

URANIUM ENERGY CORP  
Form 10-Q  
June 11, 2018

**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  
X ACT OF 1934**

For the quarterly period ended **April 30, 2018**

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)

Edgar Filing: URANIUM ENERGY CORP - Form 10-Q

**Nevada**

State or other jurisdiction of incorporation of organization)

**98-0399476**

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

**1030 West Georgia Street, Suite 1830, Vancouver, B.C., Canada**

(Address of principal executive offices)

**V6E 2Y3**

(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 x 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 (§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 x No "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth 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

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. "

Edgar Filing: URANIUM ENERGY CORP - Form 10-Q

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

Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 160,397,532 shares of common stock outstanding as of June 7, 2018.

**URANIUM ENERGY CORP.**

**TABLE OF CONTENTS**

<u>PART I – FINANCIAL INFORMATION</u>	<u>3</u>
<u>Item 1. Financial Statements</u>	<u>3</u>
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>27</u>
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	<u>36</u>
<u>Item 4. Controls and Procedures</u>	<u>36</u>
<u>PART II – OTHER INFORMATION</u>	<u>37</u>
<u>Item 1. Legal Proceedings</u>	<u>37</u>
<u>Item 1A. Risk Factors</u>	<u>39</u>
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>49</u>
<u>Item 3. Defaults Upon Senior Securities</u>	<u>50</u>
<u>Item 4. Mine Safety Disclosures</u>	<u>50</u>
<u>Item 5. Other Information</u>	<u>50</u>
<u>Item 6. Exhibits</u>	<u>50</u>
<u>SIGNATURES</u>	<u>51</u>

PART I – FINANCIAL INFORMATION

Item 1.

Financial Statements

3

**URANIUM ENERGY CORP.**

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE NINE MONTHS ENDED APRIL 30, 2018**

**(Unaudited)**

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

	Note(s)	April 30, 2018	July 31, 2017
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		\$ 11,223,448	\$ 12,575,973
Short-term investments		1,000,000	10,000,000
Inventories		211,662	211,662
Prepaid expenses and deposits	3	1,249,053	685,992
Other current assets		117,713	117,770
		13,801,876	23,591,397
<b>MINERAL RIGHTS AND PROPERTIES</b>			
	4,5	65,125,223	38,931,976
<b>PROPERTY, PLANT AND EQUIPMENT</b>			
	6	7,120,236	6,791,182
<b>RECLAMATION DEPOSITS</b>			
		1,779,182	1,706,028
<b>EQUITY-ACCOUNTED INVESTMENT</b>			
	7	242,775	151,676
<b>OTHER LONG-TERM ASSETS</b>			
		889,028	1,004,975
		\$88,958,320	\$72,177,234
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued liabilities	15	\$ 1,437,228	\$ 2,446,854
Due to related parties	8	935	768
Current portion of long-term debt	10	5,000,000	-
		6,438,163	2,447,622
<b>DEFERRED TAX LIABILITIES</b>			
	9	1,004,197	609,470
<b>LONG-TERM DEBT</b>			
	10	14,238,168	19,254,835
<b>ASSET RETIREMENT OBLIGATIONS</b>			
	11	3,966,180	3,729,902
		25,646,708	26,041,829
<b>STOCKHOLDERS' EQUITY</b>			
<b>Capital stock</b>			
Common stock \$0.001 par value: 750,000,000 shares authorized, 158,482,881 shares issued and outstanding (July 31, 2017 - 139,815,214)	12	158,483	139,815
Additional paid-in capital		303,548,744	272,697,152
Share issuance obligation	12	-	638,142
Accumulated deficit		(240,381,301)	(227,325,002)
Accumulated other comprehensive loss		(14,314)	(14,702)
		63,311,612	46,135,405
		\$88,958,320	\$72,177,234

COMMITMENTS AND CONTINGENCIES	16
SUBSEQUENT EVENT	17

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



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

	Note(s)	Three Months Ended April 30,		Nine Months Ended April 30,	
		2018	2017	2018	2017
<b>COSTS AND EXPENSES</b>					
Mineral property expenditures	4,5	\$981,493	\$999,241	\$3,638,408	\$2,956,805
General and administrative	8,12	2,407,571	2,092,656	7,526,698	6,616,141
Depreciation, amortization and accretion	5,6,11	88,294	117,792	268,066	397,399
Impairment loss on mineral properties	-	-	-	-	297,942
Inventory write-down	-	-	-	-	60,694
		3,477,358	3,209,689	11,433,172	10,328,981
<b>LOSS FROM OPERATIONS</b>		<b>(3,477,358 )</b>	<b>(3,209,689 )</b>	<b>(11,433,172 )</b>	<b>(10,328,981 )</b>
<b>OTHER INCOME (EXPENSES)</b>					
Interest income		38,467	63,994	188,335	69,424
Other income		1,649	35,712	37,483	35,712
Interest expenses and finance costs	10	(710,000 )	(697,644 )	(2,206,585 )	(2,185,166 )
Share of (loss) gain from equity-accounted investment	7	(10,134 )	-	91,099	-
Loss on disposition of assets		(1,222 )	-	(1,696 )	(1,055 )
		(681,240 )	(597,938 )	(1,891,364 )	(2,081,085 )
<b>LOSS BEFORE INCOME TAXES</b>		<b>(4,158,598 )</b>	<b>(3,807,627 )</b>	<b>(13,324,536 )</b>	<b>(12,410,066 )</b>
<b>DEFERRED TAX BENEFITS</b>	9	<b>11,952</b>	<b>8,763</b>	<b>268,237</b>	<b>26,139</b>
<b>NET LOSS FOR THE PERIOD</b>		<b>(4,146,646 )</b>	<b>(3,798,864 )</b>	<b>(13,056,299 )</b>	<b>(12,383,927 )</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS), NET OF INCOME TAXES</b>		<b>252</b>	<b>(28 )</b>	<b>388</b>	<b>(26 )</b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>		<b>\$(4,146,394 )</b>	<b>\$(3,798,892 )</b>	<b>\$(13,055,911 )</b>	<b>\$(12,383,953 )</b>
<b>NET LOSS PER SHARE, BASIC AND DILUTED</b>	13	<b>\$(0.03 )</b>	<b>\$(0.03 )</b>	<b>\$(0.08 )</b>	<b>\$(0.10 )</b>
<b>WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING, BASIC AND DILUTED</b>		<b>157,704,601</b>	<b>137,452,998</b>	<b>155,996,660</b>	<b>124,676,016</b>

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



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

	Nine Months Ended April 30,	
	Note(s) 2018	2017
<b>CASH PROVIDED BY (USED IN):</b>		
<b>OPERATING ACTIVITIES</b>		
Net loss for the period		\$(13,056,299 ) \$(12,383,927 )
Adjustments to reconcile net loss to cash flows in operating activities		
Stock-based compensation	12	2,133,359      2,482,178
Depreciation, amortization and accretion	5,6,11	268,066      397,399
Amortization of long-term debt discount	10	883,333      869,830
Impairment loss on mineral properties		-      297,942
Inventory write-down		-      60,694
Loss on disposition of assets		1,696      1,055
Deferred tax benefits	9	(268,237 )      (26,139 )
Share of gain from equity-accounted investment	7	(91,099 )      -
Reimbursable Expenses for Reno Creek Acquisition	4	483,829      -
Changes in operating assets and liabilities		
Inventories		-      2,960
Prepaid expenses and deposits		(265,985 )      (625,393 )
Other current assets		445      (37,537 )
Accounts payable and accrued liabilities	15	(477,222 )      745,967
<b>NET CASH FLOWS USED IN OPERATING ACTIVITIES</b>		<b>(10,388,114 )      (8,214,971 )</b>
<b>FINANCING ACTIVITIES</b>		
Shares issuance for cash, net of issuance costs		328,300      26,444,815
Due to a related party	8	167      998
<b>NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES</b>		<b>328,467      26,445,813</b>
<b>INVESTING ACTIVITIES</b>		
Net cash received from asset acquisition	4	215,065      -
Investment in mineral rights and properties	5	(309,120 )      -
Purchase of property, plant and equipment		(11,242 )      (40,250 )
Increase in other long-term assets		(188,400 )      -
Purchase of short-term investments		(21,771,253 )      (16,000,671 )
Redemption of short-term investments		30,771,253      -
Decrease in reclamation deposits		819      -
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>		<b>8,707,122      (16,040,921 )</b>
<b>NET CASH FLOWS</b>		<b>(1,352,525 )      2,189,921</b>

Edgar Filing: URANIUM ENERGY CORP - Form 10-Q

CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	12,575,973	7,142,571
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 11,223,448	\$ 9,332,492
SUPPLEMENTAL CASH FLOW INFORMATION	15	

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		Additional Paid-in Capital	Share Issuance Obligation	Accumulated Deficit	Accumulated Other	Stockholders' Equity
	Shares	Amount				Comprehensive Loss	
Balance, July 31, 2017	139,815,124	\$ 139,815	\$ 272,697,152	\$ 638,142	\$(227,325,002)	\$(14,702 )	\$ 46,135,405
Common stock Issued upon exercise of stock options	908,178	909	327,391	-	-	-	328,300
Issued for credit facility	641,574	641	899,359	-	-	-	900,000
Issued for Reno Creek Acquisition	14,852,450	14,853	20,317,764	-	-	-	20,332,617
Issued for Reimbursable Expenses for Reno Creek Acquisition	353,160	353	483,476	-	-	-	483,829
Issued for Diabase Acquisition	164,767	165	232,156	-	-	-	232,321
Issued for mineral property	46,134	46	61,774	-	-	-	61,820
Issued for settlement of liabilities	469,358	470	698,491	-	-	-	698,961
Stock-based compensation Common stock issued for consulting services	208,889	208	322,657	-	-	-	322,865
Common stock issued under 2017 Stock	1,023,247	1,023	1,366,763	(638,142 )	-	-	729,644

Edgar Filing: URANIUM ENERGY CORP - Form 10-Q

Incentive Plan							
Stock options							
issued to	-	-	385,082	-	-	-	385,082
consultants							
Stock options							
issued to	-	-	226,907	-	-	-	226,907
management							
Stock options							
issued to	-	-	440,844	-	-	-	440,844
employees							
Warrants							
Issued in							
connection with	-	-	5,088,928	-	-	-	5,088,928
Reno Creek							
Acquisition							
Net loss for the	-	-	-	-	(13,056,299 )	-	(13,056,299)
period							
Other							
comprehensive	-	-	-	-	-	388	388
income							
Balance, April	158,482,881	\$ 158,483	\$ 303,548,744	\$-	\$(240,381,301)	\$(14,314 )	\$ 63,311,612
30, 2018							

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

**URANIUM ENERGY CORP.**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**April 30, 2018**

**(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” or “we”) are engaged in uranium and titanium mining and related activities, including exploration, pre-extraction, extraction and processing of uranium concentrates and titanium minerals, on projects located in the United States, in Canada and in the Republic of 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”), July 31, 2013 (“Fiscal 2013”) and July 31, 2012 (“Fiscal 2012”), we have yet to achieve profitability and have had a history of operating losses resulting in an accumulated deficit balance since inception. No revenue from uranium sales was realized for the nine months ended April 30, 2018, or for the fiscal years ended July 31, 2017 (“Fiscal 2017”), July 31, 2016 (“Fiscal 2016”) or July 31, 2014 (“Fiscal 2014”). Historically, we have been reliant primarily on equity financings from the sale of our common stock and, during Fiscal 2014 and Fiscal 2013, on debt financing in order to fund our operations, and this reliance is expected to continue for the foreseeable future.

At April 30, 2018, we had working capital of \$7.4 million including cash and cash equivalents of approximately \$11.2 million and short-term investments of \$1.0 million. As we do not expect to achieve and maintain profitability in the near term, our continuation as a going concern is dependent upon our ability to obtain adequate additional financing which we have successfully secured since our 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 us; and therefore, substantial doubt exists as to whether our cash resources and working capital will be sufficient to enable our Company to continue as a going concern for the next 12 months from the date that our condensed consolidated financial statements are issued. Our continued operations, including the recoverability of the carrying values of our assets, are dependent ultimately on our ability to achieve and maintain profitability and positive cash flow from our 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 we can no

longer continue as a going concern.

## **NOTE 2: BASIS OF PRESENTATION**

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with United States (“U.S.”) generally accepted accounting principles (“U.S. GAAP”) for interim financial information and are presented in U.S. dollars. 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 our Annual Report on Form 10-K for Fiscal 2017. 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 nine months ended April 30, 2018, are not necessarily indicative of the results that may be expected for the fiscal year ending July 31, 2018 (“Fiscal 2018”).

### **Exploration Stage**

We have established the existence of mineralized materials for certain uranium projects, including for our Palangana Mine. We have 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 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 in-situ recovery (“ISR”) mining, such as the Palangana Mine. As a result, and despite the fact that we commenced extraction of mineralized materials 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.



**URANIUM ENERGY CORP.**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**April 30, 2018**

**(Unaudited)**

Since we commenced the 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 we exit the Exploration Stage by establishing proven or probable reserves. Expenditures relating to exploration activities such as drilling 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. We are in the Exploration Stage which has resulted in us reporting larger losses than if it had been in the Production Stage due to the expensing, rather than capitalizing, of expenditures relating to ongoing mill and mine development activities. Additionally, there would be no corresponding amortization allocated to future reporting periods of our 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 we 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, our consolidated financial statements may not be directly comparable to the financial statements of companies in the Production Stage.

**NOTE 3: PREPAID EXPENSES AND DEPOSITS**

At April 30, 2018, prepaid expenses and deposits consisted of the following:

	April 30, 2018	July 31, 2017
Prepaid Property Renewal Fees	\$ 609,866	\$ 189,845
Prepaid Insurance	213,325	91,073
Prepaid Listing and Subscriptions	90,384	60,289
Prepaid License Fees	66,207	16,389
Prepaid Surety Bond Premium	68,585	38,952
Deposits and Expense Advances	85,507	86,439
Other Prepaid Expenses	115,179	203,005
	\$ 1,249,053	\$ 685,992

#### **NOTE 4: ACQUISITION OF RENO CREEK PROJECT**

On August 9, 2017, we completed the acquisition of the issued and outstanding shares of Reno Creek Holdings Inc. (“RCHI”) and, indirectly thereby, 100% of its fully permitted Reno Creek in-situ recovery uranium project (the “Reno Creek Project”) located in the Powder River Basin, Wyoming, from each of the Pacific Roads Resources Funds (collectively, “PRRF”; as to 97.27% of RCHI) and Bayswater Holdings Inc. (as to the remaining 2.73% of RCHI; and, collectively with PRRF, the “Reno Creek Vendors”), in accordance with the terms and conditions of a certain Share Purchase Agreement, dated May 9, 2017, as amended by a certain Amending Agreement, dated August 7, 2017 (collectively, the “Share Purchase Agreement”; and, collectively, the “Reno Creek Acquisition”).

**URANIUM ENERGY CORP.**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**April 30, 2018**

**(Unaudited)**

Pursuant to the terms of the original Share Purchase Agreement, we agreed to reimburse all costs and expenses (the “Reimbursable Expenses”) incurred by RCHI and its subsidiaries in the ordinary course of business from the effective date of the Share Purchase Agreement to closing, and, pursuant to the Amending Agreement, we also agreed with that the amount to be distributed from RCHI’s subsidiaries to RCHI at closing totalled \$1,743,666, which was comprised of the Reimbursable Expenses and the amount of cash on hand held by RCHI’s subsidiaries at the time.

In connection with the completion of the Reno Creek Acquisition, we paid the following consideration:

a cash payment of \$909,930;  
14,392,927 shares of the Company;  
an additional 241,821 shares of the Company in settlement of certain insurance costs of \$340,000 incurred by the Company and RCHI at closing;  
11,308,728 warrants of the Company (each a “Warrant”), with each Warrant entitling the holder to acquire one share of the Company at an exercise price of \$2.30 per share for a period of five years from the date of issuance. The Warrants have an accelerator clause which provides that, in the event that the closing price of the shares of the Company on its principally traded exchange is equal to or greater than \$4.00 per share for a period of 20 consecutive trading days, the Company may accelerate the expiry date of the Warrants to within 30 days by providing written notice to the holders;  
a 0.5% net profits interest royalty, capped at \$2.5 million; and  
transaction costs of \$779,509, of which \$283,013 was paid by the issuance of 217,702 shares of the Company.

In connection with the Reno Creek Acquisition, we also issued 353,160 common shares in settlement of the Reimbursable Expenses totalling \$483,829, which was included in the mineral property expenditures on our condensed consolidated financial statements for the nine months ended April 30, 2018.

In accordance with ASC 360: Property, Plant and Equipment, the Reno Creek Acquisition was accounted for as an asset acquisition as it was determined that the operations of the Reno Creek Project do not meet the definition of a business as defined in ASC 805: Business Combinations.

Edgar Filing: URANIUM ENERGY CORP - Form 10-Q

The fair value of the consideration paid and the allocation to the identifiable assets acquired and liabilities assumed are summarized as follows:

Consideration paid	
14,634,748 UEC common shares at \$1.37 per share	\$20,049,605
11,308,728 UEC share purchase warrants at \$0.45 per warrant	5,088,928
Cash payment	909,930
Transaction costs	779,509
	\$26,827,972

Assets acquired and liabilities assumed	
Cash and cash equivalents	\$1,247,170
Prepaid expenses	319,874
Reclamation deposits	73,973
Land & buildings	370,085
Mineral rights & properties	25,553,807
Asset retirement obligations	(73,973 )
Deferred tax liabilities	(662,964 )
	\$26,827,972

**URANIUM ENERGY CORP.****NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****April 30, 2018****(Unaudited)**

The Reno Creek Project is comprised of U.S. federal mineral lode claims, state mineral leases, various private mineral leases and certain surface use agreements which grant us the exclusive right to explore, develop and mine for uranium on a 19,437-acre area in Campbell County, Wyoming. The mineral leases and surface use agreements are subject to certain royalty interests with terms ranging from 5 to 15 years, some of which have extension provisions.

**NOTE 5: MINERAL RIGHTS AND PROPERTIES****Mineral Rights**

At April 30, 2018, we had mineral rights in the States of Arizona, Colorado, New Mexico, Wyoming and Texas, in Canada and in the Republic of Paraguay. These mineral rights were acquired through staking, purchase or lease agreements and are subject to varying royalty interests, some of which are indexed to the sale price of uranium and titanium. At April 30, 2018, annual maintenance payments of approximately \$1,833,000 will be required to maintain these mineral rights.

Mineral rights and property acquisition costs consisted of the following:

	April 30, 2018	July 31, 2017
Mineral Rights and Properties		
Palangana Mine	\$ 6,285,898	\$ 6,285,898
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
Anderson Project	9,154,268	9,154,268
Workman Creek Project	1,632,500	1,520,680
Los Cuatros Project	257,250	257,250
Slick Rock Project	635,650	615,650

Edgar Filing: URANIUM ENERGY CORP - Form 10-Q

Reno Creek Project	25,553,807	-
Diabase Project	546,938	-
Yuty Project	11,947,144	11,947,144
Oviedo Project	1,133,412	1,133,412
Alto Paraná Titanium Project	1,433,030	1,433,030
Other Property Acquisitions	91,080	91,080
	68,987,629	42,755,064
Accumulated Depletion	(3,929,884 )	(3,929,884 )
	65,057,745	38,825,180
Databases	2,410,038	2,410,038
Accumulated Amortization	(2,401,943 )	(2,392,196 )
	8,095	17,842
Land Use Agreements	404,310	404,310
Accumulated Amortization	(344,927 )	(315,356 )
	59,383	88,954
	\$ 65,125,223	\$ 38,931,976

**URANIUM ENERGY CORP.**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**April 30, 2018**

**(Unaudited)**

We have not established proven or probable reserves, as defined by the SEC under Industry Guide 7, for any of our mineral projects. We have established the existence of mineralized materials for certain mineral projects, including 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.

During the three months ended April 30, 2018, we completed a definitive purchase agreement (the “Diabase Purchase Agreement”) with Nuinsco Resources Limited (“Nuinsco”), to acquire 100% of the Diabase project (the “Diabase Project”), which covers an area of 54,236 acres in ten claim blocks located on the southern rim of the Athabasca Basin uranium district in Saskatchewan, Canada (collectively, the “Diabase Acquisition”).

In accordance with ASC 360: Property, Plant and Equipment, the Diabase Acquisition was accounted for as an asset acquisition. In connection with the Diabase Acquisition, we paid total consideration of \$546,938, consisting of \$239,120 in cash, 164,767 shares with a fair value of \$232,321 and transaction costs of \$75,497, which were capitalized as Mineral Rights and Properties on the consolidated balance sheet as at April 30, 2018.

Concurrently with the closing of the Diabase Acquisition, Uranium Royalty Corp. (“URC”), a private entity that UEC has the ability to exercise significant influence on, was granted an exclusive right and option to acquire 100% of the royalty on the Diabase Project by paying \$125,000 Canadian Dollars to the original royalty holder of the Diabase Project at the closing date, and \$1,750,000 Canadian Dollars on or before the date four years after the closing date.

During the nine months ended April 30, 2018, we paid \$50,000 in cash and issued 46,134 shares with a fair value of \$61,820 as advance royalty payments for our Workman Creek Project, which were capitalized as Mineral Rights and Properties on the consolidated balance sheet as at April 30, 2018.

During the nine months ended April 30, 2017, we abandoned the Nichols Project located in Texas with an acquisition cost of \$154,774 and certain non-core mineral interests at projects located in Arizona, Colorado and New Mexico with

a combined acquisition cost of \$143,168. As a result, an impairment loss on mineral properties of \$297,942 was reported on our consolidated statements of operations for the nine months ended April 30, 2017.

During the three and nine months ended April 30, 2018 and 2017, we continued with reduced operations at the Palangana Mine to capture residual uranium only. As a result, no depletion for the Palangana Mine was recorded on our condensed consolidated financial statements for the three and nine months ended April 30, 2018 and 2017, respectively.



**URANIUM ENERGY CORP.****NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****April 30, 2018****(Unaudited)**

Mineral property expenditures incurred by major projects were as follows:

	Three Months Ended April 30,		Nine Months Ended April 30,	
	2018	2017	2018	2017
Mineral Property Expenditures				
Palangana Mine	\$ 264,447	\$ 239,781	\$ 740,977	\$ 625,430
Goliad Project	28,658	40,295	71,373	90,174
Burke Hollow Project	152,307	288,742	570,099	439,058
Longhorn Project	5,760	23,724	11,832	24,777
Salvo Project	6,702	6,701	20,338	21,710
Anderson Project	15,211	30,489	45,241	45,993
Workman Creek Project	7,673	7,673	23,627	23,593
Slick Rock Project	12,206	12,207	40,012	36,759
Reno Creek Project	158,546	-	1,126,918	-
Yuty Project	114,481	91,175	339,677	282,887
Oviedo Project	17,982	58,054	99,224	273,124
Alto Paraná Titanium Project	33,312	95,460	147,744	618,093
Other Mineral Property Expenditures	164,208	104,940	401,346	475,207
	\$ 981,493	\$ 999,241	\$ 3,638,408	\$ 2,956,805

During the nine months ended April 30, 2018, and in connection with the Reno Creek Acquisition, we issued 353,160 shares as settlement of the Reimbursable Expenses totalling \$483,829, which was included in the mineral property expenditures on our condensed consolidated statements of operations for the nine months ended April 30, 2018. Refer to Note 4: Acquisition of Reno Creek Project.

**NOTE 6: PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment consisted of the following:

	April 30, 2018			July 31, 2017		
	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value
Hobson Processing Facility	\$6,819,088	\$ (773,933 )	\$6,045,155	\$6,819,088	\$ (773,933 )	\$6,045,155
Mining Equipment	2,438,681	(2,406,874 )	31,807	2,438,681	(2,378,737 )	59,944
Logging Equipment and Vehicles	1,971,742	(1,844,124 )	127,618	1,971,742	(1,825,389 )	146,353
Computer Equipment	606,279	(573,281 )	32,998	582,980	(565,223 )	17,757
Furniture and Fixtures	170,701	(168,673 )	2,028	170,701	(168,248 )	2,453
Land and Buildings	889,605	(8,975 )	880,630	519,520	-	519,520
	\$12,896,096	\$ (5,775,860 )	\$7,120,236	\$12,502,712	\$ (5,711,530 )	\$6,791,182

During the nine months ended April 30, 2018 and 2017, no uranium concentrate was processed at our Hobson Processing Facility due to the reduced operations at our Palangana Mine. As a result, no depreciation for the Hobson Processing Facility was recorded on our consolidated financial statements for the three and nine months ended April 30, 2018 and 2017, respectively.

During the nine months ended April 30, 2018, in connection with the Reno Creek Acquisition, we acquired certain buildings with total acquisition costs of \$297,518, which will be depreciated over the estimated useful life of 20 years using the straight-line method.

**URANIUM ENERGY CORP.**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**April 30, 2018**

**(Unaudited)**

**NOTE 7: EQUITY-ACCOUNTED INVESTMENT**

We acquired a total of 2,000,000 shares of URC, a private entity investing in the uranium sector, for a total consideration of \$151,676. In addition, one of our officers was appointed as a member of the board of directors of URC. As at April 30, 2018, we own a 14.5% interest in URC and certain of our officers collectively own an additional 11.6% interest in URC. As a result, our ability to exercise significant influence over URC's operating and financing policies continues to exist as at April 30, 2018.

During the nine months ended April 30, 2018, the change in fair value of the investment in URC is summarized as below:

Balance, July 31, 2017	\$ 151,676
Share of loss from URC	(38,057 )
Gain on ownership interest dilution	129,156
Balance, April 30, 2018	\$ 242,775

**NOTE 8: DUE TO RELATED PARTIES AND RELATED PARTY TRANSACTIONS**

During the three and nine months ended April 30, 2018, we incurred \$36,210 and \$112,850 (three and nine months ended April 30, 2017: \$30,664 and \$134,515), respectively, in general and administrative costs paid to Blender Media Inc. ("Blender"), a company controlled by Arash Adnani, a direct family member of our President and Chief Executive Officer, for various services including information technology, corporate branding, media, website design, maintenance and hosting, provided to the Company.

During the nine months ended April 30, 2018, we issued 104,706 shares with a fair value of \$141,678 as settlement of the equivalent amounts owed to Blender.

During the three and nine months ended April 30, 2017, we issued 59,546 and 148,368 shares with a fair value of \$78,572 and \$170,060, respectively, as settlement of the equivalent amounts owed to Blender.

At April 30, 2018, the amount owing to Blender was \$935 (July 31, 2017: \$768).

#### **NOTE 9: TAX REFORM AND DEFERRED TAX LIABILITIES**

The Tax Cuts and Jobs Act enacted on December 22, 2017 reduces the U.S. federal corporate tax rate from 35% to 21%, requiring the Company to remeasure existing deferred tax balances and re-evaluate the realizability of deferred tax assets. The rate change is administratively effective at the beginning of our Fiscal 2018, using a blended rate for the annual period. As a result, the blended statutory tax rate for Fiscal 2018 is 26.87%.

The Company is not expected to generate taxable income in Fiscal 2018 and has not recorded any current income taxes. Consequently, the tax rate change would have no impact on our current tax expenses but will impact the taxable losses to be recognized for Fiscal 2018. For the three months ended January 31, 2018, we remeasured our existing deferred tax liabilities at the newly enacted tax rates and recognized a deferred tax benefit of \$232,843.

The Company has incurred taxable losses for all years since inception, which has resulted in net operating loss carry-forwards in the U.S. that may be available to reduce future years' taxable income. In the past, we have recorded a full valuation allowance for the deferred tax asset relating to these tax loss carry-forwards as their realization has been determined not likely to occur.

At December 22, 2017, we re-evaluated the realizability of the Company's tax loss carry-forwards and our conclusion that the realization of these tax loss carry-forwards is not likely to occur remains unchanged. As a result, we will continue to record a full valuation allowance for the deferred tax assets relating to these tax loss carry-forwards.

The accounting for the effects of the rate changes on deferred tax balances is complete and no provisional amounts were recorded for this item.

**URANIUM ENERGY CORP.****NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****April 30, 2018****(Unaudited)****NOTE 10: LONG-TERM DEBT**

As at April 30, 2018, long-term debt consisted of the following:

	April 30, 2018	July 31, 2017
Principal amount	\$ 20,000,000	\$ 20,000,000
Unamortized discount	(761,832 )	(745,165 )
Long-term debt, net of unamortized discount	19,238,168	19,254,835
Current portion	5,000,000	-
Long-term debt, net of current portion	\$ 14,238,168	\$ 19,254,835

During the three months ended April 30, 2018, and pursuant to the terms of our Second Amended Credit Agreement, we issued 641,574 shares with a fair value of \$900,000, representing 4.5% of the \$20,000,000 principal balance outstanding at January 31, 2018, as payment of anniversary fees, which was recorded as an addition to debt discount and will be amortized over the remaining contractual life of the long-term debt.

For the three and nine months ended April 30, 2018 and 2017, the amortization of debt discount totaled \$277,502 and \$883,333 (three and nine months ended April 30, 2017: \$268,262 and \$869,830), respectively, which was recorded as interest expense and included in our condensed consolidated statements of operations and comprehensive income.

As at April 30, 2018, the current portion of the long-term debt totaled \$5,000,000, representing the principal amount due over the next 12 months.

The aggregate yearly maturities of the long-term debt based on principal amounts outstanding at April 30, 2018, are as follows:

Fiscal 2018	\$-
Fiscal 2019	10,000,000
Fiscal 2020	10,000,000
Total	\$20,000,000

**NOTE 11: ASSET RETIREMENT OBLIGATIONS**

The asset retirement obligations (the “ARO”) relate to future remediation and decommissioning activities at our Palangana Mine, Hobson Processing Facility, Reno Creek Project and Alto Paraná Titanium Project.

Balance, July 31, 2017	\$3,729,902
Accretion	162,305
Assumed from Reno Creek Acquisition	73,973
Balance, April 30, 2018	\$3,966,180

**URANIUM ENERGY CORP.**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**April 30, 2018**

**(Unaudited)**

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

	April 30, 2018	July 31, 2017
Undiscounted amount of estimated cash flows	\$7,275,504	\$7,098,581
Payable in years	<b>5.0 to 17</b>	5.0 to 17
Inflation rate	<b>1.37% to 2.14%</b>	1.37% to 2.14%
Discount rate	<b>5.48% to 6.40%</b>	5.48% to 6.40%

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

Fiscal 2018	\$-
Fiscal 2019	-
Fiscal 2020	-
Fiscal 2021	-
Fiscal 2022	148,391
Remaining balance	7,127,113
	<b>\$7,275,504</b>

**URANIUM ENERGY CORP.****NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****April 30, 2018****(Unaudited)****NOTE 12: CAPITAL STOCK****Share Transactions**

A summary of the share transactions for the nine months ended April 30, 2018 are as follows:

Period / Description	Common Shares Issued	Value per Share		Issuance Value
		Low	High	
Balance, July 31, 2017	139,815,124			
Mineral Property	46,134	\$ 1.34	\$ 1.34	\$61,820
Reno Creek Acquisition	14,852,450	1.30	1.37	20,332,617
Reimbursable Expenses for Reno Creek Acquisition	353,160	1.37	1.37	483,829
Consulting Services	124,469	1.19	1.73	192,403
Options Exercised (1)	66,516	0.45	0.93	31,860
Settlement of Current Liabilities	104,706	1.35	1.35	141,678
Shares Issued Under 2017 Stock Incentive Plan	591,496	1.28	1.60	785,329
Balance, October 31, 2017	155,954,055			
Consulting Services	55,909	1.49	1.84	91,903
Options Exercised (2)	184,416	0.45	1.32	163,534
Shares Issued Under 2017 Stock Incentive Plan	258,444	1.06	1.77	341,667
Balance, January 31, 2018	156,452,824			
Credit Facility	641,574	1.40	1.40	900,000
Diabase Acquisition	164,767	1.41	1.41	232,321
Consulting Services	28,511	1.33	1.43	38,559
Options Exercised (3)	657,246	0.45	1.28	298,204
Settlement of Current Liabilities	364,652	1.33	1.72	557,283
Shares Issued Under 2017 Stock Incentive Plan	173,307	1.30	1.57	240,790
Balance, April 30, 2018	158,482,881			

- (1) 111,250 stock options were exercised on a forfeiture basis, resulting in 66,516 net shares being issued.  
(2) 171,250 stock options were exercised on a forfeiture basis, resulting in 74,416 net shares being issued.



- (3) 238,125 options were exercised on a forfeiture basis resulting in 157,246 net shares issued

### Share Purchase Warrants

A summary of share purchase warrants outstanding and exercisable at April 30, 2018 are as follows:

Weighted Average Exercise Price	Number of Warrants Outstanding	Expiry Date	Weighted Average Remaining Contractual Life (Years)
\$ 1.20	4,604,631	March 10, 2019	0.86
1.35	2,600,000	January 30, 2020	1.75
1.95	50,000	June 3, 2018	0.09
2.00	9,571,929	January 20, 2020	1.72
2.30	11,308,728	August 9, 2022	4.28
2.35	2,850,000	June 25, 2018	0.15
\$ 1.97	30,985,288		2.38

During the nine months ended April 30, 2018, in connection with the Reno Creek Acquisition, we issued 11,308,728 Warrants, with each Warrant entitling the holder to acquire one share of the Company at an exercise price of \$2.30 per share for a period of five years from the date of issuance. Refer to Note 4: Acquisition of Reno Creek Project

**URANIUM ENERGY CORP.****NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****April 30, 2018****(Unaudited)****Stock Options**

At April 30, 2018, we had one stock option plan, our 2017 Stock Incentive Plan (the “2017 Plan”). The 2017 Plan provides for not more than 22,439,420 shares of the Company that may be issued and consists of: (i) 12,305,500 shares issuable pursuant to awards previously granted that were outstanding under our 2016 Stock Incentive Plan (the “2016 Plan”); (ii) 4,133,920 shares remaining available for issuance under the 2016 Plan; and (iii) 6,000,000 additional shares that may be issued pursuant to awards that may be granted under the 2017 Plan. The 2017 Plan superseded and replaced the 2016 Plan, which superseded and replaced our prior 2015, 2014, 2013, 2009 and 2006 Stock Incentive Plans, such that no further shares are issuable under those prior plans.

During the nine months ended April 30, 2018, we granted stock options under the 2017 Plan to certain directors, officers, employees and consultants to purchase a total of 2,054,000 shares of the Company exercisable at \$1.09 to \$1.29 per share with a term of five years.

The majority of these stock options are subject to a 24-month vesting provision whereby at the end of the first three and six months after the grant date, 12.5% of the total stock options become exercisable, and whereby at the end of each of 12, 18 and 24 months after the grant date, 25% of the total stock options become exercisable.

A summary of stock options granted by the Company during the nine months ended April 30, 2018, 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 22, 2017	1,754,000	\$ 1.28	5.00	\$1,112,090	3.10	1.49	% 0.00	% 73.68
August 22, 2017	100,000	1.28	5.00	67,998	2.90	1.46	% 0.00	% 83.16
	150,000	1.09	5.00	78,460	2.80	1.71	% 0.00	% 74.54

Edgar Filing: URANIUM ENERGY CORP - Form 10-Q

November 1, 2017											
March 1, 2018	50,000	1.29	5.00	29,117	2.80	2.32	%	0.00	%	68.42	%
Total	2,054,000			\$1,287,665							

A continuity schedule of outstanding stock options for the underlying shares for the three and nine months ended April 30, 2018 is as follows:

	Number of Stock Options	Weighted Average Exercise Price
Balance, July 31, 2017	12,260,500	\$ 1.33
Granted	1,854,000	1.28
Exercised	(111,250 )	0.50
Balance, October 31, 2017	14,003,250	\$ 1.33
Granted	150,000	1.09
Exercised	(281,250 )	0.97
Forfeited	(51,250 )	1.23
Balance, January 31, 2018	13,820,750	\$ 1.34
Granted	50,000	1.29
Exercised	(738,125 )	0.46
Balance, April 30, 2018	13,132,625	\$ 1.39

At April 30, 2018, the aggregate intrinsic value under the provisions of ASC 718 of all outstanding stock options was estimated at \$3,368,554 (vested: \$2,988,364 and unvested: \$380,190).

At April 30, 2018, unrecognized stock-based compensation expense related to the unvested portion of stock options granted totaled \$488,585 to be recognized over the next 0.86 year.

**URANIUM ENERGY CORP.****NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****April 30, 2018****(Unaudited)**

A summary of stock options outstanding and exercisable at April 30, 2018 is as follows:

Range of Exercise Prices	Options Outstanding			Options Exercisable		
	Outstanding at April 30, 2018	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Exercisable at April 30, 2018	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)
\$0.45 to \$1.06	1,935,500	\$ 0.93	3.13	1,935,500	\$ 0.93	3.13
\$1.07 to \$2.00	9,924,625	1.28	2.18	8,371,625	1.29	1.79
\$2.01 to \$3.86	1,272,500	2.89	2.58	1,272,500	2.89	2.58
	13,132,625	\$ 1.39	2.36	11,579,625	\$ 1.40	2.10

**Stock-Based Compensation**

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

	Three Months Ended April 30,		Nine Months Ended April 30,	
	2018	2017	2018	2017
Stock-Based Compensation for Consultants				
Common stock issued for consulting services	\$ 168,107	\$ 398,944	\$ 606,885	\$ 920,971
Stock options issued to consultants	43,463	24,796	385,082	303,047
	211,570	423,740	991,967	1,224,018
Stock-Based Compensation for Management				
Common stock issued to management	34,265	33,057	103,509	175,950
Stock options issued to management	45,926	62,873	226,907	430,218
	80,191	95,930	330,416	606,168
Stock-Based Compensation for Employees				
Common stock issued to employees	120,711	106,166	497,747	322,613

Edgar Filing: URANIUM ENERGY CORP - Form 10-Q

Stock options issued to employees	106,113	42,041	440,844	329,379
	226,824	148,207	938,591	651,992
Settlement of share issuance obligation	-	-	(127,615 )	-
	\$ 518,585	\$ 667,877	\$ 2,133,359	\$ 2,482,178

On August 22, 2017, we issued 398,839 shares with a fair value of \$510,528 under the 2017 Plan as settlement of share issuance obligations totaling \$638,142, which represented the fair value of the Fiscal 2017 share bonuses made by the Company as at July 31, 2017 under the 2017 Plan. The change in fair value of \$127,615 between the measurement date of July 31, 2017 and the issuance date of August 22, 2017, was recorded as a credit to the stock-based compensation for the nine months ended April 30, 2018.

**URANIUM ENERGY CORP.****NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****April 30, 2018****(Unaudited)****NOTE 13: LOSS PER SHARE**

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

	Three Months Ended April 30,		Nine Months Ended April 30,	
	2018	2017	2018	2017
Numerator				
Net Loss for the Period	\$(4,146,646 )	\$(3,798,864 )	\$(13,056,299 )	\$(12,383,927 )
Denominator				
Basic Weighted Average Number of Shares	157,704,601	137,452,998	155,996,660	124,676,016
Dilutive Stock Options and Warrants	-	-	-	-
Diluted Weighted Average Number of Shares	157,704,601	137,452,998	155,996,660	124,676,016
Net Loss per Share, Basic and Diluted	\$(0.03 )	\$(0.03 )	\$(0.08 )	\$(0.10 )

For the three and nine months ended April 30, 2018 and 2017, all outstanding stock options and share purchase warrants were excluded from the calculation of the diluted loss per share since we reported net losses for those periods and their effects would be anti-dilutive.

**NOTE 14: SEGMENTED INFORMATION**

We currently operate in one reportable segment which is focused on uranium mining and related activities, including exploration, pre-extraction, extraction and processing of uranium concentrates.

Edgar Filing: URANIUM ENERGY CORP - Form 10-Q

At April 30, 2018, our long-term assets located in the United States totaled \$59,467,948 or 79% of our total long-term assets of \$75,156,444.

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

Balance Sheet Items	April 30, 2018						
	United States						
	Texas	Arizona	Wyoming	Other States	Canada	Paraguay	Total
Mineral Rights and Properties	\$12,742,158	\$11,044,018	\$25,553,807	\$724,717	\$546,938	\$14,513,585	\$65,125,223
Property, Plant and Equipment	6,373,925	-	361,113	-	28,709	356,489	7,120,236
Reclamation Deposits	1,690,209	15,000	73,973	-	-	-	1,779,182
Equity-Accounted Investment	-	-	-	-	242,775	-	242,775
Other Long-Term Assets	460,821	-	428,207	-	-	-	889,028
<b>Total Long-Term Assets</b>	<b>\$21,267,113</b>	<b>\$11,059,018</b>	<b>\$26,417,100</b>	<b>\$724,717</b>	<b>\$818,422</b>	<b>\$14,870,074</b>	<b>\$75,156,444</b>

Balance Sheet Items	July 31, 2017						
	United States						
	Texas	Arizona	Wyoming	Other States	Canada	Paraguay	Total
Mineral Rights and Properties	\$12,780,728	\$10,932,199	\$-	\$705,464	\$-	\$14,513,585	\$38,931,976
Property, Plant and Equipment	6,414,329	-	-	-	11,185	365,668	6,791,182
Reclamation Deposits	1,690,209	15,000	-	819	-	-	1,706,028
Equity-Accounted Investment	-	-	-	-	151,676	-	151,676
Other Long-Term Assets	422,769	-	582,206	-	-	-	1,004,975
<b>Total Long-Term Assets</b>	<b>\$21,308,035</b>	<b>\$10,947,199</b>	<b>\$582,206</b>	<b>\$706,283</b>	<b>\$162,861</b>	<b>\$14,879,253</b>	<b>\$48,585,837</b>

## URANIUM ENERGY CORP.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

April 30, 2018

(Unaudited)

The tables below provide a breakdown of our operating results by geographic segments for the three and nine months ended April 30, 2018 and 2017. All intercompany transactions have been eliminated.

Statement of Operations	Three Months Ended April 30, 2018						
	United States				Canada	Paraguay	Total
	Texas	Arizona	Wyoming	Other States			
<b>Costs and Expenses:</b>							
Mineral property expenditures	\$611,170	\$23,136	\$165,566	\$15,846	\$-	\$165,775	\$981,493
General and administrative	1,427,445	3,389	34,533	1,141	794,682	146,381	2,407,571
Depreciation, amortization and accretion	79,903	-	3,716	249	3,600	826	88,294
Impairment loss on mineral properties	-	-	-	-	-	-	-
	2,118,518	26,525	203,815	17,236	798,282	312,982	3,477,358
Loss from operations	(2,118,518)	(26,525)	(203,815)	(17,236)	(798,282)	(312,982)	(3,477,358)
Other income (expenses)	(677,570)	(4,611)	(249)	-	-	1,190	(681,240)
Loss before income taxes	\$(2,796,088)	\$(31,136)	\$(204,064)	\$(17,236)	\$(798,282)	\$(311,792)	\$(4,158,598)

Statement of Operations	Three Months Ended April 30, 2017						
	United States				Canada	Paraguay	Total
	Texas	Arizona	Wyoming	Other States			
<b>Costs and Expenses:</b>							
Mineral property expenditures	\$703,147	\$23,354	\$-	\$28,051	\$-	\$244,689	\$999,241
General and administrative	1,363,303	3,389	-	1,068	721,423	3,473	2,092,656
Depreciation, amortization and accretion	115,071	-	-	249	2,016	456	117,792



Edgar Filing: URANIUM ENERGY CORP - Form 10-Q

Impairment loss on mineral properties	-	-	-	-	-	-	-
	2,181,521	26,743	-	29,368	723,439	248,618	3,209,689
Loss from operations	(2,181,521)	(26,743)	-	(29,368 )	(723,439)	(248,618)	(3,209,689)
Other income (expenses)	(593,873 )	(4,611 )	-	-	1,034	(488 )	(597,938 )
Loss before income taxes	\$(2,775,394)	\$(31,354)	\$ -	\$(29,368 )	\$(722,405)	\$(249,106)	\$(3,807,627)

**Nine Months Ended April 30, 2018**  
**United States**

Statement of Operations	Texas	Arizona	Wyoming	Other States	Canada	Paraguay	Total
<b>Costs and Expenses:</b>							
<b>Mineral property expenditures</b>	<b>\$1,795,078</b>	<b>\$69,698</b>	<b>\$1,134,782</b>	<b>\$52,205</b>	<b>\$-</b>	<b>\$586,645</b>	<b>\$3,638,408</b>
<b>General and administrative</b>	<b>4,587,983</b>	<b>10,488</b>	<b>558,326</b>	<b>3,385</b>	<b>2,153,051</b>	<b>213,465</b>	<b>7,526,698</b>
<b>Depreciation, amortization and accretion</b>	<b>247,687</b>	<b>-</b>	<b>9,125</b>	<b>747</b>	<b>7,717</b>	<b>2,790</b>	<b>268,066</b>
<b>Impairment loss on mineral properties</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Inventory write-down</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>6,630,748</b>	<b>80,186</b>	<b>1,702,233</b>	<b>56,337</b>	<b>2,160,768</b>	<b>802,900</b>	<b>11,433,172</b>
<b>Loss from operations</b>	<b>(6,630,748)</b>	<b>(80,186)</b>	<b>(1,702,233)</b>	<b>(56,337)</b>	<b>(2,160,768)</b>	<b>(802,900)</b>	<b>(11,433,172)</b>
<b>Other income (expenses)</b>	<b>(1,888,966)</b>	<b>(14,146)</b>	<b>1,241</b>	<b>-</b>	<b>-</b>	<b>10,507</b>	<b>(1,891,364 )</b>
<b>Loss before income taxes</b>	<b>\$(8,519,714)</b>	<b>\$(94,332)</b>	<b>\$(1,700,992)</b>	<b>\$(56,337)</b>	<b>\$(2,160,768)</b>	<b>\$(792,393)</b>	<b>\$(13,324,536)</b>

**Nine Months Ended April 30, 2017**  
**United States**

Statement of Operations	Texas	Arizona	Wyoming	Other States	Canada	Paraguay	Total
<b>Costs and Expenses:</b>							
<b>Mineral property expenditures</b>	<b>\$1,651,954</b>	<b>\$69,866</b>	<b>\$ -</b>	<b>\$60,881</b>	<b>\$-</b>	<b>\$1,174,104</b>	<b>\$2,956,805</b>
<b>General and administrative</b>	<b>4,628,740</b>	<b>30,372</b>	<b>-</b>	<b>3,203</b>	<b>1,915,131</b>	<b>38,695</b>	<b>6,616,141</b>
<b>Depreciation, amortization and accretion</b>	<b>390,138</b>	<b>-</b>	<b>-</b>	<b>747</b>	<b>5,984</b>	<b>530</b>	<b>397,399</b>
<b>Impairment loss on mineral properties</b>	<b>185,942</b>	<b>8,334</b>	<b>-</b>	<b>103,666</b>	<b>-</b>	<b>-</b>	<b>297,942</b>
<b>Inventory write-down</b>	<b>60,694</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>60,694</b>
	<b>6,917,468</b>	<b>108,572</b>	<b>-</b>	<b>168,497</b>	<b>1,921,115</b>	<b>1,213,329</b>	<b>10,328,981</b>
<b>Loss from operations</b>	<b>(6,917,468)</b>	<b>(108,572)</b>	<b>-</b>	<b>(168,497 )</b>	<b>(1,921,115)</b>	<b>(1,213,329)</b>	<b>(10,328,981)</b>
<b>Other income (expenses)</b>	<b>(2,067,125)</b>	<b>(14,146 )</b>	<b>-</b>	<b>-</b>	<b>635</b>	<b>(449 )</b>	<b>(2,081,085 )</b>
<b>Loss before income taxes</b>	<b>\$(8,984,593)</b>	<b>\$(122,718)</b>	<b>\$ -</b>	<b>\$(168,497 )</b>	<b>\$(1,920,480)</b>	<b>\$(1,213,778)</b>	<b>\$(12,410,066)</b>



**URANIUM ENERGY CORP.**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**April 30, 2018**

**(Unaudited)**

**NOTE 15: SUPPLEMENTAL CASH FLOW INFORMATION**

During the nine months ended April 30, 2018 and 2017, we issued 208,889 and 559,623 shares with a fair value of \$322,865 and \$694,170, respectively, for consulting services.

During the nine months ended April 30, 2018 and 2017, we issued 624,408 and 670,425 shares with a fair value of \$857,258 and \$725,364, respectively, as compensation to certain management, employees and consultants of the Company under the 2017 Plan.

During the nine months ended April 30, 2018, we issued 398,839 shares with a fair value of \$510,528 as settlement of share issuance obligations of \$638,142 relating to the Fiscal 2017 share bonuses made by the Company under the 2017 Plan.

During the nine months ended April 30, 2018 and 2017, we issued 306,053 and 151,679 shares with a fair value of \$442,571 and \$175,060, respectively, as settlement of certain of the Company's accounts payable.

During the nine months ended April 30, 2018, we paid \$256,389 in cash and issued 163,305 shares, of which 119,546 shares were issued under our 2017 Plan, as settlement of certain severance obligations totaling \$492,638.

During the nine months ended April 30, 2018 and 2017, we issued 46,134 and 46,800 shares with a fair value of \$61,820 and \$48,672, respectively, as an advance royalty payment for the Workman Creek Project.

During the nine months ended April 30, 2018, we issued 14,634,748 shares and paid \$909,930 in cash as consideration to acquire the Reno Creek Project. In addition, we issued 353,160 shares as payment of the

Reimbursable Expenses totalling \$483,829 and issued 217,702 shares with a fair value of \$283,013 as payment of certain transaction costs.

During the nine months ended April 30, 2018, we issued 164,767 shares with a fair value of \$232,321 and paid \$239,120 in cash as consideration to acquire the Diabase Project.

During the nine months ended April 30, 2018 and 2017, we paid \$1,213,333 and \$1,213,333, respectively, in cash for interest on the long-term debt.

During the three months ended April 30, 2018, we issued 641,574 shares with a fair value of \$900,000 as payment of anniversary fees to our Lenders.

#### **NOTE 16: COMMITMENTS AND CONTINGENCIES**

We are renting or leasing various office or storage space located in the United States, Canada and Paraguay with total monthly payments of \$20,617. Office lease agreements for the United States and Canada expire between July 2018 and March 2021.

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

Fiscal 2018	\$62,108
Fiscal 2019	123,116
Fiscal 2020	87,082
Fiscal 2021	58,055
Fiscal 2022	-
	\$330,361

We are committed to paying our key executives a total of \$708,000 per year for various management services.

**URANIUM ENERGY CORP.**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**April 30, 2018**

**(Unaudited)**

We are subject to ordinary routine litigation incidental to our business. Except as disclosed below, we are 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 Court set the case for a four-week jury trial that was to take place in Yavapai County, Arizona, in April 2016. In November 2015, after the completion of discovery, the Company and the remaining defendants filed motions for summary judgment, seeking to dismiss all of the Plaintiffs’ remaining claims. While those motions were pending, the parties reached a settlement agreement with respect to all claims asserted by the Plaintiffs in that lawsuit. A formal settlement and release agreement was subsequently executed, pursuant to which all of the Plaintiffs’ claims in the Arizona lawsuit were dismissed with prejudice. Pursuant to the terms of the settlement agreement, the Defendants collectively paid \$500,000 to the Plaintiffs, of which \$50,000 was paid by the Company.

**URANIUM ENERGY CORP.**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**April 30, 2018**

**(Unaudited)**

On June 1, 2015, the Company received notice that Westminster Securities Corporation (“Westminster”) 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. On March 2, 2018, the District Court granted the Company’s motion for summary judgment, dismissing all claims asserted by Westminster and the other plaintiffs in that action, and entered judgment in favor of the Company. On March 22, 2018, the plaintiffs filed an appeal of the District Court’s order of dismissal. On March 28, 2018, the Company and plaintiffs entered into a mutual general release, whereby the plaintiffs agreed to withdraw their appeal and irrevocably release any and all claims against the Company in exchange for the Company’s agreement to irrevocably release any and all claims against the plaintiffs, including any claims for attorneys’ fees and costs that the Company incurred in defending the action. On April 19, 2018, the Court of Appeals entered an order dismissing the appeal. The case is now closed.

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”), seeking unspecified damages and alleging 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. The Company filed a motion to dismiss and on July 15, 2016, the U.S. District Court for the Southern District of Texas entered a final judgement dismissing the case in its entirety with prejudice. On September 22, 2016, the plaintiffs voluntarily dismissed their appeal of the District Court’s judgment and on September 26, 2016 the Fifth Circuit dismissed the Securities Case pursuant to the plaintiffs’ motion. As a result, the judgment in favor of the Company is final. No settlement payments or any other consideration was paid by the Company to the plaintiffs in connection with the Securities Case dismissal.

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 (the “Federal Derivative Case”), seeking 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 filed a motion to dismiss. The plaintiff ultimately abandoned the Federal Derivative Case, which the Court dismissed on or about November 17, 2016. No settlement payments or any other consideration was paid by the Company to the plaintiff in connection with the plaintiff’s abandonment of the Federal Derivative Case

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 (the "Nevada Derivative Case") (collectively, with the Federal Derivative Case, the "Derivative Cases") seeking 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. On January 21, 2016, the Court granted the Company's motion to stay the Nevada Derivative Case pending the outcome of the Federal Derivative Case. Following the voluntary dismissal of the Federal Derivative Case, Ms. McMahon filed an amended complaint on February 10, 2017, which again asserted that the Company's directors breached their fiduciary duties relating to the factual allegations in the Securities Case. The Company filed a motion to dismiss and on September 13, 2017, the Court granted the Company's motion to dismiss the Nevada Derivative Case. On or about October 5, 2017, the Plaintiff filed a notice of appeal with the Court.



**URANIUM ENERGY CORP.**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**April 30, 2018**

**(Unaudited)**

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 appointed a committee of independent directors to evaluate the allegations in the demand letter. Subsequently, the Federal District Court dismissed the Securities Case, which was based on similar factual allegations, and the Federal Derivative Case was abandoned. The committee of independent directors has now completed its evaluation and recommended that the Board of Directors reject the demand. After considering the committee's recommendation and all other material information relevant to the investigation, the Board of Directors voted to reject the demand letter.

The Company has had recent communications and filings with the Ministry of Public Works and Communications ("MOPC"), the mining regulator in Paraguay, whereby the MOPC is taking the position that certain concessions forming part of the Company's Yuty, Oviedo and Alto Parana projects are not eligible for extension as to exploration or continuation to exploitation in their current stages. While the Company remains fully committed to its development path forward in Paraguay, it caused its legal counsel to file an appeal with the Administrative Courts in Paraguay to reverse the MOPC's position in order to protect the Company's continuing rights in those concessions. In the interim the Company also continues to pay all required maintenance fees and otherwise conducts its business in a manner to comply with all applicable mining laws in Paraguay.

At any given time, we 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. We do not expect that such settlements will, individually or in the aggregate, have a material effect on our financial position, results of operations or cash flows.

**NOTE 17: SUBSEQUENT EVENT**

Subsequent to April 30, 2018, we completed a purchase agreement (the "NRC Purchase Agreement") with Uranerz Energy Corporation ("Uranerz"), a wholly owned subsidiary of Energy Fuels Inc., whereby we acquired 100% of its advanced stage North Reno Creek Project located immediately adjacent to and within our existing Reno Creek Project permitting boundary in the Powder River Basin, Wyoming.

In connection with the closing of the NRC Purchase Agreement, we paid Uranerz the following consideration:

\$2,940,000 in cash; and  
1,625,531 shares of the Company, at a deemed issuance price of \$1.5072 per share, representing the volume weighted average price of our shares on the NYSE American for the five trading days immediately prior to the closing date.

**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 (the "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 and, including, without limitation, this Form 10-Q Quarterly Report for the three and nine months ended April 30, 2018, and our Form 10-K Annual Report for the fiscal year ended July 31, 2017, 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, 2017, 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, 2017, our most recently completed year end, to April 30, 2018, and our results of operations for the three and nine months ended April 30, 2018 and 2017, 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 Fiscal 2017.

**Business**

We are pre-dominantly engaged in uranium mining and related activities, including exploration, pre-extraction, extraction and processing, on uranium projects located in the United States and Paraguay, as more fully described in our Form 10-K Annual Report for Fiscal 2017.

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 (" $U_3O_8$ "), or yellowcake, in November 2010. We have one uranium processing facility 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 April 30, 2018, 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 the 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 acquired the fully permitted Reno Creek Project in August 2017 and expanded our operations to the strategic Powder River Basin in Wyoming.

We also hold certain mineral rights in various stages in the States of Arizona, Colorado, New Mexico and Texas, in Canada 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 the uranium mineral rights in which case we would expect to rely on conventional open pit and/or underground mining techniques.

Since we completed the acquisition of the Alto Paraná Titanium Project located in Paraguay in July 2017, we are also involved in titanium mining and related activities, including exploration, development, extraction and processing of titanium minerals such as ilmenite.

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

During the three and nine months ended April 30, 2018, we continued our strategic plan for reduced operations implemented in September 2013 to align our operations to a weak uranium market in a challenging post-Fukushima environment. As part of this strategy, we operated the Palangana Mine at a reduced pace to capture residual uranium only, while maintaining the Palangana Mine and Hobson Facility in a state of operational readiness. This strategy also included the deferral of major exploration and pre-extraction expenditures and maintaining our core exploration projects in good standing in anticipation of a recovery in uranium prices.

## **Mineral Rights and Properties**

The following is a summary of significant activities by project for the nine months ended April 30, 2018:

### *Burke Hollow Project*

During the nine months ended April 30, 2018, we continued to advance the application of the Radioactive Material License for the Burke Hollow Project after receipt of the Mine Area Permit and Aquifer Exemption in Fiscal 2017 and two Class I disposal well permits in Fiscal 2016. The Radioactive Material License application remains under technical review by the TCEQ.

During the nine months ended April 30, 2018, we completed a drilling campaign initiated in April 2017 and drilled 132 exploration holes totaling 58,020 feet at the Burke Hollow Project.

### *Yuty Project*

During the nine months ended April 30, 2018, we continued work on the Preliminary Economic Assessment, in accordance with the provisions of National Instrument 43-101 for our Yuty Project. Initial leach testing performed by a United States laboratory on split core samples from the Yuty Project clearly demonstrated that acceptable uranium

recoveries can be achieved upon optimization of the chemistry. During the nine months ended April 30, 2018, we completed additional testing to refine the leach chemistry and, in the meantime, initiated detailed resource mapping to better define the five stacked roll front systems that comprise the deposit at the Yuty Project.

### **Acquisition of Reno Creek Project**

On August 9, 2017, we completed our acquisition of the issued and outstanding shares of RCHI and, indirectly thereby, 100% of its fully permitted Reno Creek Project located in the Powder River Basin, Wyoming, in accordance with the terms and conditions of the Share Purchase Agreement, dated May 9, 2017, as amended by an Amending Agreement, dated August 7, 2017.

Refer to Note 4: Acquisition of Reno Creek Project of the Notes to the Condensed Consolidated Financial Statements for the nine months ended April 30, 2018.

### **Acquisition of North Reno Creek Project**

Subsequent to April 30, 2018, we completed the NRC Purchase Agreement with Uranerz, whereby we acquired 100% of the advanced stage North Reno Creek Project, located immediately adjacent to and within our existing Reno Creek Project permitting boundary located in the Powder River Basin, Wyoming.

Pursuant to the NRC Purchase Agreement, we paid Uranerz \$2,940,000 in cash and issued 1,625,531 shares of the Company as consideration. Refer to Note 17: Subsequent Event to the Condensed Consolidated Financial Statements for the nine months ended April 30, 2018.

The acquisition of the North Reno Creek Project will consolidate and add further scale to our existing Reno Creek Project and enable us to realize significant project synergies in the Powder River Basin area.

## **Acquisition of Diabase Project**

During the three months ended April 30, 2018, we completed the Diabase Purchase Agreement with Nuinsco, to acquire 100% of the Diabase Project, which covers an area of 54,236 acres in ten claim blocks located on the southern rim of the Athabasca Basin uranium district in Saskatchewan, Canada.

The Diabase Project is a large exploration project with work completed to date, which includes 67 diamond drill holes, regional electromagnetic, magnetic and gravity geophysical surveys, and surficial geochemistry. The Diabase Project covers a significant portion of the Cable Bay fault, a highly prospective regional-scale shear corridor.

Concurrently with the closing of the Diabase Acquisition, URC was granted an exclusive right and option to acquire 100% of the royalty on the Diabase Project by paying \$125,000 Canadian Dollars to the original royalty holder at the closing date, and \$1,750,000 Canadian Dollars on or before the date four years after the closing date.

## **Results of Operations**

For the three and nine months ended April 30, 2018, we recorded net losses of \$4,146,646 (\$0.03 per share) and \$13,056,299 (\$0.08 per share), respectively. For the three and nine months ended April 30, 2017, we recorded net losses of \$3,798,864 (\$0.03 per share) and \$12,383,927 (\$0.10 per share), respectively.

During the three and nine months ended April 30, 2018 and 2017, we continued with our strategic plan for reduced operations implemented in September 2013 and continued 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 and nine months ended April 30, 2018 and 2017. At April 30, 2018, the total value of inventories was \$211,662 (July 31, 2017: \$211,662).

## ***Costs and Expenses***

For the three and nine months ended April 30, 2018, costs and expenses totaled \$3,477,358 and \$11,433,172, respectively, which were comprised of mineral property expenditures of \$981,493 and \$3,638,408, general and administrative expenses of \$2,407,571 and \$7,526,698, and depreciation, amortization and accretion of \$88,294 and

\$268,066, respectively. No impairment loss on mineral properties and inventory write-down were recorded for the three and nine months ended April 30, 2018.

For the three and nine months ended April 30, 2017, costs and expenses totaled \$3,209,689 and \$10,328,981, respectively, which were comprised of mineral property expenditures of \$999,241 and \$2,956,805, general and administrative expenses of \$2,092,656 and \$6,616,141, depreciation, amortization and accretion of \$117,792 and \$397,399, impairment loss on mineral properties of \$Nil and \$297,942, and an inventory write-down of \$Nil and \$60,694, respectively.

#### *Mineral Property Expenditures*

Mineral property expenditures were primarily comprised of costs relating to permitting, property maintenance, exploration and pre-extraction activities and all other non-extraction related activities on our projects.

During the three and nine months ended April 30, 2018, mineral property expenditures totaled \$981,493 and \$3,638,408, respectively, of which \$353,294 and \$992,142, respectively, were directly related to maintaining operational readiness and permitting compliance for the Palangana Mine and Hobson Processing Facility.

During the three and nine months ended April 30, 2017, mineral property expenditures totaled \$999,241 and \$2,956,805, respectively, of which \$326,599 and \$973,496, respectively, were directly related to maintaining operational readiness and permitting compliance for our Palangana Mine and Hobson Processing Facility.

During the three and nine months ended April 30, 2018, mineral property expenditures on the Reno Creek Project totaled \$158,546 and \$643,089, respectively, which were primarily related to property maintenance costs and labor costs. In connection with the completion of the Reno Creek Acquisition, we paid Reimbursable Expenses of \$483,829 for the property maintenance costs incurred at the Reno Creek Project prior to the closing of the Reno Creek Acquisition, which were also included in the mineral property expenditures for the nine months ended April 30, 2018.



During the three and nine months ended April 30, 2017, and pursuant to the Share Purchase and Option Agreement for the acquisition of the Alto Parana Project, we recorded total costs of \$95,460 and \$618,093 related to maintenance and assessment work required to keep the Alto Parana Project in good standing.

The following table provides mineral property expenditures on our projects for the periods indicated:

	Three Months Ended April 30,		Nine Months Ended April 30,	
	2018	2017	2018	2017
Mineral Property Expenditures				
Palangana Mine	\$ 264,447	\$ 239,781	\$ 740,977	\$ 625,430
Goliad Project	28,658	40,295	71,373	90,174
Burke Hollow Project	152,307	288,742	570,099	439,058
Longhorn Project	5,760	23,724	11,832	24,777
Salvo Project	6,702	6,701	20,338	21,710
Anderson Project	15,211	30,489	45,241	45,993
Workman Creek Project	7,673	7,673	23,627	23,593
Slick Rock Project	12,206	12,207	40,012	36,759
Reno Creek Project	158,546	-	1,126,918	-
Yuty Project	114,481	91,175	339,677	282,887
Oviedo Project	17,982	58,054	99,224	273,124
Alto Paraná Titanium Project	33,312	95,460	147,744	618,093
Other Mineral Property Expenditures	164,208	104,940	401,346	475,207
	\$ 981,493	\$ 999,241	\$ 3,638,408	\$ 2,956,805

#### *General and Administrative*

During the three and nine months ended April 30, 2018, general and administrative expenses totaled \$2,407,571 and \$7,526,698, respectively. During the three and nine months ended April 30, 2017, general and administrative expenses totaled \$2,092,656 and \$6,616,141, respectively.

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

· for the three months ended April 30, 2018, salaries, management and consulting fees totaled \$484,864, which was consistent compared to \$454,307 for the three months ended April 30, 2017. For the nine months ended April 30, 2018, salaries, management and consulting fees totaled \$1,840,073, which increased by \$574,581, compared to

Edgar Filing: URANIUM ENERGY CORP - Form 10-Q

\$1,265,492 for the nine months ended April 30, 2017, primarily as a result of severance payments of \$466,177 made to certain employees.

for the three and nine months ended April 30, 2018, office, insurance, filing and listing fees, investor relations, and travel expenses totaled \$984,220 and \$2,576,935, respectively, which increased by \$273,001 and \$359,230, compared to \$711,219 and \$2,217,705, respectively, for the three and nine months ended April 30, 2017, primarily as a result of increased consulting fees, insurance, travel and marketing expenses;

for the three and nine months ended April 30, 2018, professional fees totaled \$419,902 and \$976,331, respectively, which increased by \$160,649 and \$325,565, compared to \$259,253 and \$650,766, respectively, for the three and nine months ended April 30, 2017. Professional fees are primarily comprised of legal services related to regulatory compliance and ongoing legal claims, in addition to audit and taxation services; and

for the three and nine months ended April 30, 2018, stock-based compensation totaled \$518,585 and \$2,133,359, respectively, which decreased by \$149,292 and 348,819, compared to \$667,877 and \$2,482,178, respectively, for the three and nine months ended April 30, 2017. We continued to utilize equity-based payments to compensate certain directors, officers, employees and consultants for services provided as part of our continuing efforts to reduce cash outlays. In August 2017, we granted approximately 1.8 million stock options, and in July and August 2016 we granted approximately two million stock options to our directors, officers, employees and consultants. The fair value of these stock options has been amortized on an accelerated basis over the vesting periods 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 and nine months ended April 30, 2018, depreciation, amortization and accretion totaled \$88,294 and \$268,066, respectively, which decreased by \$29,498 and \$129,333, respectively, compared to \$117,792 and \$397,399 for the three and nine months ended April 30, 2017. This decrease was primarily the result of certain property and equipment having reached full depreciation or amortization.

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.

#### *Impairment Loss on Mineral Properties*

During the three and nine months ended April 30, 2018, we did not record any impairment loss on our mineral properties. During the nine months ended April 30, 2017, we abandoned the Nichols Project located in Texas with acquisition costs of \$154,774, and certain mineral interests at projects located in Arizona, Colorado and New Mexico with a combined acquisition cost of \$143,168. As a result, an impairment loss on mineral properties of \$297,942 was reported on our consolidated statement of operations for the nine months ended April 30, 2017.

#### *Other Income and Expenses*

#### *Interest and Finance Costs*

During the three and nine months ended April 30, 2018, interest and finance costs totaled \$710,000 and \$2,206,585, respectively, which have remained consistent compared to \$697,644 and \$2,185,166, respectively, for the three and nine months ended April 30, 2017.

For the three and nine months ended April 30, 2018, interest and finance costs were primarily comprised of interest paid on long-term debt of \$395,555 and \$1,213,333, amortization of debt discount of \$277,502 and \$883,333, and amortization of annual surety bond premium of \$29,394 and \$87,941, respectively.

For the three and nine months ended April 30, 2017, interest and finance costs were primarily comprised of interest paid on long-term debt of \$395,555 and \$1,213,333, amortization of debt discount of \$268,262 and \$869,830, and amortization of annual surety bond premium of \$29,214 and \$87,856, respectively.

#### *Share of (Loss) Gain from Equity-Accounted Investment*

During the three months ended April 31, 2018, we recorded a share of loss of \$10,134 from an equity-accounted investment. During the nine months ended April 30, 2018, we recorded a share of gain totaling \$91,099 from an equity-accounted investment, which was comprised of a gain on ownership interest dilution of \$129,156, offset by a share of loss of \$38,057.

#### *Tax Reform and Deferred Tax Benefit*

The Tax Cuts and Jobs Act enacted on December 22, 2017 reduces the U.S. federal corporate tax rate from 35% to 21%, requiring the Company to remeasure existing deferred tax balances and re-evaluate the realizability of deferred tax assets. The rate change is administratively effective at the beginning of our Fiscal 2018, using a blended rate for the annual period. As a result, the blended statutory tax rate for Fiscal 2018 is 26.87%.

The Company is not expected to generate taxable income in Fiscal 2018 and has not recorded any current income taxes. Consequently, the tax rate change would have no impact on our current tax expenses but will impact the taxable losses to be recognized for Fiscal 2018. For the three months ended January 31, 2018, we remeasured our existing deferred tax liabilities at the newly enacted tax rates and recognized a deferred tax benefit of \$232,843.

The Company has incurred taxable losses for all years since inception, which has resulted in net operating loss carry-forwards in the U.S. that may be available to reduce future years' taxable income. In the past, we have recorded a full valuation allowance for the deferred tax asset relating to these tax loss carry-forwards as their realization has been determined not likely to occur.

At December 22, 2017, we re-evaluated the realizability of the Company's tax loss carry-forwards and our conclusion that the realization of these tax loss carry-forwards is not likely to occur remains unchanged. As a result, we will continue to record a full valuation allowance for the deferred tax assets relating to these tax loss carry-forwards.

The accounting for the effects of the rate changes on deferred tax balances is complete and no provisional amounts were recorded for this item.

### Summary of Quarterly Results

	For the Quarters Ended			
	April 30, 2018	January 31, 2018	October 31, 2017	July 31, 2017
Sales	\$-	\$ -	\$ -	\$ -
Net loss	(4,146,646 )	(4,353,813 )	(4,555,840 )	(5,587,130 )
Total comprehensive loss	(4,146,394 )	(4,354,060 )	(4,555,457 )	(5,587,076 )
Basic and diluted loss per share	(0.03 )	(0.03 )	(0.03 )	(0.04 )
Total assets	88,958,320	92,046,979	94,523,947	72,177,234

	For the Quarters Ended			
	April 30, 2017	January 31, 2017	October 31, 2016	July 31, 2016
Sales	\$-	\$ -	\$ -	\$ -
Net loss	(3,798,864 )	(4,332,369 )	(4,252,694 )	(3,777,278 )
Total comprehensive loss	(3,798,892 )	(4,332,327 )	(4,252,734 )	(3,777,095 )
Basic and diluted loss per share	(0.03 )	(0.04 )	(0.04 )	(0.03 )
Total assets	74,946,960	76,665,928	53,562,227	56,176,311

### Liquidity and Capital Resources

Edgar Filing: URANIUM ENERGY CORP - Form 10-Q

	April 30, 2018	July 31, 2017
Cash and cash equivalents	\$ 11,223,448	\$ 12,575,973
Short-term investments	1,000,000	10,000,000
Current assets	13,801,876	23,591,397
Current liabilities	6,438,163	2,447,622
Working capital	7,363,713	21,143,775

At April 30, 2018, we had working capital of \$7,363,713, which decreased by \$13,780,062 from our working capital of \$21,143,775 at July 31, 2017. Current assets include \$11,223,448 in cash and cash equivalents and \$1,000,000 in short-term investments, which are the largest components of current assets. Current liabilities include the \$5,000,000 current portion of long-term debt, which represents the principal amounts due over the next 12 months.

As we do not expect to achieve and maintain profitability in the near term, our continuation 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 us; and therefore, substantial doubt exists as to whether our cash resources and/or working capital will be sufficient to enable our Company to continue its operations for the next twelve months from the date this Quarterly Report is issued. Our continued operations, including the recoverability of the carrying values of our assets, are dependent ultimately on our ability to achieve and maintain profitability and positive cash flow from our operations. Refer to Note 1: Nature of Operations and Going Concern of the Notes to our Consolidated Financial Statements for the nine months ended April 30, 2018.

Historically, we have been reliant primarily on equity financings from the sale of our common stock and, during Fiscal 2014 and Fiscal 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, Fiscal 2013 and Fiscal 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 electrical 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 mineral 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 mineral projects.

Our anticipated operations including exploration and pre-extraction activities, 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 or reducing our operations as originally announced in September 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 commodities, 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 2017 continues or weakens further during Fiscal 2018;

if the weakness in the market price of our common stock experienced in Fiscal 2017 continues or weakens further during Fiscal 2018;

if we default on making scheduled payments of fees and complying with the restrictive covenants as required under our Credit Facility, and it results in accelerated repayment of our indebtedness and/or enforcement by the Lenders against our key assets securing our indebtedness; and

if another nuclear incident, such as the events that occurred at Fukushima in March 2011, were to occur during Fiscal 2018, continuing public support of nuclear power as a viable source of electrical 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 mineral projects and to continue with exploration and pre-extraction activities and mining activities on our existing mineral 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 mineral and to develop these into profitable mining activities.



### ***Equity Financings***

We filed a Form S-3 shelf registration statement, which was declared effective on January 10, 2014 (the “2014 Shelf”), providing 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. We filed a Form S-3 shelf registration statement, which was declared effective on March 10, 2017 (the “2017 Shelf”), and, as a result, it replaced the 2014 Shelf which was then deemed terminated. The 2017 Shelf provides for the public offer and sale of certain securities of our Company from time to time, at our discretion, of up to an aggregate offering amount of \$100 million.

As at April 30, 2018, a total of \$33.7 million of the 2017 Shelf was utilized through the registration of our shares of common stock underlying outstanding common share purchase warrants from previous registered offerings under our 2014 Shelf, with a remaining available balance of \$66.3 million under the 2017 Shelf, as follows:

2,850,000 shares of our common stock (the “2015 Warrant Shares”) issuable from time to time upon the exercise of 2,850,000 whole common share purchase warrants at a price of \$2.35 per 2015 Warrant Share issued by us on June 25, 2015 as part of a unit offering on the same date representing the aggregate exercise price of \$6.7 million should they be exercised in full;

6,594,348 shares of our common stock (the “2016 Warrant Shares”) issuable from time to time upon the exercise of 6,594,348 whole common share purchase warrants at a price of \$1.20 per 2016 Warrant Share issued by us on March 10, 2016 as part of a unit offering on the same date representing the aggregate exercise price of \$7.9 million should they be exercised in full; and

9,571,929 shares of our common stock (the “2017 Warrant Shares”) issuable from time to time upon the exercise of 9,571,929 whole common share purchase warrants at a price of \$2.00 per 2017 Warrant Share issued by us on January 20, 2017 as part of a unit offering on the same date representing the aggregate exercise price of \$19.1 million should they be exercised in full.

### ***Debt Financing***

On February 9, 2016, we entered into the second amended credit agreement (the “Second Amended Credit Agreement”) with our lenders, Sprott Resource Lending Partnership, CEF (Capital Markets) Limited and Resource Income Partners Limited Partnership (collectively, the “Lenders”), whereby we and the Lenders agreed to certain further amendments to our \$20,000,000 senior secured credit facility (the “Credit Facility”), under which:

initial funding of \$10,000,000 was received by the Company upon closing of the Credit Facility on July 30, 2013; and additional funding of \$10,000,000 was received by the Company upon closing of the amended Credit Facility on March 13, 2014.

The Credit Facility is non-revolving with an amended term of 6.5 years maturing on January 1, 2020, subject to an interest rate of 8% per annum, compounded and payable on a monthly basis. Monthly principal repayments equal to one-twelfth of the principal balance then outstanding are required to commence on February 1, 2019. As at April 30, 2018, the current portion of the long-term debt totaled \$5,000,000, representing the principal amounts due over the next 12 months.

The Second Amended Credit Agreement supersedes, in their entirety, the Amended and Restated Credit Agreement dated March 13, 2014, and the original Credit Agreement dated July 30, 2013, with the Lenders.

During the three months ended April 30, 2018, and pursuant to the terms of the Second Amended Credit Agreement, we issued 641,574 shares with a fair value of \$900,000, representing 4.5% of the \$20,000,000 principal balance outstanding at April 30, 2018, as payment of anniversary fees to our Lenders.

Refer to Note 10: Long-Term Debt of the Notes to the Condensed Consolidated Financial Statements for the nine months ended April 30, 2018, and Note 9: Long-Term Debt of the Notes to the Consolidated Financial Statements for Fiscal 2017.

### ***Operating Activities***

Net cash used in operating activities during the nine months ended April 30, 2018 and 2017 was \$10,388,114 and \$8,214,971, respectively. Significant operating expenditures included mineral property expenditures, general and administrative expenses and interest payments.

### ***Financing Activities***

During the nine months ended April 30, 2018, net cash provided by financing activities was \$328,467 resulting from \$328,300 net cash received from the exercise of stock options and an increase of \$167 in an amount due to a related party. During the nine months ended April 30, 2017, net cash provided by financing was \$26,445,813 resulting primarily from net proceeds of \$26,444,815 received from share issuances from an equity financing closed in January 2017, and from warrant and option exercises.

### ***Investing Activities***

During the nine months ended April 30, 2018, net cash provided by investing activities was \$8,707,122, resulting primarily from cash received from the redemption of short-term investments totaling \$30,771,253, net cash of \$215,065 received from the Reno Creek Acquisition, offset by cash used in the purchase of short-term investments of \$21,771,253, an increase of \$188,400 in other long-term assets, cash used in the investment in mineral rights and properties of \$309,120, and cash used in the purchase of property, plant and equipment of \$11,242.

Net cash used in investing activities during the nine months ended April 30, 2017 was \$16,040,921, resulting primarily from the purchase of short-term investments of \$16,000,671 and the purchase of property, plant and equipment of \$40,250.

### ***Stock Options and Warrants***

At April 30, 2018, we had stock options outstanding representing 13,132,625 shares at a weighted-average exercise price of \$1.39 per share and share purchase warrants outstanding representing 30,985,288 shares at a weighted-average exercise price of \$1.97 per share. At April 30, 2018, outstanding stock options and warrants

represented a total 44,117,913 shares issuable for gross proceeds of approximately \$79.2 million should these stock options and warrants be exercised in full. At April 30, 2018, outstanding in-the-money stock options and warrants represented a total of 19,064,756 shares exercisable for gross proceeds of approximately \$23.6 million 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 a Related Party**

During the three and nine months ended April 30, 2018, we incurred \$36,210 and \$112,850 (three and nine months ended April 30, 2017: \$30,664 and \$134,515), respectively, in general and administrative costs paid to Blender, a company controlled by Arash Adnani, a direct family member of our President and Chief Executive Officer, for various services including information technology, corporate branding, media, website design, maintenance and hosting, provided to the Company.

During the nine months ended April 30, 2018, we issued 104,706 shares with a fair value of \$141,678, as settlement of the equivalent amounts owed to Blender.

During the three and nine months ended April 30, 2017, we issued 59,546 and 148,368 shares with a fair value of \$78,572 and \$170,060, respectively, as settlement of the equivalent amounts owed to Blender.

At April 30, 2018, the amount owing to Blender was \$935 (July 31, 2017: \$768).

## **Material Commitments**

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

At April 30, 2018, we have made all scheduled payments and complied with all covenants under our Credit Facility, and we expect to continue complying with all scheduled payments and covenants during Fiscal 2018. Our Credit Facility has a maturity date of January 1, 2020 with scheduled monthly principal repayment of \$1,666,667 commencing on February 1, 2019. As at April 30, 2018, principal amount due over the next 12 months totaled \$5,000,000.

## **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 Fiscal 2017.

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 Fiscal 2017.

## **Subsequent Event**

We had no other material subsequent events to report other than those disclosed in the Note 17: Subsequent Event to the Condensed Consolidated Financial Statements, and in the “Mineral Rights and Properties” section under this MD&A

in this Quarterly Report.

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 Fiscal 2017.

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 Quarterly 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 Quarterly 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 April 30, 2018, 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 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 Court set the case for a four-week jury trial that was to take place in Yavapai County, Arizona, in April 2016. In November 2015, after the completion of discovery, the Company and the remaining defendants filed motions for summary judgment, seeking to dismiss all of the Plaintiffs’ remaining claims. While those motions were pending, the parties reached a settlement agreement with respect to all claims asserted by the Plaintiffs in that lawsuit. A formal settlement and release agreement was subsequently executed, pursuant to which all of the Plaintiffs’ claims in the Arizona lawsuit were dismissed with prejudice. Pursuant to the terms of the settlement agreement, the Defendants collectively paid \$500,000 to the Plaintiffs, of which \$50,000 was paid by the Company.



On June 1, 2015, the Company received notice that Westminster Securities Corporation (“Westminster”) 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. On March 2, 2018, the District Court granted the Company’s motion for summary judgment, dismissing all claims asserted by Westminster and the other plaintiffs in that action, and entered judgment in favor of the Company. On March 22, 2018, the plaintiffs filed an appeal of the District Court’s order of dismissal. On March 28, 2018, the Company and plaintiffs entered into a mutual general release, whereby the plaintiffs agreed to withdraw their appeal and irrevocably release any and all claims against the Company in exchange for the Company’s agreement to irrevocably release any and all claims against the plaintiffs, including any claims for attorneys’ fees and costs that the Company incurred in defending the action. On April 19, 2018, the Court of Appeals entered an order dismissing the appeal. The case is now closed.

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”), seeking unspecified damages and alleging 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. The Company filed a motion to dismiss and on July 15, 2016, the U.S. District Court for the Southern District of Texas entered a final judgement dismissing the case in its entirety with prejudice. On September 22, 2016, the plaintiffs voluntarily dismissed their appeal of the District Court’s judgment and on September 26, 2016 the Fifth Circuit dismissed the Securities Case pursuant to the plaintiffs’ motion. As a result, the judgment in favor of the Company is final. No settlement payments or any other consideration was paid by the Company to the plaintiffs in connection with the Securities Case dismissal.

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 (the “Federal Derivative Case”), seeking 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 filed a motion to dismiss. The plaintiff ultimately abandoned the Federal Derivative Case, which the court dismissed on or about November 17, 2016. No settlement payments or any other consideration was paid by the Company to the plaintiff in connection with the plaintiff’s abandonment of the Federal Derivative Case.

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 (the “Nevada Derivative Case”) (collectively with the Federal Derivative Case, the “Derivative Cases”) seeking 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. On January 21, 2016, the Court granted the Company’s motion to stay the Nevada Derivative Case pending the outcome of the Federal Derivative Case. Following the voluntary dismissal of the Federal Derivative Case, Ms. McMahon filed an amended complaint on February 10, 2017, which again asserted that the Company’s directors breached their fiduciary duties relating to the

factual allegations in the Securities Case. The Company filed a motion to dismiss and on September 13, 2017, the Court granted the Company's motion to dismiss the Nevada Derivative Case. On or about October 5, 2017, the Plaintiff filed a notice of appeal with the Court.

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 appointed a committee of independent directors to evaluate the allegations in the demand letter. Subsequently, the Federal District Court dismissed the Securities Case, which was based on similar factual allegations, and the Federal Derivative Case was abandoned. The committee of independent directors has now completed its evaluation, and recommended that the Board of Directors reject the demand. After considering the committee's recommendation and all other material information relevant to the investigation, the Board of Directors voted to reject the demand letter.

The Company has had recent communications and filings with the MOPC, the mining regulator in Paraguay, whereby the MOPC is taking the position that certain concessions forming part of the Company's Yuty, Oviedo and Alto Parana projects are not eligible for extension as to exploration or continuation to exploitation in their current stages. While the Company remains fully committed to its development path forward in Paraguay, it caused its legal counsel to file an appeal with the Administrative Courts in Paraguay to reverse the MOPC's position in order to protect the Company's continuing rights in those concessions. In the interim the Company also continues to pay all required maintenance fees and otherwise conducts its business in a manner to comply with all applicable mining laws in Paraguay.

#### Item 1A. Risk Factors

*In addition to the information contained in our Form 10-K Annual Report for Fiscal 2017, 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 Fiscal 2017.*

*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 Quarterly 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 Fiscal 2017, we were incorporated under the laws of the State of Nevada on May 16, 2003, and since 2004, we have been predominantly 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, in Canada and the Republic of Paraguay. Since we completed the acquisition of the Alto Paraná Project located in the Republic of Paraguay in July 2017, we are also involved in mining and related activities, including exploration, pre-extraction, extraction and processing of titanium minerals.

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 since inception of \$240.3 million at April 30, 2018. Historically, we have been reliant primarily on equity financings from the sale of our common stock and, for Fiscal 2014 and Fiscal 2013, on debt financing in order to fund our operations. Although we generated revenues from sales of  $U_3O_8$  during Fiscal 2015, Fiscal 2013 and Fiscal 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 nine months ended April 30, 2018, Fiscal 2017, Fiscal 2016, 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 April 30, 2018, we had working capital of \$7.4 million including cash and cash equivalents of \$11.2 million and short-term investments of \$1.0 million. As we do not expect to achieve and maintain profitability in the near term, our continuation 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 and therefore, substantial doubt exists as to whether our cash resources and/or working capital will be sufficient to enable our Company to continue our operations over the next 12 months from the date this Quarterly Report is issued.

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 electrical 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, and the Reno Creek Project located in the Powder River Basin, Wyoming, and our projects in Canada and in the Republic of Paraguay, have many risks and uncertainties. These include, but are not limited to: (i) a significant, prolonged decrease in the market price of uranium and titanium minerals; (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 mineral 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 achieving and maintaining profitability and developing positive cash flow.

***Our operations are capital intensive and we will require significant additional financing to acquire additional mineral projects and continue with our exploration and pre-extraction activities on our existing 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 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 or continue with our exploration and pre-extraction activities, which may result in delays, curtailment or abandonment of any one or all of our 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.***

On February 9, 2016, we entered into the Second Amended Credit Agreement with our Lenders under which we had previously drawn down the maximum \$20 million in principal. The 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 February 1, 2019. 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 Credit Facility which, if not addressed or waived, could require accelerated repayment of our indebtedness and/or enforcement by the Lenders against our assets. Enforcement against our assets would have a material adverse effect on our financial condition and operating results.

Furthermore, our Credit Facility includes restrictive covenants that, among other things, limit our ability to sell our assets 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 our assets.

***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 the Palangana Mine, which has been our sole source of U<sub>3</sub>O<sub>8</sub> sold to generate the revenues during Fiscal 2015, Fiscal 2013 and Fiscal 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 the nine months ended April 30, 2018, Fiscal 2017, Fiscal 2016, Fiscal 2014 or for any periods prior to Fiscal 2012.

During the nine months ended April 30, 2018, we continued to operate the Palangana Mine at a reduced pace since implementing our strategic plan in September 2013 to align our operations to a weak uranium commodity 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 our 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.

***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 projects may not result in the establishment of ore bodies that contain commercially recoverable uranium.***

Exploration and pre-extraction programs and mining activities are inherently subject to numerous significant risks and uncertainties, with many beyond our control and 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: (i) delays, reductions or stoppages in our mining activities; (ii) increased capital and/or extraction costs; (iii) damage to, or destruction of, our mineral projects, extraction facilities or other properties; (iv) personal injuries; (v) environmental damage; (vi) monetary losses; and (vii) legal claims.



Success in mineral 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 material 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 material ceases to be economically recoverable. Exploration is frequently non-productive due, for example, to poor exploration results or the inability to establish ore bodies that contain commercially recoverable material, in which case the 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 material and develop these projects into profitable mining activities, and there is no assurance that we will be successful in doing so for any of our projects.

Whether an ore body contains commercially recoverable material 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 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 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 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 projects, including the Palangana Mine. Furthermore, we have no plans to establish proven or probable reserves for any of our 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 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 our Hobson Processing Facility, Palangana Mine, Reno Creek Project and Alto Paraná Project and have recorded a liability of \$4.0 million on our balance sheet at April 30, 2018, 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 our Hobson Processing Facility and 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: (i) 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; (ii) a material ore body may prove to be below expectations; (iii) 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; (iv) the integration of the acquired business or assets may disrupt our ongoing business and our relationships with employees, customers, suppliers and contractors; and (v) 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 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 electrical 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 operations and prospects of us. 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 electrical 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 titanium industry is affected by global economic factors, including risks associated with volatile economic conditions, and the market for many titanium products is cyclical and volatile, and we may experience depressed market conditions for such products.***

Titanium is used in many "quality of life" products for which demand historically has been linked to global, regional and local GDP and discretionary spending, which can be negatively impacted by regional and world events or economic conditions. Such events are likely to cause a decrease in demand for products and, as a result, may have an adverse effect on our results of operations and financial condition. The timing and extent of any changes to currently prevailing market conditions is uncertain, and supply and demand may be unbalanced at any time. Uncertain economic conditions and market instability make it particularly difficult for us to forecast demand trends. As a consequence, we may not be able to accurately predict future economic conditions or the effect of such conditions on our financial condition or results of operations. We can give no assurances as to the timing, extent or duration of the current or future economic cycles impacting the industries in which we operate.

Historically, the market for large volume titanium applications, including coatings, paper and plastics, has experienced alternating periods of tight supply, causing prices and margins to increase, followed by periods of lower capacity utilization resulting in declining prices and margins. The volatility this market experiences occurs as a result of significant changes in the demand for products as a consequence of global economic activity and changes in customers' requirements. The supply-demand balance is also impacted by capacity additions or reductions that result in changes of utilization rates. In addition, titanium margins are impacted by significant changes in major input costs such as energy and feedstock. Demand for titanium depends in part on the housing and construction industries. These industries are cyclical in nature and have historically been impacted by downturns in the economy. In addition, pricing may affect customer inventory levels as customers may from time to time accelerate purchases of titanium in advance of anticipated price increases or defer purchases of titanium in advance of anticipated price decreases. The cyclicity and volatility of the titanium industry results in significant fluctuations in profits and cash flow from period to period and over the business cycle.

***The uranium and titanium industries are 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.



The titanium industry is concentrated and highly competitive, and we may not be able to compete effectively with our competitors that have greater financial resources or those that are vertically integrated, which could have a material adverse effect on our business, results of operations and financial condition.

The global titanium market is highly competitive, with the top six producers accounting for approximately 60% of the world's production capacity. Competition is based on a number of factors, such as price, product quality and service. Competition is based on a number of factors, such as price, product quality and service. Among our competitors are companies that are vertically-integrated (those that have their own raw material resources). Changes in the competitive landscape could make it difficult for us to retain our competitive position in various products and markets throughout the world. Our competitors with their own raw material resources may have a competitive advantage during periods of higher raw material prices. In addition, some of the companies with whom we compete may be able to produce products more economically than we can. Furthermore, some of our competitors have greater financial resources, which may enable them to invest significant capital into their businesses, including expenditures for research and development.

***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 the Republic of Paraguay through Piedra Rica Mining S.A., Transandes Paraguay S.A., Trier S.A. and Metalicos Y No Metalicos S.R.L, which are incorporated in Paraguay. Operations in foreign jurisdictions outside of the United States 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. The Company has had recent communications and filings with the MOPC, the mining regulator in Paraguay, whereby the MOPC is taking the position that certain concessions forming part of the Company's Yuty, Oviedo and Alto Parana projects are not eligible for extension as to exploration or continuation to exploitation in their current stages. While the Company remains fully committed to its development path forward in Paraguay, it caused its legal counsel to file an appeal with the Administrative Courts in Paraguay to reverse the MOPC's position in order to protect the Company's continuing rights in those concessions. In the interim the Company also continues to pay all required maintenance fees and otherwise conducts its business in a manner to comply with all applicable mining laws in Paraguay. 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 our Company or to our stockholders for monetary damages for all but certain types of conduct as directors and officers. 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 United States, and it may be difficult for stockholders to enforce within the United States any judgments obtained against such directors or officers.***

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

*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 American (formerly known as the American Stock Exchange, the NYSE Amex Equities Exchange and the NYSE MKT) 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 158,482,881 shares were issued and outstanding as of April 30, 2018. 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 the 2014 Shelf which was declared effective on January 10, 2014, providing 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. We filed the 2017 Shelf, which was declared effective on March 10, 2017, and, as a result, it replaced the 2014 Shelf which was then deemed terminated. The 2017 Shelf provides for the public offer and sale of certain securities of our Company from time to time, at our discretion, up to an aggregate offering amount of \$100 million, of which a total of \$33.7 million has been utilized through public offerings as of April 30, 2018.

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

Our common stock is currently listed on the NYSE American. 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 American may delist the securities of any issuer: (i) if, in its opinion, the issuer's financial condition and/or operating results appear unsatisfactory; (ii) 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 American inadvisable; (iii) if the issuer sells or disposes of principal operating assets or ceases to be an operating company; (iv) if an issuer fails to comply with the NYSE American's listing requirements; (v) if an issuer's common stock sells at what the NYSE American considers a "low selling price" and the issuer fails to correct this via a reverse split of shares after notification by the NYSE American; or (vi) if any other event occurs or any condition exists which makes continued listing on the NYSE American, in its opinion, inadvisable.

If the NYSE American 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 April 30, 2018, we issued the following securities that were not registered under the Securities Act of 1933, as amended (the "Securities Act"):

on February 7, 2018, we issued an aggregate of 164,767 shares of common stock to certain vendors pursuant to a Property Purchase Agreement dated January 31, 2018, at a deemed issuance price of \$1.60 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 February 14, 2018, we issued 43,759 shares of common stock to a consultant pursuant to a shares for debt subscription agreement at a deemed issuance price of \$1.57 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;

on February 16, 2018, we issued an aggregate of 641,574 shares of common stock to our Lenders as an anniversary fee in partial consideration for our Credit Facility at a deemed issuance price of \$1.4028 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 to four of the Lenders and 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 two of the Lenders.

on each of February 16, 2018 and March 19, 2018, we issued 5,303 shares of common stock to a consultant in consideration for services under a consulting agreement 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 March 12, 2018, we issued an aggregate of 84,886 shares of common stock to six lessors pursuant to shares for debt subscription agreements at a deemed issuance price of \$1.72 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;



on March 14, 2018, we issued 116,461 shares of common stock to a consultant pursuant to a shares for debt subscription agreement at a deemed issuance price of \$1.33 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 March 19, 2018, we issued 12,478 shares of common stock to a consultant in consideration for services under a consulting agreement at a deemed issuance price of \$1.38 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; and

on April 4, 2018, we issued 5,427 shares of common stock to a consultant in consideration for services under a consulting agreement at a deemed issuance price of \$1.29 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.

### **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 April 30, 2018, 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:

**Exhibit Description of Exhibit**

31.1 Certification of Chief Executive Officer pursuant to the Securities Exchange Act of 1934 Rule 13a-14(a) or 15d-14(a).

31.2 Certification of Chief Financial Officer pursuant to the Securities Exchange Act of 1934 Rule 13a-14(a) or 15d-14(a).

32.1 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.

101.1NS XBRL Instance Document

101.SCH XBRL Taxonomy Extension Schema Document

101.CAL XBRL Taxonomy Extension Calculation Linkbase Document

101.DEF XBRL Taxonomy Extension Definitions Linkbase Document

101.LAB XBRL Taxonomy Extension Label Linkbase Document

101.PRE XBRL Taxonomy Extension Presentation Linkbase Document

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: June 10, 2018

By: */s/ Pat Obara*

Pat Obara

Chief Financial Officer (Principal Financial Officer)

Date: June 10, 2018