

URANIUM ENERGY CORP  
Form 10-Q  
December 08, 2015

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 10-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934**

For the quarterly period ended **October 31, 2015**

or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: **001-33706**

**URANIUM ENERGY CORP.**

(Exact name of registrant as specified in its charter)

**Nevada**

(State or other jurisdiction of incorporation of  
organization)

**98-0399476**

(I.R.S. Employer Identification No.)

**1111 West Hastings Street, Suite 320, Vancouver, B.C.**

(Address of principal executive offices)

**V6E 2J3**

(Zip Code)

**(604) 682-9775**

(Registrant's telephone number, including area code)

**N/A**

(Former name, former address and former fiscal  
year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T

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(§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes [ ] No [X]

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 99,241,976 shares of common stock outstanding as of December 4, 2015.

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**URANIUM ENERGY CORP.**

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**PART I FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**URANIUM ENERGY CORP.**

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED OCTOBER 31, 2015  
(Unaudited)**

**URANIUM ENERGY CORP.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(Unaudited)

	Notes	October 31, 2015	July 31, 2015
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		\$ 5,353,088	\$ 10,092,408
Inventories		251,999	251,999
Prepaid expenses and deposits		564,608	444,500
Other current assets		16,887	18,711
		<b>6,186,582</b>	<b>10,807,618</b>
<b>MINERAL RIGHTS AND PROPERTIES</b>			
	3	<b>38,378,906</b>	38,437,967
<b>PROPERTY, PLANT AND EQUIPMENT</b>			
	4	<b>6,858,866</b>	6,948,647
<b>RECLAMATION DEPOSITS</b>			
	5	<b>1,706,026</b>	1,706,025
		<b>\$ 53,130,380</b>	<b>\$ 57,900,257</b>
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued liabilities		\$ 1,818,514	\$ 2,538,544
Due to related parties	6	5,038	14,660
Current portion of long-term debt	7	6,666,667	1,666,667
Current portion of asset retirement obligations		-	340,827
		<b>8,490,219</b>	<b>4,560,698</b>
<b>DEFERRED INCOME TAX LIABILITIES</b>			
		<b>667,628</b>	676,064
<b>LONG-TERM DEBT</b>			
	7	<b>12,526,479</b>	18,090,811
<b>ASSET RETIREMENT OBLIGATIONS</b>			
	8	<b>4,005,180</b>	3,586,019
		<b>25,689,506</b>	<b>26,913,592</b>
<b>STOCKHOLDERS' EQUITY</b>			
Capital stock			
Common stock \$0.001 par value: 750,000,000 shares authorized, 98,894,704 shares issued and outstanding (July 31, 2015 - 97,834,087)			
	9	<b>98,904</b>	97,841
Additional paid-in capital		<b>224,452,908</b>	222,927,529
Accumulated deficit		<b>(197,096,108)</b>	(192,024,074)
Accumulated other comprehensive loss		<b>(14,830)</b>	(14,631)
		<b>27,440,874</b>	<b>30,986,665</b>
		<b>\$ 53,130,380</b>	<b>\$ 57,900,257</b>

**COMMITMENTS AND CONTINGENCIES**

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The accompanying notes are an integral part of these condensed consolidated financial statements

**URANIUM ENERGY CORP.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**  
**(Unaudited)**

	Notes	Three Months Ended October 31,	
		2015	2014
<b>SALES</b>		\$ -	\$ -
<b>COSTS AND EXPENSES</b>			
Cost of sales		-	-
Mineral property expenditures	3	1,789,020	2,260,131
General and administrative	6, 9	2,275,393	3,177,588
Depreciation, amortization and accretion	3, 4, 8	242,899	577,242
		<b>4,307,312</b>	6,014,961
<b>LOSS FROM OPERATIONS</b>		<b>(4,307,312)</b>	<b>(6,014,961)</b>
<b>OTHER INCOME (EXPENSES)</b>			
Interest income		4,535	4,720
Interest and finance costs	7	(777,693)	(737,489)
		<b>(773,158)</b>	<b>(732,769)</b>
<b>LOSS BEFORE INCOME TAXES</b>		<b>(5,080,470)</b>	<b>(6,747,730)</b>
<b>DEFERRED INCOME TAX BENEFIT</b>		<b>8,436</b>	21,503
<b>NET LOSS FOR THE PERIOD</b>		<b>(5,072,034)</b>	<b>(6,726,227)</b>
<b>OTHER COMPREHENSIVE LOSS, NET OF INCOME TAXES</b>		<b>(199)</b>	<b>(224)</b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>		<b>\$ (5,072,233)</b>	<b>\$ (6,726,451)</b>
<b>NET LOSS PER SHARE, BASIC AND DILUTED</b>	10	<b>\$ (0.05)</b>	<b>\$ (0.07)</b>
<b>WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING, BASIC AND DILUTED</b>		<b>98,566,315</b>	91,280,843

The accompanying notes are an integral part of these condensed consolidated financial statements



**URANIUM ENERGY CORP.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(Unaudited)**

		<b>Three Month Ended October</b>	
	<b>Notes</b>	<b>2015</b>	<b>31, 2014</b>
<b>CASH PROVIDED BY (USED IN):</b>			
<b>OPERATING ACTIVITIES</b>			
Net loss for the period		\$ (5,072,034)	\$ (6,726,227)
Adjustments to reconcile net loss to cash flows in operating activities			
Stock-based compensation	9	626,442	1,454,296
Depreciation, amortization and accretion	3,4,8	242,899	577,242
Amortization of long-term debt discount	7	335,668	323,410
Deferred income tax benefit		(8,436)	(21,503)
Changes in operating assets and liabilities			
Inventories		-	(88,788)
Prepaid expenses and deposits		(120,108)	(28,771)
Other current assets		1,625	191
Accounts payable and accrued liabilities		(720,030)	(325,085)
<b>NET CASH FLOWS USED IN OPERATING ACTIVITIES</b>		<b>(4,713,974)</b>	<b>(4,835,235)</b>
<b>FINANCING ACTIVITIES</b>			
Shares issuance for cash, net of issuance costs		-	420,591
Due to related parties	6	(9,622)	(5,689)
<b>NET CASH FLOWS (USED IN) PROVIDED BY FINANCING ACTIVITIES</b>		<b>(9,622)</b>	<b>414,902</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(15,723)	(5,993)
Decrease in reclamation deposits		(1)	(345)
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>		<b>(15,724)</b>	<b>(6,338)</b>
<b>NET CASH FLOWS</b>		<b>(4,739,320)</b>	<b>(4,426,671)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>		<b>10,092,408</b>	<b>8,839,892</b>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>		<b>\$ 5,353,088</b>	<b>\$ 4,413,221</b>

**SUPPLEMENTAL CASH FLOW INFORMATION**

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The accompanying notes are an integral part of these condensed consolidated financial statements

**URANIUM ENERGY CORP.**  
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
(Unaudited)

	Common Stock Shares	Common Stock Amount	Additional Paid- in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Stockholders' Equity
Balance, July 31, 2015	97,834,087	\$ 97,841	\$ 222,927,529	\$ (192,024,074)	(14,631)	\$ 30,986,665
Common stock						
Issued for debt facility as bonus shares	752,320	752	899,248	-	-	900,000
Stock-based compensation						
Common stock issued for consulting services	274,982	278	305,317	-	-	305,595
Common stock issued for compensation	33,315	33	35,231	-	-	35,264
Stock options issued to consultants	-	-	8,635	-	-	8,635
Stock options issued to management	-	-	180,315	-	-	180,315
Stock options issued to employees	-	-	96,633	-	-	96,633
Net loss for the period	-	-	-	(5,072,034)	-	(5,072,034)
Other comprehensive loss	-	-	-	-	(199)	(199)
<b>Balance, October 31, 2015</b>	<b>98,894,704</b>	<b>\$ 98,904</b>	<b>\$ 224,452,908</b>	<b>\$ (197,096,108)</b>	<b>(14,830)</b>	<b>\$ 27,440,874</b>

The accompanying notes are an integral part of these condensed consolidated financial statements

**URANIUM ENERGY CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**October 31, 2015**  
**(Unaudited)**

**NOTE 1: NATURE OF OPERATIONS AND GOING CONCERN**

Uranium Energy Corp. was incorporated in the State of Nevada on May 16, 2003. Uranium Energy Corp. and its subsidiary companies and a controlled partnership (collectively, the Company) are engaged in uranium mining and related activities, including exploration, pre-extraction, extraction and processing of uranium concentrates, on projects located in the United States and Paraguay.

Although planned principal operations have commenced from which significant revenues from sales of uranium concentrates were realized for the fiscal years ended July 31, 2015 (Fiscal 2015), 2013 (Fiscal 2013) and 2012 (Fiscal 2012), the Company has yet to achieve profitability and has had a history of operating losses resulting in an accumulated deficit balance since inception. No revenue from uranium sales was realized for the three months ended October 31, 2015 and the fiscal year ended July 31, 2014 (Fiscal 2014). Historically, the Company has been reliant primarily on equity financings from the sale of its common stock and, during Fiscal 2014 and 2013, on debt financing in order to fund its operations, and this reliance is expected to continue for the foreseeable future.

At October 31, 2015, the Company had a working capital deficiency of \$2,303,637 calculated as the difference between current assets and current liabilities. Current assets include \$5,353,088 in cash and cash equivalents, the largest component of current assets. Current liabilities include \$6,666,667 in current portion of long-term debt, the largest component of current liabilities, representing the principal amounts due over the next twelve months. Refer to Note 7: Long-Term Debt.

As the Company does not expect to achieve and maintain profitability in the near term, the continuation of the Company as a going concern is dependent upon its ability to obtain adequate additional financing which the Company has successfully secured since its inception, including those from asset divestitures. However, there is no assurance that the Company will be successful in securing any form of additional financing in the future when required and on terms favorable to the Company, therefore substantial doubt exist as to whether the Company's cash resources and working capital will be sufficient to enable the Company to continue as a going concern for the next twelve months. The continued operations of the Company, including the recoverability of the carrying values of its assets, are dependent ultimately on the Company's ability to achieve and maintain profitability and positive cash flow from its operations.

These consolidated financial statements have been prepared on a going concern basis and do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary in the event the Company can no longer continue as a going concern.

**NOTE 2: BASIS OF PRESENTATION**

The accompanying unaudited interim condensed consolidated financial statements are presented in U.S. dollars and have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP) for interim financial information. Accordingly, they do not include all of the information and footnotes required under U.S. GAAP for complete financial statements. These unaudited interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended July 31, 2015. In the opinion of management, all adjustments of a normal recurring nature and considered necessary for a fair presentation have been made. Operating results for the three months ended October 31, 2015 are not necessarily indicative of the results that may be expected for the fiscal year ending July 31, 2016.

Certain comparative figures have been reclassified to conform to the current year's presentation.

### **Exploration Stage**

The Company has established the existence of mineralized materials for certain uranium projects, including the Palangana Mine. The Company has not established proven or probable reserves, as defined by the United States Securities and Exchange Commission (the SEC) under Industry Guide 7, through the completion of a final or bankable feasibility study for any of its uranium projects, including the Palangana Mine. Furthermore, the Company has no plans to establish proven or probable reserves for any of its uranium projects for which the Company plans on utilizing in-situ recovery (ISR) mining, such as the Palangana Mine. As a result, and despite the fact that the Company commenced extraction of mineralized materials at the Palangana Mine in November 2010, the Company remains in the Exploration Stage as defined under Industry Guide 7, and will continue to remain in the Exploration Stage until such time proven or probable reserves have been established.

**URANIUM ENERGY CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**October 31, 2015**  
**(Unaudited)**

Since the Company commenced extraction of mineralized materials at the Palangana Mine without having established proven or probable reserves, any mineralized materials established or extracted from the Palangana Mine should not in any way be associated with having established or produced from proven or probable reserves.

In accordance with U.S. GAAP, expenditures relating to the acquisition of mineral rights are initially capitalized as incurred while exploration and pre-extraction expenditures are expensed as incurred until such time the Company exits the Exploration Stage by establishing proven or probable reserves. Expenditures relating to exploration activities such as drill programs to establish mineralized materials are expensed as incurred. Expenditures relating to pre-extraction activities such as the construction of mine wellfields, ion exchange facilities and disposal wells are expensed as incurred until such time proven or probable reserves are established for that project, after which expenditures relating to mine development activities for that particular project are capitalized as incurred.

Companies in the Production Stage as defined under Industry Guide 7, having established proven and probable reserves and exited the Exploration Stage, typically capitalize expenditures relating to ongoing development activities, with corresponding depletion calculated over proven and probable reserves using the units-of-production method and allocated to future reporting periods to inventory and, as that inventory is sold, to cost of goods sold. The Company is in the Exploration Stage which has resulted in the Company reporting larger losses than if it had been in the Production Stage due to the expensing, rather than capitalization, of expenditures relating to ongoing mill and mine development activities. Additionally, there would be no corresponding amortization allocated to future reporting periods of the Company since those costs would have been expensed previously, resulting in both lower inventory costs and cost of goods sold and results of operations with higher gross profits and lower losses than if the Company had been in the Production Stage. Any capitalized costs, such as expenditures relating to the acquisition of mineral rights, are depleted over the estimated extraction life using the straight-line method. As a result, the Company's consolidated financial statements may not be directly comparable to the financial statements of companies in the Production Stage.

**NOTE 3: MINERAL RIGHTS AND PROPERTIES**

**Mineral Rights**

At October 31, 2015, the Company had mineral rights in the States of Arizona, Colorado, New Mexico, Texas and Wyoming and the Republic of Paraguay. These mineral rights were acquired through staking, purchase, lease or option agreements and are subject to varying royalty interests, some of which are indexed to the sale price of uranium. At October 31, 2015, annual maintenance payments of approximately \$1,105,000 were required to maintain these mineral rights.

**URANIUM ENERGY CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**October 31, 2015**  
**(Unaudited)**

Mineral rights and property acquisition costs consisted of the following:

	October 31, 2015	July 31, 2015
<b>Mineral Rights and Properties</b>		
Palangana Mine	\$ 6,587,135	\$ 6,587,135
Goliad Project	8,689,127	8,689,127
Burke Hollow Project	1,495,750	1,495,750
Longhorn Project	116,870	116,870
Salvo Project	14,905	14,905
Nichols Project	154,774	154,774
Anderson Project	9,154,268	9,154,268
Workman Creek Project	1,472,008	1,472,008
Los Cuatros Project	257,250	257,250
Slick Rock Project	661,271	661,271
Yuty Project	11,947,144	11,947,144
Coronel Oviedo Project	1,133,412	1,133,412
Other Property Acquisitions	285,741	285,741
	<b>41,969,655</b>	<b>41,969,655</b>
Accumulated Depletion	<b>(3,929,884)</b>	<b>(3,929,884)</b>
	<b>38,039,771</b>	<b>38,039,771</b>
<b>Databases</b>		
	<b>2,410,038</b>	<b>2,410,038</b>
Accumulated Amortization	<b>(2,216,274)</b>	<b>(2,166,966)</b>
	<b>193,764</b>	<b>243,072</b>
<b>Land Use Agreements</b>		
	<b>390,155</b>	<b>390,155</b>
Accumulated Amortization	<b>(244,784)</b>	<b>(235,031)</b>
	<b>145,371</b>	<b>155,124</b>
	<b>\$ 38,378,906</b>	<b>\$ 38,437,967</b>

The Company has not established proven or probable reserves, as defined by the SEC under Industry Guide 7, for any of its mineral projects. The Company has established the existence of mineralized materials for certain uranium projects, including the Palangana Mine. Since the Company commenced uranium extraction at the Palangana Mine without having established proven or probable reserves, there may be greater inherent uncertainty as to whether or not any mineralized material can be economically extracted as originally planned and anticipated.

During the three months ended October 31, 2015, the Company continued with the strategic plan for reduced operations implemented in Fiscal 2014 and further reduced operations at the Palangana Mine to capture residual uranium only. As a result, no depletion for the Palangana Mine was recorded on the Company's consolidated financial statements for the three months ended October 31, 2015.

**URANIUM ENERGY CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**October 31, 2015**  
**(Unaudited)**

Mineral property expenditures incurred by major projects were as follows:

	<b>Three Months Ended October 31,</b>	
	<b>2015</b>	<b>2014</b>
<b>Mineral Property Expenditures</b>		
Palangana Mine	\$ 385,149	\$ 432,660
Goliad Project	20,809	34,257
Burke Hollow Project	721,544	980,567
Longhorn Project	3,592	11,246
Salvo Project	14,163	20,800
Anderson Project	112,133	94,172
Workman Creek Project	30,690	31,300
Slick Rock Project	48,825	49,784
Yuty Project	111,016	218,889
Coronel Oviedo Project	132,899	144,584
Other Mineral Property Expenditures	208,200	241,872
	<b>\$ 1,789,020</b>	<b>\$ 2,260,131</b>

**NOTE 4: PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment consisted of the following:

	<b>October 31, 2015</b>			<b>July 31, 2015</b>		
	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Net Book Value</b>	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Net Book Value</b>
Hobson Processing Facility	\$ 6,819,088	\$ (773,933)	\$ 6,045,155	\$ 6,819,088	\$ (773,933)	\$ 6,045,155
Mining Equipment	2,452,572	(2,087,081)	365,491	2,452,572	(2,019,996)	432,576
Logging Equipment and Vehicles	1,962,895	(1,745,666)	217,229	1,962,895	(1,714,908)	247,987
Computer Equipment	630,469	(580,213)	50,256	615,064	(573,355)	41,709
Furniture and Fixtures	182,802	(177,211)	5,591	182,802	(176,726)	6,076
Land	175,144	-	175,144	175,144	-	175,144
	<b>\$ 12,222,970</b>	<b>\$ (5,364,104)</b>	<b>\$ 6,858,866</b>	<b>\$ 12,207,565</b>	<b>\$ (5,258,918)</b>	<b>\$ 6,948,647</b>

During the three months ended October 31, 2015, no uranium concentrate was processed at the Hobson Processing Facility due to the further reduced operations at the Palangana Mine. As a result, no depreciation for the Hobson Processing Facility was recorded on the consolidated financial statements for the three months ended October 31, 2015.

**NOTE 5: RECLAMATION DEPOSITS**

Reclamation deposits include interest and non-interest bearing deposits issued in the States of Arizona, Texas and Wyoming relating to exploration, pre-extraction, extraction and reclamation activities in the respective states where the deposits are held.

Reclamation deposits consisted of the following:

	<b>October 31, 2015</b>	July 31, 2015
Palangana Mine	\$ <b>1,102,981</b>	\$ 1,102,981
Hobson Processing Facility	<b>587,228</b>	587,228
Arizona	<b>15,000</b>	15,000
Wyoming	<b>817</b>	816
	<b>\$ 1,706,026</b>	\$ 1,706,025

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**URANIUM ENERGY CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**October 31, 2015**  
**(Unaudited)**

**NOTE 6: DUE TO RELATED PARTIES AND RELATED PARTY TRANSACTIONS**

During the three months ended October 31, 2015 and 2014, the Company incurred \$30,124 and \$39,134, respectively, in general and administrative costs paid to a company controlled by a direct family member of a director and officer. In addition, during the three months ended October 31, 2014, the Company issued 15,000 restricted shares of common stock with a fair value of \$18,150 to this company for consulting services included in general and administrative costs.

At October 31, 2015, amounts owed to related parties totaled \$5,038 (July 31, 2015: \$14,660). These amounts are unsecured, non-interest bearing and due on demand.

**NOTE 7: LONG-TERM DEBT**

Long-term debt consisted of the following:

	October 31, 2015	July 31, 2015
Principal amount	\$ 20,000,000	\$ 20,000,000
Unamortized discount	(806,854)	(242,522)
Long-term debt, net of unamortized discount	19,193,146	19,757,478
Current portion	6,666,667	1,666,667
Long-term debt, net of current portion	\$ 12,526,479	\$ 18,090,811

As October 31, 2015, the current portion of long-term debt totaled \$6,666,667, representing the principal amounts due over the next twelve months with the monthly repayment of \$1,666,667 commencing on July 31, 2016.

The aggregate yearly maturities of long-term debt based on principal amounts outstanding at October 31, 2015 are as follows:

Fiscal 2016	\$ 1,666,667
Fiscal 2017	18,333,333
Total	\$ 20,000,000

For the three months ended October 31, 2015 and 2014, the amortization of debt discount totaled \$335,668 and \$323,410, respectively, which were recorded as interest expense and included in the consolidated statements of operations.

During the three months ended October 31, 2015, the Company paid annual bonus shares to lenders through the issuance of 752,320 restricted shares of common stock with a fair value of \$900,000, representing 4.5% of the \$20,000,000 principal balance outstanding at July 31, 2015 pursuant to the terms of the Amended Credit Facility, which was recorded as a discount on long-term debt to be amortized using the effective interest rate over the life of the long-term debt.

**NOTE 8: ASSET RETIREMENT OBLIGATIONS**

The Company's asset retirement obligations relate to future remediation and decommissioning activities at the Palangana Mine and Hobson Processing Facility.

Balance, July 31, 2015	\$ 3,926,846
Accretion	78,334
Balance, October 31, 2015	\$ 4,005,180



**URANIUM ENERGY CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**October 31, 2015**  
**(Unaudited)**

The estimated amounts and timing of cash flows and assumptions used for the ARO estimates are as follows:

	<b>October 31, 2015</b>	July 31, 2015
Undiscounted amount of estimated cash flows	\$ <b>6,600,868</b>	\$ 6,600,868
Payable in years	<b>2.5 to 15</b>	2.5 to 15
Inflation rate	<b>2.02% to 2.25%</b>	2.02% to 2.25%
Discount rate	<b>6.56% to 8.00%</b>	6.56% to 8.00%

The undiscounted amounts of estimated cash flows for the next five fiscal years and beyond are as follows:

Fiscal 2016	\$ -
Fiscal 2017	451,488
Fiscal 2018	996,388
Fiscal 2019	677,387
Fiscal 2020	132,486
Remaining balance	4,343,119
	\$ 6,600,868

**NOTE 9: CAPITAL STOCK**

**Share Transactions**

Period / Description	Common Shares Issued	Value per Share		Issuance Value
		Low	High	
Balance, July 31, 2015	97,834,087			
Bonus Shares for Debt Facility	752,320	\$ 1.20	\$ 1.20	\$ 900,000
Consulting Services	274,982	1.03	1.38	305,595
Share Compensation	33,315	1.00	1.12	35,264
<b>Balance, October 31, 2015</b>	<b>98,894,704</b>			

**Share Purchase Warrants**

A summary of share purchase warrants outstanding and exercisable at October 31, 2015 are as follows:

Weighted Average Exercise Price	Number of Warrants Outstanding	Expiry Date	Weighted Average Remaining Contractual Life (Years)
\$ 1.00	500,000	March 1, 2016	0.33
1.95	50,000	June 3, 2016	0.59
2.35	2,850,000	June 25, 2018	2.65
2.50	2,600,000	July 30, 2018	2.75
2.60	1,859,524	October 23, 2016	0.98
\$ 2.37	7,859,524		2.13

**Stock Options**

At October 31, 2015, the Company had one stock option plan, the 2015 Stock Incentive Plan (the 2015 Plan ). The 2015 Plan provides for 9,600,250 shares of the Company that may be issued pursuant to awards that may be granted and an additional 10,569,301 shares of the Company that may be issued pursuant to stock options previously granted under the Company s prior 2014 Stock Incentive Plan (the 2014 Plan ). The 2015 Plan supersedes and replaces the Company s prior 2014 Plan, which superseded and replaced the Company s prior 2013, 2009 and 2006 Stock Option Plans, such that no further shares are issuable under these prior plans.

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A summary of stock options granted by the Company during the three months ended October 31, 2015, including corresponding grant date fair values and assumptions using the Black Scholes option pricing model, is as follows:

Date	Options Issued	Exercise Price	Term (Years)	Fair Value	Expected Life (Years)	Risk-Free Interest Rate	Dividend Yield	Expected Volatility
August 7, 2015	105,000	\$ 1.32	5	\$ 68,824	2.90	1.04%	0.00%	77.17%
October 14, 2015	1,000,000	1.14	5	563,195	2.90	0.81%	0.00%	77.01%
<b>Total</b>	<b>1,105,000</b>			<b>\$ 632,019</b>				

A continuity schedule of outstanding stock options for the underlying common shares for the three months ended October 31, 2015 is as follows:

	Number of Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)
Balance, July 31, 2015	10,581,975	\$ 1.38	3.68
Issued	1,105,000	1.16	4.94
Forfeited	(5,000)	1.32	3.89
<b>Balance, October 31, 2015</b>	<b>11,681,975</b>	<b>\$ 1.36</b>	<b>3.79</b>

At October 31, 2015, the aggregate intrinsic value under the provisions of ASC 718 of all outstanding stock options was estimated at \$1,362,316 (vested: \$1,362,316 and unvested: \$Nil).

At October 31, 2015, unrecognized stock-based compensation expense related to the unvested portion of stock options granted under the Company's 2015 Plan totaled \$751,157 to be recognized over the next 0.66 years.

A summary of stock options outstanding and exercisable at October 31, 2015 is as follows:

Range of Exercise Prices	Options Outstanding		Options Exercisable	
	Outstanding at October 31, 2015	Weighted Average Exercise Price	Exercisable at October 31, 2015	Weighted Average Exercise Price
\$0.33 to \$0.70	1,901,801	\$ 0.41	1,901,801	\$ 0.41
\$0.71 to \$2.45	8,827,500	1.36	5,873,750	1.41
\$2.46 to \$5.90	952,674	3.30	952,674	3.30
	<b>11,681,975</b>	<b>\$ 1.36</b>	<b>8,728,225</b>	<b>\$ 1.40</b>

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**Stock-Based Compensation**

A summary of stock-based compensation expense is as follows:

	<b>Three Months Ended October 31,</b>	
	<b>2015</b>	<b>2014</b>
<b>Stock-Based Compensation for Consultants</b>		
Common stock issued for consulting services	\$ 325,595	\$ 330,331
Stock options issued to consultants	8,635	100,379
	<b>334,230</b>	<b>430,710</b>
<b>Stock-Based Compensation for Management</b>		
Common stock issued to management	15,264	-
Stock options issued to management	180,315	572,276
	<b>195,579</b>	<b>572,276</b>
<b>Stock-Based Compensation for Employees</b>		
Stock options issued to employees	96,633	451,310
	<b>96,633</b>	<b>451,310</b>
	<b>\$ 626,442</b>	<b>\$ 1,454,296</b>

**NOTE 10: LOSS PER SHARE**

The following table reconciles the weighted average number of shares used in the computation of basic and diluted loss per share:

	<b>Three Months Ended October 31,</b>	
	<b>2015</b>	<b>2014</b>
<b>Numerator</b>		
Net Loss for the Period	\$ (5,072,034)	\$ (6,726,227)
<b>Denominator</b>		
Basic Weighted Average Number of Shares	98,566,315	91,280,843
Dilutive Stock Options and Warrants	-	-
Diluted Weighted Average Number of Shares	98,566,315	91,280,843
<b>Net Loss per Share, Basic and Diluted</b>	<b>\$ (0.05)</b>	<b>\$ (0.07)</b>

For the three months ended October 31, 2015 and 2014, all outstanding stock options and share purchase warrants were excluded from the computation of diluted loss per share since the Company reported net losses for those periods and their effects would be anti-dilutive.

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**NOTE 11: SEGMENTED INFORMATION**

The Company currently operates in a single reportable segment and is focused on uranium mining and related activities, including exploration, pre-extraction, extraction and processing of uranium concentrates.

At October 31, 2015, long-term assets located in the U.S. totaled \$33,830,434 or 72% of the Company's total long-term assets of \$46,943,798.

The table below provides a breakdown of the Company's long-term assets by geographic segments:

Balance Sheet Items	October 31, 2015					
	Texas	United States Arizona	Other States	Canada	Paraguay	Total
Mineral Rights and Properties	\$ 13,497,181	\$ 10,891,861	\$ 909,309	\$ -	\$ 13,080,555	\$ 38,378,906
Property, Plant and Equipment	6,826,057	-	-	21,736	11,073	6,858,866
Reclamation Deposits	1,690,209	15,000	817	-	-	1,706,026
<b>Total Long-Term Assets</b>	<b>\$ 22,013,447</b>	<b>\$ 10,906,861</b>	<b>\$ 910,126</b>	<b>\$ 21,736</b>	<b>\$ 13,091,628</b>	<b>\$ 46,943,798</b>

Balance Sheet Items	July 31, 2015					
	Texas	United States Arizona	Other States	Canada	Paraguay	Total
Mineral Rights and Properties	\$ 13,555,492	\$ 10,891,861	\$ 910,059	\$ -	\$ 13,080,555	\$ 38,437,967
Property, Plant and Equipment	6,926,682	-	-	7,502	14,463	6,948,647
Reclamation Deposits	1,690,209	15,000	816	-	-	1,706,025
<b>Total Long-Term Assets</b>	<b>\$ 22,172,383</b>	<b>\$ 10,906,861</b>	<b>\$ 910,875</b>	<b>\$ 7,502</b>	<b>\$ 13,095,018</b>	<b>\$ 47,092,639</b>

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The tables below provide a breakdown of the Company's operating results by geographic segments. All intercompany transactions have been eliminated.

**Three Months Ended October 31, 2015**

Statement of Operations	United States					Total
	Texas	Arizona	Other States	Canada	Paraguay	
Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Costs and Expenses:</b>						
Cost of sales	-	-	-	-	-	-
Mineral property expenditures	1,287,202	153,524	104,379	-	243,915	1,789,020
General and administrative	1,549,693	32,454	955	689,378	2,913	2,275,393
Depreciation, amortization and accretion	238,987	-	750	1,246	1,916	242,899
	3,075,882	185,978	106,084	690,624	248,744	4,307,312
Loss from operations	(3,075,882)	(185,978)	(106,084)	(690,624)	(248,744)	(4,307,312)
Other income (expenses)	(768,396)	(4,767)	-	-	5	(773,158)
Loss before income taxes	\$ (3,844,278)	\$ (190,745)	\$ (106,084)	\$ (690,624)	\$ (248,739)	\$ (5,080,470)

**Three Months Ended October 31, 2014**

Statement of Operations	United States					Total
	Texas	Arizona	Other States	Canada	Paraguay	
Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Costs and Expenses:</b>						
Cost of sales	-	-	-	-	-	-
Mineral property expenditures	1,635,826	127,108	133,725	-	363,472	2,260,131
General and administrative	2,347,960	56,536	6,964	758,385	7,743	3,177,588
Depreciation, amortization and accretion	569,893	-	780	3,463	3,106	577,242
	4,553,679	183,644	141,469	761,848	374,321	6,014,961
Loss from operations	(4,553,679)	(183,644)	(141,469)	(761,848)	(374,321)	(6,014,961)
Other income (expenses)	(727,891)	(5,189)	-	-	311	(732,769)
Loss before income taxes	\$ (5,281,570)	\$ (188,833)	\$ (141,469)	\$ (761,848)	\$ (374,010)	\$ (6,747,730)

**NOTE 12: SUPPLEMENTAL CASH FLOW INFORMATION**

During the three months ended October 31, 2015 and 2014, the Company issued 274,982 and 254,171 restricted shares of common stock with a fair value of \$305,595 and \$330,331, respectively, for consulting services.



During the three months ended October 31, 2015, the Company issued 33,315 shares of common stock with a fair value of \$35,264 as compensation to an employee and a consultant of the Company under the 2015 Plan.

During the three months ended October 31, 2015 and 2014, the Company paid \$408,889 and \$408,889, respectively, in cash for interest on the long-term debt.

**NOTE 13: COMMITMENTS AND CONTINGENCIES**

The Company is renting or leasing various office or storage space located in the United States, Canada and Paraguay with total monthly payments of \$17,461. Office lease agreements expire between January 2016 to July 2018 for the United States and Canada.

The aggregate minimum payments over the next five fiscal years are as follows:

Fiscal 2016	\$	112,689
Fiscal 2017		107,822
Fiscal 2018		111,696
	\$	332,207

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The Company is committed to pay its key executives a total of \$784,000 per year for management services.

The Company is subject to ordinary routine litigation incidental to its business. Except as disclosed below, the Company is not aware of any material legal proceedings pending or that have been threatened against the Company.

On or about March 9, 2011, the Texas Commission on Environmental Quality (the TCEQ) granted the Company's applications for a Class III Injection Well Permit, Production Area Authorization and Aquifer Exemption for its Goliad Project. On or about December 4, 2012, the U.S. Environmental Protection Agency (the EPA) concurred with the TCEQ issuance of the Aquifer Exemption permit (the AE). With the receipt of this concurrence, the final authorization required for uranium extraction, the Goliad Project achieved fully-permitted status. On or about May 24, 2011, a group of petitioners, inclusive of Goliad County, appealed the TCEQ action to the 250<sup>th</sup> District Court in Travis County, Texas. A motion filed by the Company to intervene in this matter was granted. The petitioners' appeal lay dormant until on or about June 14, 2013, when the petitioners filed their initial brief in support of their position. On or about January 18, 2013, a different group of petitioners, exclusive of Goliad County, filed a petition for review with the Court of Appeals for the Fifth Circuit in the United States (the Fifth Circuit) to appeal the EPA's decision. On or about March 5, 2013, a motion filed by the Company to intervene in this matter was granted. The parties attempted to resolve both appeals, to facilitate discussions and avoid further legal costs. The parties jointly agreed, through mediation initially conducted through the Fifth Circuit on or about August 8, 2013, to abate the proceedings in the State District Court. On or about August 21, 2013, the State District Court agreed to abate the proceedings. The EPA subsequently filed a motion to remand without vacatur with the Fifth Circuit wherein the EPA's stated purpose was to elicit additional public input and further explain its rationale for the approval. In requesting the remand without vacatur, which would allow the AE to remain in place during the review period, the EPA denied the existence of legal error and stated that it was unaware of any additional information that would merit reversal of the AE. The Company and the TCEQ filed a request to the Fifth Circuit for the motion to remand without vacatur, and if granted, to be limited to a 60-day review period. On December 9, 2013, by way of a procedural order from a three-judge panel of the Fifth Circuit, the Court granted the remand without vacatur and initially limited the review period to 60 days. In March of 2014, at the EPA's request, the Fifth Circuit extended the EPA's time period for review and additionally, during that same period, the Company conducted a joint groundwater survey of the site, the result of which reaffirmed the Company's previously filed groundwater direction studies. On or about June 17, 2014, the EPA reaffirmed its earlier decision to uphold the granting of the Company's existing AE, with the exception of a northwestern portion containing less than 10% of the uranium resource which was withdrawn, but not denied, from the AE area until additional information is provided in the normal course of mine development. On or about September 9, 2014, the petitioners filed a status report with the State District Court which included a request to remove the stay agreed to in August 2013 and to set a briefing schedule (the Status Report). In that Status Report, the petitioners also stated that they had decided not to pursue their appeal at the Fifth Circuit. The Company continues to believe that the pending appeal is without merit and is continuing as planned towards uranium extraction at its fully-permitted Goliad Project.

On or about April 3, 2012, the Company received notification of a lawsuit filed in the State of Arizona, in the Superior Court for the County of Yavapai, by certain petitioners (the Plaintiffs) against a group of defendants, including the Company and former management and board members of Concentric Energy Corp. (Concentric). The lawsuit asserts certain claims relating to the Plaintiffs' equity investments in Concentric, including allegations that the former management and board members of Concentric engaged in various wrongful acts prior to and/or in conjunction with the merger of Concentric. The lawsuit originally further alleged that the Company was contractually liable for liquidated damages arising from a pre-merger transaction which the Company previously acknowledged and recorded as an accrued liability, and which portion of the lawsuit was settled in full by a cash payment of \$149,194 to the Plaintiffs and subsequently dismissed. The court dismissed several other claims set forth in the Plaintiffs' initial

complaint, but granted the Plaintiffs leave to file an amended complaint. The court denied a subsequent motion to dismiss the amended complaint, finding that the pleading met the minimal pleading requirements under the applicable procedural rules. In October 2013, the Company filed a formal response denying liability for any of the Plaintiffs remaining claims. The parties have exchanged disclosure statements and formal discovery has been completed. In November 2015, the Company filed a motion for summary judgment seeking to dismiss all claims against the Company and anticipates that the court will provide a ruling before the trial date which has been scheduled for April 2016. The Company continues to believe that this lawsuit is without merit, and intends to defend vigorously against the same.

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On June 1, 2015, the Company received notice that Westminster Securities Corporation filed a suit in the United States District Court for the Southern District of New York, alleging a breach of contract relating to certain four-year warrants issued by Concentric in December 2008. Although the Concentric warrants expired by their terms on December 31, 2012, Westminster bases its claim upon transactions allegedly occurring prior to UEC's merger with Concentric. The Company believes that this claim lacks merit and intends to vigorously defend the same.

On or about June 29, 2015, Heather M. Stephens filed a class action complaint against the Company and two of its executive officers in the United States District Court, Southern District of Texas, with an amended class action complaint filed on November 16, 2015 (the "Securities Case"). The Securities Case seeks unspecified damages and alleges the defendants violated Section 17(b) of the Securities Act of 1933 and Sections 10(b) and 20(a) of the Securities Exchange Act of 1934.

On or about September 10, 2015, John Price filed a stockholder derivative complaint on behalf of the Company against the Company's Board of Directors, executive management and three of its vice presidents in the United States District Court, Southern District of Texas, with an amended stockholder derivative complaint filed on December 4, 2015. On or about October 2, 2015, Marnie W. McMahon filed a stockholder derivative complaint on behalf of the Company against the Company's Board of Directors, executive management and three of its vice presidents in the District Court of Nevada (collectively, the "Derivative Cases"). The Derivative Cases seek unspecified damages on behalf of the Company against the defendants for allegedly breaching their fiduciary duties to the Company with respect to the allegations in the Securities Case.

The Company intends to file a motion to dismiss for the Securities Case and Derivative Case. The Company believes that the Securities Case and Derivative Cases are without merit and intends to defend vigorously against them.

The Company's Board of Directors received a shareholder demand letter dated September 10, 2015 relating to the allegations in the Securities Case (the "Shareholder Demand"). The letter demands that the Board of Directors initiate an action against the Company's Board of Directors and two of its executive officers to recover damages allegedly caused to the Company. The Board of Directors is reviewing the Shareholder Demand to determine the appropriate course of action.

At any given time, the Company may enter into negotiations to settle outstanding legal proceedings and any resulting accruals will be estimated based on the relevant facts and circumstances applicable at that time. The Company does not expect that such settlements will, individually or in the aggregate, have a material effect on its financial position, results of operation.

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

*The following management's discussion and analysis of the Company's financial condition and results of operations ( MD&A ) contain forward-looking statements that involve risks, uncertainties and assumptions including, among others, statements regarding our capital needs, business plans and expectations. In evaluating these statements, you should consider various factors, including the risks, uncertainties and assumptions set forth in reports and other documents we have filed with or furnished to the SEC, including, without limitation, this Form 10-Q Quarterly Report for the three months ended October 31, 2015 and our Form 10-K Annual Report for the fiscal year ended July 31, 2015 including the consolidated financial statements and related notes contained therein. These factors, or any one of them, may cause our actual results or actions in the future to differ materially from any forward-looking statement made in this document. Refer to Cautionary Note Regarding Forward-Looking Statements as disclosed in our Form 10-K Annual Report for the fiscal year ended July 31, 2015 and Item 1A. Risk Factors under Part II - Other Information of this Quarterly Report.*

**Introduction**

This MD&A is focused on material changes in our financial condition from July 31, 2015, our most recently completed year-end, to October 31, 2015 and our results of operations for the three months ended October 31, 2015 and 2014, and should be read in conjunction with Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations as contained in our Form 10-K Annual Report for the fiscal year ended July 31, 2015.

**Business**

We operate in a single reportable segment and since 2004, as more fully described in our Form 10-K Annual Report for the fiscal year ended July 31, 2015, we have been engaged in uranium mining and related activities, including exploration, pre-extraction, extraction and processing, on uranium projects located in the United States and Paraguay.

We utilize in-situ recovery ( ISR ) mining where possible which we believe, when compared to conventional open pit or underground mining, requires lower capital and operating expenditures with a shorter lead time to extraction and a reduced impact on the environment. We have one uranium mine located in the State of Texas, the Palangana Mine, which utilizes ISR mining and commenced extraction of uranium concentrates (  $UO_8$  ), or yellowcake, in November 2010. We have one uranium processing facility or mill located in the State of Texas, the Hobson Processing Facility, which processes material from the Palangana Mine into drums of  $U_3O_8$ , our only sales product and source of revenue, for shipping to a third-party storage and sales facility. At October 31, 2015, we had no uranium supply or off-take agreements in place.

Our fully-licensed and 100%-owned Hobson Processing Facility forms the basis for our regional operating strategy in the State of Texas, specifically the South Texas Uranium Belt where we utilize ISR mining. We utilize a hub-and-spoke strategy whereby the Hobson Processing Facility acts as the central processing site (the hub ) for our Palangana Mine and future satellite uranium mining activities, such as our Burke Hollow and Goliad Projects, located within the South Texas Uranium Belt (the spokes ). The Hobson Processing Facility has a physical capacity to process uranium-loaded resins up to a total of two million pounds of  $U_3O_8$  annually and is licensed to process up to one million pounds of  $U_3O_8$  annually.

We also hold certain mineral rights in various stages in the States of Arizona, Colorado, New Mexico, Texas and Wyoming and in the Republic of Paraguay, many of which are located in historically successful mining areas and have been the subject of past exploration and pre-extraction activities by other mining companies. We do not expect, however, to utilize ISR mining for all of our mineral rights in which case we would expect to rely on conventional open pit and/or underground mining techniques.

Our operating and strategic framework is based on expanding our uranium extraction activities, which includes advancing certain uranium projects with established mineralized materials towards uranium extraction, and establishing additional mineralized materials on our existing uranium projects or through acquisition of additional uranium projects.

During the three months ended October 31, 2015, uranium extraction at PAA-1, 2 and 3 of the Palangana Mine continued to operate at a reduced pace since implementing our strategic plan in September 2013, to align our operations to a weak uranium market in a challenging post-Fukushima environment. This strategy has included the deferral of major pre-extraction expenditures and remaining in a state of operational readiness in anticipation of a recovery in uranium prices.

During the three months ended October 31, 2015:

development of Production Area Authorization ( PAA ) 4 of the Palangana Mine continued to advance; exploration and permitting activities continued to advance at the Burke Hollow Project; permitting work continued on the Anderson Project; Former United States Energy Secretary Spencer Abraham was appointed as Executive Chairman of the Company's Board of Directors; and Pat Obara was appointed as the Company's interim Chief Financial Officer as a result of the resignation of Mark Katsumata.

### **Mineral Rights and Properties**

The following is a summary of significant activities by project for the three months ended October 31, 2015:

#### *Texas: Palangana Mine*

During the three months ended October 31, 2015, we continued with our strategic plan for reduced operations implemented in Fiscal 2014 and further reduced operations at the Palangana Mine to capture residual pounds of U<sub>3</sub>O<sub>8</sub> only.

Wellfield design for the first module at PAA-4, which is fully-permitted for uranium extraction, continued to advance. At October 31, 2015, a total of 214 drill holes have been completed relating to PAA-4 for mineral trend exploration, delineation and monitor wells.

#### *Texas: Burke Hollow Project*

During the three months ended October 31, 2015, 44 exploration holes totaling 22,480 feet were drilled at the Burke Hollow Project to depths ranging from a minimum 420 feet to a maximum 640 feet, with an average depth of 511 feet. At October 31, 2015, a total of 571 exploration holes, including 30 regional baseline monitor wells, totaling 269,120 feet have been drilled to depths ranging from a minimum 160 feet to a maximum 1,100 feet, with an average depth of 472 feet.

With the recent issuance of the two Class I disposal well permits, permitting activities continued on the Mine Area, Aquifer Exemption and Radioactive Material License applications which remain under technical review. An ecological assessment for the eastern trend was completed anticipating expansion for an additional wellfield.

#### *Arizona: Anderson Project*

During the three months ended October 31, 2015, both field and desktop work continued on developing information necessary for future planned activities at the Anderson Project.

### **Results of Operations**

For the three months ended October 31, 2015 and 2014, we recorded net losses of \$5,072,034 (\$0.05 per share) and \$6,726,227 (\$0.07 per share), respectively. Costs and expenses during the three months ended October 31, 2015 and 2014 were \$4,307,312 and \$6,014,961, respectively.

#### *Uranium Extraction Activities*

During the three months ended October 31, 2015, we continued with our strategic plan for reduced operations implemented in Fiscal 2014 and further reduced operations at the Palangana Mine to capture residual pounds of U<sub>3</sub>O<sub>8</sub> only. As a result, no U<sub>3</sub>O<sub>8</sub> extraction or processing costs were capitalized to inventories during the three months ended

October 31, 2015.



During the three months ended October 31, 2014, the Palangana Mine extracted 7,000 pounds of U<sub>3</sub>O<sub>8</sub>, while the Hobson Processing Facility processed 8,000 pounds of U<sub>3</sub>O<sub>8</sub>.

At October 31, 2015, the total value of inventories was \$251,999, which remained unchanged from July 31, 2015, of which \$200,043 (79%) represented the value of finished goods of U<sub>3</sub>O<sub>8</sub>, \$35,398 (14%) represented the value of work-in-progress and \$16,558 (7%) represented the value of supplies. The cash component of the total value of inventories was \$210,717 and the non-cash component of the total value of inventories was \$41,282. For the three months ended October 31, 2015 and 2014, no inventory write-down to net realizable value was recorded.

Cash and non-cash components of the total value of inventories represent non-GAAP financial measures which we believe are important in evaluating our operating results not only for management but for our investors. We use these measures to compare our performance with other mining companies and rely upon them as part of management's decision-making process.

### *Costs and Expenses*

For the three months ended October 31, 2015 and 2014, costs and expenses totaled \$4,307,312 and \$6,014,961, respectively, comprised of mineral property expenditures of \$1,789,020 and \$2,260,131, general and administrative of \$2,275,393 and \$3,177,588 and depreciation, amortization and accretion of \$242,899 and \$577,242. During the three months ended October 31, 2015 and 2014, no sales of U<sub>3</sub>O<sub>8</sub> were generated therefore no corresponding cost of sales were recorded.

### *Mineral Property Expenditures*

During the three months ended October 31, 2015 and 2014, mineral property expenditures totaled \$1,789,020 and \$2,260,131, respectively, comprised of expenditures relating to permitting, property maintenance, exploration and pre-extraction activities and all other non-extraction related activities on our uranium projects. During the three months ended October 31, 2015 and 2014, these amounts included expenditures directly related to maintaining operational readiness and permitting compliance of \$458,633 and \$492,024, respectively, for the Palangana Mine and Hobson Processing Facility.

The following table provides a breakdown of mineral property expenditures by uranium mine/project for the periods indicated:

	<b>Three Months Ended October 31,</b>	
	<b>2015</b>	<b>2014</b>
<b>Mineral Property Expenditures</b>		
Palangana Mine	\$ 385,149	\$ 432,660
Goliad Project	20,809	34,257
Burke Hollow Project	721,544	980,567
Longhorn Project	3,592	11,246
Salvo Project	14,163	20,800
Anderson Project	112,133	94,172
Workman Creek Project	30,690	31,300
Slick Rock Project	48,825	49,784
Yuty Project	111,016	218,889
Coronel Oviedo Project	132,899	144,584
Other Mineral Property Expenditures	208,200	241,872
	<b>\$ 1,789,020</b>	<b>\$ 2,260,131</b>



*General and Administrative*

During the three months ended October 31, 2015 and 2014, general and administrative expenses totaled \$2,275,393 and \$3,177,588, respectively.

The following summary provides a discussion of the major expense categories, including analyses of the factors that caused any significant variances compared to the same period last year:

For the three months ended October 31, 2015, salaries, management and consulting fees totaled \$656,015 which have remained consistent compared with \$657,143 for the three months ended October 31, 2014;

For the three months ended October 31, 2015, office, investor relations, communications and travel expenses totaled \$653,556 which decreased by \$84,227 compared with \$737,783 for the three months ended October 31, 2014. This decrease reflects our continuing efforts to monitor and control these costs to reduce expenses where possible;

For the three months ended October 31, 2015, professional fees totaled \$339,379 which have remained consistent compared with \$328,366 for the three months ended October 31, 2014. Professional fees are comprised primarily of legal services related to regulatory compliance and ongoing legal claims, and audit and taxation services; and

For the three months ended October 31, 2015, stock-based compensation totaled \$626,443 which decreased by \$827,853 compared with \$1,454,296 for the three months ended October 31, 2014. Stock-based compensation includes the fair value of stock options granted to optionees and the fair value of shares of the Company's common stock issued to consultants. During the three months ended October 31, 2015 and 2014, we continued to utilize equity-based payments for consulting services as part of our continuing efforts to reduce cash outlay. During the three months ended October 31, 2014, stock options to purchase 7,540,000 shares of the Company's common stock were granted to the directors, officers, employees and consultants of the Company. The fair value of these stock options have been amortized on an accelerated basis over the vesting period of the options, resulting in a higher stock-based compensation expense being recognized at the beginning of the vesting periods than at the end of the vesting periods.

*Depreciation, Amortization and Accretion*

During the three months ended October 31, 2015, depreciation, amortization and accretion totaled \$242,899 which decreased by \$334,343 compared with \$577,242 for the three months ended October 31, 2014. This decrease was primarily the result of the discontinuation of depletion and/or depreciation of the Palangana Mine and Hobson Processing Facility due to further reduced operations, combined with the effects of certain property and equipment reaching full depletion and/or depreciation. Depreciation, amortization and accretion include depreciation and amortization of long-term assets acquired in the normal course of operations and accretion of asset retirement obligations.

*Other Income and Expenses*

*Interest and Finance Costs*

During the three months ended October 31, 2015, interest and finance costs totaled \$777,693 which have remained consistent compared with \$737,489 for the three months ended October 31, 2014.

For the three months ended October 31, 2015 and 2014, interest and finance costs were primarily comprised of, amortization of debt discount of \$335,668 and \$323,410, interest paid on long-term debt of \$408,889 and \$408,889 and amortization of annual surety bond premium of \$28,369 and \$Nil, respectively.



**Summary of Quarterly Results**

	<b>For the Quarters Ended</b>			
	<b>October 31, 2015</b>	July 31, 2015	April 30, 2015	January 31, 2015
Sales	\$ -	\$ 3,080,000	\$ -	\$ -
Net loss	<b>(5,072,034)</b>	(5,412,432)	(5,347,729)	(5,875,540)
Total comprehensive loss	<b>(5,072,233)</b>	(5,412,059)	(5,347,522)	(5,876,988)
Basic and diluted loss per share	<b>(0.05)</b>	(0.06)	(0.06)	(0.06)
Total assets	<b>53,130,380</b>	57,900,257	52,171,028	55,315,547

	<b>For the Quarters Ended</b>			
	October 31, 2014	July 31, 2014	April 30, 2014	January 31, 2014
Sales	\$ -	\$ -	\$ -	\$ -
Net loss	(6,726,227)	(6,219,172)	(6,697,107)	(7,178,894)
Total comprehensive loss	(6,726,451)	(6,219,156)	(6,704,335)	(7,182,920)
Basic and diluted loss per share	(0.07)	(0.07)	(0.07)	(0.08)
Total assets	59,608,374	64,655,888	70,496,960	67,320,964

**Liquidity and Capital Resources**

	<b>October 31, 2015</b>	July 31, 2015
Cash and cash equivalents	<b>\$ 5,353,088</b>	\$ 10,092,408
Current assets	<b>6,186,582</b>	10,807,618
Current liabilities	<b>8,490,219</b>	4,560,698
Current portion of long-term debt	<b>6,666,667</b>	1,666,667
Working capital (Working capital deficiency)	<b>(2,303,637)</b>	6,246,920

At October 31, 2015, we had a working capital deficiency of \$2,303,637, a decrease of \$8,550,557 from our working capital of \$6,246,920 at July 31, 2015. Current assets include \$5,353,088 in cash and cash equivalents, the largest component of current assets. Current liabilities include \$6,666,667 in current portion of long-term debt, the largest component of current liabilities, representing the principal amounts due over the next twelve months. As a result, our working capital balance will fluctuate significantly as we utilize our cash and cash equivalents to fund our operations including exploration and pre-extraction activities, and as we continue to recognize additional current portion of long-term debt.

The continuation of the Company as a going concern is dependent upon our ability to obtain adequate additional financing which we have successfully secured since inception, including those from asset divestitures. However, there is no assurance that we will be successful in securing any form of additional financing in the future when required and on terms favorable to the Company, therefore substantial doubt exists as to whether our cash resources and/or working capital will be sufficient to enable the Company to continue its operations for the next twelve months. The continued operations of the Company, including the recoverability of the carrying values of its assets, are dependent ultimately on the Company's ability to achieve and maintain profitability and positive cash flow from its operations. Refer to Note 1: Nature of Operations and Going Concern of the Notes to the Consolidated Financial Statements for the three

months ended October 31, 2015.

During the three months ended October 31, 2015, uranium extraction at PAA-1, 2 and 3 of the Palangana Mine continued to operate at a reduced pace since implementing our strategic plan in September 2013 to align our operations to a weak uranium market in a challenging post-Fukushima environment. This strategy has included the deferral of major pre-extraction expenditures and remaining in a state of operational readiness in anticipation of a recovery in uranium prices.

Although our planned principal operations commenced in Fiscal 2012 from which significant revenues from  $U_3O_8$  sales have been realized historically, our revenues generated from  $U_3O_8$  sales have been inconsistent and we have yet to achieve profitability. We have a history of operating losses resulting in an accumulated deficit balance since inception. During the three months ended October 31, 2015, no revenue from  $U_3O_8$  sales was realized and our net loss totaled \$5,072,034, resulting in an accumulated deficit balance of \$197,096,108 at October 31, 2015. During the three months ended October 31, 2015 and 2014, net cash flows decreased by \$4,739,320 and \$4,426,671, respectively. Furthermore, we do not expect to achieve and maintain profitability or develop positive cash flow from our operations in the near term.

Historically, we have been reliant primarily on equity financings from the sale of our common stock and, during Fiscal 2014 and 2013, on debt financing in order to fund our operations. We have also relied to a limited extent on cash flows generated from our mining activities during Fiscal 2015, 2013 and 2012; however, we have yet to achieve profitability or develop positive cash flow from operations, and we do not expect to achieve profitability or develop positive cash flow from operations in the near term. Our reliance on equity and debt financings is expected to continue for the foreseeable future, and their availability whenever such additional financing is required will be dependent on many factors beyond our control including, but not limited to, the market price of uranium, the continuing public support of nuclear power as a viable source of electricity generation, the volatility in the global financial markets affecting our stock price and the status of the worldwide economy, any one of which may cause significant challenges in our ability to access additional financing, including access to the equity and credit markets. We may also be required to seek other forms of financing, such as asset divestitures or joint venture arrangements to continue advancing our uranium projects which would depend entirely on finding a suitable third party willing to enter into such an arrangement, typically involving an assignment of a percentage interest in the mineral project. However, there is no assurance that we will be successful in securing any form of additional financing when required and on terms favorable to us.

Our operations are capital intensive and future capital expenditures are expected to be substantial. We will require significant additional financing to fund our operations, including continuing with our exploration and pre-extraction activities and acquiring additional uranium projects. In the absence of such additional financing, we would not be able to fund our operations, including continuing with our exploration and pre-extraction activities, which may result in delays, curtailment or abandonment of any one or all of our uranium projects.

Our anticipated operations including exploration and pre-extraction activities, however, will be dependent on and may change as a result of our financial position, the market price of uranium and other considerations, and such change may include accelerating the pace or broadening the scope of reducing our operations as originally announced on September 5, 2013. Our ability to secure adequate funding for these activities will be impacted by our operating performance, other uses of cash, the market price of uranium, the market price of our common stock and other factors which may be beyond our control. Specific examples of such factors include, but are not limited to:

- if the weakness in the market price of uranium experienced in Fiscal 2015 continues or weakens further during Fiscal 2016;
- if the weakness in the market price of our common stock experienced in Fiscal 2015 continues or weakens further during Fiscal 2016;
- if we default on making scheduled payments of principal, interest and fees and complying with the restrictive covenants as required under our debt financing during Fiscal 2016, and it results in accelerated repayment of our indebtedness and/or enforcement by the lenders against certain key assets securing our indebtedness; and
- if another nuclear incident, such as the events that occurred at Fukushima in March 2011, are to occur during Fiscal 2016, continuing public support of nuclear power as a viable source of electricity generation may be adversely affected, which may result in significant and adverse effects on both the nuclear and uranium industries.

Our long-term success, including the recoverability of the carrying values of our assets and our ability to acquire additional uranium projects and continue with exploration and pre-extraction activities and mining activities on our existing uranium projects, will depend ultimately on our ability to achieve and maintain profitability and positive cash flow from our operations by establishing ore bodies that contain commercially recoverable uranium and to develop these into profitable mining activities. The economic viability of our mining activities, including the expected duration and profitability of the Palangana Mine and of any future satellite ISR mines, such as the Burke Hollow and Goliad Projects, located within the South Texas Uranium Belt, has many risks and uncertainties. These include, but are not limited to: (i) a significant, prolonged decrease in the market price of uranium; (ii) difficulty in marketing and/or selling uranium concentrates; (iii) significantly higher than expected capital costs to construct the mine and/or processing plant; (iv) significantly higher than expected extraction costs; (v) significantly lower than expected

uranium extraction; (vi) significant delays, reductions or stoppages of uranium extraction activities; and (vii) the introduction of significantly more stringent regulatory laws and regulations. Our mining activities may change as a result of any one or more of these risks and uncertainties and there is no assurance that any ore body that we extract mineralized materials from will result in profitable mining activities.



### ***Debt Financing***

Pursuant to an Amended and Restated Credit Agreement dated and effective March 13, 2014 (the Amended Credit Facility ), which supersedes in its entirety the Credit Agreement dated and effective July 30, 2013 (the Credit Facility ), we entered into a \$20,000,000 senior secured credit facility with certain lenders including Sprott Resource Lending Partnership and CEF (Capital Markets) Limited, under which we received initial funding of \$10,000,000 upon closing of the Credit Facility on July 30, 2013 and an additional \$10,000,000 upon closing of the Amended Credit Facility on March 13, 2014.

The Amended Credit Facility is non-revolving with a four-year term maturing on July 31, 2017, subject to an interest rate of 8% per annum on the principal balance outstanding, compounded and payable on a monthly basis, and various annual and other fees payable in cash and/or shares of the Company. Monthly principal repayments equal to one twelfth of the principal balance then outstanding are required to commence on July 31, 2016. The Amended Credit Facility is secured against the lease and related rights comprising the Hobson Processing Facility and the mineral and related rights comprising the Goliad Project.

We are required to use the proceeds of the Amended Credit Facility for the development, operation and maintenance of the Hobson Processing Facility, the Goliad Project and the Palangana Mine and for working capital purposes.

Refer to *Long-Term Debt Obligations* under Material Commitments and to Note 7: Long-Term Debt of the Notes to the Consolidated Financial Statements for the three months ended October 31, 2015.

### ***Equity Financings***

We filed a Form S-3 Shelf Registration Statement effective January 10, 2014 ( 2014 Shelf ) providing for the public offer and sale of certain securities of the Company from time to time, at its discretion, up to an aggregate offering of \$100 million.

At October 31, 2015, a total of \$16.7 million of the \$100 million registered under the 2014 Shelf had been utilized (\$10.0 million in gross proceeds through the offering of units consisting of the Company's shares and share purchase warrants on June 25, 2015 and \$6.7 million representing the aggregate exercise price of those share purchase warrants and the agents' share purchase warrants should they be exercised in full).

### ***Operating Activities***

Net cash used in operating activities during the three months ended October 31, 2015 was \$4,713,974 (three months ended October 31, 2014: \$4,835,235). Significant operating expenditures included mineral property expenditures, general and administrative expenses and interest payments.

### ***Financing Activities***

Net cash used in financing activities during the three months ended October 31, 2015 was \$9,622 resulting from a decrease in due to related parties. Net cash provided by financing activities during the three months ended October 31, 2014 was \$414,902 resulting from net cash of \$420,591 received from the issuance of common shares for an equity financing and the exercise of stock options, offset by a \$5,689 decrease in due to related parties.

### ***Investing Activities***

Net cash used investing activities during the three months ended October 31, 2015 and 2014 was \$15,724 and \$6,338, respectively, resulting primarily from the purchase of property, plant and equipment.

***Stock Options and Warrants***

At October 31, 2015, the Company had stock options outstanding representing 11,681,975 common shares at a weighted-average exercise price of \$1.36 per share and share purchase warrants outstanding representing 7,859,524 common shares at a weighted-average exercise price of \$2.37 per share. At October 31, 2015, outstanding stock options and warrants represented a total 19,541,499 shares issuable for gross proceeds of approximately \$34,550,000 should these stock options and warrants be exercised in full. At October 31, 2015, outstanding in-the-money stock options and warrants represented a total 2,451,801 common shares exercisable for gross proceeds of approximately \$1,323,000 should these in-the-money stock options and warrants be exercised in full. The exercise of these stock options and warrants is at the discretion of the respective holders and, accordingly, there is no assurance that any of these stock options or warrants will be exercised in the future.

## **Transactions with Directors and Officers**

During the three months ended October 31, 2015 and 2014, the Company incurred \$30,124 and \$39,134, respectively, in general and administrative costs paid to a company controlled by a direct family member of a director and officer. In addition, during the three months ended October 31, 2014, the Company issued 15,000 restricted shares of common stock with a fair value of \$18,150 to this company for consulting services included in general and administrative costs.

At October 31, 2015, amounts owed to related parties totaled \$5,038 (July 31, 2015: \$14,660). These amounts are unsecured, non-interest bearing and due on demand.

## **Material Commitments**

### ***Long-Term Debt Obligations***

At October 31, 2015, we have made all scheduled payments and complied with all of the covenants under the Amended and Restated Credit Agreement dated and effective March 13, 2014.

At October 31, 2015, the principle amounts of the long-term debt due over the next twelve months totaled \$6,666,667, with the first repayment of \$1,666,667 due on July 31, 2016 and monthly repayment of \$1,666,667 due each month thereafter until July 31, 2017. Additional funding and/or financial arrangements will be required during Fiscal 2016 in order to comply with these scheduled payments and covenants.

### **Off-Balance Sheet Arrangements**

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

### **Critical Accounting Policies**

For a complete summary of all of our significant accounting policies, refer to Note 2: Summary of Significant Accounting Policies of the Notes to the Consolidated Financial Statements as presented under Item 8. Financial Statements and Supplementary Data in our Form 10-K Annual Report for the fiscal year ended July 31, 2015.

Refer to Critical Accounting Policies under Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in our Form 10-K Annual Report for the fiscal year ended July 31, 2015.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk**

Refer to Item 7A. Quantitative and Qualitative Disclosures About Market Risk in our Form 10-K Annual Report for the fiscal year ended July 31, 2015.

**Item 4. Controls and Procedures**

**Evaluation of Disclosure Controls and Procedures**

Our management, with the participation of our Principal Executive Officer and Principal Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), as of the end of the period covered by this report. Based on such evaluation, our Principal Executive Officer and Principal Financial Officer have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective.

It should be noted that any system of controls is based in part upon certain assumptions designed to obtain reasonable (and not absolute) assurance as to its effectiveness, and there can be no assurance that any design will succeed in achieving its stated goals.

**Changes in Internal Controls**

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during our fiscal quarter ended October 31, 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II OTHER INFORMATION

### **Item 1. Legal Proceedings**

As of the date of this Quarterly Report, other than as disclosed below, there are no material pending legal proceedings, other than ordinary routine litigation incidental to our business, to which the Company or any of its subsidiaries is a party or of which any of their property is subject, and no director, officer, affiliate or record or beneficial owner of more than 5% of our common stock, or any associate or any such director, officer, affiliate or security holder, is (i) a party adverse to us or any of our subsidiaries in any legal proceeding or (ii) has an adverse interest to us or any of our subsidiaries in any legal proceeding. Other than as disclosed below, management is not aware of any other material legal proceedings pending or that have been threatened against us or our properties.

On or about March 9, 2011, the Texas Commission on Environmental Quality (the "TCEQ") granted the Company's applications for a Class III Injection Well Permit, Production Area Authorization and Aquifer Exemption for its Goliad Project. On or about December 4, 2012, the U.S. Environmental Protection Agency (the "EPA") concurred with the TCEQ issuance of the Aquifer Exemption permit (the "AE"). With the receipt of this concurrence, the final authorization required for uranium extraction, the Goliad Project achieved fully-permitted status. On or about May 24, 2011, a group of petitioners, inclusive of Goliad County, appealed the TCEQ action to the 250<sup>th</sup> District Court in Travis County, Texas. A motion filed by the Company to intervene in this matter was granted. The petitioners' appeal lay dormant until on or about June 14, 2013, when the petitioners filed their initial brief in support of their position. On or about January 18, 2013, a different group of petitioners, exclusive of Goliad County, filed a petition for review with the Court of Appeals for the Fifth Circuit in the United States (the "Fifth Circuit") to appeal the EPA's decision. On or about March 5, 2013, a motion filed by the Company to intervene in this matter was granted. The parties attempted to resolve both appeals, to facilitate discussions and avoid further legal costs. The parties jointly agreed, through mediation initially conducted through the Fifth Circuit on or about August 8, 2013, to abate the proceedings in the State District Court. On or about August 21, 2013, the State District Court agreed to abate the proceedings. The EPA subsequently filed a motion to remand without vacatur with the Fifth Circuit wherein the EPA's stated purpose was to elicit additional public input and further explain its rationale for the approval. In requesting the remand without vacatur, which would allow the AE to remain in place during the review period, the EPA denied the existence of legal error and stated that it was unaware of any additional information that would merit reversal of the AE. The Company and the TCEQ filed a request to the Fifth Circuit for the motion to remand without vacatur, and if granted, to be limited to a 60-day review period. On December 9, 2013, by way of a procedural order from a three-judge panel of the Fifth Circuit, the Court granted the remand without vacatur and initially limited the review period to 60 days. In March of 2014, at the EPA's request, the Fifth Circuit extended the EPA's time period for review and additionally, during that same period, the Company conducted a joint groundwater survey of the site, the result of which reaffirmed the Company's previously filed groundwater direction studies. On or about June 17, 2014, the EPA reaffirmed its earlier decision to uphold the granting of the Company's existing AE, with the exception of a northwestern portion containing less than 10% of the uranium resource which was withdrawn, but not denied, from the AE area until additional information is provided in the normal course of mine development. On or about September 9, 2014, the petitioners filed a status report with the State District Court which included a request to remove the stay agreed to in August 2013 and to set a briefing schedule (the "Status Report"). In that Status Report, the petitioners also stated that they had decided not to pursue their appeal at the Fifth Circuit. The Company continues to believe that the pending appeal is without merit and is continuing as planned towards uranium extraction at its fully-permitted Goliad Project.

On or about April 3, 2012, the Company received notification of a lawsuit filed in the State of Arizona, in the Superior Court for the County of Yavapai, by certain petitioners (the "Plaintiffs") against a group of defendants, including the Company and former management and board members of Concentric Energy Corp. ("Concentric"). The lawsuit asserts certain claims relating to the Plaintiffs' equity investments in Concentric, including allegations that the former management and board members of Concentric engaged in various wrongful acts prior to and/or in conjunction with the merger of Concentric. The lawsuit originally further alleged that the Company was contractually liable for liquidated damages arising from a pre-merger transaction which the Company previously acknowledged and recorded as an accrued liability, and which portion of the lawsuit was settled in full by a cash payment of \$149,194 to the

Plaintiffs and subsequently dismissed. The court dismissed several other claims set forth in the Plaintiffs' initial complaint, but granted the Plaintiffs leave to file an amended complaint. The court denied a subsequent motion to dismiss the amended complaint, finding that the pleading met the minimal pleading requirements under the applicable procedural rules. In October 2013, the Company filed a formal response denying liability for any of the Plaintiffs' remaining claims. The parties have exchanged disclosure statements and formal discovery has been completed. In November 2015, the Company filed a motion for summary judgment seeking to dismiss all claims against the Company and anticipates that the court will provide a ruling before the trial date which has been scheduled for April 2016. The Company continues to believe that this lawsuit is without merit and intends to defend vigorously against the same.

On June 1, 2015, the Company received notice that Westminster Securities Corporation filed a suit in the United States District Court for the Southern District of New York, alleging a breach of contract relating to certain four-year warrants issued by Concentric in December 2008. Although the Concentric warrants expired by their terms on December 31, 2012, Westminster bases its claim upon transactions allegedly occurring prior to UEC's merger with Concentric. The Company believes that this claim lacks merit and intends to vigorously defend the same.

On or about June 29, 2015, Heather M. Stephens filed a class action complaint against the Company and two of its executive officers in the United States District Court, Southern District of Texas, with an amended class action complaint filed on November 16, 2015 (the "Securities Case"). The Securities Case seeks unspecified damages and alleges the defendants violated Section 17(b) of the Securities Act of 1933 and Sections 10(b) and 20(a) of the Securities Exchange Act of 1934.

On or about September 10, 2015, John Price filed a stockholder derivative complaint on behalf of the Company against the Company's Board of Directors, executive management and three of its vice presidents in the United States District Court, Southern District of Texas, with an amended stockholder derivative complaint filed on December 4, 2015. On or about October 2, 2015, Marnie W. McMahon filed a stockholder derivative complaint on behalf of the Company against the Company's Board of Directors, executive management and three of its vice presidents in the District Court of Nevada (collectively, the "Derivative Cases"). The Derivative Cases seek unspecified damages on behalf of the Company against the defendants for allegedly breaching their fiduciary duties to the Company with respect to the allegations in the Securities Case.

The Company intends to file a motion to dismiss for the Securities Case and Derivative Case. The Company believes that the Securities Case and Derivative Cases are without merit and intends to defend vigorously against them.

The Company's Board of Directors received a shareholder demand letter dated September 10, 2015 relating to the allegations in the Securities Case (the "Shareholder Demand"). The letter demands that the Board of Directors initiate an action against the Company's Board of Directors and two of its executive officers to recover damages allegedly caused to the Company. The Board of Directors is reviewing the Shareholder Demand to determine the appropriate course of action.

#### **Item 1A. Risk Factors**

*In addition to the information contained in our Form 10-K Annual Report for the fiscal year ended July 31, 2015 and this Form 10-Q Quarterly Report, we have identified the following material risks and uncertainties which reflect our outlook and conditions known to us as of the date of this Quarterly Report. These material risks and uncertainties should be carefully reviewed by our stockholders and any potential investors in evaluating the Company, our business and the market value of our common stock. Furthermore, any one of these material risks and uncertainties has the potential to cause actual results, performance, achievements or events to be materially different from any future results, performance, achievements or events implied, suggested or expressed by any forward-looking statements made by us or by persons acting on our behalf. Refer to "Cautionary Note Regarding Forward-Looking Statements" as disclosed in our Form 10-K Annual Report for the fiscal year ended July 31, 2015.*

*There is no assurance that we will be successful in preventing the material adverse effects that any one or more of the following material risks and uncertainties may cause on our business, prospects, financial condition and operating results, which may result in a significant decrease in the market price of our common stock. Furthermore, there is no assurance that these material risks and uncertainties represent a complete list of the material risks and uncertainties facing us. There may be additional risks and uncertainties of a material nature that, as of the date of this Annual Report, we are unaware of or that we consider immaterial that may become material in the future, any one or more of which may result in a material adverse effect on us. You could lose all or a significant portion of your investment due to any one of these material risks and uncertainties.*

**Risks Related to Our Company and Business**

*Evaluating our future performance may be difficult since we have a limited financial and operating history, with significant negative cash flow and accumulated deficit to date. Furthermore, there is no assurance that we will be successful in securing any form of additional financing in the future, therefore substantial doubt exists as to whether our cash resources and/or working capital will be sufficient to enable the Company to continue its operations over the next twelve months. Our long-term success will depend ultimately on our ability to achieve and maintain profitability and to develop positive cash flow from our mining activities.*



As more fully described under Item 1. Business in our Form 10-K Annual Report for the fiscal year ended July 31, 2015, Uranium Energy Corp. was incorporated under the laws of the State of Nevada on May 16, 2003 and since 2004, we have been engaged in uranium mining and related activities, including exploration, pre-extraction, extraction and processing on projects located in the United States and Paraguay. In November 2010, we commenced uranium extraction for the first time at the Palangana Mine utilizing ISR and processed those materials at the Hobson Processing Facility into drums of  $U_3O_8$ , our only sales product and source of revenue. We also hold uranium projects in various stages of exploration and pre-extraction in the States of Arizona, Colorado, New Mexico, Texas and Wyoming and the Republic of Paraguay.

As more fully described under Liquidity and Capital Resources of Item 2. Management's Discussion and Analysis of Financial Condition and Result of Operations, we have a history of significant negative cash flow and net losses, with an accumulated deficit balance of \$197.1 million at October 31, 2015. Historically, we have been reliant primarily on equity financings from the sale of our common stock and, for Fiscal 2014 and 2013, on debt financing in order to fund our operations. Although we generated revenues from sales of  $U_3O_8$  during Fiscal 2015, 2013 and 2012 of \$3.1 million, \$9.0 million and \$13.8 million, respectively, with no revenues from sales of  $U_3O_8$  generated during the three months ended October 31, 2015, Fiscal 2014 or for any periods prior to Fiscal 2012, we have yet to achieve profitability or develop positive cash flow from our operations, and we do not expect to achieve profitability or develop positive cash flow from operations in the near term. As a result of our limited financial and operating history, including our significant negative cash flow and net losses to date, it may be difficult to evaluate our future performance.

At October 31, 2015, we had a working capital deficiency of \$2.3 million calculated as the difference between current assets and current liabilities. Current assets include \$5.4 million in cash and cash equivalents, the largest component of current assets. Current liabilities include \$6.7 million in current portion of long-term debt, the largest component of current liabilities, representing the principal amounts due over the next twelve months. The continuation of the Company as a going concern is dependent upon our ability to obtain adequate additional financing which we have successfully secured since inception, including those from asset divestitures. However, there is no assurance that we will be successful in securing any form of additional financing in the future, therefore substantial doubt exists as to whether our cash resources and/or working capital will be sufficient to enable the Company to continue its operations over the next twelve months.

Our reliance on equity and debt financings is expected to continue for the foreseeable future, and their availability whenever such additional financing is required, will be dependent on many factors beyond our control including, but not limited to, the market price of uranium, the continuing public support of nuclear power as a viable source of electricity generation, the volatility in the global financial markets affecting our stock price and the status of the worldwide economy, any one of which may cause significant challenges in our ability to access additional financing, including access to the equity and credit markets. We may also be required to seek other forms of financing, such as asset divestitures or joint venture arrangements to continue advancing our uranium projects which would depend entirely on finding a suitable third party willing to enter into such an arrangement, typically involving an assignment of a percentage interest in the mineral project.

Our long-term success, including the recoverability of the carrying values of our assets and our ability to acquire additional uranium projects and continue with exploration and pre-extraction activities and mining activities on our existing uranium projects, will depend ultimately on our ability to achieve and maintain profitability and positive cash flow from our operations by establishing ore bodies that contain commercially recoverable uranium and to develop these into profitable mining activities. The economic viability of our mining activities, including the expected duration and profitability of the Palangana Mine and of any future satellite ISR mines, such as the Burke Hollow and Goliad Projects, located within the South Texas Uranium Belt, has many risks and uncertainties. These include, but are not limited to: (i) a significant, prolonged decrease in the market price of uranium; (ii) difficulty in marketing and/or selling uranium concentrates; (iii) significantly higher than expected capital costs to construct the mine and/or processing plant; (iv) significantly higher than expected extraction costs; (v) significantly lower than expected

uranium extraction; (vi) significant delays, reductions or stoppages of uranium extraction activities; and (vi) the introduction of significantly more stringent regulatory laws and regulations. Our mining activities may change as a result of any one or more of these risks and uncertainties and there is no assurance that any ore body that we extract mineralized materials from will result in achieving and maintaining profitability and developing positive cash flow.

***Our operations are capital intensive, and we will require significant additional financing to acquire additional uranium projects and continue with our exploration and pre-extraction activities on our existing uranium projects.***

Our operations are capital intensive and future capital expenditures are expected to be substantial. We will require significant additional financing to fund our operations, including acquiring additional uranium projects and continuing with our exploration and pre-extraction activities which include assaying, drilling, geological and geochemical analysis and mine construction costs. In the absence of such additional financing, we would not be able to fund our operations, including continuing with our exploration and pre-extraction activities, which may result in delays, curtailment or abandonment of any one or all of our uranium projects.

***If we are unable to service our indebtedness, we may be faced with accelerated repayments or lose the assets securing our indebtedness. Furthermore, restrictive covenants governing our indebtedness may restrict our ability to pursue our business strategies.***

We entered into an Amended and Restated Credit Agreement dated and effective March 13, 2014 (the Amended Credit Facility ) providing for a \$20 million senior secured credit facility under which we had drawn down the maximum \$20 million in principal as of October 31, 2015. The Amended Credit Facility requires monthly interest payments calculated at 8% per annum and other periodic fees, and principal repayments of \$1.67 million per month over a twelve-month period commencing on July 31, 2016. Our ability to continue making these scheduled payments will be dependent on and may change as a result of our financial condition and operating results. Failure to make any one of these scheduled payments will put us in default with the Amended Credit Facility which, if not addressed or waived, could require accelerated repayment of our indebtedness and/or enforcement by the lenders against certain assets securing our indebtedness. The Amended Credit Facility is secured against the lease and related rights comprising the Hobson Processing Facility and the mineral and related rights comprising the Goliad Project. These are key assets on which our business is substantially dependent and as such, the enforcement against any one or all of these assets would have a material adverse effect on our financial condition and operating results.

Furthermore, the Amended Credit Facility includes restrictive covenants that, among other things, limit our ability to sell the assets securing our indebtedness or to incur additional indebtedness other than permitted indebtedness, which may restrict our ability to pursue certain business strategies from time to time. If we do not comply with these restrictive covenants, we could be in default which, if not addressed or waived, could require accelerated repayment of our indebtedness and/or enforcement by the lenders against certain key assets securing our indebtedness.

***Our uranium extraction and sales history is limited, with our uranium extraction to date originating from a single uranium mine. Our ability to continue generating revenue is subject to a number of factors, any one or more of which may adversely affect our financial condition and operating results.***

We have a limited history of uranium extraction and generating revenue. In November 2010, we commenced uranium extraction at a single uranium mine, the Palangana Mine, which has been our sole source for the U<sub>3</sub>O<sub>8</sub> sold to generate our revenues from sales of U<sub>3</sub>O<sub>8</sub> during Fiscal 2015, 2013 and 2012 of \$3.1 million, \$9.0 million and \$13.8 million, respectively, with no revenues from sales of U<sub>3</sub>O<sub>8</sub> generated during Fiscal 2014 or for any periods prior to Fiscal 2012.

During the three months ended October 31, 2015, uranium extraction at PAA-1, 2 and 3 continued to operate at a reduced pace since implementing our strategic plan in September 2013 to align our operations to a weak uranium market in a challenging post-Fukushima environment. This strategy has included the deferral of major pre-extraction expenditures and remaining in a state of operational readiness in anticipation of a recovery in uranium prices. Our ability to continue generating revenue from the Palangana Mine is subject to a number of factors which include, but are not limited to, (i) a significant, prolonged decrease in the market price of uranium; (ii) difficulty in marketing and/or selling uranium concentrates; (iii) significantly higher than expected capital costs to construct the mine and/or processing plant; (iv) significantly higher than expected extraction costs; (v) significantly lower than expected

uranium extraction; (vi) significant delays, reductions or stoppages of uranium extraction activities; and (vii) the introduction of significantly more stringent regulatory laws and regulations. Furthermore, continued mining activities at the Palangana Mine will eventually deplete the Palangana Mine or cause such activities to become uneconomical, and if we are unable to directly acquire or develop existing uranium projects, such as the Burke Hollow and Goliad Projects, into additional uranium mines from which we can commence uranium extraction, it will negatively impact our ability to generate revenues. Any one or more of these occurrences may adversely affect our financial condition and operating results.

***Uranium exploration and pre-extraction programs and mining activities are inherently subject to numerous significant risks and uncertainties, and actual results may differ significantly from expectations or anticipated amounts. Furthermore, exploration programs conducted on our uranium projects may not result in the establishment of ore bodies that contain commercially recoverable uranium.***

Uranium exploration and pre-extraction programs and mining activities are inherently subject to numerous significant risks and uncertainties, many beyond our control, including, but not limited to: (i) unanticipated ground and water conditions and adverse claims to water rights; (ii) unusual or unexpected geological formations; (iii) metallurgical and other processing problems; (iv) the occurrence of unusual weather or operating conditions and other force majeure events; (v) lower than expected ore grades; (vi) industrial accidents; (vii) delays in the receipt of or failure to receive necessary government permits; (viii) delays in transportation; (ix) availability of contractors and labor; (x) government permit restrictions and regulation restrictions; (xi) unavailability of materials and equipment; and (xii) the failure of equipment or processes to operate in accordance with specifications or expectations. These risks and uncertainties could result in: delays, reductions or stoppages in our mining activities; increased capital and/or extraction costs; damage to, or destruction of, our mineral projects, extraction facilities or other properties; personal injuries; environmental damage; monetary losses; and legal claims.

Success in uranium exploration is dependent on many factors, including, without limitation, the experience and capabilities of a company's management, the availability of geological expertise and the availability of sufficient funds to conduct the exploration program. Even if an exploration program is successful and commercially recoverable uranium is established, it may take a number of years from the initial phases of drilling and identification of the mineralization until extraction is possible, during which time the economic feasibility of extraction may change such that the uranium ceases to be economically recoverable. Uranium exploration is frequently non-productive due, for example, to poor exploration results or the inability to establish ore bodies that contain commercially recoverable uranium, in which case the uranium project may be abandoned and written-off. Furthermore, we will not be able to benefit from our exploration efforts and recover the expenditures that we incur on our exploration programs if we do not establish ore bodies that contain commercially recoverable uranium and develop these uranium projects into profitable mining activities, and there is no assurance that we will be successful in doing so for any of our uranium projects.

Whether an ore body contains commercially recoverable uranium depends on many factors including, without limitation: (i) the particular attributes, including material changes to those attributes, of the ore body such as size, grade, recovery rates and proximity to infrastructure; (ii) the market price of uranium, which may be volatile; and (iii) government regulations and regulatory requirements including, without limitation, those relating to environmental protection, permitting and land use, taxes, land tenure and transportation.

***We have not established proven or probable reserves through the completion of a final or bankable feasibility study for any of our uranium projects, including the Palangana Mine. Furthermore, we have no plans to establish proven or probable reserves for any of our uranium projects for which we plan on utilizing ISR mining, such as the Palangana Mine. Since we commenced extraction of mineralized materials from the Palangana Mine without having established proven or probable reserves, it may result in our mining activities at the Palangana Mine, and at any future uranium projects for which proven or probable reserves are not established, being inherently riskier than other mining activities for which proven or probable reserves have been established.***

We have established the existence of mineralized materials for certain uranium projects, including the Palangana Mine. We have not established proven or probable reserves, as defined by the SEC under Industry Guide 7, through the completion of a final or bankable feasibility study for any of our uranium projects, including the Palangana Mine. Furthermore, we have no plans to establish proven or probable reserves for any of our uranium projects for which we plan on utilizing ISR mining, such as the Palangana Mine. Since we commenced uranium extraction at the Palangana Mine without having established proven or probable reserves, there may be greater inherent uncertainty as to whether or not any mineralized material can be economically extracted as originally planned and anticipated. Any mineralized

materials established or extracted from the Palangana Mine should not in any way be associated with having established or produced from proven or probable reserves.

***Since we are in the Exploration Stage, pre-production expenditures including those related to pre-extraction activities are expensed as incurred, the effects of which may result in our consolidated financial statements not being directly comparable to the financial statements of companies in the Production Stage.***

Despite the fact that we commenced uranium extraction at the Palangana Mine in November 2010, we remain in the Exploration Stage as defined under Industry Guide 7, and will continue to remain in the Exploration Stage until such time proven or probable reserves have been established, which may never occur. We prepare our consolidated financial statements in accordance with United States generally accepted accounting principles ( U.S. GAAP ) under which acquisition costs of mineral rights are initially capitalized as incurred while pre-production expenditures are expensed as incurred until such time we exit the Exploration Stage. Expenditures relating to exploration activities are expensed as incurred and expenditures relating to pre-extraction activities are expensed as incurred until such time proven or probable reserves are established for that uranium project, after which subsequent expenditures relating to mine development activities for that particular project are capitalized as incurred.

We have neither established nor have any plans to establish proven or probable reserves for our uranium projects for which we plan on utilizing ISR mining, such as the Palangana Mine. Companies in the Production Stage as defined by the SEC under Industry Guide 7, having established proven and probable reserves and exited the Exploration Stage, typically capitalize expenditures relating to ongoing development activities, with corresponding depletion calculated over proven and probable reserves using the units-of-production method and allocated to future reporting periods to inventory and, as that inventory is sold, to cost of goods sold. As we are in the Exploration Stage, it has resulted in us reporting larger losses than if we had been in the Production Stage due to the expensing, instead of capitalization, of expenditures relating to ongoing mill and mine pre-extraction activities. Additionally, there would be no corresponding amortization allocated to our future reporting periods since those costs would have been expensed previously, resulting in both lower inventory costs and cost of goods sold and results of operations with higher gross profits and lower losses than if we had been in the Production Stage. Any capitalized costs, such as acquisition costs of mineral rights, are depleted over the estimated extraction life using the straight-line method. As a result, our consolidated financial statements may not be directly comparable to the financial statements of companies in the Production Stage.

***Estimated costs of future reclamation obligations may be significantly exceeded by actual costs incurred in the future. Furthermore, only a portion of the financial assurance required for the future reclamation obligations has been funded.***

We are responsible for certain remediation and decommissioning activities in the future primarily for the Hobson Processing Facility and the Palangana Mine, and have recorded a liability of \$4.0 million on our balance sheet at October 31, 2015 to recognize the present value of the estimated costs of such reclamation obligations. Should the actual costs to fulfill these future reclamation obligations materially exceed these estimated costs, it may have an adverse effect on our financial condition and operating results, including not having the financial resources required to fulfill such obligations when required to do so.

During Fiscal 2015, we secured \$5.6 million of surety bonds as an alternate source of financial assurance for the estimated costs of the reclamation obligations of the Hobson Processing Facility and the Palangana Mine, of which we have \$1.7 million funded and held as restricted cash for collateral purposes as required by the surety. We may be required at any time to fund the remaining \$3.9 million or any portion thereof for a number of reasons including, but not limited to, the following: i) the terms of the surety bonds are amended, such as an increase in collateral requirements; ii) we are in default with the terms of the surety bonds; iii) the surety bonds are no longer acceptable as an alternate source of financial assurance by the regulatory authorities; or iv) the surety encounters financial difficulties. Should any one or more of these events occur in the future, we may not have the financial resources to fund the remaining amount or any portion thereof when required to do so.

***We do not insure against all of the risks we face in our operations.***

In general, where coverage is available and not prohibitively expensive relative to the perceived risk, we will maintain insurance against such risk, subject to exclusions and limitations. We currently maintain insurance against certain risks including securities and general commercial liability claims and certain physical assets used in our operations, subject to exclusions and limitations, however, we do not maintain insurance to cover all of the potential risks and hazards associated with our operations. We may be subject to liability for environmental, pollution or other hazards associated with our exploration, pre-extraction and extraction activities, which we may not be insured against, which may exceed the limits of our insurance coverage or which we may elect not to insure against because of high premiums or other reasons. Furthermore, we cannot provide assurance that any insurance coverage we currently have will continue to be available at reasonable premiums or that such insurance will adequately cover any resulting liability.



***Acquisitions that we may make from time to time could have an adverse impact on us.***

From time to time, we examine opportunities to acquire additional mining assets and businesses. Any acquisition that we may choose to complete may be of a significant size, may change the scale of our business and operations, and may expose us to new geographic, political, operating, financial and geological risks. Our success in our acquisition activities depends on our ability to identify suitable acquisition candidates, negotiate acceptable terms for any such acquisition, and integrate the acquired operations successfully with those of our Company. Any acquisitions would be accompanied by risks which could have a material adverse effect on our business. For example, there may be a significant change in commodity prices after we have committed to complete the transaction and established the purchase price or exchange ratio; a material ore body may prove to be below expectations; we may have difficulty integrating and assimilating the operations and personnel of any acquired companies, realizing anticipated synergies and maximizing the financial and strategic position of the combined enterprise, and maintaining uniform standards, policies and controls across the organization; the integration of the acquired business or assets may disrupt our ongoing business and our relationships with employees, customers, suppliers and contractors; and the acquired business or assets may have unknown liabilities which may be significant. In the event that we choose to raise debt capital to finance any such acquisition, our leverage will be increased. If we choose to use equity as consideration for such acquisition, existing shareholders may suffer dilution. Alternatively, we may choose to finance any such acquisition with our existing resources. There can be no assurance that we would be successful in overcoming these risks or any other problems encountered in connection with such acquisitions.

***The uranium industry is subject to numerous stringent laws, regulations and standards, including environmental protection laws and regulations. If any changes occur that would make these laws, regulations and standards more stringent, it may require capital outlays in excess of those anticipated or cause substantial delays, which would have a material adverse effect on our operations.***

Uranium exploration and pre-extraction programs and mining activities are subject to numerous stringent laws, regulations and standards at the federal, state, and local levels governing permitting, pre-extraction, extraction, exports, taxes, labor standards, occupational health, waste disposal, protection and reclamation of the environment, protection of endangered and protected species, mine safety, hazardous substances and other matters. Our compliance with these requirements requires significant financial and personnel resources.

The laws, regulations, policies or current administrative practices of any government body, organization or regulatory agency in the United States or any other applicable jurisdiction, may change or be applied or interpreted in a manner which may also have a material adverse effect on our operations. The actions, policies or regulations, or changes thereto, of any government body or regulatory agency or special interest group, may also have a material adverse effect on our operations.

Uranium exploration and pre-extraction programs and mining activities are subject to stringent environmental protection laws and regulations at the federal, state, and local levels. These laws and regulations, which include permitting and reclamation requirements, regulate emissions, water storage and discharges and disposal of hazardous wastes. Uranium mining activities are also subject to laws and regulations which seek to maintain health and safety standards by regulating the design and use of mining methods. Various permits from governmental and regulatory bodies are required for mining to commence or continue, and no assurance can be provided that required permits will be received in a timely manner.

Our compliance costs including the posting of surety bonds associated with environmental protection laws and regulations and health and safety standards have been significant to date, and are expected to increase in scale and scope as we expand our operations in the future. Furthermore, environmental protection laws and regulations may become more stringent in the future, and compliance with such changes may require capital outlays in excess of those anticipated or cause substantial delays, which would have a material adverse effect on our operations.



To the best of our knowledge, our operations are in compliance, in all material respects, with all applicable laws, regulations and standards. If we become subject to liability for any violations, we may not be able or may elect not to insure against such risk due to high insurance premiums or other reasons. Where coverage is available and not prohibitively expensive relative to the perceived risk, we will maintain insurance against such risk, subject to exclusions and limitations. However, we cannot provide any assurance that such insurance will continue to be available at reasonable premiums or that such insurance will be adequate to cover any resulting liability.

***We may not be able to obtain, maintain or amend rights, authorizations, licenses, permits or consents required for our operations.***

Our exploration and mining activities are dependent upon the grant of appropriate rights, authorizations, licences, permits and consents, as well as continuation and amendment of these rights, authorizations, licences, permits and consents already granted, which may be granted for a defined period of time, or may not be granted or may be withdrawn or made subject to limitations. There can be no assurance that all necessary rights, authorizations, licences, permits and consents will be granted to us, or that authorizations, licences, permits and consents already granted will not be withdrawn or made subject to limitations.

***Major nuclear incidents may have adverse effects on the nuclear and uranium industries.***

The nuclear incident that occurred in Japan in March 2011 had significant and adverse effects on both the nuclear and uranium industries. If another nuclear incident were to occur, it may have further adverse effects for both industries. Public opinion of nuclear power as a source of electricity generation may be adversely affected, which may cause governments of certain countries to further increase regulation for the nuclear industry, reduce or abandon current reliance on nuclear power or reduce or abandon existing plans for nuclear power expansion. Any one of these occurrences has the potential to reduce current and/or future demand for nuclear power, resulting in lower demand for uranium and lower market prices for uranium, adversely affecting the Company's operations and prospects. Furthermore, the growth of the nuclear and uranium industries is dependent on continuing and growing public support of nuclear power as a viable source of electricity generation.

***The marketability of uranium concentrates will be affected by numerous factors beyond our control which may result in our inability to receive an adequate return on our invested capital.***

The marketability of uranium concentrates extracted by us will be affected by numerous factors beyond our control. These factors include macroeconomic factors, fluctuations in the market price of uranium, governmental regulations, land tenure and use, regulations concerning the importing and exporting of uranium and environmental protection regulations. The future effects of these factors cannot be accurately predicted, but any one or a combination of these factors may result in our inability to receive an adequate return on our invested capital.

***The uranium industry is highly competitive and we may not be successful in acquiring additional projects.***

The uranium industry is highly competitive, and our competition includes larger, more established companies with longer operating histories that not only explore for and produce uranium, but also market uranium and other products on a regional, national or worldwide basis. Due to their greater financial and technical resources, we may not be able to acquire additional uranium projects in a competitive bidding process involving such companies. Additionally, these larger companies have greater resources to continue with their operations during periods of depressed market conditions.

***We hold mineral rights in foreign jurisdictions which could be subject to additional risks due to political, taxation, economic and cultural factors.***

We hold certain mineral rights located in Paraguay through the acquisition of Piedra Rica Mining S.A. and Transandes Paraguay S.A., both companies incorporated in Paraguay. Operations in foreign jurisdictions outside of the U.S. and Canada, especially in developing countries, may be subject to additional risks as they may have different political, regulatory, taxation, economic and cultural environments that may adversely affect the value or continued viability of our rights. These additional risks include, but are not limited to: (i) changes in governments or senior government officials; (ii) changes to existing laws or policies on foreign investments, environmental protection, mining and ownership of mineral interests; (iii) renegotiation, cancellation, expropriation and nationalization of existing permits or contracts; (iv) foreign currency controls and fluctuations; and (v) civil disturbances, terrorism and war.

In the event of a dispute arising at our foreign operations in Paraguay, we may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of the courts in the United States or Canada. We may also be hindered or prevented from enforcing our rights with respect to a government entity or instrumentality because of the doctrine of sovereign immunity. Any adverse or arbitrary decision of a foreign court may have a material and adverse impact on our business, prospects, financial condition and results of operations.

***The title to our mineral property interests may be challenged.***

Although we have taken reasonable measures to ensure proper title to our interests in mineral properties and other assets, there is no guarantee that the title to any of such interests will not be challenged. No assurance can be given that we will be able to secure the grant or the renewal of existing mineral rights and tenures on terms satisfactory to us, or that governments in the jurisdictions in which we operate will not revoke or significantly alter such rights or tenures or that such rights or tenures will not be challenged or impugned by third parties, including local governments, aboriginal peoples or other claimants. Our mineral properties may be subject to prior unregistered agreements, transfers or claims, and title may be affected by, among other things, undetected defects. A successful challenge to the precise area and location of our claims could result in us being unable to operate on our properties as permitted or being unable to enforce our rights with respect to our properties.

***Due to the nature of our business, we may be subject to legal proceedings which may divert management's time and attention from our business and result in substantial damage awards.***

Due to the nature of our business, we may be subject to numerous regulatory investigations, securities claims, civil claims, lawsuits and other proceedings in the ordinary course of our business including those described under Item 1. Legal Proceedings. The outcome of these lawsuits is uncertain and subject to inherent uncertainties, and the actual costs to be incurred will depend upon many unknown factors. We may be forced to expend significant resources in the defense of these suits, and we may not prevail. Defending against these and other lawsuits in the future may not only require us to incur significant legal fees and expenses, but may become time-consuming for us and detract from our ability to fully focus our internal resources on our business activities. The results of any legal proceeding cannot be predicted with certainty due to the uncertainty inherent in litigation, the difficulty of predicting decisions of regulators, judges and juries and the possibility that decisions may be reversed on appeal. There can be no assurances that these matters will not have a material adverse effect on our business, financial position or operating results.

***We depend on certain key personnel, and our success will depend on our continued ability to retain and attract such qualified personnel.***

Our success is dependent on the efforts, abilities and continued service of certain senior officers and key employees and consultants. A number of our key employees and consultants have significant experience in the uranium industry. A loss of service from any one of these individuals may adversely affect our operations, and we may have difficulty or may not be able to locate and hire a suitable replacement.

***Certain directors and officers may be subject to conflicts of interest.***

The majority of our directors and officers are involved in other business ventures including similar capacities with other private or publicly-traded companies. Such individuals may have significant responsibilities to these other business ventures, including consulting relationships, which may require significant amounts of their available time. Conflicts of interest may include decisions on how much time to devote to our business affairs and what business opportunities should be presented to us. Our Code of Business Conduct for Directors, Officers and Employees provides for guidance on conflicts of interest.



***The laws of the State of Nevada and our Articles of Incorporation may protect our directors and officers from certain types of lawsuits.***

The laws of the State of Nevada provide that our directors and officers will not be liable to the Company or its stockholders for monetary damages for all but certain types of conduct as directors and officers of the Company. Our Bylaws provide for broad indemnification powers to all persons against all damages incurred in connection with our business to the fullest extent provided or allowed by law. These indemnification provisions may require us to use our limited assets to defend our directors and officers against claims, and may have the effect of preventing stockholders from recovering damages against our directors and officers caused by their negligence, poor judgment or other circumstances.

***Several of our directors and officers are residents outside of the U.S., and it may be difficult for stockholders to enforce within the U.S. any judgments obtained against such directors or officers.***

Several of our directors and officers are nationals and/or residents of countries other than the U.S., and all or a substantial portion of such persons' assets are located outside of the U.S. As a result, it may be difficult for investors to effect service of process on such directors and officers, or enforce within the U.S. any judgments obtained against such directors and officers, including judgments predicated upon the civil liability provisions of the securities laws of the U.S. or any state thereof. Consequently, stockholders may be effectively prevented from pursuing remedies against such directors and officers under U.S. federal securities laws. In addition, stockholders may not be able to commence an action in a Canadian court predicated upon the civil liability provisions under U.S. federal securities laws. The foregoing risks also apply to those experts identified in this document that are not residents of the U.S.

***Disclosure controls and procedures and internal control over financial reporting, no matter how well designed and operated, are designed to obtain reasonable, and not absolute, assurance as to its reliability and effectiveness.***

Management's evaluation on the effectiveness of disclosure controls and procedures is designed to ensure that information required for disclosure in our public filings is recorded, processed, summarized and reported on a timely basis to our senior management, as appropriate, to allow timely decisions regarding required disclosure. Management's report on internal control over financial reporting is designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use and transactions are properly recorded and reported. However, any system of controls, no matter how well designed and operated, is based in part upon certain assumptions designed to obtain reasonable, and not absolute, assurance as to its reliability and effectiveness. Any failure to maintain effective disclosure controls and procedures in the future may result in our inability to continue meeting our reporting obligations in a timely manner, qualified audit opinions or restatements of our financial reports, any one of which may affect the market price for our common stock and our ability to access the capital markets.

### **Risks Related to Our Common Stock**

***Historically, the market price of our common stock has been and may continue to fluctuate significantly.***

On September 28, 2007, our common stock commenced trading on the NYSE MKT (formerly known as the American Stock Exchange and the NYSE Amex Equities Exchange) and prior to that, traded on the OTC Bulletin Board.

The global markets have experienced significant and increased volatility in the past, and have been impacted by the effects of mass sub-prime mortgage defaults and liquidity problems of the asset-backed commercial paper market, resulting in a number of large financial institutions requiring government bailouts or filing for bankruptcy. The effects of these past events and any similar events in the future may continue to or further affect the global markets, which may directly affect the market price of our common stock and our accessibility for additional financing. Although this volatility may be unrelated to specific company performance, it can have an adverse effect on the market price of our

shares which, historically, has fluctuated significantly and may continue to do so in the future.

In addition to the volatility associated with general economic trends and market conditions, the market price of our common stock could decline significantly due to the impact of any one or more events, including, but not limited to, the following: (i) volatility in the uranium market; (ii) occurrence of a major nuclear incident such as the events in Fukushima in March 2011; (iii) changes in the outlook for the nuclear power and uranium industries; (iv) failure to meet market expectations on our exploration, pre-extraction or extraction activities, including abandonment of key uranium projects; (v) sales of a large number of our shares held by certain stockholders including institutions and insiders; (vi) downward revisions to previous estimates on us by analysts; (vii) removal from market indices; (viii) legal claims brought forth against us; and (ix) introduction of technological innovations by competitors or in competing technologies.



***A prolonged decline in the market price of our common stock could affect our ability to obtain additional financing which would adversely affect our operations.***

Historically, we have relied on equity financing and more recently, on debt financing, as primary sources of financing. A prolonged decline in the market price of our common stock or a reduction in our accessibility to the global markets may result in our inability to secure additional financing which would have an adverse effect on our operations.

***Additional issuances of our common stock may result in significant dilution to our existing shareholders and reduce the market value of their investment.***

We are authorized to issue 750,000,000 shares of common stock of which 98,894,704 shares were issued and outstanding as of October 31, 2015. Future issuances for financings, mergers and acquisitions, exercise of stock options and share purchase warrants and for other reasons may result in significant dilution to and be issued at prices substantially below the price paid for our shares held by our existing stockholders. Significant dilution would reduce the proportionate ownership and voting power held by our existing stockholders, and may result in a decrease in the market price of our shares.

We filed a Form S-3 Shelf Registration Statement, which was declared effective on January 10, 2014. This Shelf Registration Statement provides for the public offer and sale of certain securities of the Company from time to time, at our discretion, up to an aggregate offering amount of \$100 million, of which a total of \$16.7 million has been utilized through public offerings as of October 31, 2015.

***We are subject to the Continued Listing Criteria of the NYSE MKT and our failure to satisfy these criteria may result in delisting of our common stock.***

Our common stock is currently listed on the NYSE MKT. In order to maintain this listing, we must maintain certain share prices, financial and share distribution targets, including maintaining a minimum amount of shareholders equity and a minimum number of public shareholders. In addition to these objective standards, the NYSE MKT may delist the securities of any issuer if, in its opinion, the issuer's financial condition and/or operating results appear unsatisfactory; if it appears that the extent of public distribution or the aggregate market value of the security has become so reduced as to make continued listing on the NYSE MKT inadvisable; if the issuer sells or disposes of principal operating assets or ceases to be an operating company; if an issuer fails to comply with the NYSE MKT's listing requirements; if an issuer's common stock sells at what the NYSE MKT considers a low selling price and the issuer fails to correct this via a reverse split of shares after notification by the NYSE MKT; or if any other event occurs or any condition exists which makes continued listing on the NYSE MKT, in its opinion, inadvisable.

If the NYSE MKT delists our common stock, investors may face material adverse consequences, including, but not limited to, a lack of trading market for our securities, reduced liquidity, decreased analyst coverage of our securities, and an inability for us to obtain additional financing to fund our operations.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

During our fiscal quarter ended October 31, 2015, we issued the following securities that were not registered under the Securities Act of 1933, as amended (the "U.S. Securities Act"):

On August 2, 2015 and September 2, 2015, we issued 3,500 shares of restricted common stock to a consultant at a deemed issuance price of \$2.88 per share in consideration for services under a consulting agreement. We relied on exemptions from registration under the Securities Act provided by Regulation S and/or Section 4(a)(2) with respect to the issuance of these shares.

On August 10, 2015 and September 10, 2015, we issued 7,500 shares of restricted common stock to a consultant at a deemed issuance price of \$2.00 per share in consideration for services under a consulting agreement. We relied on exemptions from registration under the Securities Act provided by Rule 506 of Regulation D and/or Section 4(a)(2) with respect to the issuance of these shares.

On August 10, 2015 and September 10, 2015, we issued 2,597 shares of restricted common stock to a consultant at a deemed issuance price of \$1.54 per share in consideration for services under a consulting agreement. We relied on exemptions from registration under the Securities Act provided by Regulation S and/or Section 4(a)(2) with respect to the issuance of these shares.

On August 14, 2015, we issued an aggregate of 752,320 shares of restricted common stock to three lenders (and one of their assignees) at a deemed issuance price of \$1.1963 per share pursuant to the terms of an amended and restated credit agreement. We relied on exemptions from registration under the Securities Act provided by Regulation S and/or Section 4(a)(2) for two of the lenders (and one of their assignees) and by Rule 506 of Regulation D and/or Section 4(a)(2) of the Securities Act with respect to the other lender.

On August 21, 2015, we issued 5,000 shares of restricted common stock to a consultant at a deemed issuance price of \$1.50 per share in consideration for services under a consulting agreement. We relied on exemptions from registration under the Securities Act provided by Regulation S and/or Section 4(a)(2) with respect to the issuance of these shares.

On August 24, 2015, we issued an aggregate of 98,940 shares of restricted common stock to three consultants in consideration for services under consulting agreements, as follows: (i) we issued 45,000 shares of restricted common stock to a consultant at a deemed issuance price of \$1.32 per share; (ii) we issued 35,000 shares of restricted common stock to a consultant at a deemed issuance price of \$1.03 per share; and (iii) we issued 18,940 shares of restricted common stock to a consultant at a deemed issuance price of \$1.32 per share. We relied on exemptions from registration under the Securities Act provided by Regulation S and/or Section 4(a)(2) with respect to the issuance of these shares.

On September 24, 2015 and October 23, 2015, we issued 18,939 shares of restricted common stock to a consultant at a deemed issuance price of \$1.32 per share in consideration for services under a consulting agreement. We relied on exemptions from registration under the Securities Act provided by Regulation S and/or Section 4(a)(2) with respect to the issuance of these shares.

On October 14, 2015, we issued an aggregate of 105,970 shares of restricted common stock to five consultants in consideration for services under consulting agreements, as follows: (i) we issued 40,000 shares of restricted common stock to a consultant at a deemed issuance price of \$1.15 per share; (ii) we issued 38,333 shares of restricted common stock to a consultant at a deemed issuance price of \$1.20 per share; (iii) we issued 13,637 shares of restricted common stock to a consultant at a deemed issuance price of \$1.10 per share; (iv) we issued 10,000 shares of restricted common stock to a consultant at a deemed issuance price of \$1.15 per share; and (v) we issued 4,000 shares of restricted common stock to a consultant at a deemed issuance price of \$1.00 per share. We relied on exemptions from registration under the Securities Act provided by Rule 506 of Regulation D and/or Section 4(a)(2) with respect to the issuance of these shares to three consultants and on exemptions from registration under the Securities Act provided by Regulation S and/or Section 4(a)(2) with respect to the issuance of these shares to the other two consultants.

**Item 3. Defaults Upon Senior Securities**

None.

**Item 4. Mine Safety Disclosures**

Pursuant to Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the Dodd-Frank Act ), issuers that are operators, or that have a subsidiary that is an operator, of a coal or other mine in the United States, and that is subject to regulation by the Federal Mine Safety and Health Administration under the Mine Safety and Health Act of 1977 ( Mine Safety Act ), are required to disclose in their periodic reports filed with the SEC information regarding specified health and safety violations, orders and citations, related assessments and legal actions, and mining-related fatalities. During the quarter ended October 31, 2015, the Company s Palangana Mine was not subject to regulation by the Federal Mine Safety and Health Administration under the Mine Safety Act.

**Item 5. Other Information**

None.

**Item 6. Exhibits**

The following exhibits are included with this Quarterly Report on Form 10-Q:

**Exhibit Description of Exhibit**

<u>10.1</u>	<u>Amendment to Executive Services Agreement between Amir Adnani Corp. and the Company.</u>
<u>31.1</u>	<u>Certification of Chief Executive Officer pursuant to the Securities Exchange Act of 1934 Rule 13a- 14(a) or 15d-14(a).</u>
<u>31.2</u>	<u>Certification of Chief Financial Officer pursuant to the Securities Exchange Act of 1934 Rule 13a- 14(a) or 15d-14(a).</u>
<u>32.1</u>	<u>Certifications pursuant to the Securities Exchange Act of 1934 Rule 13a-14(b) or 15d-14(b) and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**URANIUM ENERGY CORP.**

By: */s/ Amir Adnani*  
Amir Adnani  
President, Chief Executive Officer (Principal  
Executive Officer) and Director  
Date: December 7, 2015

By: */s/ Pat Obara*  
Pat Obara  
Interim Chief Financial Officer (Principal Financial  
Officer)  
Date: December 7, 2015