55% eU_3O_8 over 2.4 metres in drill hole SHE-133-4 and 1.32% eU_3O_8 over 5.8 metres in drill hole SHE-133-11.

Drilling during 2012 in the 58B area was designed to test down dip and lateral extensions of basement mineralization ("B") and the extent and continuity of overlying unconformity mineralization ("UC"). Significant intercepts with a grade-thickness product of greater than 0.5 and grades of greater than 0.2% eU_3O_8 include the following:

SHE-104-9:	(UC)	0.44% eU_3O_8 over 6.2 metres;
SHE-104-10:	(UC)	0.49% eU_3O_8 over 1.2 metres,
	(B)	0.23% eU_3O_8 over 10.0 metres, and
	(B)	0.35% eU_3O_8 over 6.3 metres;
SHE-104-11:	(UC)	2.12% eU_3O_8 over 2.3 metres, and
	(UC)	0.65% eU_3O_8 over 1.8 metres;
SHE-133-13:	(B)	2.27% eU_3O_8 over 1.2 metres.

These 58B results further define northern portions of the mineralized zone at the unconformity and better constrain the distribution of basement mineralization. Broad areas of the highly prospective structural corridor hosting the 58B Deposit that lie between the Kianna and Colette deposits remain sparsely tested and will be the subject of additional drilling in future programs.

Drilling Results – Kianna East

Ten directional drill cuts were completed in the Kianna East area. Significant mineralization was intersected both at the unconformity ("UC") and in the underlying basement rocks ("B") (see Figure 2). Drill holes within this area have intersected:

- a section of basement mineralization that extends the existing main Kianna Deposit by approximately 15 metres to the east;
- a new zone of mineralization ("Kianna East") that lies more than 80 metres below and to the east of the main Kianna Deposit and is outside of the N.I. 43-101 mineral resource estimate for Shea Creek which included drilling results to December 31, 2009 ("Shea Creek Mineral Resource Estimate"); and
- a second, parallel, narrower mineralized zone ("Upper Kianna East") located approximately 20 to 50 metres above the Kianna East mineralization and is also outside of the Shea Creek Mineral Resource Estimate.

(Expressed in Canadian dollars, unless otherwise noted)

Significant intercepts with a grade-thickness product of greater than 0.2 and grades of greater than 0.2% eU_3O_8 include the following:

SHE-118-22:	(UC)	0.22% eU_3O_8 over 17.7 metres, *including*
		0.49% eU_3O_8 over 6.4 metres, and
	Kianna East Zone (B)	0.24% eU_3O_8 over 32.3 metres, *including*
		0.52% eU_3O_8 over 7.5 metres;
SHE-118-23:	(UC)	0.36% eU_3O_8 over 6.2 metres, *including*
		0.68% eU_3O_8 over 1.5 metres, and
	Upper Kianna East Zone (B)	2.64% eU_3O_8 over 0.8 metres, and
	Kianna East Zone (B)	1.10% eU_3O_8 over 1.0 metre;
SHE-118-24:	(UC)	0.13% eU_3O_8 over 5.8 metres,
	Kianna East Zone (B)	1.55% eU_3O_8 over 19.9 metres, *including*
		3.09% eU_3O_8 over 4.1 metres and
		5.73% eU_3O_8 over 3.0 metres, and
	(B)	1.58% eU_3O_8 over 0.8 metres;
SHE-135-11:	(B)	0.22% eU_3O_8 over 1.2 metres, and
	Kianna East Zone (B)	3.59% eU_3O_8 over 16.0 metres, *including*
		6.39% eU_3O_8 over 8.2 metres and
		1.25% eU_3O_8 over 4.0 metres;
SHE-135-12:	(B)	0.22% eU_3O_8 over 11.2 metres, *including*
		0.33% eU_3O_8 over 1.1 metres and
		0.35% eU_3O_8 over 3.9 metres, and
	Kianna East Zone (B)	2.36% U_3O_8 over 7.0 metres*, including*
		4.06% U_3O_8 over 3.5 metres;
SHE-135-13:		
	Upper Kianna East Zone (B)	0.26% eU_3O_8 over 6.2 metres, *including*
		0.60% eU_3O_8 over 2.4 metres, and
	Kianna East Zone (B)	3.70% eU_3O_8 over 18.1 metres, *including*
		11.28% eU_3O_8 over 4.8 metres;
SHE-135-14:	(UC)	0.11% eU_3O_8 over 3.6 metres, and
	Upper Kianna East Zone (B)	0.17% eU_3O_8 over 11.0 metres, and
	Kianna East Zone (B)	1.29% eU_3O_8 over 8.8 metres, *including*
		2.84% eU_3O_8 over 2.7 metres and
		0.99% eU_3O_8 over 3.2 metres;
SHE-135-15:	(B)	0.43% eU_3O_8 over 0.6 metres, and
	Upper Kianna East Zone (B)	0.41% eU_3O_8 over 9.3 metres, *including*
		1.40% eU_3O_8 over 1.8 metres and
	Kianna East Zone (B)	0.19% eU_3O_8 over 23.7 metres, *including*
		0.50% eU_3O_8 over 5.0 metres and
		0.47% eU_3O_8 over 3.4 metres.

Before reaching the depth of the new mineralized zone, drill hole SHE-135-10 was terminated at 765.0 metres due to excessive deviation and was re-drilled as drill hole SHE-135-11.

Technical difficulties were encountered in drill hole SHE-135-12 when the rods broke off at 990 metres. An attempt to tap into the rods was unsuccessful and therefore the hole was only probed to a depth of 939.7 metres. However, geological observations and handheld scintillometer readings of drill core showed uranium mineralization in the new zone was intersected over 7.0 metres from 990.5 to 997.5 metres. Geochemical analyses from the core obtained in this interval returned 7.0 metres grading 2.36% U_3O_8, including 3.5 metres grading 4.06% U_3O_8.

Drill hole SHE-118-25 did not intercept any mineralization above the 0.2% eU_3O_8 cut-off utilized above, but did intersect sections exhibiting lower-grade mineralization. In addition, the hole intersected a fault zone with strongly tectonized and brecciated graphitic pelitic gneiss from 995.2 metres to 1004.1 metres approximately 50 metres up dip to the northeast of mineralization in drill hole SHE-118-24. This fault zone is present in all of the Kianna East drill holes and represents the controlling structure to the mineralization. Although no significant mineralization was intersected at this location, the drill hole provides important geological information to continue future tracing of the mineralized structure.

The Kianna East mineralization lies approximately 80 to 110 metres below and east of the main Kianna basement resource and about 200 metres below the unconformity (see Figure 2). Geologically, these intercepts occur in a shallow west-southwest-dipping zone of mineralization associated with a narrow, southwest-dipping graphitic unit which forms an electromagnetic (EM) anomaly to the east of, and parallel to, the Saskatoon Lake Conductor ("SLC"). This new mineralization appears to be parallel to the metamorphic stratigraphy and therefore, given the orientation of the drill holes, these intercepts may lie at or close to true thickness. The new zone is open to the northwest, southeast and up dip to the northeast. The parallelism of mineralization in the basement adjacent to a conductive unit is a common feature of other deposits in the Athabasca Basin, as is encountered at the Millennium Deposit. The relationship of the new basement zone to the Kianna Deposit has not been established since there is little drilling in between, but the new zone does lie along strike from the main steeply dipping, east-trending body of Kianna basement mineralization. A second, parallel, narrower mineralized zone (Upper Kianna East) located approximately 20 to 50 metres above the Kianna East mineralization displays continuity between several holes.

The significance of the new Kianna East basement zone is its position in association with a second graphitic unit which lies well below, and parallel to, the SLC, the latter being spatially associated with all of the other areas of mineralization that have been discovered to date at the Shea Creek Project. The graphitic unit projects up dip to the east toward the unconformity approximately 900 metres east of the SLC, and forms a conductive horizon that had been previously identified but never drill tested (see Figure 1 inset). The association of basement mineralization with this feature suggests that potential exists for mineralization along this second trend, parallel to and east of the known zones at Shea Creek, as occurs in other uranium deposits in the Athabasca Basin. Future drilling will test for the potential of the new basement zone to extend upward along the graphitic unit to the unconformity, and for new mineralized zones along this conductive graphitic unit.

Drilling Results – Kianna North and Kianna Southwest

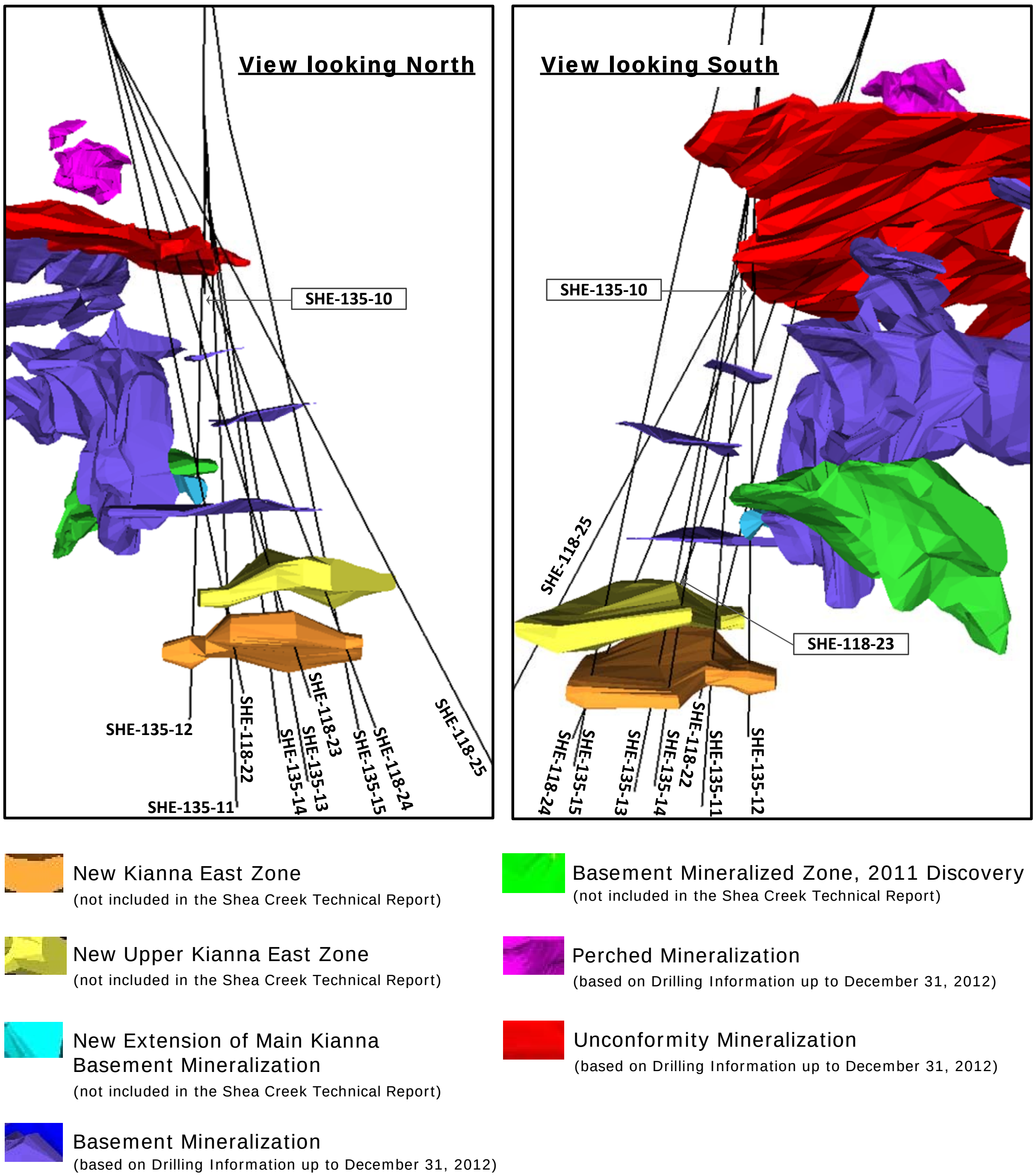
Two drill holes, SHE-141-2 and SHE-141-3, were drilled in the Kianna north area to follow up on successful drilling results from the SHE-130 and SHE-141 series drill holes obtained during the 2011 program. Drilling in 2011 outlined a shallow southeast-dipping zone of mineralization which exploits a mafic unit within the hosting gneiss sequence. This new zone, which lies outside of the Kianna mineral resource estimate, returned broad intercepts of mineralization including 1.28% eU_3O_8 over 25.1 metres in drill hole SHE-130-4 and 0.81% eU_3O_8 over 32.0 metres in drill hole SHE-130-12, for which true widths have not yet been determined. The mafic unit associated with this zone may also control a high-grade oreshoot in the lower part of the Kianna Deposit. Mineralization was intersected in hole SHE-141-3 at the unconformity returning an intercept of 0.22% eU_3O_8 over 1.4 metres.

Drill hole SHE-114-21 was drilled on the southwest side of Kianna to test the continuity to the west of high-grade unconformity mineralization intersected in previous hole SHE-118-19 grading 12.38% U_3O_8 over 3.7 metres. No significant mineralization was intersected in the hole.

Update of Resource Estimate

The Company has engaged an independent consultant who is updating the mineral resource estimates for the Colette and Kianna deposits at Shea Creek, incorporating the drilling results from the 2010, 2011 and 2012 drilling campaigns. In addition, an initial mineral resource estimate is being prepared for the 58B Deposit. UEX anticipates that the mineral resource estimates will be completed by the end of the first quarter of 2013.

Figure 2
2012 Shea Creek (Kianna East) Drill Results:
SHE-118-22 to SHE-118-25 and SHE-135-10 to SHE-135-15



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

Western Athabasca Projects: 2013 Spring/Summer Exploration Programs

The 2013 spring/summer exploration program has an approved budget of $3.1 million, of which UEX will be responsible for its 49% share, or $1.52 million. This exploration program will consist of a $0.5-million geophysical program in the northern Colette and southern Anne areas which will commence in April and a $2.6-million drilling program south of the Anne Deposit expected to begin in June.

The 2013 program will be focused on the highly prospective Saskatoon Lake Conductor which continues to the south of Anne. The SLC represents a faulted graphitic unit beneath the overlying Athabasca sandstone and is spatially associated with the Colette, 58B, Kianna and Anne deposits all of which occur along and adjacent to this conductor over a three-kilometre strike length in the northern parts of Shea Creek. Outside of the immediate area of the deposits, the continuation of this conductor is sparsely tested by isolated, widely-spaced drill holes. The few drill holes in this area include several mineralized intersections which have not been followed up, including drill hole SHE-2 drilled in 1992. This drill hole intersected a shallow-dipping brecciated fault zone just beneath the unconformity in association with the SLC and returned 0.342% U_3O_8 over 0.4 metres in an area located approximately two kilometres southeast of the Anne Deposit.

The 2013 exploration program will commence with a geophysical Tensor Magnetotelluric ("MT") survey to further refine the position and potential areas of offset along northeast-trending faults crosscutting the SLC (see Figure 3). Steeply dipping faults of this orientation are associated with the significant mineralization at the Kianna and Anne deposits where they intersect the SLC. These structures can be inferred from the 2008 MT survey conducted on the northern parts of the property. A total of 50.4 line-kilometres will be surveyed which will extend the previous MT coverage for approximately six kilometres southeast of Anne, and infill two additional lines to the north. In conjunction with previous geophysical data, the survey will allow refinement of the drill hole placements in this sparsely tested area.

Drilling totaling approximately 5,000 metres is planned south of the Anne Deposit (see Figure 4) and is anticipated to commence in June. There are only four previous drill holes in this area, including drill hole SHE-24 which intersected mineralization grading 0.074% U_3O_8 over 2.3 metres in the basement rocks approximately 20 metres below the unconformity. The drilling will assess untested gaps between existing drill holes, some of which are more than 800 metres apart, and also test areas where initial drill holes intersected only the margins of the prospective corridor. This area is geologically similar to that associated with the Shea Creek deposits and previous holes here have also intersected anomalous radioactivity and favourable clay alteration.

Figure 3
2013 Shea Creek Geophysical Program

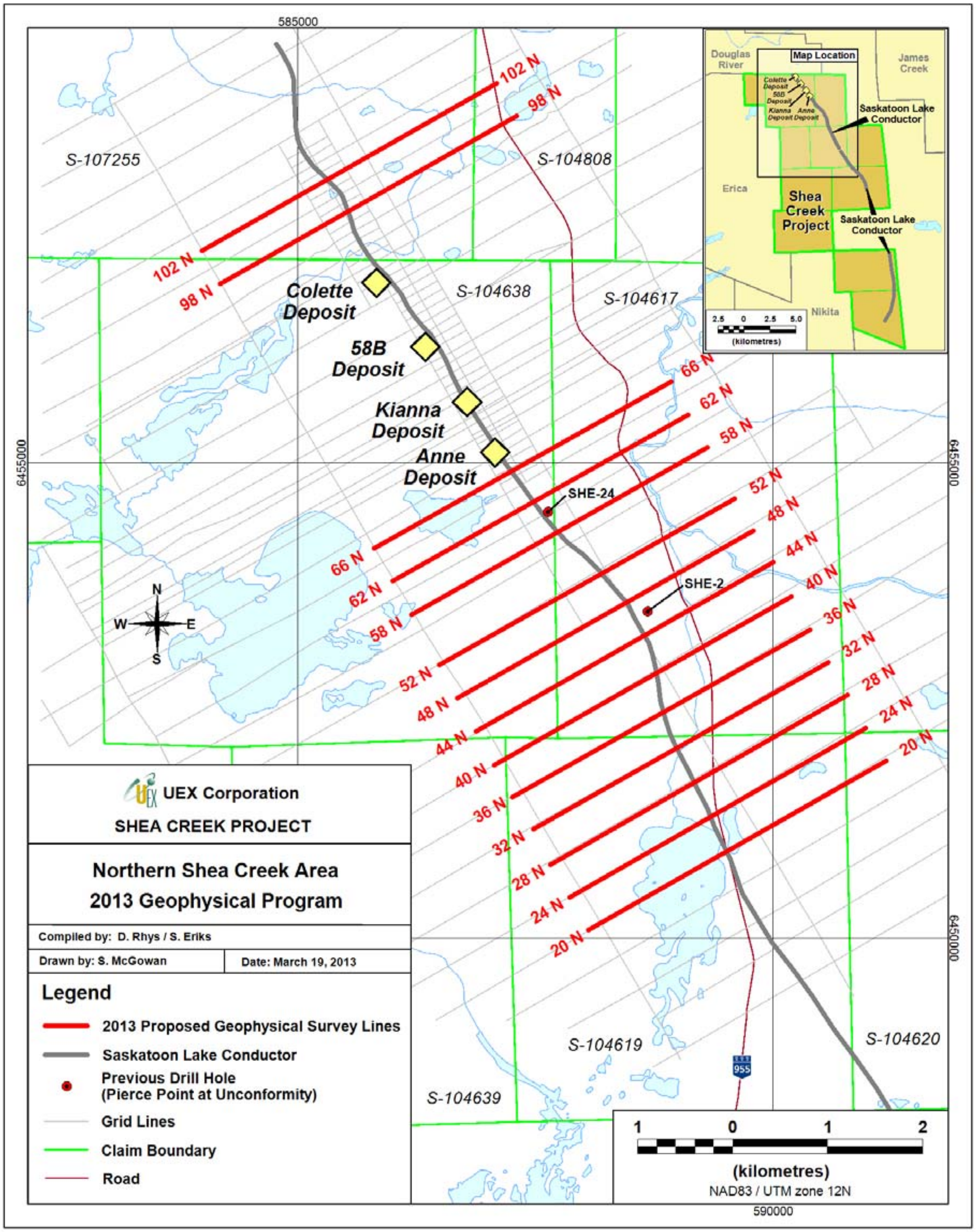
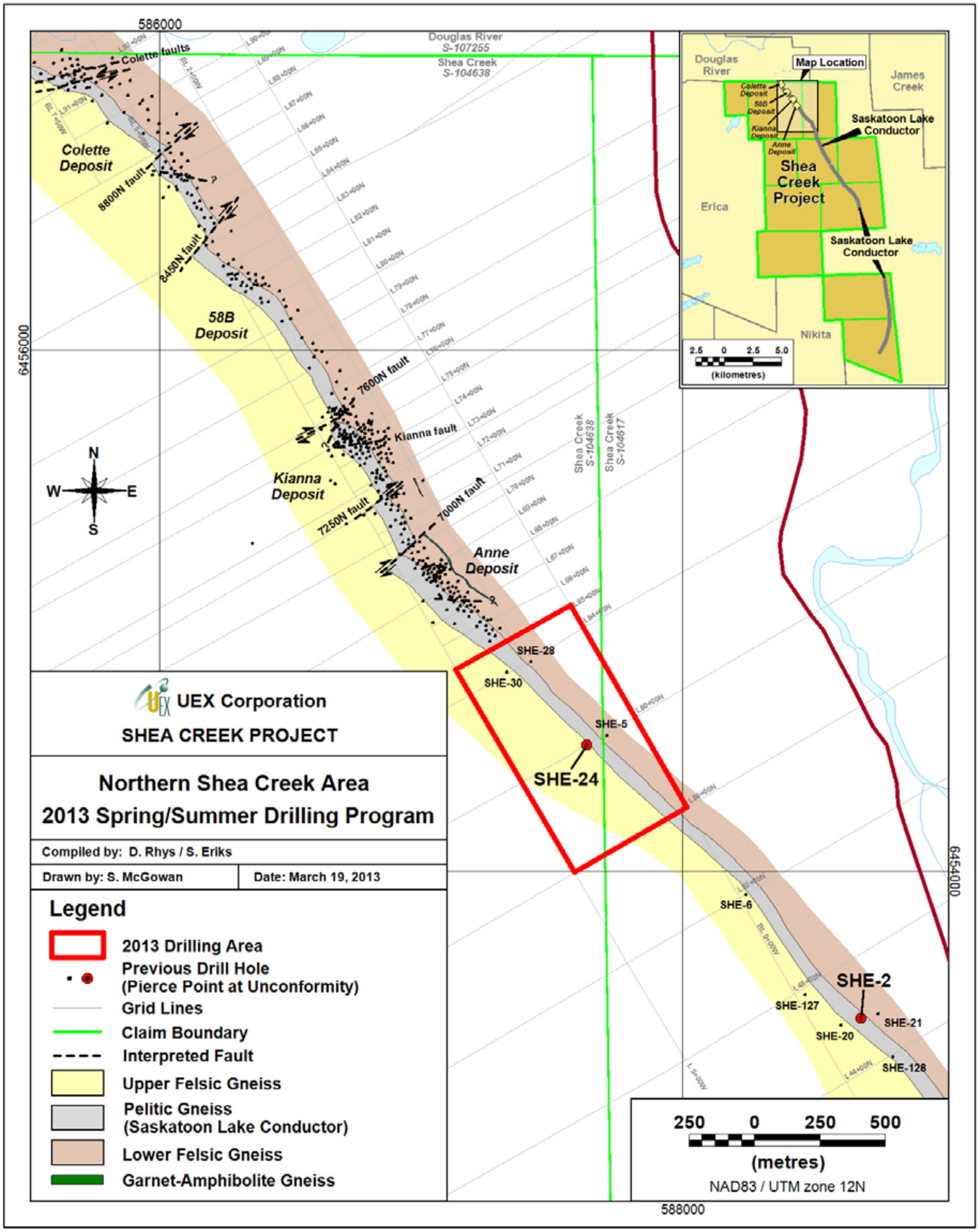


Figure 4

2013 Spring/Summer Shea Creek Drilling Program



Beatty River Project

Beatty River consists of seven claims totaling 6,688 hectares (16,526 acres) located in the western Athabasca Basin approximately 40 kilometres south of the Shea Creek deposits. UEX entered into an agreement dated June 15, 2004 with JCU wherein JCU granted UEX an option to acquire a 25% interest in Beatty River. Under the agreement, UEX would earn a 25% interest in Beatty River by funding $865,000 in exploration expenditures by December 31, 2013. Expenditures under this agreement by UEX to December 31, 2012 amounted to $858,118. In early 2013, UEX and JCU amended their agreement and UEX fulfilled its earn-in on the Beatty River Project by making a payment to JCU of $3,441.

At present, AREVA, the operator, owns a 50.7% interest, UEX owns a 25.0% interest and JCU owns a 24.3% interest in Beatty River.

The 2012 budget of $20,000, of which UEX's share is approximately $9,860, involved a small target-generation compilation in which all of the existing geophysical surveys, geochemistry and drilling were assessed to generate a prioritized plan for potential future work on the project.

Hidden Bay Project

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

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

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

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

The Preliminary Assessment Technical Report found the economics of mining the Horseshoe and Raven deposits to be positive. The base case economic scenario of US$60 per pound of U_3O_8 would yield an estimated C$246 million in earnings before interest and taxes.

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

(Expressed in Canadian dollars, unless otherwise noted)

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

Hidden Bay Project: 2012 Exploration and Evaluation Programs

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

Significant intercepts from the winter 2012 program with a grade-thickness product of greater than 0.02 and grades of greater than 0.02% U_3O_8 include:

HR-018:	0.055% U_3O_8 over 1.0 metre;
HR-019:	0.053% U_3O_8 over 1.0 metre;
HR-020:	0.021% U_3O_8 over 1.0 metre,
	0.031% U_3O_8 over 1.0 metre,
	0.029% U_3O_8 over 3.0 metres and
	0.021% U_3O_8 over 1.0 metre;
HR-021:	0.021% U_3O_8 over 1.0 metre.

UEX is continuing to advance engineering studies on the Horseshoe, Raven and West Bear deposits. These studies further examine the economic viability of mining these deposits as a combined open pit and underground ramp access operation. This work follows on the previously released Preliminary Assessment which was completed in February 2011 (see UEX news release of February 23, 2011) and will form components of a future preliminary feasibility study ("PFS"). UEX intends to undertake a PFS when uranium commodity prices improve to a level sufficient to justify such a study.

A $2.0-million budget has been approved for evaluation at the Hidden Bay Project in 2012. At December 31, 2012, UEX had expended $1.1 million of its $2.0-million evaluation budget.

UEX personnel have been working with SRK Consulting Inc. ("SRK"), Ausenco Solutions Canada Inc. ("Ausenco"), Melis Engineering Ltd. ("Melis") and SENES Consultants Limited ("SENES") toward completing various components that would contribute to a prefeasibility study. Work largely completed to date includes the following:

- Review of initial waste rock geochemistry program to characterize the metal leaching and/or acid rock drainage potential of the waste rock. A comprehensive program of 751 samples representing different types of waste rock from the Raven and Horseshoe deposit areas were submitted for acid base accounting (ABA) tests and trace element analyses. UEX also completed a review of previous drill logs throughout the entire Raven pit and re-examined extensive lengths of drill cores along three full cross sections.

- SRK reviewed comprehensive geotechnical field and laboratory data that was collected in 2011 and 2012 to determine representative geotechnical domains within the previously determined litho-structural domains, and the associated geotechnical parameters. Pit slope design parameters were defined for the Raven pit, and underground mine design for the Horseshoe underground. Completion of the geotechnical design report is ongoing.
- SRK, Melis, SENES and UEX worked together to develop a strategy and terms of reference for water treatment requirements and release of treated water. This included hydrological analysis for conceptual level diversion design (ditches) around mine workings, and surface runoff estimates; hydrogeological evaluation for estimating groundwater inflow into underground workings and open pit during operations; conceptual design of water treatment processes and associated CAPEX and OPEX estimates are ongoing.
- Additional metallurgical tests were completed to look at settling characteristics of leach residue, which defines thickener size in the mill. The correct size of the thickeners and residence time is needed to ensure sufficient time for the desired separation at the anticipated mill feed rate.
- Preliminary site infrastructure design and OPEX and CAPEX estimates were completed by Ausenco.
- Resource review by SRK and an independent consultant.

UEX approved a $1.5-million budget for a drilling program that was planned for the summer of 2012. In response to current capital market uncertainty, UEX temporarily postponed this brownfields exploration program with the intent of preserving its strong cash position.

Total expenditures to December 31, 2012 by UEX on exploration and evaluation at Hidden Bay were C$59.8 million and C$6.1 million, respectively, with approximately 488,000 metres of drilling completed.

Hidden Bay Projects: 2011 Summer-Fall Exploration Results

During the summer-fall of 2011, UEX completed 63 diamond drill holes totaling 16,457 metres consisting mainly of definition and step-out drilling in the Raven Deposit and several infill drill holes at the Horseshoe Deposit. The drilling was designed primarily to test the continuity and potential for expansion of higher grade portions of the Raven Deposit, and also serve to provide geotechnical information for application to the ongoing economic analysis of the deposits. The results of infill and step-out drilling were incorporated into the 2012 evaluation studies.

Raven Drilling Results

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

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

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

RU-243 0.274% U_3O_8 over 17.5 metres (section 5780E);

RU-246 0.445% U_3O_8 over 20.5 metres (section 5725E);

RU-248 0.414% U_3O_8 over 17.6 metres (section 5755E);

RU-252 1.492% U_3O_8 over 3.0 metres (section 5665E);

RU-254 0.119% U_3O_8 over 18.5 metres and
0.125% U_3O_8 over 21.0 meters (section 5476E);

RU-256 0.340% U_3O_8 over 5.2 metres (section 5445E);

RU-260 0.230% U_3O_8 over 11.0 metres (section 5025E);

RU-262 0.128% U_3O_8 over 15.0 metres (section 5423E);

RU-276 0.226% U_3O_8 over 13.5 metres (section 5290E);

RU-279 0.206% U_3O_8 over 24.0 metres (section 5335E);

RU-281 1.538% U_3O_8 over 1.5 metres (section 5347E).

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

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

Horseshoe Drilling Results

Six drill holes totaling 1,707 metres were completed at, or adjacent to, Horseshoe to provide further information about the continuity and extent of mineralization within and adjacent to the Horseshoe Deposit, and to supply additional geotechnical data in the deposit area. Significant results with a grade thickness greater than 1.5 and grades greater than 0.09% U_3O_8 are as follows:

HU-368 0.177% U_3O_8 over 12.0 metres (section 4307N);

HU-370 0.098% U_3O_8 over 32.0 metres (section 4561N);

HU-371 0.495% U_3O_8 over 11.0 metres, *including*
3.295% U_3O_8 over 1.0 metre (section 4695N).

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

Additional diamond drilling was also carried out during the summer of 2011 in the Telephone Lake area of the Hidden Bay property consisting 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. The drilling intercepted anomalous mineralization in several holes, including 0.036% U_3O_8 over 0.5 metres and 0.017% U_3O_8 over 2.0 metres in drill holes SP-238 and SP-240 respectively.

Hidden Bay Project: 2013 Exploration and Evaluation Programs

Brownfields exploration for Hidden Bay continues to be deferred until market conditions in the mining sector, and in particular in the uranium space, improve.

Evaluation work planned for 2013 includes:

- Mill CAPEX estimates and finalizing metallurgical laboratory program reporting;
- Finalizing geotechnical design report, waste rock geochemistry report, and water management design report;
- Outlining and carrying out the next phase of waste rock geochemistry program, given the long lead time;
- Horseshoe underground mine design, OPEX and CAPEX estimates;
- Raven open-pit mine design, OPEX and CAPEX estimates;
- Tailings management options analysis;
- Site closure design and cost estimates; and
- Assessment of permitting and licensing requirements.

Black Lake Project

In early 2013, UEX entered into an agreement with Uracan Resources Ltd. ("Uracan") whereby Uracan can earn into the Black Lake Project (the "Project") in northern Saskatchewan, which is currently a joint venture with AREVA Resources Canada Inc.

Uracan must fund a total of $10.0 million of project expenditures over 10 years to earn their 60% interest in the Project from UEX, with no partial earn-in permitted. Uracan has committed to spend $2.0 million on project expenditures by December 31, 2014, with a firm commitment to fund $1.5 million even if a decision is made by Uracan not to proceed with the earn-in or the agreement is otherwise terminated. Should the agreement be terminated prior to $1.5 million in project costs having been funded by Uracan, any shortfall is payable directly to UEX. During the remainder of the option period, minimum expenditures of $1.0 million per year are to be funded by Uracan. UEX remains the project operator until such time as Uracan has earned its 60% interest in the Project, and is entitled to a 10% management fee under the Black Lake joint-venture agreement.

Uracan has issued 300,000 shares and 150,000 share purchase warrants to UEX. The warrants are exercisable for three years at a price of $0.15 for each warrant. Uracan has also granted to UEX a 1% NSR royalty from their ownership interest and upon UEX receiving a total of $10.0 million in royalty payments, the NSR royalty will terminate.

During 2012, UEX completed a geological compilation of the Black Lake property that will be used in conjunction with the 2011 geophysical compilation to identify future drilling targets. In early 2013, UEX notified AREVA that, as a result of their decision not to participate in the 2012 program for Black Lake, their ownership interest in the project was diluted to 10.03% from 10.04%.

Other Athabasca Projects: 2012

In the year ended December 31, 2012, no significant exploration work was performed on the Riou Lake or Northern Athabasca projects. UEX is deferring the planned exploration programs at Riou Lake for the near-term until uranium market conditions improve. Four claims within the Northern Athabasca Projects lapsed on February 5, 2012; however, these claims had been written off in 2010 due to a lack of planned exploration activity at that time.

Qualified Person

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

Geochemical Analysis

Geochemical analyses are carried out at the SRC Geoanalytical Laboratories in Saskatoon, Saskatchewan. The primary geochemical analytical methods used for uranium analysis are ICP-MS (Inductively Coupled Plasma Mass Spectroscopy) for samples with grades lower than 1,000 ppm U, and U_3O_8 uranium assay by ICP-OES (Inductively Coupled Plasma Optical Emission Spectroscopy) for samples determined by ICP-MS to contain uranium concentrations higher than 1,000 ppm U.

Equivalent Uranium Grades

Some of the uranium grades reported for Shea Creek in our MD&A are calculated from gamma probe logging. The probe results are reported as uranium equivalent (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.

Risks and Uncertainties

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

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

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

Joint ventures

UEX participates in certain of its projects (such as the Western Athabasca and Black Lake projects) through joint ventures (referred to as "joint operations" in the financial statements) with third parties. 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 25, 2013, is US$56.00 /lb. Given that the PA presented three economic scenarios using prices ranging from US$60 to US$80 /lb of U_3O_8, the economic analysis which uses U_3O_8 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.

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.

Conflicts of interest

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

Internal controls

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

Market price of shares

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

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

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

Disclosure Controls and Procedures

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

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

Internal Controls over Financial Reporting

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

There were no changes in these controls during the most recent interim period ending December 31, 2012 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, 2012, 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.

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.

Audited Financial Statements of

UEX CORPORATION

Years ended December 31, 2012 and 2011

KPMG LLP
Chartered Accountants
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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, 2012 and 2011, the statements of comprehensive loss, changes in equity and cash flows for the years ended December 31, 2012 and 2011, 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 December 31, 2012 and 2011, and its financial performance and its cash flows for the years ended December 31, 2012 and 2011 in accordance with International Financial Reporting Standards.

KPMG LLP (signed)

Chartered Accountants

Vancouver, Canada
March 19, 2013

UEX CORPORATION

Balance Sheets

As at December 31, 2012 and 2011

	Notes	2012	2011
Assets			
Current assets			
Cash and cash equivalents	3	$ 12,580,134	$ 5,266,660
Amounts receivable	4	171,425	133,345
Prepaid expenses	5	101,357	68,835
		12,852,916	5,468,840
Non-current assets			
Equipment	6	171,566	100,188
Mineral properties	7	159,436,189	155,111,126
Total assets		$ 172,460,671	$ 160,680,154
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and other liabilities	8	$ 510,899	$ 464,401
Non-current liabilities			
Deferred tax liability	9	12,966,524	13,186,514
Total liabilities		13,477,423	13,650,915
Shareholders' equity			
Share capital	10	172,345,291	157,826,395
Share-based payments reserve	10 (c)	5,088,191	8,008,322
Deficit		(18,450,234)	(18,805,478)
		158,983,248	147,029,239
Total liabilities and shareholders' equity		$ 172,460,671	$ 160,680,154

Nature and continuance of operations	1
Commitments	7(iv), 7(vi), 10(d), 11
Subsequent events	7(v), 7(vi), 18

See accompanying notes to the financial statements.

Approved on behalf of the Board and authorized for issue on March 19, 2013.

"signed" Director — *Graham C. Thody*

"signed" Director — *Emmet A. McGrath*

UEX CORPORATION

Statements of Operations and Comprehensive Loss

Years ended December 31, 2012 and 2011

	Notes	2012	2011
Revenue			
Interest income		$ 221,465	$ 108,911
		221,465	108,911
Expenses			
Bank charges and interest		4,270	3,521
Depreciation		14,775	11,548
Filing fees and stock exchange		124,474	150,304
Legal and audit		221,973	189,064
Loss on disposal of equipment		-	10,893
Maintenance		17,078	-
Office expenses	15	214,791	274,070
Rent		111,145	113,734
Salaries, termination and placement fees		809,748	736,822
Share-based compensation	10 (c)	953,532	1,344,038
Travel and promotion		165,782	119,776
Write-down of mineral properties	7 (iii), 7(iv)	1,609,741	1,883,767
		4,247,309	4,837,537
Loss before income taxes		(4,025,844)	(4,728,626)
Deferred income tax recovery (expense)	9	114,593	(676,591)
Net loss and comprehensive loss for the year		$ (3,911,251)	$ (5,405,217)
Basic and diluted loss per share		$ (0.018)	$ (0.027)
Basic and diluted weighted-average number of shares outstanding		217,853,362	203,057,364

See accompanying notes to the financial statements.

UEX CORPORATION

Statements of Changes in Equity

Years ended December 31, 2012 and 2011

	Number of common shares	Share capital	Share-based payments reserve	Deficit	Total
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
Net loss for the year				(3,911,251)	(3,911,251)
Issued pursuant to private placements	*18,421,027*	15,166,176			15,166,176
Share issuance costs		(752,677)			(752,677)
Value attributed to flow-through premium on issuance		(97,826)			(97,826)
Deferred income taxes on share issuance costs		203,223			203,223
Share-based payment transactions			1,346,364		1,346,364
Transfer to deficit on expiry and cancellation of share purchase options			(4,266,495)	4,266,495	-
Balance, December 31, 2012	*221,488,679*	$ 172,345,291	$ 5,088,191	$ (18,450,234)	$ 158,983,248

See accompanying notes to the financial statements.

UEX CORPORATION

Statements of Cash Flows

Years ended December 31, 2012 and 2011

	2012	2011
Cash provided by (used for):		
Operating activities		
Net loss for the year	$ (3,911,251)	$ (5,405,217)
Adjustments for:		
Depreciation	14,775	11,548
Deferred income tax expense (recovery)	(114,593)	676,591
Interest income	(221,465)	(108,911)
Loss on disposal of equipment	-	10,893
Part XII.6 taxes	-	(32,398)
Share-based compensation	953,532	1,344,038
Write-down of mineral property	1,609,741	1,883,767
Changes in non-cash operating working capital		
Amounts receivable	1,502	10,608
Prepaid expenses	(32,522)	103,493
Accounts payable and other liabilities	3,076	2,082
	(1,697,205)	(1,503,506)
Investing activities		
Interest received	146,240	125,687
Investment in exploration and evaluation assets	(5,424,426)	(10,309,798)
Purchase of equipment	(124,634)	(38,780)
Proceeds on sale of equipment	-	1,875
	(5,402,820)	(10,221,016)
Financing activities		
Common shares issued, net of share issuance costs	14,413,499	-
Exercise of share purchase options	-	192,350
	14,413,499	192,350
Increase (decrease) in cash and cash equivalents during the year	7,313,474	(11,532,172)
Cash and cash equivalents, beginning of year	5,266,660	16,798,832
Cash and cash equivalents, end of year	$ 12,580,134	$ 5,266,660
Supplementary information		
Non-cash transactions		
Increase in accounts payable and other liabilities relating to mineral property expenditures	$ 43,422	$ 129,101
Increase in other liabilities due to flow-through premium recognized on March 14, 2012 flow-through share placement (no flow-through shares issued in 2011)	97,826	-
Decrease in other liabilities due to extinguishment of flow-through premium on renouncement (2012 renouncement relates to 2012 flow-through share issuance; 2011 renouncement relates to 2010 flow-through share issuance)	(97,826)	(806,428)
Decrease (increase) in amounts receivable relating to mineral property expenditures	35,643	(51,666)
Non-cash share-based compensation included in mineral property expenditures	392,832	537,478
Depreciation included in mineral properties	38,481	45,975

See accompanying notes to the financial statements.

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 evaluation 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 evaluating 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.

As at December 31, 2012, the market capitalization of UEX Corporation was below the carrying value of the Company's net assets which are primarily represented by mineral properties. The Company has reviewed recent arms-length transactions for the acquisition of uranium resources defined by National Instrument 43-101 and has concluded that the carrying value of the Company's net assets is supported.

The Company has sufficient financial resources for exploration, evaluation and administrative costs for at least twelve months from the end of the reporting period. The Company will require additional financing from time to time and, although it has been successful in the past, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms.

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"), as issued by the International Accounting Standards Board ("IASB"). The accounting policies set out below have been applied consistently to all periods presented in these financial statements. The financial statements of UEX Corporation were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on March 19, 2013.

(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.

2. Significant accounting policies (continued)

(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. Actual amounts may differ from such estimates. Information about judgment and estimates is contained in the notes to the financial statements, with the key areas summarized below.

Significant areas requiring the use of critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements relate to:

(i) Ongoing review for the support of the carrying value of mineral properties, including: consideration of ongoing and anticipated expenditures on the mineral properties; evaluation of the success of exploration to date and other general factors such as commodity prices and outlook; evaluation of UEX's market capitalization compared to the net assets of the Company (which are primarily mineral properties); and comparison to recent arm's length transactions for similar assets in order to evaluate the appropriateness of the carrying value presented in the financial statements (see Note 1 *Nature and continuance of operations*, Note 2(l) *Mineral properties* and Note 7 *Mineral properties*).

(ii) Review of asset carrying values and impairment assessments for the Company considering whether circumstances have occurred which have impacted the estimated useful life of the assets such as damage or obsolescence, as well as the timing of impairments and the determination of recoverable amounts (see Note 2(k) *Equipment* and Note 6 *Equipment*).

(iii) Determination of deferred income tax assets relating to management's assessment of the probability that future taxable profit will be available to utilize deferred tax assets (see Note 9 *Income taxes*).

(iv) Evaluating company-specific facts and circumstances to determine whether accruals or recognition of liabilities may be required with respect to asset retirement obligations or other circumstances (see Note 2(m) *Provisions*).

(v) Interpretation of new accounting guidelines and assessing their potential impact on the Company's financial statements requires judgment with respect to company-specific facts and circumstances.

Significant areas requiring assumptions and estimation that have a significant risk of resulting in a material adjustment within the next financial year relate to:

(i) Estimates and/or assumptions used in determining the fair value of non-cash share-based compensation, including Black-Scholes inputs such as the expected forfeiture rate and the expected life of share-purchase options (see Note 10(c) *Share-based compensation*).

(ii) Assumptions used to estimate the useful lives of property, plant and equipment for determining appropriate depreciation rates (see Note 2(k) *Equipment* and Note 6 *Equipment*).

(iii) Estimates that would be used, should the recording of a rehabilitation provision or asset retirement obligation be required in the financial statements in the future. Estimates would relate to the expected inflation rate, estimated mine life and the discount rates applied (see Note 2(m) *Provisions*).

2. Significant accounting policies (continued)

(d) Comparative figures

Certain comparative amounts in the financial statements have been reclassified to conform to the current year's presentation (see Note 17 *Comparative figures*).

(e) Change in accounting policy

The Company has early adopted IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities*, as well as the amendments to IAS 27 *Separate Financial Statements* (as amended in 2011) and IAS 28 *Investments in Associates and Joint Ventures* (as amended in 2011), with a date of initial application of January 1, 2012. The main purpose of early adoption was to allow disclosure of accounting policies for joint arrangements (IFRS 11) in the annual financial statements which would not require amendment in the Company's accounting policies for the March 31, 2013 financial statements. As a result of the decision to early adopt IFRS 11, the following standards were adopted concurrently: IFRS 10; IFRS 12; IAS 27; and IAS 28.

IFRS 10 *Consolidated Financial Statements*

The adoption of this standard had no impact on the financial statements of the Company as there are no subsidiaries or investments in separate entities.

IFRS 11 *Joint Arrangements*

Under IFRS 11, the Company classifies its interests in joint arrangements as either joint operations or joint ventures depending on the Company's rights to the assets, and obligations for the liabilities, of the arrangements. When making this determination, the Company considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements, and other facts and circumstances. Previously, the structure of the arrangement was the sole focus of classification. The adoption of this standard had no impact on the financial statements of the Company because the application of IFRS 11 resulted in the same accounting treatment for the Company's joint operations (previously referred to as jointly controlled assets). The Company does not have any joint arrangements that are classified as joint ventures. Note 2(f) *Joint arrangements* reflects this early adoption.

IFRS 12 *Disclosure of Interests in Other Entities*

The adoption of this standard has led to increased disclosure in the financial statements with respect to the Company's joint arrangements and the risks associated with these agreements (see Note 2(f) *Joint arrangements* and Note 7 *Mineral properties*).

IAS 27 *Separate Financial Statements*

The adoption of this standard had no impact on the financial statements of the Company as UEX Corporation does not have any investments in subsidiaries, joint ventures or associates for which the Company has made an election, or is required by local regulators, to present separate financial statements.

IAS 28 *Investments in Associates and Joint Ventures*

The adoption of this standard had no impact on the financial statements of the Company as UEX Corporation does not have any investments in associates or joint arrangements which would be classified as joint ventures under IFRS 11, each of which would require the application of equity method accounting.

2. Significant accounting policies (continued)

(f) Joint arrangements

Joint arrangements are arrangements of which the Company has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns. They are classified and accounted for as follows:

(i) *Joint operation* – when the Company has rights to the assets, and obligations for the liabilities, relating to an arrangement, it accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation.

(ii) *Joint venture* – when the Company has rights only to the net assets of the arrangement, it accounts for its interest using the equity method.

The Company has an interest in several joint operations 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 joint operations' assets, liabilities, revenue and expenses with items of a similar nature on a line-by-line basis from the date that the joint arrangement commences until the date that the joint arrangement ceases. These interests are governed by contractual arrangements but have not been organized into separate legal entities or vehicles.

The Company does not have any joint arrangements that are classified as joint ventures.

(g) 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.

(h) 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.

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 indentified 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.

2. Significant accounting policies (continued)

(h) Financial assets (continued)

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.

(i) Financial liabilities

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

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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.

2. Significant accounting policies (continued)

(i) Financial liabilities (continued)

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.

(j) 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.

(k) 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 camp	5% - 30%
Exploration equipment	30%
Computer equipment	30% - 100%
Furniture and fixtures	20%

Depreciation methods and useful lives are reviewed at each reporting date and adjusted as required.

2. Significant accounting policies (continued)

(l) 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 expenditures are 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.

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.

2. Significant accounting policies (continued)

(m) 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.

(n) 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.

(o) 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 renouncement 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.

2. Significant accounting policies (continued)

(p) 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.

(q) 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.

(r) 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.

(s) Recent accounting announcements

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

(i) IFRS 7 *Financial Instruments: Disclosure*

It is expected that the amendment to IFRS 7 will increase the current level of disclosure relating to transfers of financial assets between the levels of the fair value hierarchy and require more detailed disclosure of both the valuation techniques used and unobservable inputs (if any), including the Company's own data.

2. Significant accounting policies (continued)

(s) Recent accounting announcements (continued)

(ii) IFRS 10 *Consolidated Financial Statements*

The adoption of this standard had no impact on the financial statements of the Company as there are no subsidiaries or investments in separate entities.

(iii) IFRS 11 *Joint Arrangements* supersedes IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities – Non-monetary Contributions by Venturers*

The adoption of this standard had no impact on the financial statements of the Company because the application of IFRS 11 resulted in the same accounting treatment for the Company's joint operations (previously referred to as jointly controlled assets).

(iv) IFRS 12 *Disclosure of Interests in Other Entities*

The adoption of this standard has led to some greater disclosure in the financial statements with respect to the Company's joint arrangements and the risks associated with these agreements.

(v) IFRS 13 *Fair Value Measurement*

The Company does not expect the adoption of IFRS 13 to have a material impact on its financial statements.

The Company early adopted IFRS 10, IFRS 11 and IFRS 12 in its financial statements for the annual period beginning on January 1, 2012. The application of these standards did not have a material impact on the results or the financial position of the Company but did result in some additional disclosure relating to the Company's joint arrangements. The Company intends to adopt IFRS 7 and IFRS 13 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 issued IFRS 9 *Financial Instruments* ("IFRS 9") to replace IAS 39 *Financial Instruments*. IFRS 9 has an effective date for year ends starting on or after January 1, 2015, with early adoption permitted. The Company intends to adopt IFRS 9 in its financial statements for the annual period beginning on January 1, 2015. The Company does not expect IFRS 9 to have a material impact on the financial statements. The classification and measurement of the Company's financial assets is not expected to change under IFRS 9 because of the nature of the Company's operations and the types of financial assets that it holds.

3. Cash and cash equivalents

	December 31 2012	December 31 2011
Cash	$ 310,019	$ 242,370
Short-term deposits	12,270,115	5,024,290
	$ 12,580,134	$ 5,266,660

4. Amounts receivable

	December 31 2012	December 31 2011
Interest receivable	$ 119,885	$ 44,660
Other receivables	51,540	88,685
	$ 171,425	$ 133,345

Interest receivable reflects interest earned on short-term deposits. Other receivables include $51,540 of Harmonized Sales Tax (HST) receivable as at December 31, 2012 ($85,818 as at December 31, 2011).

5. Prepaid expenses

	December 31 2012	December 31 2011
Advances to vendors	$ 36,244	$ 15,750
Mineral claim deposits	4,596	-
Prepaid expenses	60,517	53,085
	$ 101,357	$ 68,835

6. Equipment

	Exploration camp	Exploration equipment	Computing equipment	Furniture and fixtures	Total
Cost					
Balance at December 31, 2011	$ -	$ 312,625	$ 239,770	$ 17,891	$ 570,286
Additions	99,327	759	18,281	6,267	124,634
Balance at December 31, 2012	$ 99,327	$ 313,384	$ 258,051	$ 24,158	$ 694,920
Accumulated depreciation and impairment					
Balance at December 31, 2011	$ -	$ 265,011	$ 197,201	$ 7,886	$ 470,098
Depreciation charge for the period	14,899	14,399	21,331	2,627	53,256
Balance at December 31, 2012	$ 14,899	$ 279,410	$ 218,532	$ 10,513	$ 523,354
Net book value					
Balance at December 31, 2011	$ -	$ 47,614	$ 42,569	$ 10,005	$ 100,188
Balance at December 31, 2012	$ 84,428	$ 33,974	$ 39,519	$ 13,645	$ 171,566

7. Mineral properties

Exploration and evaluation assets

	Hidden Bay (i)	Riou Lake (ii)	Western Athabasca (iv)	Black Lake (v)	Beatty River (vi)	Total
Balance at December 31, 2010	$ 66,679,440	$ 12,209,890	$ 51,154,841	$ 15,130,203	$ 849,833	$ 146,024,207
Additions	5,989,356	59,660	4,856,897	58,518	6,255	10,970,686
Impairment charge for the period	-	(1,883,767)	-	-	-	(1,883,767)
Balance at December 31, 2011	72,668,796	10,385,783	56,011,738	15,188,721	856,088	155,111,126
Additions	2,694,429	40,154	3,146,304	44,055	9,862	5,934,804
Impairment charge for the period	-	-	(1,609,741)	-	-	(1,609,741)
Balance at December 31, 2012	$ 75,363,225	$ 10,425,937	$ 57,548,301	$ 15,232,776	$ 865,950	$ 159,436,189

The Company's mineral property interests include both 100%-owned projects as well as joint operations in which the Company has less than 100% ownership. The joint operations are governed by contractual arrangements but have not been organized into separate legal entities or vehicles.

The joint arrangements that the Company is party to in some cases entitle the Company to a right of first refusal on the projects should one of the partners choose to sell their interest. The joint arrangements are governed by a management committee which sets the annual exploration budgets for these projects. Should the Company be unable to, or choose not to, fund its required contributions as outlined in the agreement, there is a risk that the Company's ownership interest could be diluted. As a result of decisions to fund exploration programs for the joint arrangements, the Company may choose to complete further equity issuances or fund these amounts through the Company's general working capital.

100%-owned projects

(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. In 2012, total exploration and evaluation expenditures at Hidden Bay of $2,694,429 included evaluation expenditures of $1,299,781 (2011 exploration and evaluation expenditures of $5,989,356 included evaluation expenditures of $587,961) primarily relating to environmental and technical studies. Total evaluation costs of $6,589,920 as at December 31, 2012 are included in the $75,363,225 balance (the December 31, 2011 exploration and evaluation total of $72,668,796 includes $5,290,139 of evaluation expenditures) and represent costs associated with the continuing evaluation of and advancement of Hidden Bay, and include the West Bear Preliminary Feasibility Study (February 24, 2010) the Hidden Bay Preliminary Assessment Technical Report (February 23, 2011) and various environmental and technical studies.

(ii) 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, the Company wrote off $1,883,767 of deferred exploration and evaluation assets in the 2011 fiscal year.

(iii) Northern Athabasca Projects

The Company holds a 100% interest in the Northern Athabasca Projects located in the northern Athabasca Basin. The Company wrote off the deferred mineral property costs associated with its Northern Athabasca Projects in 2010 due to a lack of ongoing exploration activity. UEX continues to maintain mineral claims comprising the Jacques Point, Butler Lake, Munroe Lake and Fond du Lac projects.

7. Mineral properties (continued)

Exploration and evaluation assets (continued)

Joint operations

(iv) Western Athabasca Projects

The Western Athabasca Projects, located in the western Athabasca Basin, which include the Kianna, Anne, Colette and 58B deposits located at the Shea Creek Project, are nine joint ventures with the Company holding a 49% interest and AREVA Resources Canada Inc. (“AREVA”) holding a 51% interest as at December 31, 2012 and December 31, 2011. The Company is in the process of preparing joint-venture agreements with AREVA. At December 31, 2012, total exploration and evaluation assets to date of $57,548,301 for Western Athabasca included evaluation expenditures of $7,370,026 (the December 31, 2011 exploration and evaluation total of $56,011,738 includes $7,370,026 of evaluation expenditures) relating to the Shea Creek Project.

The Kianna, Anne, Colette and 58B deposits are subject to a royalty of US$0.212 per pound of U_3O_8 sold to a maximum royalty of US$10,000,000.

Subsequent to the year end, a budget for 2013 of $3.1 million, of which UEX is responsible for funding $1.52 million, was approved.

In the fourth quarter of 2012, UEX supported AREVA’s decision, as project operator of the Western Athabasca Projects, to not propose a budget for 2013 for James Creek and to let the seven James Creek mineral claims (18,963 hectares) lapse in 2013, and UEX concurred. As a result, the Company concluded that the amounts deferred as the James Creek exploration and evaluation assets were impaired. Consequently, a charge of $1,609,741 was recorded in the Company’s statement of operations and comprehensive loss for the year ended December 31, 2012.

(v) Black Lake Project

The Black Lake Project (“Black Lake”), 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, 2012 and December 31, 2011. Subsequent to the year end, UEX notified AREVA that as a result of their decision to not participate in the 2012 program for Black Lake their ownership interest in the project was diluted to 10.03% from 10.04%.

On September 10, 2012, the Company placed a cash deposit with the Saskatchewan Ministry of Energy and Resources to maintain a mineral claim for Black Lake that would have otherwise expired in January 2013. The cash deposit maintains the claim in good standing for a period of one year to January 2014 and is refundable to the Company upon completion of exploration work equal to the amount of the deposit plus the annual work assessment required to maintain the claim.

Subsequent to the year end, the Company entered into an agreement with Uracan Resources Ltd. (“Uracan”), whereby Uracan may earn a 60% interest in Black Lake (see Note 18 *Subsequent event*).

(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, 2013. Expenditures under this agreement by UEX to December 31, 2012 amounted to $858,118. Subsequent to the year end, JCU and UEX agreed that UEX fulfilled its earn-in on the Beatty River Project by making a payment to JCU of $3,441.

7. Mineral properties (continued)

Exploration and evaluation assets (continued)

UEX is party to the following joint arrangements:

Ownership interest Effective December 31, 2012	Western Athabasca	Black Lake [(1)]	Beatty River [(2)]
UEX Corporation	49.000 %	89.960 %	- %
AREVA Resources Canada Inc.	51.000	10.040	50.702
JCU (Canada) Exploration Co. Ltd.	-	-	49.298
Total	100.000 %	100.000 %	100.000 %

[(1)] Subsequent to year end, UEX notified AREVA that their ownership interest had been diluted from 10.04% to 10.03% as a result of their decision to not participate in the 2012 programs (see Note 7(v) *Black Lake Project*). Also subsequent to year end, UEX entered into an agreement with Uracan Resources Ltd. ("Uracan") whereby the Company will transfer to Uracan a 60% interest in the Black Lake Project upon completion of their funding of $10 million in exploration expenditures on UEX's behalf (see Note 18 *Subsequent event*).

[(2)] Subsequent to year end, UEX completed its earn-in on the Beatty River Project and holds a 25% interest in the project (see Note 7(vi) *Beatty River Project*).

8. Accounts payable and other liabilities

	December 31 2012	December 31 2011
Trade payables	$ 444,652	$ 367,197
Other liabilities	66,247	97,204
	$ 510,899	$ 464,401

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, 2012 and December 31, 2011 are presented below:

	December 31 2012	December 31 2011
Deferred tax assets		
Losses carried forward	$ 2,432,582	$ 1,950,005
Charitable donations	8,438	7,898
Equipment	147,372	132,993
Share issuance costs	246,214	137,961
	2,834,606	2,228,857
Deferred tax liabilities		
Mineral properties	15,801,130	15,415,371
Net deferred tax liabilities	$ 12,966,524	$ 13,186,514

9. Income taxes (continued)

At December 31, 2012, the Company has non-capital losses available for income tax purposes totaling approximately $9,009,561 (2011 - $7,222,241) which may be carried forward to reduce future years' taxable income. These losses, if not utilized, will expire by 2032.

A reconciliation of income taxes at statutory rates with the reported taxes for the years ended December 31, 2012 and 2011 is as follows:

	Year ended December 31	
	2012	**2011**
Loss before income taxes	$ (4,025,844)	$ (4,728,626)
Statutory rates	27%	28.5%
Income tax recovery at statutory rates	1,086,978	1,347,658
Non-deductible expenses and permanent differences	(260,212)	(384,914)
Exploration expenditures renounced net of flow-through premium	(712,173)	(1,588,664)
Future corporate tax rate differences	-	(50,671)
Deferred income tax recovery (expense)	$ 114,593	$ (676,591)

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.

(b) Issued and outstanding - common shares

	Number of shares	Value
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
Issued in 2012		
For cash by way of private placements	*18,421,027*	15,166,176
Share issuance costs		(752,677)
Value attributed to flow-through premium on issuance	-	(97,826)
Deferred income taxes on share issuance costs	-	203,223
Balance, December 31, 2012	*221,488,679*	$ 172,345,291

10. Share capital (continued)

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

On March 13, 2012, the Company completed an underwritten bought deal public financing for 10,000,000 common shares at a price of $0.80 per share for gross proceeds of $8,000,000. Cameco exercised its pre-emptive right to participate in the offering and purchased 2,917,183 shares for $2,333,746 (thereby maintaining its ownership at approximately 22.58%) on the same terms as the offering, except no cash commission was payable. In addition, the underwriter exercised its 10% over-allotment rights and Cameco exercised its associated pre-emptive right resulting in the Company issuing 1,291,719 shares receiving another $1,033,375. Share issue costs include a cash commission of $440,000 and other issuance costs of $275,633.

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

(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, 2012 and December 31, 2011 and changes during the years ended on these dates is presented below:

	Number of share purchase options	Weighted-average exercise price
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
Granted	2,460,000	0.60
Expired	(5,334,700)	1.45
Outstanding, December 31, 2012	16,186,000	$ 1.08

10. Share capital (continued)

(c) Share-based compensation (continued)

In the year ended December 31, 2012, $4,266,495 was transferred from the share-based payments reserve to deficit relating to the expiry of 5,334,700 share purchase options. 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.

The share-based payments reserve values of $5,088,191 as at December 31, 2012 and $8,008,322 as at December 31, 2011 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.

As at December 31, 2012, the Company had a total of 16,186,000 share purchase options outstanding related to director, employee and consultant share purchase options, the details of which are as follows:

	Outstanding			Exercisable	
Range of exercise prices	**Number of share purchase options**	**Weighted-average exercise price**	**Weighted-average remaining contractual life (years)**	**Number of share purchase options**	**Weighted-average exercise price**
$ 0.60 - 0.97	5,210,000	$ 0.74	6.32	3,509,998	$ 0.80
0.98 - 1.27	5,941,000	1.09	6.82	4,778,998	1.10
1.28 - 1.45	5,035,000	1.41	6.50	5,035,000	1.41
	16,186,000	$ 1.08	6.56	13,323,996	$ 1.14

The estimated fair value expense of all share purchase options vested during the year ended December 31, 2012 is $1,346,364 (2011 - $1,881,516). The amount included in mineral properties for the year ended December 31, 2012 is $392,832 (2011 - $537,478). The unamortized balance of share-based compensation expense for share purchase options that were not vested at December 31, 2012 is $562,820 (2011 - $1,044,600).

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 2012	**December 31 2011**
Number of options granted	2,460,000	3,666,000
Expected forfeiture rate	0.55%	0.81%
Weighted-average grant date fair values	$ 0.60	$ 1.02
Expected volatility	79.48%	85.41%
Risk-free interest rate	1.12%	2.09%
Expected life	4.02 years	3.99 years

10. Share capital (continued)

(d) Flow-through shares

The Company has financed 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, 2012, the Company had spent all of the $3.0 million flow-through monies raised in the 2012 placement. The Company renounced the income tax benefit of this issue to its subscribers effective December 31, 2012.

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 2012
2013	$ 59,110
2014	60,566
2015	56,743
2016	-
2017	-

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

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 evaluation 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 evaluation 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 evaluation 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.

13. Management of financial risk (continued)

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 initially recorded at fair value and subsequently at cost with accrued interest recorded in accounts receivable. At December 31, 2012, the Company's cash and cash equivalents of $12,580,134 (December 31, 2011 - $5,266,660) are classified as Level 1 within the fair value hierarchy.

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	
	2012	**2011**
Insurance	$ 48,632	$ 47,507
Office supplies and consulting	153,272	215,869
Telephone	12,887	10,694
	$ 214,791	$ 274,070

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 2012	Year ended December 31 2011
Other consultants [1]	$ 60,130	$ 93,385
Other consultants share-based payments [3]	13,674	17,049
Panterra Geoservices Inc.[2]	29,750	39,750
Panterra Geoservices Inc. share-based payments [3]	54,722	102,338
	$ 158,276	$ 252,522

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

[2] 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).

(b) Key management personnel compensation

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

	Year ended December 31 2012	Year ended December 31 2011
Salaries and short-term employee benefits [4]	$ 896,716	$ 692,719
Termination payments	-	75,833
Share-based payments [3]	1,164,376	1,623,417
	$ 2,061,092	$ 2,391,969

[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. Comparative figures

Certain prior period figures presented for comparative purposes have been reclassified to conform to the current financial statement presentation as follows:

(a) Balance Sheet - Note 5, Prepaid expenses

As at December 31, 2011, prepaid expenses included $15,000 which was an advance to a vendor that shall apply this amount to the final invoice for the project rather than as work is completed.

	Previous presentation		Current presentation
	December 31 2011	**Financial statement reclassification**	**December 31 2011**
Advances to vendors	$ 750	$ 15,000	$ 15,750
Prepaid expenses	68,085	(15,000)	53,085
	$ 68,835	$ -	$ 68,835

This presentation change only impacts the supporting note and does not impact the values presented in the balance sheet as at December 31, 2011 or the statement of cash flows for the year ended December 31, 2011.

(b) Statements of Operations and Comprehensive Loss

In the year ended December 31, 2011 certain costs related to shareholder communications have been reclassified for consistency from office expenses to the filing fees and stock exchange expense category where all other shareholder communication costs are presented. This reclassification resulted in $32,132 being reclassified from *Office expenses* to *Filing fees and stock exchange* which more appropriately reflects the nature of the expense.

	Previous presentation		Current presentation
Year ended	**December 31 2011**	**Financial statement reclassification**	**December 31 2011**
Filing fees and stock exchange	$ 118,172	$ 32,132	$ 150,304
Office expenses	306,202	(32,132)	274,070

The reclassification did not have any effect on the net loss and comprehensive loss in the statement of operations and comprehensive loss for the year ended December 31, 2011 since the amounts are reclassifications within expenses. The reclassification does not impact the values presented in the statement of cash flows for the year ended December 31, 2011.

18. Subsequent event

In early 2013, UEX signed an agreement with Uracan Resources Ltd. (“Uracan”) whereby Uracan can earn a 60% interest in the Black Lake Project (the “Project”) in northern Saskatchewan, which is a joint venture with AREVA Resources Canada Inc.

Uracan must fund a total of $10.0 million of project expenditures over 10 years to earn their 60% interest in the Project from UEX, with no partial earn-in permitted. Uracan has committed to spend $2.0 million on project expenditures by December 31, 2014, with a firm commitment to fund $1.5 million even if a decision is made by Uracan not to proceed with the earn-in or the agreement is otherwise terminated. Should the agreement be terminated prior to $1.5 million in project costs having been funded by Uracan, any shortfall is payable directly to UEX. During the remainder of the option period, minimum expenditures of $1.0 million per year are to be funded by Uracan. UEX remains the project operator until such time as Uracan has earned its 60% interest in the Project and is entitled to a 10% management fee under the Black Lake joint venture agreement.

Uracan has issued 300,000 shares and 150,000 share purchase warrants to UEX. The warrants are exercisable for three years at a price of $0.15 for each warrant. Uracan has also granted to UEX a 1% NSR royalty from their ownership interest and upon UEX receiving a total of $10.0 million in royalty payments, the NSR royalty will terminate.

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Vice-President, Exploration

Nan Lee
Vice-President, Project Development

Ed Boney
Chief Financial Officer and Corporate Secretary