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# UEX CORPORATION

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CONDENSED INTERIM FINANCIAL STATEMENTS

MARCH 31, 2012

*(Unaudited – Prepared by Management)*



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## **NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS**

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

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

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

# UEX CORPORATION

## Balance Sheets

(Unaudited – Prepared by Management)

	Notes	March 31 2012	December 31 2011
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	\$ 18,509,838	\$ 5,266,660
Amounts receivable	4	189,188	133,345
Prepaid expenses	5	44,169	68,835
		18,743,195	5,468,840
<b>Non-current assets</b>			
Equipment	6	94,323	100,188
Mineral properties	7	156,405,271	155,111,126
<b>Total assets</b>		<b>\$ 175,242,789</b>	<b>\$ 160,680,154</b>
<b>Liabilities and Shareholders' Equity</b>			
<b>Current liabilities</b>			
Accounts payable and other liabilities	8	\$ 1,007,981	\$ 464,401
<b>Non-current liabilities</b>			
Deferred tax liability	9	12,880,199	13,186,514
<b>Total liabilities</b>		<b>13,888,180</b>	<b>13,650,915</b>
<b>Shareholders' equity</b>			
Share capital	10	172,350,467	157,826,395
Share-based payments reserve		8,315,244	8,008,322
Deficit		(19,311,102)	(18,805,478)
		161,354,609	147,029,239
<b>Total liabilities and shareholders' equity</b>		<b>\$ 175,242,789</b>	<b>\$ 160,680,154</b>
Nature and continuance of operations	1		
Commitments	7(ii) (v), 10(d), 11		

See accompanying notes to the unaudited condensed interim financial statements.

Approved on behalf of the Board and authorized for issue on May 3, 2012.

*“signed”*

*Graham C. Thody*

Director

*“signed”*

*Emmet A. McGrath*

Director

# UEX CORPORATION

Statements of Operations and Comprehensive Loss  
(Unaudited – Prepared by Management)

Three-Month Periods Ended March 31

	Notes	2012	2011
<b>Revenue</b>			
Interest income		\$ 13,104	\$ 20,386
		13,104	20,386
<b>Expenses</b>			
Bank charges and interest		1,005	603
Depreciation		2,639	2,526
Filing fees and stock exchange		46,252	70,211
Legal and audit		45,988	73,262
Office expenses	15	51,901	83,859
Rent		32,168	31,161
Salaries, termination and placement fees		173,037	257,788
Share-based compensation	10 (c)	218,650	184,328
Travel and promotion		52,095	18,654
		623,735	722,392
<b>Loss before income taxes</b>		(610,631)	(702,006)
Deferred income tax recovery (expense)	9	105,007	(1,449,145)
<b>Net loss and comprehensive loss for the period</b>		\$ (505,624)	\$ (2,151,151)
<b>Basic and diluted loss per share</b>		\$ (0.002)	\$ (0.011)
<b>Basic and diluted weighted-average number of shares outstanding</b>		206,867,513	203,025,930

See accompanying notes to the unaudited condensed interim financial statements.

# UEX CORPORATION

Statements of Changes in Equity  
(Unaudited – Prepared by Management)

	Number of common shares	Share capital	Share-based payments reserve	Deficit	Total
<b>Balance, December 31, 2010</b>	202,862,652	\$ 157,477,185	\$ 7,641,422	\$ (14,758,017)	\$ 150,360,590
Net loss for the period				(2,151,151)	(2,151,151)
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			246,383		246,383
<b>Balance, March 31, 2011</b>	203,067,652	157,826,395	7,730,945	(16,909,168)	148,648,172
Net loss for the period				(3,254,066)	(3,254,066)
Share-based payment transactions			1,635,133		1,635,133
Transfer to deficit on expiry and cancellation of share purchase options			(1,357,756)	1,357,756	
<b>Balance, December 31, 2011</b>	203,067,652	157,826,395	8,008,322	(18,805,478)	147,029,239
Net loss for the period				(505,624)	(505,624)
Issue pursuant to private placements, net of issuance costs	18,421,027	14,420,590			14,420,590
Value attributed to flow-through premium on issuance		(97,826)			(97,826)
Deferred income taxes on share issue costs		201,308			201,308
Share-based payment transactions			306,922		306,922
<b>Balance, March 31, 2012</b>	221,488,679	\$ 172,350,467	\$ 8,315,244	\$ (19,311,102)	\$ 161,354,609

See accompanying notes to the unaudited condensed interim financial statements.

# UEX CORPORATION

Statements of Cash Flows  
(Unaudited – Prepared by Management)

Three-Month Periods Ended March 31

	2012	2011
<b>Cash provided by (used for):</b>		
<b>Operating activities</b>		
Net loss for the period	\$ (505,624)	\$ (2,151,151)
Adjustments for:		
Depreciation	2,639	2,526
Deferred income tax expense (recovery)	(105,007)	1,449,145
Interest income	(13,104)	(20,386)
Part XII.6 taxes	-	(38,389)
Share-based compensation	218,650	184,328
Changes in non-cash operating working capital		
Amounts receivable	(38,650)	(1,366)
Prepaid expenses	24,666	77,417
Accounts payable and other liabilities	259,556	791,688
	(156,874)	293,812
<b>Investing activities</b>		
Interest received	-	34,718
Investment in exploration and evaluation assets	(1,018,242)	(1,973,090)
Purchase of equipment	(2,296)	(22,716)
	(1,020,538)	(1,961,088)
<b>Financing activities</b>		
Common shares issued, net of share issuance costs	14,420,590	-
Exercise of share purchase options	-	192,350
	14,420,590	192,350
<b>Increase (decrease) in cash and cash equivalents during the period</b>	<b>13,243,178</b>	<b>(1,474,926)</b>
Cash and cash equivalents, beginning of period	5,266,660	16,798,832
<b>Cash and cash equivalents, end of period</b>	<b>\$ 18,509,838</b>	<b>\$ 15,323,906</b>
<b>Supplementary information</b>		
Non-cash transactions		
Increase (decrease) in accounts payable and other liabilities relating to mineral property expenditures	186,198	(188,144)
Increase in other liabilities due to flow-through premium	97,826	-
Decrease in other liabilities due to extinguishment of flow-through premium on renouncement	-	(806,428)
Increase in amounts receivable relating to mineral property expenditures	(4,089)	(51,414)
Non-cash share-based compensation included in mineral property expenditures	88,272	62,055
Depreciation included in mineral properties	5,522	11,424

See accompanying notes to the unaudited condensed interim financial statements.

# UEX CORPORATION

Notes to the Condensed Interim Financial Statements  
For the three-month periods ended March 31, 2011 and March 31, 2010  
(Unaudited – Prepared by Management)

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## 1. Nature and continuance of operations

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

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

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

The Company has sufficient financial resources for exploration, development 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. Basis of preparation and significant accounting policies

### (a) Statement of compliance

These unaudited condensed interim financial statements, including comparative figures have been prepared in accordance with International Accounting Standards (“IAS”) 34 *Interim Financial Reporting*, as issued by the International Accounting Standards Board (“IASB”) and do not include all of the information required for full annual financial statements. These condensed unaudited interim financial statements should be read in conjunction with the Company’s 2011 annual financial statements which have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

These condensed unaudited interim financial statements were approved by the Board of Directors for issue on May 3, 2012.

### (b) Estimates

The preparation of unaudited interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these unaudited condensed interim financial statements, the significant judgements made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Company’s financial statements as at and for the year ended December 31, 2011.

# UEX CORPORATION

Notes to the Condensed Interim Financial Statements  
For the three-month periods ended March 31, 2011 and March 31, 2010  
(Unaudited – Prepared by Management)

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## 2. Basis of preparation and significant accounting policies (continued)

### (c) Significant accounting policies

The accounting policies applied by the Company in these condensed unaudited interim financial statements are the same as those applied by the Company in its financial statements as at and for the year ended December 31, 2011.

### (d) Recent accounting announcements

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

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

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

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

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

## 3. Cash and cash equivalents

	March 31 2012	December 31 2011
Cash	\$ 885,547	\$ 242,370
Short-term deposits	17,624,291	5,024,290
	\$ 18,509,838	\$ 5,266,660

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# UEX CORPORATION

Notes to the Condensed Interim Financial Statements  
For the three-month periods ended March 31, 2011 and March 31, 2010  
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## 4. Amounts receivable

	March 31 2012	December 31 2011
Interest receivable	\$ 57,763	\$ 44,660
Other receivables	131,425	88,685
	\$ 189,188	\$ 133,345

Interest receivable reflects interest earned on short-term deposits. Other receivables include \$131,155 of Harmonized Sales Tax (HST) receivable as at March 31, 2012 (\$85,818 as at December 31, 2011).

## 5. Prepaid expenses

	March 31 2012	December 31 2011
Advances to vendors	\$ 83	\$ 750
Prepaid expenses	44,086	68,085
	\$ 44,169	\$ 68,835

## 6. Equipment

	Exploration equipment	Computing equipment	Furniture and fixtures	Total
<b>Cost</b>				
Balance at December 31, 2011	\$ 312,625	\$ 239,770	\$ 17,891	\$ 570,286
Additions	-	-	2,296	2,296
Balance at March 31, 2012	\$ 312,625	\$ 239,770	\$ 20,187	\$ 572,582
<b>Accumulated depreciation and impairment</b>				
Balance at December 31, 2011	\$ 265,011	\$ 197,201	\$ 7,886	\$ 470,098
Charge for the period	3,571	4,033	557	8,161
Balance at March 31, 2012	\$ 268,582	\$ 201,234	\$ 8,443	\$ 478,259
<b>Net book value</b>				
Balance at December 31, 2011	\$ 47,614	\$ 42,569	\$ 10,005	\$ 100,188
Balance at March 31, 2012	44,043	38,536	11,744	94,323

# UEX CORPORATION

Notes to the Condensed Interim Financial Statements  
For the three-month periods ended March 31, 2011 and March 31, 2010  
(Unaudited – Prepared by Management)

## 7. Mineral properties

Exploration and evaluation assets

	Hidden Bay	Western Athabasca	Black Lake	Riou Lake	Beatty River	Total
	(i)	(ii)	(iii)	(iv)	(v)	
<b>Costs as at December 31, 2011</b>	\$ 72,668,796	\$ 56,011,738	\$ 15,188,721	\$ 12,269,550	\$ 856,088	\$ 156,994,893
Additions	1,099,523	182,957	5,011	3,074	3,580	1,294,145
<b>Costs as at March 31, 2012</b>	\$ 73,768,319	\$ 56,194,695	\$ 15,193,732	\$ 10,388,857	\$ 859,668	\$ 156,405,271
<b>Provision for impairment as at December 31, 2011</b>	\$ -	\$ -	\$ -	\$ (1,883,767)	\$ -	\$ (1,883,767)
Impairment charge for the period	-	-	-	-	-	-
<b>Provision for impairment as at March 31, 2012</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net book value as at December 31, 2011</b>	\$ 72,668,796	\$ 56,011,738	\$ 15,188,721	\$ 10,385,783	\$ 856,088	\$ 155,111,126
<b>Net book value as at March 31, 2012</b>	73,768,319	56,194,695	15,193,732	10,388,857	859,668	156,405,271

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

(i) Hidden Bay Project

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

(ii) Western Athabasca Projects

The Western Athabasca Projects, located in the western Athabasca Basin, which include the Kianna, Anne, Colette and 58B deposits (located at the Shea Creek Project), are ten joint ventures with the Company holding a 49% interest and AREVA Resources Canada Inc. ("AREVA") holding a 51% interest as at March 31, 2012 and December 31, 2011. The Company is in the process of preparing joint-venture agreements with AREVA.

The Kianna, Anne, Colette and 58B deposits are subject to a royalty of \$0.212 (US) per pound of U<sub>3</sub>O<sub>8</sub> sold to a maximum royalty of \$10,000,000 (US).

For 2012, UEX approved an annual budget of \$6 million for exploration at the Shea Creek Project, of which UEX is responsible for funding \$2.94 million.

(iii) Black Lake Project

The Black Lake Project, located in the northern Athabasca Basin, is a joint venture with the Company holding an 89.96% interest and AREVA holding a 10.04% interest as at March 31, 2012 and December 31, 2011.

# UEX CORPORATION

Notes to the Condensed Interim Financial Statements  
For the three-month periods ended March 31, 2011 and March 31, 2010  
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## 7. Mineral properties (continued)

Exploration and evaluation assets (continued)

(iv) Riou Lake Project

The Company holds a 100% interest in the Riou Lake Project located in the northern Athabasca Basin. In the fourth quarter of 2011, the Company allowed one of its mineral claims for the Riou Lake Project to lapse. As a result of this event, the Company wrote off \$1,883,767 of deferred exploration and evaluation assets in the 2011 fiscal year.

(v) 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.

(vi) 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.

## 8. Accounts payable and other liabilities

	<b>March 31 2012</b>	<b>December 31 2011</b>
Trade payables	\$ 832,158	\$ 367,197
Other liabilities	77,997	97,204
Flow-through share premium	97,826	-
	<b>\$ 1,007,981</b>	<b>\$ 464,401</b>

The flow-through share premium represents the difference between the subscription price of \$0.92 per share and the market price at the subscription date of \$0.89 per share relating to the March 14, 2012 flow-through placement of 3,260,869 shares.

# UEX CORPORATION

Notes to the Condensed Interim Financial Statements  
For the three-month periods ended March 31, 2011 and March 31, 2010  
(Unaudited – Prepared by Management)

## 9. Income taxes

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities at March 31, 2012 and December 31, 2011 are presented below:

	March 31 2012	December 31 2011
<b>Deferred tax assets</b>		
Losses carried forward	\$ 2,148,347	\$ 1,950,005
Charitable donations	8,438	7,898
Equipment	135,196	132,993
Share issue costs	244,683	137,961
	2,536,664	2,228,857
<b>Deferred tax liabilities</b>		
Mineral properties	15,416,863	15,415,371
<b>Net deferred tax liabilities</b>	\$ 12,880,199	\$ 13,186,514

At March 31, 2012, the Company has non-capital losses available for income tax purposes totaling approximately \$7,956,839 (2011 - \$6,115,581) 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 three-month periods ended March 31, 2012 and 2011 is as follows:

	Three-month period ended March 31	
	2012	2011
Loss before income taxes	\$ (610,631)	\$ (702,006)
Statutory rates	27.0%	28.5%
Income tax recovery at statutory rates	164,870	200,072
Non-deductible expenses and permanent differences	(59,863)	(52,802)
Exploration expenditures renounced net of flow-through premium	-	(1,588,665)
Future corporate tax rate differences	-	(7,750)
<b>Deferred income tax recovery (expense)</b>	\$ 105,007	\$ (1,449,145)

# UEX CORPORATION

Notes to the Condensed Interim Financial Statements  
For the three-month periods ended March 31, 2011 and March 31, 2010  
(Unaudited – Prepared by Management)

## 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
<b>Balance, December 31, 2011</b>	203,067,652	\$ 157,826,395
Issued in 2012		
For cash by way of private placements, net of share issuance costs	18,421,027	14,420,590
Value attributed to flow-through premium on issuance	-	(97,826)
Future income taxes on share issuance costs	-	201,308
<b>Balance, March 31, 2012</b>	221,488,679	\$ 172,350,467

On March 13, 2012, the Company completed an underwritten bought deal public financing for 11,000,000 common shares at a price of \$0.80 per share for gross proceeds of \$8,800,000. Share issue costs include a cash commission of \$440,000 and other issuance costs of \$268,542. Cameco exercised its pre-emptive right to participate in the offering and purchased 3,208,902 shares so as to maintain its ownership at approximately 22.58% on the same terms as the offering, except no cash commission was payable.

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

### (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.

# UEX CORPORATION

Notes to the Condensed Interim Financial Statements  
For the three-month periods ended March 31, 2011 and March 31, 2010  
(Unaudited – Prepared by Management)

## 10. Share capital (continued)

### (c) Share-based compensation (continued)

A summary of the status of the Company's share-based compensation plan as at March 31, 2012 and December 31, 2011 and changes during the periods ended on these dates is presented below:

	Number of share purchase options	Weighted-average exercise price
<b>Outstanding, December 31, 2011</b>	19,060,700	\$ 1.24
Granted, Exercised, Cancelled, Expired	-	-
<b>Outstanding, March 31, 2012</b>	19,060,700	\$ 1.24

As at March 31, 2012, the Company had a total of 19,060,700 share purchase options outstanding related to director, employee and consultant share purchase options, the details of which are as follows:

Range of exercise prices	Outstanding			Exercisable	
	Number of share purchase options	Weighted-average exercise price	Weighted-average remaining contractual life (years)	Number of share purchase options	Weighted-average exercise price
\$ 0.72 - 1.16	6,836,000	\$ 0.96	6.75	3,692,001	\$ 0.94
1.17 - 1.40	5,525,000	1.24	4.88	5,525,000	1.24
1.41 - 3.56	6,699,700	1.53	3.84	6,699,700	1.53
	19,060,700	\$ 1.24	5.18	15,916,701	\$ 1.29

The estimated fair value expense of all share purchase options vested during the quarter ended March 31, 2012 is \$306,922 (2011 - \$246,383). The amount included in mineral properties for the quarter ended March 31, 2012 is \$88,272 (2011 - \$62,055). The unamortized balance of share-based compensation expense for share purchase options that were not vested at March 31, 2012 is \$741,867 (2011 - \$395,307).

The weighted-average fair value of the share purchase options granted during the period was nil as none were granted (2011 - nil as none granted).

# UEX CORPORATION

Notes to the Condensed Interim Financial Statements  
For the three-month periods ended March 31, 2011 and March 31, 2010  
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## 10. Share capital (continued)

### (d) Flow-through shares

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

As at March 31, 2012, the Company estimates that it has spent \$0.4 million of the \$3.0 million flow-through monies raised in the March 2012 placement. The Company will renounce the income tax benefit of this issue to its subscribers in February 2013.

## 11. Commitments

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

	<b>March 31 2012</b>
2012	43,270
2013	59,110
2014	60,566
2015	56,743
2016	-

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

## 12. Management of capital

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

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

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Notes to the Condensed Interim Financial Statements  
For the three-month periods ended March 31, 2011 and March 31, 2010  
(Unaudited – Prepared by Management)

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## 13. Management of financial risk

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

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure as outlined in Note 12. Accounts payable and other liabilities are due within the current operating period.

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

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

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

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

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

Cash and cash equivalents are classified as loans and receivables and are therefore recorded at fair value. At March 31, 2012, the Company's cash and cash equivalents of \$18,509,838 (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.



# UEX CORPORATION

Notes to the Condensed Interim Financial Statements  
For the three-month periods ended March 31, 2011 and March 31, 2010  
(Unaudited – Prepared by Management)

## 15. Office expenses

	Three months ended March 31	
	2012	2011
Insurance	\$ 11,971	\$ 10,965
Office supplies and consulting	37,049	69,934
Telephone	2,881	2,960
	<u>\$ 51,901</u>	<u>\$ 83,859</u>

## 16. Related party transactions

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

### (a) Related party transactions

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

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

<sup>(1)</sup> 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.

<sup>(2)</sup> 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.

<sup>(3)</sup> 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.

# UEX CORPORATION

Notes to the Condensed Interim Financial Statements  
For the three-month periods ended March 31, 2011 and March 31, 2010  
(Unaudited – Prepared by Management)

## 16. Related party transactions (continued)

### (b) Key management personnel compensation

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

	Three months ended March 31	
	2012	2011
Salaries and short-term employee benefits <sup>(4)</sup>	\$ 175,947	\$ 152,542
Termination payments	-	75,000
Share-based payments <sup>(3)</sup>	263,507	203,657
	\$ 439,454	\$ 431,199

<sup>(3)</sup> 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.

<sup>(4)</sup> 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.



## Corporate Information

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### Head Office

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Email: [uex@uex-corporation.com](mailto:uex@uex-corporation.com)  
Website: [www.uex-corporation.com](http://www.uex-corporation.com)

### Solicitors

**Blake, Cassels & Graydon LLP**

Suite 2600 – 3 Bentall Centre  
P.O. Box 49314  
595 Burrard Street  
Vancouver, British Columbia V7X 1L3

### Auditors

**KPMG LLP**

777 Dunsmuir Street  
Vancouver, British Columbia V7Y 1Q3

### Transfer Agency

**Computershare Investor Services Inc.**

3<sup>rd</sup> Floor, 510 Burrard Street  
Vancouver, British Columbia V6C 3B9

### Directors and Officers

**Mark P. Eaton**

*Director, Chairman of the Board*

**Graham C. Thody**

*President, Chief Executive Officer and Director*

**Colin C. Macdonald**

*Director*

**Suraj P. Ahuja**

*Director*

**Emmet A. McGrath**

*Director*

**R. Sierd Eriks**

*Vice-President, Exploration*

**Nan Lee**

*Vice-President, Project Development*

**Ed Boney**

*Chief Financial Officer*