



---

# UEX CORPORATION

---

CONDENSED INTERIM FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012

*(Unaudited – Prepared by Management)*



Suite 1007 - 808 Nelson Street, Vancouver, BC V6Z 2H2  
PH: (604) 669-2349 FAX: (604) 669-1240 uex@uex-corporation.com

## **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

Condensed Interim Balance Sheets

(Unaudited - Prepared by Management)

	Notes	September 30 2012	December 31 2011
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	\$ 15,061,693	\$ 5,266,660
Amounts receivable	4	171,397	133,345
Prepaid expenses	5	90,775	68,835
		15,323,865	5,468,840
<b>Non-current assets</b>			
Equipment	6	188,445	100,188
Mineral properties	7	159,932,548	155,111,126
<b>Total assets</b>		<b>\$ 175,444,858</b>	<b>\$ 160,680,154</b>
<b>Liabilities and Shareholders' Equity</b>			
<b>Current liabilities</b>			
Accounts payable and other liabilities	8	\$ 1,543,889	\$ 464,401
<b>Non-current liabilities</b>			
Deferred tax liability	9	12,723,845	13,186,514
<b>Total liabilities</b>		<b>14,267,734</b>	<b>13,650,915</b>
<b>Shareholders' equity</b>			
Share capital	10	172,345,291	157,826,395
Share-based payments reserve	10(c)	8,513,906	8,008,322
Deficit		(19,682,073)	(18,805,478)
		161,177,124	147,029,239
<b>Total liabilities and shareholders' equity</b>		<b>\$ 175,444,858</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 November 12, 2012.

*"signed"*

*Graham C. Thody*

Director

*"signed"*

*Emmet A. McGrath*

Director

# UEX CORPORATION

Condensed Interim Statements of Operations and Comprehensive Loss

(Unaudited - Prepared by Management)

	Notes	Three-month period ended September 30		Nine-month period ended September 30	
		2012	2011	2012	2011
<b>Revenue</b>					
Interest income		\$ 52,834	\$ 78,489	\$ 173,449	\$ 107,693
		52,834	78,489	173,449	107,693
<b>Expenses</b>					
Bank charges and interest		1,166	1,184	3,361	2,524
Depreciation		3,550	2,883	9,154	8,765
Filing fees and stock exchange		3,537	20,581	121,889	140,708
Legal and audit		57,729	32,258	162,054	158,423
Maintenance		9,878	-	9,878	-
Office expenses	15	42,937	48,579	147,706	217,850
Rent		23,709	23,354	88,070	85,801
Salaries, termination and placement fees		154,655	148,444	496,844	558,249
Share-based compensation	10(c)	171,419	250,292	789,759	1,072,576
Travel and promotion		9,022	23,672	102,827	72,356
		477,602	551,247	1,931,542	2,317,252
<b>Loss before income taxes</b>		(424,768)	(472,758)	(1,758,093)	(2,209,559)
Deferred income tax recovery (expense)	9	68,294	60,065	259,446	(1,282,214)
<b>Net loss and comprehensive loss for the period</b>		\$ (356,474)	\$ (412,693)	\$ (1,498,647)	\$ (3,491,773)
<b>Basic and diluted loss per share</b>		\$ (0.002)	\$ (0.002)	\$ (0.007)	\$ (0.017)
<b>Basic and diluted weighted- average number of shares outstanding</b>		221,488,679	203,067,652	216,632,744	203,053,897

See accompanying notes to the unaudited condensed interim financial statements.

# UEX CORPORATION

Condensed Interim 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				(3,491,773)	(3,491,773)
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			1,516,106		1,516,106
<b>Balance, September 30, 2011</b>	203,067,652	157,826,395	9,000,668	(18,249,790)	148,577,273
Net loss for the period				(1,913,444)	(1,913,444)
Share-based payment transactions			365,410		365,410
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				(1,498,647)	(1,498,647)
Issue pursuant to private placements, net of issuance costs	18,421,027	14,413,499			14,413,499
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			1,127,636		1,127,636
Transfer to deficit on expiry and cancellation of share purchase options			(622,052)	622,052	-
<b>Balance, September 30, 2012</b>	221,488,679	\$ 172,345,291	\$ 8,513,906	\$ (19,682,073)	\$ 161,177,124

See accompanying notes to the unaudited condensed interim financial statements.

# UEX CORPORATION

Condensed Interim Statements of Cash Flows

(Unaudited - Prepared by Management)

	Three-month period ended September 30		Nine-month period ended September 30	
	2012	2011	2012	2011
<b>Cash provided by (used for):</b>				
<b>Operating activities</b>				
Net loss for the period	\$ (356,474)	\$ (412,693)	\$ (1,498,647)	\$ (3,491,773)
Adjustments for:				
Depreciation	3,550	2,883	9,154	8,765
Deferred income tax expense (recovery)	(68,294)	(60,065)	(259,446)	1,282,214
Interest income	(52,834)	(78,489)	(173,449)	(107,693)
Part XII.6 taxes	-	48,154	-	(32,398)
Share-based compensation	171,419	250,292	789,759	1,072,576
Changes in non-cash operating working capital				
Amounts receivable	17,189	23,323	8,329	10,645
Prepaid expenses	(12,569)	15,608	(21,940)	159,361
Accounts payable and other liabilities	(42,401)	(141,711)	(19,713)	593,432
	(340,414)	(352,698)	(1,165,953)	(504,871)
<b>Investing activities</b>				
Interest received	319	38,838	100,547	125,686
Investment in exploration and evaluation assets	(1,624,754)	(4,326,836)	(3,430,539)	(7,720,808)
Purchase of equipment	(36,994)	(7,188)	(122,521)	(38,780)
	(1,661,429)	(4,295,186)	(3,452,513)	(7,633,902)
<b>Financing activities</b>				
Common shares issued, net of share issuance costs	-	-	14,413,499	-
Exercise of share purchase options	-	-	-	192,350
	-	-	14,413,499	192,350
<b>Increase (decrease) in cash and cash equivalents during the period</b>	(2,001,843)	(4,647,884)	9,795,033	(7,946,423)
Cash and cash equivalents, beginning of period	17,063,536	13,500,293	5,266,660	16,798,832
<b>Cash and cash equivalents, end of period</b>	\$ 15,061,693	\$ 8,852,409	\$ 15,061,693	\$ 8,852,409
<b>Supplementary information</b>				
Non-cash transactions				
Increase (decrease) in accounts payable and other liabilities relating to mineral property expenditures	\$ 509,427	\$ (32,456)	\$ 1,001,375	\$ 923,330
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)
Decrease (increase) in amounts receivable relating to mineral property expenditures	(15,242)	(149,821)	26,521	(162,970)
Non-cash share-based compensation included in mineral property expenditures	89,224	206,257	337,877	443,530
Depreciation included in mineral properties	8,159	11,762	25,110	34,611

See accompanying notes to the unaudited condensed interim financial statements.

# UEX CORPORATION

Notes to the Condensed Interim Financial Statements

For the nine-month periods ended September 30, 2012 and September 30, 2011

(Unaudited – Prepared by Management)

---

## 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.

As at September 30, 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, 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 unaudited condensed 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 unaudited condensed interim financial statements were approved by the Board of Directors for issue on November 12, 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, liabilities, income and expenses. Actual results may differ from these estimates.

# UEX CORPORATION

Notes to the Condensed Interim Financial Statements

For the nine-month periods ended September 30, 2012 and September 30, 2011

(Unaudited – Prepared by Management)

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

### (b) Estimates (continued)

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.

### (c) Significant accounting policies

The accounting policies applied by the Company in these unaudited condensed 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 IAS 31, *Interests in Joint Ventures* and SIC-13, *Jointly Controlled Entities – Non-monetary Contributions by Venturers*
- (ii) IFRS 12, *Disclosure of Interests in Other Entities*
- (iii) IFRS 13, *Fair Value Measurement*

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

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

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

## 3. Cash and cash equivalents

	September 30 2012	December 31 2011
Cash	\$ 37,261	\$ 242,370
Short-term deposits	15,024,432	5,024,290
	\$ 15,061,693	\$ 5,266,660



# UEX CORPORATION

Notes to the Condensed Interim Financial Statements

For the nine-month periods ended September 30, 2012 and September 30, 2011

(Unaudited – Prepared by Management)

## 4. Amounts receivable

	September 30 2012	December 31 2011
Interest receivable	\$ 117,562	\$ 44,660
Other receivables	53,835	88,685
	\$ 171,397	\$ 133,345

Interest receivable reflects interest earned on short-term deposits. Other receivables consist of \$53,835 of Harmonized Sales Tax (HST) receivable as at September 30, 2012 (\$85,818 as at December 31, 2011).

## 5. Prepaid expenses

	September 30 2012	December 31 2011
Advances to vendors	\$ 37,608	\$ 15,750
Mineral claim deposits	4,596	-
Prepaid expenses	48,571	53,085
	\$ 90,775	\$ 68,835

## 6. Equipment

	Exploration camp	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	99,327	722	16,205	6,267	122,521
Balance at September 30, 2012	\$ 99,327	\$ 313,347	\$ 255,975	\$ 24,158	\$ 692,807
<b>Accumulated depreciation and impairment</b>					
Balance at December 31, 2011	\$ -	\$ 265,011	\$ 197,201	\$ 7,886	\$ 470,098
Charge for the period	8,154	10,757	13,427	1,926	34,264
Balance at September 30, 2012	\$ 8,154	\$ 275,768	\$ 210,628	\$ 9,812	\$ 504,362
<b>Net book value</b>					
Balance at December 31, 2011	\$ -	\$ 47,614	\$ 42,569	\$ 10,005	\$ 100,188
Balance at September 30, 2012	91,173	37,579	45,347	14,346	188,445

# UEX CORPORATION

Notes to the Condensed Interim Financial Statements

For the nine-month periods ended September 30, 2012 and September 30, 2011

(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>Balance at December 31, 2010</b>	\$ 66,679,440	\$ 51,154,841	\$ 15,130,203	\$ 12,209,890	\$ 849,833	\$ 146,024,207
Additions	5,989,356	4,856,897	58,518	59,660	6,255	10,970,686
Impairment charge for the period	-	-	-	(1,883,767)	-	(1,883,767)
<b>Balance at December 31, 2011</b>	72,668,796	56,011,738	15,188,721	10,385,783	856,088	155,111,126
Additions	2,293,233	2,419,856	58,546	40,122	9,665	4,821,422
<b>Balance at September 30, 2012</b>	\$ 74,962,029	\$ 58,431,594	\$ 15,247,267	\$ 10,425,905	\$ 865,753	\$ 159,932,548

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. At September 30, 2012, total exploration and evaluation assets for Hidden Bay included development expenditures of \$1,911,329 (December 31, 2011 - \$1,154,625).

(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 September 30, 2012 and December 31, 2011. The Company is in the process of preparing joint-venture agreements with AREVA. At September 30, 2012, total exploration and evaluation assets for Western Athabasca included development expenditures of \$7,370,026 (December 31, 2011 - \$7,370,026).

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 September 30, 2012 and December 31, 2011.

On September 10, 2012, the Company placed a cash deposit with the Saskatchewan Ministry of Energy and Resources to maintain a mineral claim for the Black Lake Project 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.

# UEX CORPORATION

Notes to the Condensed Interim Financial Statements

For the nine-month periods ended September 30, 2012 and September 30, 2011

(Unaudited – Prepared by Management)

---

## 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 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 September 30, 2012 amounted to \$857,921.

(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>September 30 2012</b>	<b>December 31 2011</b>
Trade payables	\$ 693,720	\$ 367,197
Other liabilities	752,343	97,204
Flow-through share premium	97,826	-
	<b>\$ 1,543,889</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 nine-month periods ended September 30, 2012 and September 30, 2011

(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 September 30, 2012 and December 31, 2011 are presented below:

	September 30 2012	December 31 2011
<b>Deferred tax assets</b>		
Losses carried forward	\$ 2,277,667	\$ 1,950,005
Charitable donations	8,438	7,898
Equipment	142,244	132,993
Share issuance costs	269,957	137,961
	2,698,306	2,228,857
<b>Deferred tax liabilities</b>		
Mineral properties	15,422,151	15,415,371
<b>Net deferred tax liabilities</b>	<b>\$ 12,723,845</b>	<b>\$ 13,186,514</b>

At September 30, 2012, the Company has non-capital losses available for income tax purposes totaling approximately \$8,435,805 (December 31, 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 three-month and nine-month periods ended September 30, 2012 and 2011 is as follows:

	Three-month period ended September 30		Nine-month period ended September 30	
	2012	2011	2012	2011
Loss before income taxes	\$ (424,768)	\$ (472,758)	\$ (1,758,093)	\$ (2,209,559)
Statutory rates	27%	28.5%	27%	28.5%
Income tax recovery at statutory rates	114,687	134,736	474,685	629,724
Non-deductible expenses and permanent differences	(46,393)	(71,333)	(215,239)	(306,248)
Exploration expenditures renounced net of flow-through premium	-	-	-	(1,588,665)
Future corporate tax rate differences	-	(3,338)	-	(17,025)
<b>Deferred income tax recovery (expense)</b>	<b>\$ 68,294</b>	<b>\$ 60,065</b>	<b>\$ 259,446</b>	<b>\$ (1,282,214)</b>

# UEX CORPORATION

Notes to the Condensed Interim Financial Statements

For the nine-month periods ended September 30, 2012 and September 30, 2011

(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, 2010</b>	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 payments reserve transferred on exercise of share purchase options	-	156,860
<b>Balance, September 30, 2011 and 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	14,413,499
Value attributed to flow-through premium on issuance	-	(97,826)
Deferred income taxes on share issuance costs	-	203,223
<b>Balance, September 30, 2012</b>	221,488,679	\$ 172,345,291

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 \$275,633. 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.

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%.

# UEX CORPORATION

Notes to the Condensed Interim Financial Statements

For the nine-month periods ended September 30, 2012 and September 30, 2011

(Unaudited – Prepared by Management)

## 10. Share capital (continued)

### (c) Share-based compensation

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

A summary of the status of the Company's share-based compensation plan as at September 30, 2012, December 31, 2011 and September 30, 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, 2010</b>	16,554,700	\$ 1.39
Granted	3,486,000	1.03
Exercised	(205,000)	0.94
Expired	(180,000)	1.20
<b>Outstanding, September 30, 2011</b>	19,655,700	1.33
Granted	180,000	0.80
Cancelled	(775,000)	3.38
<b>Outstanding, December 31, 2011</b>	19,060,700	1.24
Granted	2,460,000	0.60
Expired	(750,000)	1.45
<b>Outstanding, September 30, 2012</b>	20,770,700	\$ 1.16

In the nine-month period ended September 30, 2012, \$622,052 was transferred from the share-based payments reserve to deficit relating to the expiry of 750,000 share purchase options. No options were cancelled or expired in the three months ended September 30, 2012. In the nine-month period ended September 30, 2011, \$156,860 was transferred from the share-based payments reserve to share capital relating to the exercise of 205,000 share purchase options and \$109,511 was transferred from the share-based payments reserve to deficit relating to the expiry of 180,000 share purchase options. No options were exercised, cancelled or expired in the three months ended September 30, 2011.

The share-based payments reserve values of \$8,513,906 as at September 30, 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.

# UEX CORPORATION

Notes to the Condensed Interim Financial Statements

For the nine-month periods ended September 30, 2012 and September 30, 2011

(Unaudited – Prepared by Management)

## 10. Share capital (continued)

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

As at September 30, 2012, the Company had a total of 20,770,700 share purchase options outstanding related to director, employee and consultant share purchase options, the details of which are as follows:

Range of exercise prices	Number of share purchase options	Outstanding		Exercisable	
		Weighted-average exercise price	Weighted-average remaining contractual life (years)	Number of share purchase options	Weighted-average exercise price
\$ 0.60 - 0.99	7,696,000	\$ 0.82	6.62	5,173,996	\$ 0.86
1.00 - 1.40	7,125,000	1.21	5.24	6,325,000	1.22
1.41 - 3.56	5,949,700	1.54	3.80	5,949,700	1.54
	20,770,700	\$ 1.16	5.34	17,448,696	\$ 1.22

The estimated fair value expense of all share purchase options vested during the three-month period ended September 30, 2012 is \$260,643 (2011 - \$456,549). The amount included in mineral properties for the three-month period ended September 30, 2012 is \$89,224 (2011 - \$206,257). The estimated fair value expense of all share purchase options vested during the nine-month period ended September 30, 2012 is \$1,127,636 (2011 - \$1,516,106). The amount included in mineral properties for the nine-month period ended September 30, 2012 is \$337,877 (2011 - \$443,530). The unamortized balance of share-based compensation expense for share purchase options that were not vested at September 30, 2012 is \$778,881 (2011 - \$1,357,557).

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

	September 30 2012	September 30 2011
Number of options granted	2,460,000	3,486,000
Expected forfeiture rate	0.55%	0.82%
Weighted-average grant date fair values	\$ 0.60	\$ 1.03
Expected volatility	79.48%	85.63%
Risk-free interest rate	1.12%	2.14%
Expected life	4.02 years	4.05 years

On October 31, 2012, 3,000,000 share-purchase options with a weighted-average exercise price of \$1.33 per option expired.

# UEX CORPORATION

Notes to the Condensed Interim Financial Statements

For the nine-month periods ended September 30, 2012 and September 30, 2011

(Unaudited – Prepared by Management)

---

## 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 September 30, 2012, the Company estimates that it has spent \$2.7 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>September 30 2012</b>
2012	\$ 14,504
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.



# UEX CORPORATION

Notes to the Condensed Interim Financial Statements

For the nine-month periods ended September 30, 2012 and September 30, 2011

(Unaudited – Prepared by Management)

---

## 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 September 30, 2012, the Company's cash and cash equivalents of \$15,061,693 (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 nine-month periods ended September 30, 2012 and September 30, 2011

(Unaudited – Prepared by Management)

## 15. Office expenses

	Three months ended September 30		Nine months ended September 30	
	2012	2011	2012	2011
Insurance	\$ 12,385	\$ 11,134	\$ 36,328	\$ 33,064
Office supplies and consulting	27,877	34,891	102,740	176,626
Telephone	2,675	2,554	8,638	8,160
	\$ 42,937	\$ 48,579	\$ 147,706	\$ 217,850

## 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 September 30		Nine months ended September 30	
	2012	2011	2012	2011
Other consultants <sup>(1)</sup>	\$ 19,987	\$ 16,000	\$ 54,605	\$ 80,985
Other consultants share-based payments <sup>(3)</sup>	2,092	3,573	11,575	13,462
Panterra Geoservices Inc. <sup>(2)</sup>	8,250	12,250	21,000	32,000
Panterra Geoservices Inc. share-based payments <sup>(3)</sup>	11,122	7,107	46,921	74,203
	\$ 41,451	\$ 38,930	\$ 134,101	\$ 200,650

<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 nine-month periods ended September 30, 2012 and September 30, 2011

(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 September 30		Nine months ended September 30	
	2012	2011	2012	2011
Salaries and short-term employee benefits <sup>(4)</sup>	\$ 195,438	\$ 168,389	\$ 577,409	\$ 488,830
Termination payments	-	-	-	75,833
Share-based payments <sup>(3)</sup>	229,159	418,964	973,876	1,316,732
	\$ 424,597	\$ 587,353	\$1,551,285	\$1,881,395

<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 as follows:

### (a) Interim Balance Sheet – Note 5, Prepaid expenses

As at December 31, 2011, prepaid expenses included \$15,000 which was a prepayment 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

# UEX CORPORATION

Notes to the Condensed Interim Financial Statements

For the nine-month periods ended September 30, 2012 and September 30, 2011

(Unaudited – Prepared by Management)

## 17. Comparative Figures (continued)

### (b) Interim Statements of Operations and Comprehensive Loss

In the three-month and nine-month periods ended September 30, 2011, \$153 and \$32,132 of certain costs related to shareholder communications have been reclassified from office expenses to the filing fees and stock exchange expense category where all other shareholder communication costs are presented.

	Previous presentation		Current presentation
<b>Three months ended</b>	<b>September 30 2011</b>	<b>Financial statement reclassification</b>	<b>September 30 2011</b>
Filing fees and stock exchange	\$ 20,428	\$ 153	\$ 20,581
Office expenses	48,732	(153)	48,579

	Previous presentation		Current presentation
<b>Nine months ended</b>	<b>September 30 2011</b>	<b>Financial statement reclassification</b>	<b>September 30 2011</b>
Filing fees and stock exchange	\$ 108,576	\$ 32,132	\$ 140,708
Office expenses	249,982	(32,132)	217,850

### (c) Interim Statements of Cash Flows

The three-month and nine-month interim cash flow statements for the periods ended September 30, 2011 have been formatted to align with the presentation of the December 31, 2011 annual audited cash flow statements. These changes impact the presentation of Part XII.6 tax, interest income and interest received.

	Previous presentation		Current presentation
<b>Three months ended</b>	<b>September 30 2011</b>	<b>Financial statement reclassification</b>	<b>September 30 2011</b>
Interest income (operating)	Not presented	\$ (78,489)	\$ (78,489)
Part XII.6 taxes (operating)	Not presented	48,154	48,154
Amounts receivable (operating)	31,826	(8,503)	23,323
Interest received (investing)	Not presented	38,838	38,838
	31,826	-	31,826

	Previous presentation		Current presentation
<b>Nine months ended</b>	<b>September 30 2011</b>	<b>Financial statement reclassification</b>	<b>September 30 2011</b>
Interest income (operating)	Not presented	\$ (107,693)	\$ (107,693)
Part XII.6 taxes (operating)	Not presented	(32,398)	32,398
Amounts receivable (operating)	(3,760)	14,405	10,645
Interest received (investing)	Not presented	125,686	125,686
	(3,760)	-	(3,760)



## Corporate Information

---

### Head Office

**UEx Corporation**

Suite 1007 - 808 Nelson Street  
Vancouver, British Columbia, Canada V6Z 2H2

Telephone: (604) 669-2349  
Fax: (604) 669-1240  
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 and Corporate Secretary*