UEX CORPORATION

CONDENSED INTERIM FINANCIAL STATEMENTS

MARCH 31, 2014

(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 2014	December 31 2013
Assets			
Current assets			
Cash and cash equivalents	3	$ 9,045,666	$ 9,321,916
Amounts receivable	4	100,265	143,558
Prepaid expenses	5	248,531	142,578
		9,394,462	9,608,052
Non-current assets			
Equipment	6	89,900	125,031
Mineral properties	7	164,734,695	164,106,221
Investments	8, 14	45,214	31,733
Total assets		$ 174,264,271	$ 173,871,037
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and other liabilities	9	$ 986,858	$ 220,634
Non-current liabilities			
Deferred tax liability	10	13,271,123	13,376,478
Total liabilities		14,257,981	13,597,112
Shareholders' equity			
Share capital	11(b)	175,316,661	175,316,661
Share-based payments reserve		4,762,655	4,585,900
Accumulated other comprehensive income	11(c)	7,785	-
Deficit		(20,080,811)	(19,628,636)
		160,006,290	160,273,925
Total liabilities and shareholders' equity		$ 174,264,271	$ 173,871,037

Nature and continuance of operations	1
Commitments	7(iv), 12, 17(b)

See accompanying notes to the unaudited condensed interim financial statements.

Approved on behalf of the Board and authorized for issue on May 1, 2014.

"signed" Director
Roger M. Lemaitre

"signed" Director
Emmet A. McGrath

UEX CORPORATION

Statements of Operations and Comprehensive Loss

(Unaudited – Prepared by Management)

Three-month periods ended March 31

	Notes	2014	2013
Revenue			
Interest income		$ 35,102	$ 62,221
Expenses			
Bank charges and interest		1,034	1,041
Depreciation		9,468	3,066
Filing fees and stock exchange		49,486	47,876
Legal and audit		38,323	50,401
Maintenance		86	-
Office expenses	16	94,256	63,335
Rent		40,894	33,354
Salaries		125,747	213,333
Share-based compensation	11(c)	161,163	157,494
Travel and promotion		77,871	42,582
Unrealized loss (gain) on held-for-trading financial assets	7(v), 8, 14	(4,481)	1,307
		593,847	613,789
Loss before income taxes		(558,745)	(551,568)
Deferred income tax recovery	10	106,570	114,726
Loss for the period		(452,175)	(436,842)
Other comprehensive income (loss)			
Available-for-sale financial assets			
Net change in fair value	7(v), 8, 14	9,000	(3,000)
Deferred income tax recovery (expense) on change in fair value of available-for-sale financial assets	10	(1,215)	405
		7,785	(2,595)
Comprehensive loss for the period		$ (444,390)	$ (439,437)
Basic and diluted loss per share		$ (0.002)	$ (0.002)
Basic and diluted weighted-average number of shares outstanding		227,838,679	221,488,679

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	Accumulated other comprehensive income	Deficit	Total
Balance, December 31, 2012	*221,488,679*	$ 172,345,291	$ 5,088,191	$ -	$ (18,450,234)	$ 158,983,248
Loss for the period					(436,842)	(436,842)
Other comprehensive income (loss) *Fair value change in AFS financial assets*				(3,000)		(3,000)
Deferred income tax recovery – fair value change in AFS financial assets				405		405
Share-based payment transactions			204,582			204,582
Balance, March 31, 2013	*221,488,679*	172,345,291	5,292,773	(2,595)	(18,887,076)	158,748,393
Loss for the period					(1,911,160)	(1,911,160)
Issued pursuant to private placements	*6,350,000*	3,175,000				3,175,000
Share issuance costs		(104,972)				(104,972)
Value attributed to flow-through premium on issuance		(127,000)				(127,000)
Deferred income taxes on share issuance costs		28,342				28,342
Other comprehensive income (loss) *Fair value change in AFS financial assets*				3,000		3,000
Deferred income tax recovery – fair value change in AFS financial assets				(405)		(405)
Share-based payment transactions			462,727			462,727
Transfer to deficit on expiry and cancellation of share purchase options			(1,169,600)		1,169,600	-
Balance, December 31, 2013	*227,838,679*	175,316,661	4,585,900	-	(19,628,636)	160,273,925
Loss for the period					(452,175)	(452,175)
Other comprehensive income (loss) *Fair value change in AFS financial assets*				9,000		9,000
Deferred income tax expense - fair value change in AFS financial assets				(1,215)		(1,215)
Share-based payment transactions			176,755			176,755
Balance, March 31, 2014	*227,838,679*	$ 175,316,661	$ 4,762,655	$ 7,785	$ (20,080,811)	$ 160,006,290

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

	2014	2013
Cash provided by (used for):		
Operating activities		
Loss for the period	$ (452,175)	$ (436,842)
Adjustments for:		
Depreciation	9,468	3,066
Deferred income tax recovery	(106,570)	(114,726)
Interest income	(35,102)	(62,221)
Share-based compensation	161,163	157,494
Unrealized fair value loss on held-for-trading financial assets	(4,481)	1,307
Changes in non-cash operating working capital		
Amounts receivable	(45,650)	14,420
Prepaid expenses	(105,953)	20,422
Accounts payable and other liabilities	416,690	21,740
	(162,610)	(395,340)
Investing activities		
Interest received	124,322	162,354
Investment in exploration and evaluation assets	(231,739)	(676,295)
Purchase of equipment	(6,223)	(6,267)
	(113,640)	(520,208)
Financing activities		
Common shares issued, net of share issuance costs	-	-
Increase (decrease) in cash and cash equivalents during the period	(276,250)	(915,548)
Cash and cash equivalents, beginning of period	9,321,916	12,580,134
Cash and cash equivalents, end of period	$ 9,045,666	$ 11,664,586
Supplementary information		
Non-cash transactions		
Increase (decrease) in accounts payable and other liabilities relating to mineral property expenditures	$ 349,534	$ (212,487)
Increase in amounts receivable relating to mineral property expenditures	(277)	(17,324)
Non-cash share-based compensation included in mineral property expenditures	15,592	47,088
Fair value of shares and warrants received as partial consideration for mineral property earn-in (reduction in carrying value of mineral properties)	-	(35,931)
Depreciation included in mineral properties	31,886	10,184
Advance payments received in period		
Prepayments received for Black Lake exploration, net of 2014 disbursements, included in other liabilities (see Notes 7(v) and 9)	390,121	-

See accompanying notes to the unaudited condensed interim 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 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 performed an evaluation of impairment indicators under *IFRS 6(20)* for its exploration and evaluation assets (mineral properties) as at March 31, 2014 and has concluded that there are no indicators of impairment. However, as at March 31, 2014, the market capitalization of the Company was below the carrying value of its net assets which are primarily represented by mineral properties. Accordingly, the Company has also reviewed the value attributed per pound in the ground of U_3O_8 in recent arms-length transactions for the acquisition of uranium resources defined by National Instrument 43-101. As a result of this review the Company has concluded that the Company's net assets are not impaired.

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. 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 Standard ("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 2013 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 1, 2014.

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

(b) Estimates

The preparation of unaudited interim financial statements requires management to make judgments, 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 judgments 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, 2013.

(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, 2013.

(d) Recent accounting announcements

The International Accounting Standards Board has issued IFRS 9 *Financial Instruments* ("IFRS 9") to replace IAS 39 *Financial Instruments,* which is intended to reduce the complexity in the measurement and classification of financial instruments. The current version of IFRS 9 does not include a mandatory effective date but is available for early adoption. An effective date will be determined when all phases of the update to IFRS 9 are completed. 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 2014	December 31 2013
Cash	$ 103,843	$ 429,610
Short-term deposits	8,941,823	8,892,306
	$ 9,045,666	$ 9,321,916

4. Amounts receivable

	March 31 2014	December 31 2013
Interest receivable	$ 41,722	$ 130,942
Other receivables	58,543	12,616
	$ 100,265	$ 143,558

Interest receivable reflects interest earned on short-term deposits. Other receivables include $55,226 of Goods and Services Tax (GST) receivable as at March 31, 2014 ($12,186 as at December 31, 2013).

5. Prepaid expenses

	March 31 2014	December 31 2013
Advances to vendors	$ 16,357	$ 16,357
Mineral claim deposits	43,344	43,344
Prepaid expenses	188,830	82,877
	$ 248,531	$ 142,578

6. Equipment

	Exploration camp	Exploration equipment	Computing equipment	Furniture and fixtures	Total
Cost					
Balance at December 31, 2012	$ 99,327	$ 313,384	$ 258,051	$ 24,158	$ 694,920
Additions	-	-	5,036	4,862	9,898
Disposals	-	-	(25,203)	-	(25,203)
Balance at December 31, 2013	$ 99,327	$ 313,384	$ 237,884	$ 29,020	$ 679,615
Additions	-	-	2,611	3,612	6,223
Balance at March 31, 2014	$ 99,327	$ 313,384	$ 240,495	$ 32,632	$ 685,838
Accumulated depreciation and impairment					
Balance at December 31, 2012	$ 14,899	$ 279,410	$ 218,532	$ 10,513	$ 523,354
Depreciation charge for the year	25,328	10,192	14,937	3,871	54,328
Disposals	-	-	(23,098)	-	(23,098)
Balance at December 31, 2013	$ 40,227	$ 289,602	$ 210,371	$ 14,384	$ 554,584
Depreciation charge for the period	1,971	23,362	11,115	4,906	41,354
Balance at March 31, 2014	$ 42,198	$ 312,964	$ 221,486	$ 19,290	$ 595,938
Net book value					
Balance at December 31, 2012	$ 84,428	$ 33,974	$ 39,519	$ 13,645	$ 171,566
Balance at December 31, 2013	$ 59,100	$ 23,782	$ 27,513	$ 14,636	$ 125,031
Balance at March 31, 2014	$ 57,129	$ 420	$ 19,009	$ 13,342	$ 89,900

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, 2012	$ 75,363,225	$ 10,425,937	$ 57,548,301	$ 15,232,776	$ 865,950	$ 159,436,189
Additions	860,244	-	3,808,943	33,335	3,441	4,705,963
Fair value consideration (Note 7(v))	-	-	-	(35,931)	-	(35,931)
Balance at December 31, 2013	76,223,469	10,425,937	61,357,244	15,230,180	869,391	164,106,221
Additions	71,528	-	539,961	16,985	-	628,474
Balance at March 31, 2014	$ 76,294,997	$ 10,425,937	$ 61,897,205	$ 15,247,165	$ 869,391	$ 164,734,695

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 the first quarter of 2014, total exploration and evaluation expenditures at Hidden Bay included evaluation expenditures of $4,281 (Q1 2013 - $328,250) primarily relating to component technical studies. Total evaluation costs of $7,296,580 are included in the $76,294,997 balance as at March 31, 2014 (December 31, 2013 - $7,292,299) representing 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 component technical studies.

(ii) Riou Lake Project

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

(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 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 (the "Projects"), located in the western Athabasca Basin, which include the Kianna, Anne, Colette and 58B deposits located at the Shea Creek Project, are eight joint ventures with the Company holding an approximate 49.1% interest and AREVA Resources Canada Inc. ("AREVA") holding an approximate 50.9% interest as at March 31, 2014 and December 31, 2013. The Company is in the process of negotiating joint-venture agreements with AREVA. As at March 31, 2014, total exploration and evaluation assets to date for Western Athabasca include evaluation expenditures of $7,370,026 (December 31, 2013 - $7,370,026).

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.

As at March 31, 2014, $467,178 of the $982,000 (UEX's share of the $2.0 million 2014 Western Athabasca exploration program) remains as a funding commitment for the Company, with this amount to be expended as the program is completed in 2014.

On April 10, 2013 an agreement was signed with AREVA which grants UEX the option to increase its ownership interest in the Western Athabasca Projects, which includes the Shea Creek Project, by 0.9% to a maximum interest of 49.9% by spending $18.0 million on exploration over the six-year period ending December 31, 2018. UEX is under no obligation to propose a budget in any year of the agreement. The ownership interest for the Projects shall be increased at the end of the year by the proportional amount of the additional exploration expenditures incurred in the year which are in addition to the budget amounts proposed by AREVA. UEX may propose an additional exploration budget of up to $4.0 million in any single year without the prior approval of AREVA, who remains the project operator. UEX has not yet determined whether a supplemental exploration program will be proposed in 2014.

(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 89.99% interest and AREVA holding a 10.01% interest as at March 31, 2014 and December 31, 2013.

On December 24, 2013, the Company placed a cash deposit of $43,344 with the Saskatchewan Ministry of the Economy to maintain a mineral claim for Black Lake that would have otherwise lapsed in January 2014. The cash deposit maintains the claim in good standing for a period of one year to January 2015 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. As at March 31, 2014, sufficient work has been completed to ensure the deposit will be refunded upon filing of the necessary technical information.

In early 2013, UEX signed an agreement with Uracan Resources Ltd. ("Uracan") whereby Uracan can earn a 60% interest in Black Lake.

7. Mineral properties (continued)

Exploration and evaluation assets (continued)

Joint operations (continued)

(v) Black Lake Project (continued)

Uracan must fund a total of $10.0 million of project expenditures over 10 years to earn their 60% interest in Black Lake 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 Black Lake and is entitled to a 10% management fee under the Black Lake joint venture agreement. Uracan issued 300,000 shares and 150,000 share purchase warrants to UEX in 2013. The warrants are exercisable for three years at a price of $0.15 for each warrant. The opening value upon receipt was determined to be $27,000 for the Uracan shares and $8,931 for the Uracan warrants. The combined amount of $35,931 was recorded as a reduction in the carrying value of the Black Lake Project in 2013. 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.

In January 2014, UEX received a prepayment of $650,000 from Uracan, which amounted to 100% of the budgeted 2014 winter drilling program at Black Lake. As at March 31, 2014, $25,161 of this prepayment remained unspent. In March 2014, UEX received a second prepayment from Uracan of $423,500 amounting to 100% of the budgeted 2014 winter geophysics program at Black Lake. As at March 31, 2014, $364,960 of this second prepayment remained unspent. As at March 31, 2014, Uracan has funded approximately $1.2 million toward its earn-in on the Black Lake Project.

(vi) Beatty River Project

In 2013, the Company acquired a 25% interest in the Beatty River Project, which is located in the western Athabasca Basin, from JCU (Canada) Exploration Company, Limited (“JCU”) by funding $858,118 in exploration expenditures and 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 March 31, 2014 and December 31, 2013	Western[1] Athabasca	Black[2] Lake	Beatty[3] River
UEX Corporation	49.097 %	89.990 %	25.000 %
AREVA Resources Canada Inc.	50.903	10.010	50.702
JCU (Canada) Exploration Company, Limited	-	-	24.298
	100.000 %	100.000 %	100.000 %

(1) In early 2014, UEX notified AREVA that their ownership interest in the Western Athabasca projects had been diluted from 51.00% to 50.903% as a result of $1,944,020 in exploration expenditures having been incurred in 2013, which were 100% funded by UEX under the terms of the optional six-year $18 million, 0.9% additional earn-in agreement.

(2) In early 2014, UEX notified AREVA that their ownership interest in Black Lake had been diluted from 10.030% to 10.010% as a result of their decision to not participate in the 2013 programs (see Note 7(v) *Black Lake Project*). In 2013, 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.

(3) UEX completed its earn-in on the Beatty River Project in 2013 and holds a 25% interest in the project (see Note 7(vi) *Beatty River Project*).

8. Investments

The Company holds 300,000 share and 150,000 warrant certificates of Uracan which were received in early 2013 as partial consideration for the signing of an agreement which allows Uracan to earn a 60% interest in the Black Lake Project (see Note 7(v)). These shares and warrants are being held for long-term investment purposes. The investments include warrants which have been classified as *Financial assets at fair value through profit or loss* ("FVTPL") and as such are stated at fair value with any changes in fair value recognized in profit or loss. The investments also include shares which have been classified as *Available-for-sale financial assets* and are carried at fair value. Changes in fair value are recognized in other comprehensive income with amounts in accumulated other comprehensive income recognized in profit and loss when they are sold.

	March 31 2014	December 31 2013
Common shares held – Uracan[1] (TSX.V:URC) (see Note 14)	$ 36,000	$ 27,000
Warrants held – Uracan (see Note 14)	9,214	4,733
	$ 45,214	$ 31,733

(1) The historical fair value of the shares was $27,000 based on the market closing price on February 13, 2013, the date the shares were received.

The fair value of the Uracan shares is based on the market price for these actively traded securities.

8. Investments (continued)

The fair value of the warrants received from Uracan was determined using the Black-Scholes option-pricing model with the following weighted-average assumptions as at the dates indicated:

	March 31 2014	December 31 2013
Number of warrants – Uracan [(1)]	150,000	150,000
Expected forfeiture rate	0.00%	0.00%
Weighted-average valuation date fair values	$ 0.06	$ 0.06
Expected volatility	112.33%	150.18%
Risk-free interest rate	1.07%	1.14%
Dividend yield	0.00%	0.00%
Expected life	1.87 years	2.19 years

(1) Historical fair value of the 150,000 Uracan warrants at acquisition on February 13, 2013 was determined to be $8,931 using the Black-Scholes option-pricing model with the following weighted-average assumptions: Pre-vest forfeiture rate – 0.00%; Expected volatility – 127.26%; Risk-free interest rate – 1.22%; Dividend yield – 0.00%; and Expected life of options – 3.00 years.

9. Accounts payable and other liabilities

	March 31 2014	December 31 2013
Trade payables	$ 374,862	$ 50,936
Other liabilities	221,875	90,692
Uracan – Black Lake program prepayments	390,121	79,006
	$ 986,858	$ 220,634

Prepayments received from Uracan in 2014 represent the full budgeted amount of $1,073,500 for the 2014 winter exploration program at Black Lake. As at March 31, 2014, $390,121 of these prepayments remained unspent. The prepayment received from Uracan in 2013 represented the full budgeted amount of $104,060 for the 2013 exploration program at Black Lake. The unspent amount of $79,006 as at December 31, 2013 was fully expended upon completion of the 2013 exploration program in January 2014.

10. Income taxes

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities at March 31, 2014 and December 31, 2013 are presented below:

	March 31 2014	December 31 2013
Deferred tax assets		
Losses carried forward	$ 3,061,195	$ 2,937,669
Charitable donations	8,438	8,438
Equipment	173,774	162,609
Share issuance costs	155,012	173,918
Investments	-	567
	3,398,419	3,283,201
Deferred tax liabilities		
Mineral properties	16,668,289	16,659,679
Investments	1,253	-
	16,669,542	16,659,679
Net deferred tax liabilities	$ 13,271,123	$ 13,376,478

At March 31, 2014, the Company has non-capital losses available for income tax purposes totaling approximately $11,337,759 (December 31, 2013 - $10,880,257) which may be carried forward to reduce future years' taxable income. These losses, if not utilized, will begin expiring in 2028, with the current period's non-capital losses expiring in 2034.

A reconciliation of income taxes at statutory rates with the reported taxes for the three-month periods ended March 31, 2014 and 2013 is as follows:

	Three-month period ended March 31	
	2014	2013
Loss before income taxes	$ (558,745)	$ (551,568)
Statutory rates	27%	27%
Income tax recovery at statutory rates	150,861	148,923
Non-deductible expenses and permanent differences	(44,291)	(34,197)
Future corporate tax rate differences	-	-
Deferred income tax recovery	$ 106,570	$ 114,726
Deferred income tax recovery (expense) – other comprehensive income	$ (1,215)	$ 405

11. 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, 2012	*221,488,679*	$ 172,345,291
Issued pursuant to private placement in 2013	*6,350,000*	3,175,000
Share issuance costs		(104,972)
Value attributed to flow-through premium on issuance		(127,000)
Deferred income taxes on share issuance costs		28,342
Balance, December 31, 2013	*227,838,679*	175,316,661
Issued pursuant to private placement in 2014	*nil*	-
Balance, March 31, 2014	*227,838,179*	$ 175,316,661

(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 March 31, 2014 and December 31, 2013 and changes during the periods ended on these dates is presented below:

	Number of share purchase options	Weighted-average exercise price
Outstanding, December 31, 2012	16,186,000	$ 1.08
Granted	2,285,000	0.36
Cancelled	(1,200,000)	1.38
Expired	(450,000)	0.80
Outstanding, December 31, 2013	16,821,000	0.97
Granted	1,000,000	0.41
Outstanding, March 31, 2014	17,821,000	$ 0.93

11. Share capital (continued)

(c) Share-based compensation (continued)

On January 15, 2014, the Company granted 1,000,000 share purchase options to a new senior officer pursuant to the Company's share option plan. The share purchase options were issued at an exercise price of $0.41 and expire on January 15, 2019.

	March 31 2014	March 31 2013
Number of options granted	1,000,000	-
Expected forfeiture rate	0.46%	-
Weighted-average grant date fair values	$ 0.22	-
Expected volatility	67.90%	-
Risk-free interest rate	1.53%	-
Dividend yield	0.00%	-
Expected life	4.26 years	-

No options were cancelled or expired in the three-month periods ended March 31, 2014 and 2013.

As at March 31, 2014, the Company had a total of 17,821,000 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
$ 0.36 – 0.82	5,915,000	$ 0.48	5.60	3,055,001	$ 0.53
0.83 – 1.16	6,001,000	0.98	5.49	6,001,000	0.98
1.17 – 1.45	5,905,000	1.34	4.96	5,905,000	1.34
	17,821,000	$ 0.93	5.35	14,961,001	$ 1.03

The share-based payments reserve values of $4,762,655 as at March 31, 2014 and $4,585,900 as at December 31, 2013 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.

The estimated fair value expense of all share purchase options vested during the quarter ended March 31, 2014 is $176,755 (2013 - $204,582). The amount included in mineral properties for the quarter ended March 31, 2014 is $15,592 (2013 - $47,088) and the remaining $161,163 (2013 - $157,494) was expensed. The unamortized balance of share-based compensation expense for share purchase options that were not vested at March 31, 2014 is $380,452 (2013 - $360,704).

11. 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, 2013, the Company had spent, on qualified expenditures, all of the $3.175 million flow-through monies raised in the June 5, 2013 placement. The Company renounced the income tax benefit of this issue to its subscribers effective December 31, 2013.

12. Commitments

The Company has an obligation under an operating lease for its office premises and an obligation related to a retirement consulting agreement. The future minimum payments are as follows:

	March 31 2014
2014	45,455
2015	239,743
2016	-
2017	-
2018	-

In the three-month period ended March 31, 2014, $183,000 plus GST was paid to Mr. Graham Thody, the former President and CEO of the Company, under the terms of a retirement and consulting arrangement. The Company has a further commitment to pay $183,000 to Mr. Thody in January of 2015 for consulting services up to December 31, 2015, after which the consulting arrangement will be complete. While this consulting agreement is in effect, Mr. Thody is not entitled to receive director's fees. Other commitments in respect of the Company's mineral properties are disclosed in Note 7.

13. 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.

14. 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 13. 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 initially recorded at fair value and subsequently at amortized cost with accrued interest recorded in accounts receivable.

The following table summarizes those assets and liabilities carried at fair value:

Investments	**Level 1**	**Level 2**	**Level 3**	**Total**
Shares – Uracan (TSX-V: URC)	$ 36,000	$ -	$ -	$ 36,000
Warrants – Uracan[1]	-	-	9,214	9,214
	$ 36,000	$ -	$ 9,214	$ 45,214

(1) Black-Scholes inputs for the Uracan warrant evaluation are disclosed in Note 8 – Investments.

14. Management of financial risk (continued)

The following table shows a reconciliation from the beginning balances to ending balances for Level 1 fair value measurements for investments:

	Number of Shares	Change in Fair Value (OCI)	Fair Value
Balance, December 31, 2012	-		$ -
Shares received as partial consideration for the Black Lake Project earn-in (see Note 7(v))	*300,000*		27,000
Gains (losses) for the three months ended March 31, 2013		(3,000)	
Gains (losses) for the nine months ended December 31, 2013		3,000	
Changes in fair value – total unrealized gain (loss) on financial assets at FVTPL (shares) – year ended December 31, 2013		-	-
Balance, December 31, 2013	*300,000*		27,000
Changes in fair value – total unrealized gain (loss) on financial assets at FVTPL (shares) – three months ended March 31, 2014		9,000	9,000
Balance, March 31, 2014	*300,000*		$ 36,000

The Company's policy is to recognize transfers out of Level 3 as of the date of the event or change in circumstances that caused the transfer. There have been no transfers out of Level 3 in the period.

The following table shows a reconciliation from the beginning balances to ending balances for Level 3 fair value measurements:

	Number of Shares	Change in Fair Value (Expense)	Fair Value[(1)]
Balance, December 31, 2012	-		$ -
Warrants received as partial consideration for the Black Lake Project earn-in (see Note 7(v))	*150,000*		8,931
Gains (losses) for the three months ended March 31, 2013		(1,307)	
Gains (losses) for the nine months ended December 31, 2013		(2,891)	
Changes in fair value – total unrealized gain (loss) on held-for-trading financial assets (warrants) – year ended December 31, 2013		(4,198)	(4,198)
Balance, December 31, 2013	*150,000*		4,733
Changes in fair value – total unrealized gain (loss) on held-for-trading financial assets (warrants) – three months ended March 31, 2014		4,481	4,481
Balance, March 31, 2014	*150,000*		$ 9,214

(1) See Note 8 for Black-Scholes assumptions

14. Management of financial risk (continued)

The following table shows the valuation techniques used in the determination of fair values within Level 3 of the hierarchy, as well as the key unobservable inputs used in the valuation model:

Level 3 item	Valuation approach	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Warrants – Uracan	The fair value has been determined by using the Black-Scholes option pricing model.	Expected volatility for Uracan shares, derived from the shares' historical prices (weekly).	The estimated fair value for the warrants increases as the volatility increases.

15. 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.

16. Office expenses

	Three months ended March 31	
	2014	2013
Insurance	$ 12,818	$ 12,286
Office supplies and consulting	77,318	47,879
Telephone	4,120	3,170
	$ 94,256	$ 63,335

17. 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	
	2014	**2013**
Other consultants [1]	$ 9,462	$ -
Other consultants share-based payments [3]	294	2,060
Panterra Geoservices Inc.[2]	-	13,500
Panterra Geoservices Inc. share-based payments [3]	4,834	6,962
	$ 14,590	$ 22,522

(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 11(c) of the December 31, 2013 annual financial statements.

17. Related party transactions (continued)

(b) Key management personnel compensation

Key management personnel compensation includes management and director compensation, inclusive of any consulting arrangements with directors, as follows:

	Three months ended March 31	
	2014	**2013**
Salaries and short-term employee benefits (4)(5)	$ 163,417	$ 222,147
Share-based payments (3)	161,921	177,574
Other compensation (6)	183,000	-
	$ 508,338	$ 399,721

(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 11(c) of the December 31, 2013 annual financial statements.

(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 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.

(5) In the event that Mr. Lemaitre's employment is terminated by the Corporation for any reason other than as a result of a change of control, death or termination for cause, the Corporation will pay to Mr. Lemaitre an amount equal to one year's base salary plus any bonus owing. All other employee related benefits will continue for a period of one year following such termination. Mr. Lemaitre may also terminate the employment agreement upon three months written notice to the Board and receive a lump sum payment equal to his base salary plus benefits for three months.

(6) Represents amounts paid in 2014 to Mr. Graham Thody, the Company's former President and CEO, under the terms of a retirement consulting agreement. The Company has a commitment to make a second payment of $183,000 plus GST to Mr. Thody in January 2015 for consulting services in 2015. During the term of this agreement, Mr. Thody is not entitled to receive director's fees; however, upon expiry of this agreement on December 31, 2015, Mr. Thody will then be entitled to receive director's fees in 2016 on the same terms as other non-management directors.

Corporate Information

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Roger M. Lemaitre
President, Chief Executive Officer and Director

Graham C. Thody
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