

URANIUM ENERGY CORP
Form 10-Q
December 10, 2014

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

FORM 10-Q

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

For the quarterly period ended **October 31, 2014**

or

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

For the transition period from _____ to _____

Commission File Number: **001-33706**

URANIUM ENERGY CORP.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of incorporation of organization)

98-0399476

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

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

(Address of principal executive offices)

V6E 2J3

(Zip Code)

(604) 682-9775

(Registrant's telephone number, including area code)

N/A

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

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

Yes ☒ No ☐

Edgar Filing: URANIUM ENERGY CORP - Form 10-Q

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 ☒ No ☐

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

☐ Large accelerated filer

☒ Accelerated filer

☐ Non-accelerated filer

☐ Smaller reporting company

(Do not check if a smaller reporting company)

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: 91,742,368 shares of common stock outstanding as of December 5, 2014.

URANIUM ENERGY CORP.

TABLE OF CONTENTS

PART I	FINANCIAL INFORMATION	<u>4</u>
Item 1.	<u>Financial Statements</u>	<u>4</u>
Item 2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>22</u>
Item 3.	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>29</u>
Item 4.	<u>Controls and Procedures</u>	<u>29</u>
PART II	OTHER INFORMATION	<u>31</u>
Item 1.	<u>Legal Proceedings</u>	<u>31</u>
Item 1A.	<u>Risk Factors</u>	<u>32</u>
Item 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>40</u>
Item 3.	<u>Defaults Upon Senior Securities</u>	<u>41</u>
Item 4.	<u>Mine Safety Disclosures</u>	<u>41</u>
Item 5.	<u>Other Information</u>	<u>41</u>
Item 6.	<u>Exhibits</u>	<u>41</u>
SIGNATURES		<u>43</u>

PART I FINANCIAL INFORMATION

Item 1. Financial Statements

URANIUM ENERGY CORP.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED OCTOBER 31, 2014

(Unaudited)

URANIUM ENERGY CORP.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	Notes	October 31, 2014	July 31, 2014
CURRENT ASSETS			
Cash and cash equivalents		\$ 4,413,221	\$ 8,839,892
Available-for-sale securities		4,587	4,811
Accounts and interest receivable		14,870	15,061
Inventories	3	2,012,387	1,896,475
Prepaid expenses and deposits		520,137	726,984
Current portion of deferred financing costs		83,811	83,811
		7,049,013	11,567,034
DEFERRED FINANCING COSTS			
		146,669	167,621
MINERAL RIGHTS AND PROPERTIES	4	39,207,633	39,488,699
PROPERTY, PLANT AND EQUIPMENT	5	7,756,565	8,005,337
RECLAMATION DEPOSITS	6	5,678,974	5,678,629
		\$ 59,838,854	\$ 64,907,320
CURRENT LIABILITIES			
Accounts payable and accrued liabilities		\$ 1,763,200	\$ 2,088,284
Due to related parties	7	5,545	11,234
Current portion of asset retirement obligations	9	284,023	198,816
		2,052,768	2,298,334
DEFERRED INCOME TAX LIABILITIES			
		689,974	711,477
LONG-TERM DEBT	8	19,007,595	18,705,137
ASSET RETIREMENT OBLIGATIONS	9	3,752,100	3,768,773
		25,502,437	25,483,721
STOCKHOLDERS' EQUITY			
Capital stock			
Common stock \$0.001 par value: 750,000,000 shares authorized, 91,529,711 shares issued and outstanding (July 31, 2014 - 90,966,558)	10	91,533	90,972
Additional paid-in capital		209,647,020	208,008,312
Accumulated deficit		(175,388,373)	(168,662,146)
Accumulated other comprehensive loss		(13,763)	(13,539)
		34,336,417	39,423,599
		\$ 59,838,854	\$ 64,907,320
COMMITMENTS AND CONTINGENCIES			
	14		
SUBSEQUENT EVENTS			
	6		

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

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

	Notes	Three Months Ended October 31, 2014	2013
SALES		\$ -	\$ -
COSTS AND EXPENSES			
Cost of sales		-	-
Inventory write-down		-	392,149
Mineral property expenditures	4	2,260,131	1,588,143
General and administrative	7, 10	3,177,588	2,305,789
Depreciation, amortization and accretion	4, 5, 9	577,242	541,079
Impairment loss on mineral property		-	28,891
		6,014,961	4,856,051
LOSS FROM OPERATIONS		(6,014,961)	(4,856,051)
OTHER INCOME (EXPENSES)			
Interest income		4,720	5,326
Interest and finance costs	8	(737,489)	(797,447)
Loss on fair value of variable share forward contract		-	(231,762)
		(732,769)	(1,023,883)
LOSS BEFORE INCOME TAXES		(6,747,730)	(5,879,934)
DEFERRED INCOME TAX BENEFIT		21,503	-
NET LOSS FOR THE PERIOD		(6,726,227)	(5,879,934)
OTHER COMPREHENSIVE LOSS, NET OF INCOME TAXES		(224)	(2,301)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		\$ (6,726,451)	\$ (5,882,235)
NET LOSS PER SHARE, BASIC AND DILUTED	11	\$ (0.07)	\$ (0.07)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING,			
BASIC AND DILUTED		91,280,843	86,429,172

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

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

	Notes	Three Months Ended October 31, 2014	2013
CASH (USED IN) PROVIDED BY:			
OPERATING ACTIVITIES			
Net loss for the period		\$ (6,726,227)	\$ (5,879,934)
Adjustments to reconcile net loss to net cash from operating activities			
Stock-based compensation	10	1,454,296	337,902
Depletion, depreciation, amortization and accretion		900,652	1,102,367
Impairment loss on mineral property		-	28,891
Loss on fair value of variable share forward contract		-	231,762
Deferred income tax benefit		(21,503)	-
Changes in operating assets and liabilities			
Accounts and interest receivable		191	(4,301)
Inventories	3	(88,788)	(312,467)
Prepaid expenses and deposits		(28,771)	(125,249)
Accounts payable and accrued liabilities		(325,085)	(1,259,043)
Settlement of asset retirement obligations		-	(12,123)
NET CASH FLOWS USED IN OPERATING ACTIVITIES		(4,835,235)	(5,892,195)
FINANCING ACTIVITIES			
Shares issuance for cash, net of issuance costs	10	420,591	6,713,504
Debt financing costs		-	(188,107)
Due to related parties	7	(5,689)	(217)
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		414,902	6,525,180
INVESTING ACTIVITIES			
Investment in mineral rights and properties		-	(83,823)
Purchase of property, plant and equipment		(5,993)	(21,895)
Increase in reclamation deposits		(345)	(510)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(6,338)	(106,228)
NET CASH FLOWS		(4,426,671)	526,757
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		8,839,892	14,171,807
CASH AND CASH EQUIVALENTS, END OF PERIOD		\$ 4,413,221	\$ 14,698,564

SUPPLEMENTAL CASH FLOW INFORMATION 7, 13

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-	Accumulated	Accumulated Other Comprehensive	Stockholders'
	Shares	Amount	in Capital	Deficit	Loss	Equity
Balance, July 31, 2014	90,966,558	\$ 90,972	\$ 208,008,312	\$ (168,662,146)	\$ (13,539)	\$ 39,423,599
Common stock						
Issued for equity financing, net of issuance costs	280,045	280	175,143	-	-	175,423
Issued for exercise of stock options	28,937	29	9,521	-	-	9,550
Stock-based compensation						
Common stock issued for consulting services	254,171	252	330,079	-	-	330,331
Options issued for consulting services	-	-	100,379	-	-	100,379
Options issued for management fees	-	-	572,276	-	-	572,276
Options issued for employee benefits	-	-	451,310	-	-	451,310
Net loss for the period	-	-	-	(6,726,227)	-	(6,726,227)
Other comprehensive loss	-	-	-	-	(224)	(224)
Balance, October 31, 2014	91,529,711	\$ 91,533	\$ 209,647,020	\$ (175,388,373)	\$ (13,763)	\$ 34,336,417

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

URANIUM ENERGY CORP.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
October 31, 2014
(Unaudited)

NOTE 1: NATURE OF OPERATIONS

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

Although planned principal operations have commenced from which significant revenues from sales of uranium concentrates were realized for the fiscal years ended July 31, 2013 (Fiscal 2013) and 2012 (Fiscal 2012), the Company has yet to achieve profitability and has had a history of operating losses and significant negative cash flow since inception. No revenue from uranium sales was realized for the three months ended October 31, 2014 and the fiscal year ended July 31, 2014 (Fiscal 2014). Historically, the Company has been reliant primarily on equity financings from the sale of its common stock and debt financing in order to fund its ongoing operations. During Fiscal 2013 and 2012, the Company also relied on cash flows generated from its mining activities. The Company's reliance on equity and debt financings is expected to continue for the foreseeable future. Existing cash resources and anticipated sources of financing are expected to provide sufficient funds to carry out the Company's plan of operations for the next twelve months. The Company's continuation as a going concern for a period beyond twelve months will be dependent upon its ability to obtain adequate additional financing, as the Company's operations are capital intensive and future capital expenditures are expected to be substantial. The continued operations of the Company, including the recoverability of the carrying values of its assets, are dependent ultimately on the Company's ability to achieve and maintain profitability and positive cash flow from its operations. At October 31, 2014, the Company had working capital of \$5.0 million and an accumulated deficit of \$175.4 million.

NOTE 2: BASIS OF PRESENTATION

The accompanying unaudited interim condensed consolidated financial statements are presented in U.S. dollars and have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP) for interim financial information. Accordingly, they do not include all of the information and footnotes required under U.S. GAAP for complete financial statements. These unaudited interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended July 31, 2014. In the opinion of management, all adjustments of a normal recurring nature and considered necessary for a fair presentation have been made. Operating results for the three months ended October 31, 2014 are not necessarily indicative of the results that may be expected for the fiscal year ending July 31, 2015.

Exploration Stage

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

such time proven or probable reserves have been established.

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

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

URANIUM ENERGY CORP.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
October 31, 2014
(Unaudited)

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

Recently Issued Accounting Pronouncement

In August 2014, the Financial Accounting Standards Board issued Accounting Standards Update No. 2014-15, Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern (ASU 2014-15), which provides guidance on determining when and how to disclose going-concern uncertainties in the financial statements. ASU 2014-15 requires management to perform interim and annual assessments of an entity's ability to continue as a going concern within one year of the date the financial statements are issued. An entity must provide certain disclosures if conditions or events raise substantial doubt about the entity's ability to continue as a going concern. ASU 2014-15 applies to all entities and is effective for annual periods ending after December 15, 2016, and interim periods thereafter, with early adoption permitted.

NOTE 3: INVENTORIES

In November 2010, the Company commenced uranium extraction at its Palangana Mine and processing of uranium concentrates at its Hobson Processing Facility. The Company's inventories consisted of the following:

	October 31, 2014	July 31, 2014
Supplies	\$ 22,768	\$ 26,631
Work-in-progress	39,813	63,257
Finished goods - uranium concentrates	1,949,806	1,806,587
	\$ 2,012,387	\$ 1,896,475

At October 31, 2014, the total non-cash component of inventory was \$395,923 (July 31, 2014: \$368,799). For the three months ended October 31, 2014, no inventory write-down to net realizable value was recorded (three months ended October 31, 2013: \$392,149).

URANIUM ENERGY CORP.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
October 31, 2014
(Unaudited)

NOTE 4: MINERAL RIGHTS AND PROPERTIES**Mineral Rights**

At October 31, 2014, the Company had mineral rights in the States of Arizona, Colorado, New Mexico, Texas and Wyoming and the Republic of Paraguay. These mineral rights were acquired through staking and purchase, lease or option agreements and are subject to varying royalty interests, some of which are indexed to the sale price of uranium. At October 31, 2014, annual maintenance payments of approximately \$1,055,000 are required to maintain these mineral rights.

Mineral rights and property acquisition costs consisted of the following:

	October 31, 2014	July 31, 2014
Mineral Rights and Properties, Unproven		
Palangana Mine	\$ 6,664,260	\$ 6,664,260
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	364,710	364,710
Nichols Project	154,774	154,774
Anderson Project	9,154,268	9,154,268
Workman Creek Project	1,372,008	1,372,008
Los Cuatros Project	257,250	257,250
Slick Rock Project	661,271	661,271
Yuty Project	11,947,144	11,947,144
Coronel Oviedo Project	1,133,412	1,133,412
Other Property Acquisitions	262,115	262,115
	42,272,959	42,272,959
Accumulated Depletion	(3,664,286)	(3,454,533)
	38,608,673	38,818,426
Databases	2,405,038	2,405,038
Accumulated Amortization	(1,990,461)	(1,928,901)
	414,577	476,137
Land Use Agreements	390,155	390,155
Accumulated Amortization	(205,772)	(196,019)
	184,383	194,136
	\$ 39,207,633	\$ 39,488,699

During the three months ended October 31, 2014, the Company did not record any impairment loss associated with the abandonment of the Company's mineral rights (three months ended October 31, 2013: \$28,891).

The Company has 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 its mineral projects. The Company has established the existence of mineralized materials for certain uranium projects, including the Palangana Mine. Since the Company

commenced uranium extraction at the Palangana Mine without having established proven or probable reserves, there may be greater inherent uncertainty as to whether or not any mineralized material can be economically extracted as originally planned and anticipated.

URANIUM ENERGY CORP.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
October 31, 2014
(Unaudited)

No revenues were generated from the sale of uranium concentrates during the three months ended October 31, 2014 or Fiscal 2014. Historically, the Palangana Mine has been the Company's sole source for uranium concentrates sold to generate its revenues during Fiscal 2013 and 2012, with no revenues generated prior to Fiscal 2012. The economic viability of the Company's mining activities, including the expected duration and profitability of the Palangana Mine and of any future satellite ISR mines, such as the Goliad Project, located within the South Texas Uranium Belt, has many risks and uncertainties. These include, but are not limited to: (i) a significant, prolonged decrease in the market price of uranium; (ii) difficulty in marketing and/or selling uranium concentrates; (iii) significantly higher than expected capital costs to construct the mine and/or processing plant; (iv) significantly higher than expected extraction costs; (v) significantly lower than expected uranium extraction; (vi) significant delays, reductions or stoppages of uranium extraction activities; and (vii) the introduction of significantly more stringent regulatory laws and regulations. The Company's mining activities may change as a result of any one or more of these risks and uncertainties and there is no assurance that any ore body that we extract mineralized materials from will result in profitable mining activities.

Mineral property expenditures incurred by major projects were as follows:

	Three Months Ended October 31,	
	2014	2013
Mineral Property Expenditures		
Palangana Mine	\$ 432,660	\$ 671,582
Goliad Project	34,257	144,971
Burke Hollow Project	980,567	174,298
Longhorn Project	11,246	8,244
Salvo Project	20,800	789
Anderson Project	94,172	84,161
Workman Creek Project	31,300	28,971
Slick Rock Project	49,784	49,025
Yuty Project	218,889	17,825
Coronel Oviedo Project	144,584	84,151
Other Mineral Property Expenditures	241,872	324,126
	\$ 2,260,131	\$ 1,588,143

NOTE 5: PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following:

	October 31, 2014			July 31, 2014		
	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value
Hobson Processing Facility	\$ 7,107,717	\$ (639,860)	\$ 6,467,857	\$ 7,107,717	\$ (595,169)	\$ 6,512,548
Mining Equipment	2,587,206	(1,796,678)	790,528	2,587,206	(1,678,958)	908,248
Vehicles	1,855,451	(1,619,869)	235,582	1,855,451	(1,559,850)	295,601
Computer Equipment	651,615	(576,411)	75,204	645,622	(551,633)	93,989

Edgar Filing: URANIUM ENERGY CORP - Form 10-Q

Furniture and Fixtures	182,568	(170,773)	11,795	182,568	(163,278)	19,290
Land	175,144	-	175,144	175,144	-	175,144
Leasehold Improvements	1,242	(787)	455	1,242	(725)	517
	\$ 12,560,943	\$ (4,804,378)	\$ 7,756,565	\$ 12,554,950	\$ (4,549,613)	\$ 8,005,337

13

URANIUM ENERGY CORP.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
October 31, 2014
(Unaudited)

NOTE 6: RECLAMATION DEPOSITS

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

Reclamation deposits consisted of the following:

	October 31, 2014	July 31, 2014
Palangana Mine	\$ 3,689,666	\$ 3,689,666
Hobson Processing Facility	1,957,476	1,957,476
Arizona	15,000	15,000
Wyoming	816	815
	5,662,958	5,662,957
Interest	16,016	15,672
	\$ 5,678,974	\$ 5,678,629

In November 2014, the Company secured \$5.6 million of surety bonds subject to a 2% annual premium on the face value, replacing an equivalent amount of reclamation deposits related to future remediation and decommissioning activities at the Palangana Mine and Hobson Processing Facility. Since the reclamation deposits had been funded entirely by cash payments, the surety bonds allowed for the release of \$3.9 million as cash and cash equivalents to the Company, with the \$1.7 million balance or 30% of the face value remaining as reclamation deposits for collateral purposes.

NOTE 7: DUE TO RELATED PARTIES AND RELATED PARTY TRANSACTIONS

During the three months ended October 31, 2014, the Company incurred \$39,134 (three months ended October 31, 2013: \$37,403) in general and administrative costs paid to a company controlled by a direct family member of a director and officer. In addition, the Company issued 15,000 restricted shares with a fair value of \$18,150 for the services received.

During the three months ended October 31, 2013, the Company incurred \$9,000 in consulting fees paid to a company controlled by a former director of the Company.

At October 31, 2014, amounts owed to related parties totaled \$5,545 (July 31, 2014: \$11,234). These amounts are unsecured, non-interest bearing and due on demand.

NOTE 8: LONG-TERM DEBT

At October 31, 2014, long-term debt consisted of the following:

	October 31, 2014	July 31, 2014
Principal amount	\$ 20,000,000	\$ 20,000,000
Unamortized discount	(992,405)	(1,294,863)
Long-term debt, net of unamortized discount	\$ 19,007,595	\$ 18,705,137

For the three months ended October 31, 2014 and 2013, the amortization of debt discount totaled \$302,458 and \$431,007, respectively, which were recorded as interest expense and included in the consolidated statements of

operations.

URANIUM ENERGY CORP.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
October 31, 2014
(Unaudited)

The aggregate yearly maturities of long-term debt based on principal amounts outstanding at October 31, 2014 are as follows:

Fiscal 2015	\$ -
Fiscal 2016	1,666,667
Fiscal 2017	18,333,333
Total	\$ 20,000,000

NOTE 9: ASSET RETIREMENT OBLIGATIONS

The Company's asset retirement obligations (ARO) relate to site restoration for the Palangana Mine and Hobson Processing Facility.

Balance, July 31, 2014	\$ 3,967,589
Accretion	68,534
Balance, October 31, 2014	4,036,123
Less: current portion of asset retirement obligations	(284,023)
Long-term asset retirement obligations	\$ 3,752,100

	October 31, 2014	July 31, 2014
Undiscounted amount of estimated cash flows	\$ 6,382,549	\$ 6,382,549
Payable in years	2.5 to 12	2.5 to 12
Inflation rate	1.56% to 2.43%	1.56% to 2.43%
Discount rate	5.00% to 10.50%	5.00% to 10.50%

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

Fiscal 2015	\$ 198,816
Fiscal 2016	340,827
Fiscal 2017	1,082,173
Fiscal 2018	635,932
Fiscal 2019	-
Remaining balance	4,124,801
	\$ 6,382,549

NOTE 10: CAPITAL STOCK

Capital Stock

At October 31, 2014, the Company's capital stock was 750,000,000 authorized shares of common stock with a par value of \$0.001 per share.

The Company previously filed a Form S-3 Shelf Registration Statement effective September 2, 2011 (the 2011 Shelf) providing for the public offer and sale of certain securities of the Company from time to time, at its discretion, up to an aggregate amount of \$50 million of which a total of \$34.4 million was utilized through public offers and sales of shares and units. The Company filed a further registration statement effective December 31, 2013 providing for the public offer and sale of certain securities of the Company representing an additional 20%, or \$3.1 million, of the then remaining \$15.6 million available under the 2011 Shelf, which increased the remaining amount available under the 2011 Shelf to \$18.7 million.

URANIUM ENERGY CORP.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
October 31, 2014
(Unaudited)

On December 31, 2013, the Company filed a prospectus supplement to the 2011 Shelf, providing for the public offer and sale of the Company's shares having an aggregate offering price of up to \$18.7 million through one or more at-the-market offerings (the ATM Offering) pursuant to a Controlled Equity Offering Sales Agreement effective December 31, 2013 between Cantor Fitzgerald & Co., as sales agent, and the Company. During the three months ended October 31, 2014, the Company completed a public offer and sale of 280,045 shares of the Company at a price of \$1.70 per share for gross proceeds of \$474,788 under the ATM Offering, with transaction costs of \$289,870 relating to the 2011 Shelf and ATM Offering previously included in prepaid expenses and deposits charged to additional paid-in capital as corresponding share issuance costs.

The 2011 Shelf expired on September 2, 2014. As a result, no further public offer and sale of the Company's shares may be completed through the ATM Offering under the 2011 Shelf.

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

Share Transactions

Period / Description	Common Shares Issued	Value per Share		Issuance Value
		Low	High	
Balance, July 31, 2014	90,966,558			
Equity Financing	280,045	\$ 1.70	\$ 1.70	\$ 175,423
Service Agreements	254,171	1.07	1.63	330,330
Options Exercised	28,937	0.33	0.33	9,550
Balance, October 31, 2014	91,529,711			

Share Purchase Warrants

A summary of warrants outstanding and exercisable at October 31, 2014 is presented below:

Weighted Average Exercise Price	Number of Warrants Outstanding	Expiry Date	Weighted Average Remaining Contractual Life (Years)
\$ 1.00	500,000	March 1, 2016	1.33
1.95	50,000	June 3, 2016	1.59
2.50	2,600,000	July 30, 2018	3.75
2.60	1,859,524	October 23, 2016	1.98
\$ 2.38	5,009,524		2.83

Stock Options

At October 31, 2014, the Company has one stock option plan, the 2014 Stock Incentive Plan (the 2014 Plan). The 2014 Plan provides for 7,500,000 shares of the Company that may be issued pursuant to awards that may be granted and an additional 7,958,941 shares of the Company that may be issued pursuant to stock options previously granted under the Company's prior 2013 Stock Incentive Plan. The 2014 Plan supersedes and replaces the Company's prior 2013 Stock Incentive Plan, which superseded and replaced the Company's prior 2009 and 2006 Stock Option Plans,

such that no further shares are issuable under these prior plans.

During the three months ended October 31, 2014, the Company granted stock options under the 2014 Plan to the Company's directors, officers, employees and consultants to purchase a total of 7,540,000 shares of the Company exercisable at a price of \$1.32 per share over a five-year term. These stock options are subject to an 18-month vesting provision whereby at the end of each of the first three, six, 12 and 18 months after the grant date, 25% of the total stock option grant becomes exercisable.

URANIUM ENERGY CORP.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
October 31, 2014
(Unaudited)

These stock options have a 5-year contractual term, which is significantly different from the 10-year contractual term generally applicable to stock options previously granted by the Company. Since no relevant historical information was available to provide a reasonable basis in estimating the expected life, the Company adopted the simplified method, being the mid-point of the average vesting date and the end of the contractual term, to estimate the expected life for these stock options.

The grant date fair value of these stock options was \$0.50 which was valued using the Black-Scholes option pricing model with the following assumptions:

Expected Risk Free Interest Rate	0.94%
Expected Volatility	56.28%
Expected Life in Years	2.90
Expected Dividend Yield	0.00%

A continuity schedule of outstanding stock options for the underlying common shares at October 31, 2014, and the changes during the period, is presented below:

	Number of Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)
Balance, July 31, 2014	7,987,214	\$ 2.10	4.97
Issued	7,540,000	1.32	4.84
Exercised	(28,937)	0.33	1.28
Forfeited	(58,750)	2.82	7.26
Balance, October 31, 2014	15,439,527	\$ 1.72	4.78

At October 31, 2014, the aggregate intrinsic value under the provisions of ASC 718 of all outstanding options was estimated at \$1,475,491 (vested: \$1,475,491 and unvested: \$Nil).

At October 31, 2014, unrecognized compensation cost related to non-vested stock options granted under the Company's 2014 Plan was \$2,576,401, which is expected to be recognized over 1.34 years.

A summary of options outstanding and exercisable at October 31, 2014 is presented below:

Range of Exercise Prices	Options Outstanding		Options Exercisable	
	Outstanding at	Weighted Average	Exercisable at	Weighted Average
	October 31, 2014	Exercise Price	October 31, 2014	Exercise Price
\$0.33 to \$0.70	1,972,254	\$ 0.41	1,972,254	\$ 0.41
\$0.71 to \$2.45	11,324,000	1.67	3,764,000	2.37
\$2.46 to \$5.90	2,143,273	3.20	2,139,940	3.20
	15,439,527	\$ 1.72	7,876,194	\$ 2.10

URANIUM ENERGY CORP.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
October 31, 2014
(Unaudited)

Stock-Based Compensation

A summary of stock-based compensation expense for the three months ended October 31, 2014 and 2013 is presented below:

	Three Months Ended October 31,	
	2014	2013
Stock-Based Consulting Fees		
Common stock issued for consulting services	\$ 330,331	\$ 290,552
Options issued to consultants	100,379	13,604
	430,710	304,156
Stock-Based Management Fees		
Options issued to management	572,276	-
	572,276	-
Stock-Based Wages and Benefits		
Options issued to employees	451,310	34,169
	451,310	34,169
Stock-based compensation charged to inventory	-	(993)
	\$ 1,454,296	\$ 337,332

NOTE 11: LOSS PER SHARE

The following table reconciles weighted average number of shares used in the computation of basic and diluted loss per share for the three months ended October 31, 2014 and 2013:

	Three Months Ended October 31,	
	2014	2013
Numerator		
Net Loss for the Period	\$ (6,726,227)	\$ (5,879,934)
Denominator		
Basic Weighted Average Number of Shares	91,280,843	86,429,172
Dilutive Stock Options and Warrants	-	-
Diluted Weighted Average Number of Shares	91,280,843	86,429,172
Net Loss per Share, Basic and Diluted	\$ (0.07)	\$ (0.07)

For the three months ended October 31, 2014 and 2013, all outstanding stock options and share purchase warrants were excluded from the computation of diluted loss per share since the Company reported net losses for those periods and their effects would be anti-dilutive.

URANIUM ENERGY CORP.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
October 31, 2014
(Unaudited)

NOTE 12: SEGMENTED INFORMATION

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

At October 31, 2014, long-term assets located in the U.S. totaled \$39,671,822, or 75% of the Company's total long-term assets of \$52,789,841.

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

October 31, 2014						
Balance Sheet Items	Texas	United States Arizona	Other States	Canada	Paraguay	Total
Deferred Financing Costs	\$ 146,669	\$ -	\$ -	\$ -	\$ -	\$ 146,669
Mineral Rights and Properties	14,452,112	10,791,861	883,105	-	13,080,555	39,207,633
Property, Plant and Equipment	7,718,915	-	186	15,323	22,141	7,756,565
Reclamation Deposits	5,663,158	15,000	816	-	-	5,678,974
Total Long-term Assets	\$ 27,980,854	\$ 10,806,861	\$ 884,107	\$ 15,323	\$ 13,102,696	\$ 52,789,841

July 31, 2014						
Balance Sheet Items	Texas	United States Arizona	Other States	Canada	Paraguay	Total
Deferred Financing Costs	\$ 167,621	\$ -	\$ -	\$ -	\$ -	\$ 167,621
Mineral Rights and Properties	14,732,677	10,791,861	883,606	-	13,080,555	39,488,699
Property, Plant and Equipment	7,966,833	-	465	12,960	25,079	8,005,337
Reclamation Deposits	5,662,814	15,000	815	-	-	5,678,629

Edgar Filing: URANIUM ENERGY CORP - Form 10-Q

Total	\$ 28,529,945	\$ 10,806,861	\$ 884,886	\$ 12,960	\$ 13,105,634	\$ 53,340,286
Long-term						
Assets						

19

URANIUM ENERGY CORP.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
October 31, 2014
(Unaudited)

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

Three Months Ended October 31, 2014						
Statement of Operations	Texas	United States Arizona	Other States	Canada	Paraguay	Total
Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Costs and Expenses:						
Cost of sales	-	-	-	-	-	-
Inventory write-down	-	-	-	-	-	-
Mineral property expenditures	1,635,826	127,108	133,725	-	363,472	2,260,131
General and administrative	2,347,960	56,536	6,964	758,385	7,743	3,177,588
Depreciation, amortization and accretion	569,893	-	780	3,463	3,106	577,242
Impairment loss on mineral property	-	-	-	-	-	-
	4,553,679	183,644	141,469	761,848	374,321	6,014,961
Loss from operations	(4,553,679)	(183,644)	(141,469)	(761,848)	(374,321)	(6,014,961)
Other (income) and expenses	727,891	5,189	-	-	(311)	732,769
Loss before income taxes	\$ (5,281,570)	\$ (188,833)	\$ (141,469)	\$ (761,848)	\$ (374,010)	\$ (6,747,730)

Three Months Ended October 31, 2013						
Statement of Operations	Texas	United States Arizona	Other States	Canada	Paraguay	Total
Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Costs and Expenses:						
Cost of sales	-	-	-	-	-	-
Inventory write-down	392,149	-	-	-	-	392,149

Edgar Filing: URANIUM ENERGY CORP - Form 10-Q

Mineral property expenditures	1,245,460	126,693	114,014	-	101,976	1,588,143
General and administrative	1,324,533	34,417	41,332	904,622	885	2,305,789
Depreciation, amortization and accretion	527,296	758	5,130	4,923	2,972	541,079
Impairment loss on mineral property	-	-	28,891	-	-	28,891
	3,489,438	161,868	189,367	909,545	105,833	4,856,051
Loss from operations	(3,489,438)	(161,868)	(189,367)	(909,545)	(105,833)	(4,856,051)
Other (income) and expenses	1,016,487	5,189	-	2,223	(16)	1,023,883
Loss before income taxes	\$ (4,505,925)	\$ (167,057)	\$ (189,367)	\$ (911,768)	\$ (105,817)	\$ (5,879,934)

NOTE 13: SUPPLEMENTAL CASH FLOW INFORMATION

During the three months ended October 31, 2014, the Company issued 254,171 restricted shares with a fair value of \$330,331 for consulting services.

NOTE 14: COMMITMENTS AND CONTINGENCIES

The Company is renting or leasing various office or storage space located in the United States, Canada and Paraguay with total monthly payments of \$20,199. Office lease agreements expire between April 2015 to January 2016 for the United States and Canada.

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

Fiscal 2015	\$ 178,210
Fiscal 2016	40,469
	\$ 218,679

The Company is committed to pay its key executives a total of \$756,393 per year for management services.

URANIUM ENERGY CORP.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
October 31, 2014
(Unaudited)

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 250th 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 and, to facilitate discussions and to avoid further legal costs, the parties jointly agreed, through mediation which was 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, 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 forward 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. 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 and is vigorously defending against

any and all remaining claims asserted under this lawsuit. The parties have exchanged preliminary disclosure statements, and formal discovery is currently in progress. A trial date has been set for April 2016. The Company continues to believe that this lawsuit is without merit, and intends to file a dispositive motion prior to the deadline set by the court.

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

The following management's discussion and analysis of financial condition and results of operations of the Company (MD&A) contains 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 the reports and other documents we have filed with or furnished to the SEC, including, without limitation, this Quarterly Report on Form 10-Q for the three months ended October 31, 2014 and the Company's Annual Report on Form 10-K for the fiscal year ended July 31, 2014 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 Item 1A. Risk Factors under Part II - Other Information.

Introduction

This MD&A is focused on material changes in our financial condition from July 31, 2014, our most recently completed year-end, to October 31, 2014 and our results of operations for the three months ended October 31, 2014 and 2013, and should be read in conjunction with the MD&A contained in our Form 10-K Annual Report for the fiscal year ended July 31, 2014.

Business

We operate in a single reportable segment and since 2004, as more fully described in our Form 10-K Annual Report for the fiscal year ended July 31, 2014, we have been engaged in uranium mining and related activities, including exploration, pre-extraction, extraction and processing, on uranium projects located in the United States and Paraguay.

We utilize in-situ recovery (ISR) mining where possible which we believe, when compared to conventional open pit or underground mining, requires lower capital and operating expenditures with a shorter lead time to extraction and a reduced impact on the environment. We have one uranium mine located in the State of Texas, the Palangana Mine, which utilizes ISR mining and commenced extraction of uranium concentrates (U_3O_8), or yellowcake, in November 2010. We have one uranium processing facility or mill located in the State of Texas, the Hobson Processing Facility, which processes material from the Palangana Mine into drums of U_3O_8 , our only sales product and source of revenue, for shipping to a third-party storage and sales facility. At October 31, 2014, 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, which 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, acts as the central processing site (the hub) for our Palangana Mine and future satellite uranium mining activities, such as our Goliad and Burke Hollow Projects, located within the South Texas Uranium Belt (the spokes).

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

Our operating and strategic framework is based on expanding our uranium extraction activities, which includes advancing certain uranium projects with established mineralized materials towards uranium extraction, and

establishing additional mineralized materials on our existing uranium projects or through acquisition of additional uranium projects.

On September 5, 2013, we announced a strategic plan to align our operations to adapt to the existing uranium market in a challenging post-Fukushima environment, most notably the uranium spot price being at historical lows. Since then, uranium extraction at PAA-1, 2 and 3 of the Palangana Mine has operated at a reduced pace, including the deferral of any further pre-extraction expenditures, to maintain operational readiness to ramp-up output in anticipation of a recovery in uranium spot prices. Pre-extraction activities at other PAAs of the Palangana Mine and at the Goliad Project continued as planned, as well as further exploration and permitting activities completed at the Burke Hollow Project.

During the three months ended October 31, 2014:

- permitting activities continued to advance at other PAAs of the Palangana Mine;
- permitting activities continued and a drill program comprised of 43 exploration holes totaling 22,295 feet was completed at the Burke Hollow Project located in Texas;
- a Preliminary Economic Assessment dated July 6, 2014 prepared in accordance with National Instrument 43-101, Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators, (NI 43- 101) was filed for the Anderson Project located in Arizona;
- a public offer and sale of 280,045 shares of the Company was completed at a price of \$1.70 per share for gross proceeds of \$474,788 under the ATM Offering; and
- Scott Melbye was appointed Executive Vice President and Craig Wall was appointed Vice President of Environmental, Health and Safety.

Mineral Rights and Properties

The following is a summary of significant activities by project for the three months ended October 31, 2014:

Texas: Palangana Mine

During the three months ended October 31, 2014, we continued with our strategic plan for reduced operations initiated in Fiscal 2014. Since then, uranium extraction at PAA-1, 2 and 3 of the Palangana Mine has operated at a reduced pace, including the deferral of any further pre-extraction expenditures, to maintain operational readiness to ramp-up output in anticipation of a recovery in uranium spot prices.

The Mine Area permit to include additional PAAs at the Palangana Mine was approved and issued by the Texas Commission on Environmental Quality (TCEQ). Both the PAA-4 permit and the Radioactive Material License amendment to add PAA-4 were approved and issued by the TCEQ. The Aquifer Exemption amendment to include PAA-4 was approved and issued by the TCEQ, for which concurrence by the Environmental Protection Agency will be required.

Texas: Burke Hollow Project

During the three months ended October 31, 2014, 43 exploration holes totaling 22,295 feet were drilled at the Burke Hollow Project to depths ranging from a minimum 140 feet to a maximum 1,100 feet, with an average depth of 518 feet. At October 31, 2014, a total of 526 exploration holes totaling 246,400 feet have been drilled to depths ranging from a minimum 140 feet to a maximum 1,100 feet, with an average depth of 468 feet.

The Mine Area, Aquifer Exemption, Radioactive Material License and two Waste Disposal Well applications are currently under technical review by the TCEQ.

Arizona: Anderson Project

Historic and recent drilling results are being reviewed for future exploration/delineation activities in the Anderson Project. A Preliminary Economic Assessment dated July 6, 2014 prepared in accordance with NI 43-101 was completed and filed in September 2014.

Results of Operations

For the three months ended October 31, 2014 and 2013, we recorded a net loss of \$6,726,227 (\$0.07 per share) and \$5,879,934 (\$0.07 per share), respectively. Costs and expenses during the three months ended October 31, 2014 and 2013 were \$6,014,961 and \$4,856,051, respectively.

Uranium Extraction Activities

During the three months ended October 31, 2014, we continued with our strategic plan for reduced operations initiated in Fiscal 2014. Uranium extraction at PAA-1, 2 and 3 of the Palangana Mine has continued to operate at a reduced pace and as a result, U₃O₈ pounds extracted from the Palangana Mine and processed at the Hobson Processing Facility have decreased significantly. During the three months ended October 31, 2014 and 2013, the Palangana Mine extracted 7,000 and 15,000 pounds of U₃O₈, respectively, while the Hobson Processing Facility processed 8,000 and 16,000 pounds of U₃O₈, respectively.

During the three months ended October 31, 2014 and 2013, no revenue from sales of U₃O₈ was generated. Since commencing uranium extraction at the Palangana Mine in November 2010 to October 31, 2014, the Hobson Processing Facility has processed finished goods representing 568,000 pounds of U₃O₈, of which 490,000 pounds have been sold, resulting in a finished goods inventory balance of 78,000 pounds of U₃O₈ remaining as of October 31, 2014.

At October 31, 2014, the total value of inventories was \$2,012,387, of which \$1,949,806 (97%) represented the carrying value of finished goods of U₃O₈, \$39,813 (2%) represented the carrying value of work-in-progress and \$22,768 (1%) represented the carrying value of supplies. The cash component of the total carrying value of inventories was \$1,616,464 and the non-cash component of the total carrying value of inventory was \$395,923. For the three months ended October 31, 2014, no inventory write-down to net realizable value was recognized.

At July 31, 2014, the total value of inventories was \$1,896,475 of which \$1,806,587 (96%) represented the carrying value of finished goods of U₃O₈, \$63,257 (3%) represented the carrying value of work-in-progress and \$26,631 (1%) represented the carrying value of supplies. The cash component of the total carrying value of inventories was \$1,527,676 and the non-cash component of the total carrying value of inventory was \$368,799. During Fiscal 2014, inventory write-downs totaling \$804,060 were recognized to adjust the U₃O₈ inventory balances in finished goods and work-in-progress to net realizable values to reflect market prices of U₃O₈, less estimated royalties.

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

Costs and Expenses

For the three months ended October 31, 2014 and 2013, costs and expenses totaled \$6,014,961 and \$4,856,051, respectively, comprised of mineral property expenditures of \$2,260,131 and \$1,588,143, general and administrative of \$3,177,588 and \$2,305,789, depreciation, amortization and accretion of \$577,242 and \$541,079. No inventory write-down or impairment loss on mineral property was recorded for the three months ended October 31, 2014. During the three months ended October 31, 2013, an inventory write-down totaling \$392,149 and impairment loss on mineral property of \$28,891 were recognized. During the three months ended October 31, 2014 and 2013, no sales of U₃O₈ were generated therefore no corresponding cost of sales were recorded.

Mineral Property Expenditures

During the three months ended October 31, 2014 and 2013, mineral property expenditures totaled \$2,260,131 and \$1,588,143, respectively, comprised of expenditures relating to permitting, property maintenance, exploration, pre-extraction and all other non-extraction related activities on our uranium projects. During the three months ended October 31, 2014 and 2013, this amount included uranium extraction expenditures directly related to maintaining operational readiness and permitting compliance of \$492,024 and \$529,448, respectively, for the Palangana Mine and Hobson Processing Facility.

The following table is a summary of the mineral property expenditures incurred on our uranium projects during the three months ended October 31, 2014 and 2013:

	Three Months Ended October 31,	
	2014	2013
Mineral Property Expenditures		
Palangana Mine	\$ 432,660	\$ 671,582
Goliad Project	34,257	144,971
Burke Hollow Project	980,567	174,298
Longhorn Project	11,246	8,244
Salvo Project	20,800	789
Anderson Project	94,172	84,161
Workman Creek Project	31,300	28,971
Slick Rock Project	49,784	49,025
Yuty Project	218,889	17,825
Coronel Oviedo Project	144,584	84,151
Other Mineral Property Expenditures	241,872	324,126
	\$ 2,260,131	\$ 1,588,143

General and Administrative

During the three months ended October 31, 2014 and 2013, general and administrative expenses totaled \$3,177,588 and \$2,305,789, respectively.

The following summary provides a discussion of the major expense categories, including salaries, management and consulting fees; office, investor relations, communications and travel; professional fees; and stock-based compensation, including analyses of the factors that caused any significant variances compared to the same period last year:

- For the three months ended October 31, 2014, salaries, management and consulting fees totaled \$657,143, which have remained relatively consistent compared with \$694,704 for the three months ended October 31, 2013;
- For the three months ended October 31, 2014, office, investor relations, communications and travel expenses totaled \$737,783, which decreased by \$119,142 compared with \$856,925 for the three months ended October 31, 2013. This decrease reflects our continuing efforts to monitor and control our costs overall to reduce expenses wherever possible;
- For the three months ended October 31, 2014, professional fees totaled \$328,366, which decreased by \$88,462 compared with \$416,828 for the three months ended October 31, 2013. This decrease was primarily the result of decreased audit and accounting fees, offset by increased legal fees relating to regulatory filings and legal proceedings; and
- For the three months ended October 31, 2014, stock-based compensation totaled \$1,454,296, which increased by \$1,116,964 compared with \$337,332 for the three months ended October 31, 2013. This increase was primarily the result of stock options granted to the Company's directors, officers, employees and consultants during the three months ended October 31, 2014.

Depreciation, Amortization and Accretion

During the three months ended October 31, 2014, depreciation, amortization and accretion totaled \$577,242, which has remained relatively consistent compared with \$541,079 for the three months ended October 31, 2013.

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.

Interest and Finance Costs

During the three months ended October 31, 2014 and 2013, interest and finance costs totaled \$737,489 and \$797,447 and were primarily comprised of, respectively, amortization of deferred financing costs of \$20,952 and \$54,584, amortization of debt discount of \$302,458 and \$431,007 and interest and standby fees of \$408,889 and \$306,666.

Summary of Quarterly Results

	For the Quarters Ended			
	October 31, 2014	July 31, 2014	April 30, 2014	January 31, 2014
Sales	\$ -	\$ -	\$ -	\$ -
Net loss	(6,726,227)	(6,219,172)	(6,697,107)	(7,178,894)
Total comprehensive loss	(6,726,451)	(6,219,156)	(6,704,335)	(7,182,920)
Basic and diluted loss per share	(0.07)	(0.07)	(0.08)	(0.08)
Total assets	59,838,854	64,907,320	70,496,960	67,320,964

	For the Quarters Ended			
	October 31, 2013	July 31, 2013	April 30, 2013	January 31, 2013
Sales	\$ -	\$ 1,980,000	\$ 2,789,325	\$ 2,103,750
Net loss	(5,879,934)	(5,077,213)	(3,900,045)	(5,588,210)
Total comprehensive loss	(5,882,235)	(5,050,693)	(3,900,279)	(5,591,888)
Basic and diluted loss per share	(0.07)	(0.06)	(0.05)	(0.06)
Total assets	73,692,104	73,250,001	67,927,245	72,188,198

Liquidity and Capital Resources

	October 31, 2014	July 31, 2014
Cash and cash equivalents	\$ 4,413,221	\$ 8,839,892
Current assets	7,049,013	11,567,034
Current liabilities	2,052,768	2,298,334
Working capital	4,996,245	9,268,700

At October 31, 2014, we had working capital of \$4,996,245, a decrease of \$4,272,455 from our working capital of \$9,268,700 at July 31, 2014. At October 31, 2014, we had \$4,413,221 (July 31, 2014: \$8,839,892) in cash and cash equivalents, which continues to represent the largest component of our working capital balance. As a result, our working capital balance will fluctuate significantly as we utilize our cash and cash equivalents to fund our operations including exploration and pre-extraction activities.

At October 31, 2014, we had 78,000 pounds of U₃O₈ in finished goods inventories that were available for sale with an approximate market value of \$2.9 million.

In November 2014, we secured \$5.6 million of surety bonds subject to a 2% annual premium on the face value, replacing an equivalent amount of reclamation deposits related to future remediation and decommissioning activities

at the Palangana Mine and Hobson Processing Facility. Since the reclamation deposits had been funded entirely by cash payments, the surety bonds allowed for the release of \$3.9 million as cash and cash equivalents to the Company, with the \$1.7 million balance or 30% of the face value remaining as reclamation deposits for collateral purposes.

On September 5, 2013, we announced a strategic plan to align our operations to adapt to the existing uranium market in a challenging post-Fukushima environment, most notably the uranium spot price being at historical lows. Since then, uranium extraction at PAA-1, 2 and 3 of the Palangana Mine has operated at a reduced pace, including the deferral of any further pre-extraction expenditures, to maintain operational readiness to ramp-up output in anticipation of a recovery in uranium spot prices. Pre-extraction activities at other PAAs of the Palangana Mine and at the Goliad Project continued as planned, as well as further exploration and permitting activities completed at the Burke Hollow Project. As a result, we did not rely on cash flows generated from our mining activities during the three months ended October 31, 2014 or Fiscal 2014 to the extent relied upon during Fiscal 2013 and 2012.

No revenue from the sale of U_3O_8 was realized during the three months ended October 31, 2014 or Fiscal 2014. Although our planned principal operations have commenced from which significant revenues from sales of U_3O_8 were realized during Fiscal 2013 of \$9,026,325 and Fiscal 2012 of \$13,757,400, we have yet to achieve profitability and have had a history of operating losses and significant negative cash flow since inception. For the three months ended October 31, 2014 and 2013, our net losses totaled \$6,726,227 and \$5,879,934, respectively, and we had an accumulated deficit balance of \$175,388,373 as at October 31, 2014. During the three months ended October 31, 2014, net cash flows decreased by \$4,426,671 compared to an increase of \$526,757 during the three months ended October 31, 2013.

Historically, we have been reliant primarily on equity financings from the sale of our common stock and, during Fiscal 2014 and 2013, on debt financing in order to fund our operations. We have also relied on cash flows generated from our mining activities during Fiscal 2013 and 2012; however, we have yet to achieve profitability or develop positive cash flow from operations, and we do not expect to achieve profitability or develop positive cash flow from operations in the near term. Our reliance on equity and debt financings is expected to continue for the foreseeable future, and their availability whenever such additional financing is required will be dependent on many factors beyond our control including, but not limited to, the market price of uranium, the continuing public support of nuclear power as a viable source of electricity generation, the volatility in the global financial markets affecting our stock price and the status of the worldwide economy, any one of which may cause significant challenges in our ability to access additional financing, including access to the equity and credit markets. We may also be required to seek other forms of financing, such as 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, and we will require significant additional financing to fund our operations, including continuing with our exploration and pre-extraction activities. In the absence of such additional financing, we would not be able to fund our operations, including continuing with our exploration and pre-extraction activities, which may result in delays, curtailment or abandonment of any one or all of our uranium projects.

Existing cash resources and anticipated sources of financing are expected to provide sufficient funds to meet our obligations and carry out our plan of operations for the next twelve months.

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

- if the weakness in the market price of uranium experienced in Fiscal 2014 continues or weakens further during Fiscal 2015;
- if the weakness in the market price of our common stock experienced in Fiscal 2014 continues or weakens further during Fiscal 2015;
- if we default on making scheduled payments of principal, interest and fees and complying with the restrictive covenants as required under our debt financing during Fiscal 2015, and it results in accelerated repayment of our indebtedness and/or enforcement by the lenders against certain key assets securing our indebtedness; and
- if another nuclear incident, such as the events that occurred at Fukushima in March 2011, were to occur during Fiscal 2015, continuing public support of nuclear power as a viable source of electricity generation may be adversely affected, which may result in significant and adverse effects on both the nuclear and uranium industries.

Our continuation as a going concern for a period longer than twelve months will be dependent upon our ability to obtain adequate additional financing, as our operations are capital intensive and future capital expenditures are expected to be substantial.

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 Goliad and Burke Hollow Projects, located within the South Texas Uranium Belt, has many risks and uncertainties. These include, but are not limited to: (i) a significant, prolonged decrease in the market price of uranium; (ii) difficulty in marketing and/or selling uranium concentrates; (iii) significantly higher than expected capital costs to construct the mine and/or processing plant; (iv) significantly higher than expected extraction costs; (v) significantly lower than expected uranium extraction; (vi) significant delays, reductions or stoppages of uranium extraction activities; and (vii) the introduction of significantly more stringent regulatory laws and regulations. Our mining activities may change as a result of any one or more of these risks and uncertainties and there is no assurance that any ore body that we extract mineralized materials from will result in profitable mining activities.

Equity Financings

On December 31, 2013, we filed a prospectus supplement to the 2011 Shelf providing for the public offer and sale of shares of the Company having an aggregate offering price of up to \$18.7 million through one or more at-the-market offerings (the ATM Offering) pursuant to a Controlled Equity Offering Sales Agreement effective December 31, 2013 with Cantor Fitzgerald & Co. as sales agent.

During the three months ended October 31, 2014, we completed a public offer and sale of 280,045 shares of the Company at a price of \$1.70 per share for gross proceeds of \$474,788 under the ATM Offering. The 2011 Shelf expired on September 2, 2014. As a result, no further public offer and sale of the Company's shares may be completed through the ATM Offering under the 2011 Shelf.

Operating Activities

Net cash used in operating activities during the three months ended October 31, 2014 was \$4,835,235 (three months ended October 31, 2013: \$5,892,195). Significant operating expenditures included uranium extraction costs, mineral property expenditures and general and administrative expenses.

Financing Activities

Net cash provided by financing activities during the three months ended October 31, 2014 was \$414,902 (three months ended October 31, 2013: \$6,525,180) resulting primarily from net cash of \$411,041 received from the issuance of common shares from the equity financing and \$9,550 received from the exercise of stock options (three months ended October 31, 2013: \$6,691,003 from equity financing and \$22,501 from exercise of stock options). During the three months ended October 31, 2013, we paid transaction costs of \$188,107 related to the loan facility.

Investing Activities

Net cash used in investing activities during the three months ended October 31, 2014 was \$6,338 (three months ended October 31, 2013: \$106,228), resulting primarily from the acquisition of mineral rights and properties of \$Nil (three months ended October 31, 2013: \$83,823) and purchase of property, plant and equipment of \$5,993 (three months ended October 31, 2013: \$21,895).

Stock Options and Warrants

At October 31, 2014, the Company had stock options outstanding representing 15,439,527 common shares at a weighted-average exercise price of \$1.72 per share and share purchase warrants outstanding representing 5,009,524 common shares at a weighted-average exercise price of \$2.38 per share. At October 31, 2014, outstanding stock options and warrants represented a total 20,449,051 common shares issuable for gross proceeds of approximately \$38,510,000 should these stock options and warrants be exercised in full. At October 31, 2014, outstanding in-the-money stock options and warrants represented a total 2,522,254 common shares exercisable for gross proceeds of approximately \$1,350,000 should these in-the-money stock options and warrants be exercised in full. The exercise of these stock options and warrants is at the discretion of the respective holders and, accordingly, there is no assurance that any of these stock options or warrants will be exercised in the future.

Transactions with Directors and Officers

During the three months ended October 31, 2014, the Company incurred \$39,134 (three months ended October 31, 2013: \$37,403) in general and administrative costs paid to a company controlled by a direct family member of a director and officer. In addition, the Company issued 15,000 restricted shares with a fair value of \$18,150 for the services received.

During the three months ended October 31, 2013, the Company incurred \$9,000 in consulting fees paid to a company controlled by a former director of the Company.

At October 31, 2014, amounts due to related parties totaled \$5,545 (July 31, 2014: \$11,234). These amounts are unsecured, non-interest bearing and due on demand.

Material Commitments

Material commitments of the Company since the filing of the Form 10-K for the fiscal year ended July 31, 2014 have not changed, except for commitments relating to executive management services which increased by \$245,072 due primarily to the appointment of an Executive Vice President during the three months ended October 31, 2014.

At October 31, 2014, we have made all scheduled payments and complied with all of the covenants under the Amended and Restated Credit Agreement dated and effective March 13, 2014, and we expect to continue complying with all scheduled payments and covenants during our fiscal year ending July 31, 2015.

Off-Balance Sheet Arrangements

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

Critical Accounting Policies

For a complete summary of all of our significant accounting policies, refer to Note 2: Summary of Significant Accounting Policies of the Notes to the Consolidated Financial Statements as presented under Item 8. Financial Statements and Supplementary Data in our Form 10-K Annual Report for the fiscal year ended July 31, 2014.

Refer to Critical Accounting Policies under Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in our Form 10-K Annual Report for the fiscal year ended July 31, 2014.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Refer to Item 7A. Quantitative and Qualitative Disclosures About Market Risk in our Form 10-K Annual Report for the fiscal year ended July 31, 2014.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

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

this report, our disclosure controls and procedures were effective.

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

Changes in Internal Controls

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during our fiscal quarter ended October 31, 2014 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION

Item 1. Legal Proceedings

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

On or about March 9, 2011, the Texas Commission on Environmental Quality (the "TCEQ") granted the Company's applications for a Class III Injection Well Permit, Production Area Authorization and Aquifer Exemption for its Goliad Project. On or about December 4, 2012, the U.S. Environmental Protection Agency (the "EPA") concurred with the TCEQ issuance of the Aquifer Exemption permit (the "AE"). With the receipt of this concurrence, the final authorization required for uranium extraction, the Goliad Project achieved fully-permitted status. On or about May 24, 2011, a group of petitioners, inclusive of Goliad County, appealed the TCEQ action to the 250th 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 and, to facilitate discussions and to avoid further legal costs, the parties jointly agreed, through mediation which was 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, 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 forward 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. 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 and is vigorously defending against any and all remaining claims asserted under this lawsuit. The parties have exchanged preliminary disclosure statements, and formal discovery is currently in progress. A trial date has been set for April 2016. The Company continues to believe that this lawsuit is without merit, and intends to file a dispositive motion prior to the deadline set by the court.

Item 1A. Risk Factors

*In addition to the information contained in our Form 10-K Annual Report for the fiscal year ended July 31, 2014 and this Form 10-Q Quarterly Report, the following list of material risks and uncertainties should be carefully reviewed by our stockholders and any potential investors in evaluating our Company, our business and the market value of our common stock. Any one of these risks and uncertainties has the potential to cause material adverse effects on our business, prospects, financial condition and operating results which could cause actual results to differ materially from any forward-looking statements expressed by us and a significant decrease in the market price of our common stock. Refer to **Forward-Looking Statements** as disclosed in our Form 10-K Annual Report for the fiscal year ended July 31, 2014.*

There is no assurance that we will be successful in preventing the material adverse effects that any of the following risks and uncertainties may cause, or that these potential risks and uncertainties are a complete list of the risks and uncertainties facing us. Furthermore, there may be additional risks and uncertainties that we are presently unaware of, or presently consider immaterial, that may become material in the future and have a material adverse effect on us. You could lose all or a significant portion of your investment due to any of these 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, our long-term success will depend ultimately on our ability to achieve and maintain profitability and to develop positive cash flow from our mining activities.

As more fully described under Item 1. Business in our Form 10-K Annual Report for the fiscal year ended July 31, 2014, Uranium Energy Corp. was incorporated under the laws of the State of Nevada on May 16, 2003 and since 2004, we have been engaged in uranium mining and related activities, including exploration, pre-extraction, extraction and processing on projects located in the United States and Paraguay. In November 2010, we commenced uranium extraction utilizing ISR for the first time at the Palangana Mine and processed those materials at the Hobson Processing Facility into drums of U₃O₈, our only sales product and source of revenue. We also hold uranium projects in various stages of exploration and pre-extraction in the States of Arizona, Colorado, New Mexico, Texas and Wyoming and the Republic of Paraguay.

As more fully described under **Liquidity and Capital Resources** of Item 2. Management's Discussion and Analysis of Financial Condition and Result of Operations, we have a history of significant negative cash flow and accumulated deficit since inception to October 31, 2014 of \$175.4 million. Although we generated revenues from sales of U₃O₈ during Fiscal 2013 and 2012 of \$9.0 million and \$13.8 million, respectively, we have yet to achieve profitability or develop positive cash flow from our operations. No revenues from the sale of U₃O₈ were generated during the three months ended October 31, 2014 or during Fiscal 2014 or prior to Fiscal 2012. Furthermore, we do not expect to achieve and maintain profitability or develop positive cash flow from our operations in the near term. Historically, we have been reliant primarily on equity financings and, more recently, on debt financing to fund our operations and we expect this reliance to continue for the foreseeable future. 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.

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 Goliad and Burke Hollow Projects, located within the South Texas Uranium Belt, has many risks and uncertainties. These include, but are not limited to: (i) a significant, prolonged decrease in the market price of uranium; (ii) difficulty in marketing and/or selling uranium concentrates; (iii) significantly higher than expected capital costs to construct the mine and/or processing plant; (iv) significantly higher than expected extraction costs; (v) significantly lower than expected uranium extraction; (vi) significant delays, reductions or stoppages of uranium extraction activities; and (vi) the introduction of significantly more stringent regulatory laws and regulations. Our mining activities may change as a result of any one or more of these risks and uncertainties and there is no assurance that any ore body that we extract mineralized materials from will result in achieving and maintaining profitability and developing positive cash flow.

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

Historically, we have been reliant primarily on equity financings from the sale of our common stock and, for Fiscal 2014 and 2013, on debt financing in order to fund our operations. We have also relied on cash flows generated from our mining activities during Fiscal 2013 and 2012, however, we have yet to achieve profitability or develop positive cash flow from operations. Our reliance on equity and debt financings is expected to continue for the foreseeable future, and their availability whenever such additional financing is required, will be dependent on many factors beyond our control including, but not limited to, the market price of uranium, the continuing public support of nuclear power as a viable source of electricity generation, the volatility in the global financial markets affecting our stock price and the status of the worldwide economy, any one of which may cause significant challenges in our ability to access additional financing, including access to the equity and credit markets. We may also be required to seek other forms of financing, such as 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.

Restrictive covenants in the credit agreement governing our indebtedness may restrict our ability to pursue our business strategies.

We entered into an amended and restated credit agreement dated and effective March 13, 2014, which superseded in its entirety a prior credit agreement dated and effective July 30, 2013, which provides for a \$20 million secured credit facility, pursuant to which we had drawn down \$20 million in principal as of July 31, 2014. The amended and restated credit agreement includes restrictive covenants that, among other things, limit our ability to sell the assets securing our indebtedness or to incur additional indebtedness other than permitted indebtedness, which may restrict our ability to pursue certain business strategies from time to time. If we do not comply with these covenants, we could be in default which, if not addressed or waived, could require accelerated repayment of our indebtedness and/or enforcement by the lenders against certain key assets securing our indebtedness.

If we are unable to service our indebtedness, we could lose the assets securing our indebtedness.

Our ability to make scheduled payments of principal, interest and fees, including compliance with the restrictive covenants under our amended and restated credit agreement, will be dependent on and may change as a result of our financial condition and operating performance. If we cannot make scheduled payments on our debt, we will be in default which, if not addressed or waived, could require accelerated repayment of our indebtedness and/or enforcement by the lenders against certain assets securing our indebtedness. Our amended and restated credit agreement is secured against the lease and related rights comprising the Hobson Processing Facility and the mineral and related rights comprising the Goliad Project. These are key assets on which our business is substantially dependent and as such, the enforcement against any one or all of these assets would have a material adverse effect on our operations and financial condition.

Our uranium extraction and sales history is limited, with our uranium extraction 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 revenues, results of operations and financial condition.

We have a limited history of uranium extraction and generating revenue. In November 2010, we commenced uranium extraction at a single uranium mine, the Palangana Mine, which has been our sole source for the U_3O_8 sold to generate our revenues of \$9.0 million during Fiscal 2013 and \$13.8 million during Fiscal 2012, with no revenues from the sale of U_3O_8 generated during Fiscal 2014 or prior to Fiscal 2012. During Fiscal 2014, we announced a strategic plan to align our operations to adapt to the existing uranium market in a challenging post-Fukushima environment and as a result, uranium extraction at the Palangana Mine operated at a reduced pace, including the deferral of any further pre-extraction expenditures, to maintain operational readiness to ramp-up output 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 become uneconomical, and if we are unable to directly acquire or develop our existing uranium projects, such as the Goliad and Burke Hollow Projects, into additional uranium mines from which we can commence uranium extraction, it will negatively impact our ability to continue generating revenues. Any one or more of these occurrences may adversely affect our results of operations and financial condition.

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

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

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

projects.

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

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

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

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

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

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

We have recorded estimated reclamation obligations relating to our uranium projects which may be exceeded by the actual reclamation costs when incurred in the future.

We are responsible for certain reclamation obligations in the future, primarily for the Hobson Processing Facility and the Palangana Mine, and have recorded a liability on our balance sheet to recognize such estimated reclamation costs. There is a risk, however, that the actual reclamation costs when incurred in the future will exceed the estimated amounts recorded, which will adversely affect our results of operations and financial performance.

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

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

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

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

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

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

Uranium exploration and pre-extraction programs and mining activities are subject to stringent environmental protection laws and regulations at the federal, state, and local levels. These laws and regulations, which include permitting and reclamation requirements, regulate emissions, water storage and discharges and disposal of hazardous wastes. Uranium mining activities are also subject to laws and regulations which seek to maintain health and safety

standards by regulating the design and use of mining methods. Various permits from governmental and regulatory bodies are required for mining to commence or continue, and no assurance can be provided that required permits will be received in a timely manner.

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

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

We may not be able to obtain or maintain necessary licenses.

Our exploration and mining activities are dependent upon the grant of appropriate authorizations, licences, permits and consents, as well as continuation of these 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 authorizations, licences, permits and consents will be granted to us, or that authorizations, licences, permits and consents already granted will not be withdrawn or made subject to limitations.

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

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

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

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

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

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

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

We hold certain mineral rights located in Paraguay through the acquisition of Piedra Rica Mining S.A. and Transandes Paraguay S.A., both companies incorporated in Paraguay. Operations in foreign jurisdictions outside of the U.S. and

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

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

There is no guarantee that title to our mineral property interests will not be challenged.

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

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

Due to the nature of our business, we may be subject to numerous regulatory investigations, civil claims, lawsuits and other proceedings in the ordinary course of our business including those described under Item 1. Legal Proceedings. No reserves have been established for any potential liability relating to these lawsuits. 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, results of operations or financial position.

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

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

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

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

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

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

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

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

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

Management's evaluation on the effectiveness of disclosure controls and procedures is designed to ensure that information required for disclosure in our public filings is recorded, processed, summarized and reported on a timely basis to our senior management, as appropriate, to allow timely decisions regarding required disclosure. Management's report on internal control over financial reporting is designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use and transactions are properly recorded and reported. 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.

Risks Related to Our Common Stock

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

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

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

In addition to the volatility associated with general economic trends and market conditions, the market price of our common stock could decline significantly due to the impact of any one or more events, including, but not limited to, the following: (i) volatility in the uranium market; (ii) occurrence of a major nuclear incident such as the events in Fukushima in March 2011; (iii) changes in the outlook for the nuclear power and uranium industries; (iv) failure to

meet market expectations on our exploration, pre-extraction or extraction activities, including abandonment of key uranium projects; (v) sales of a large number of our shares held by certain stockholders including institutions and insiders; (vi) downward revisions to previous estimates on us by analysts; (vii) removal from market indices; (viii) legal claims brought forth against us; and (ix) introduction of technological innovations by competitors or in competing technologies.

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

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

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

We are authorized to issue 750,000,000 shares of common stock of which 91,529,711 shares were issued and outstanding as of October 31, 2014. Future issuances for financings, mergers and acquisitions, exercise of stock options and share purchase warrants and for other reasons may result in significant dilution to and be issued at prices substantially below the price paid for our shares held by our existing stockholders. Significant dilution would reduce the proportionate ownership and voting power held by our existing stockholders, and may result in a decrease in the market price of our shares.

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

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

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

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

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

During our fiscal quarter ended October 31, 2014, we issued the following securities that were not registered under the Securities Act of 1933, as amended (the "U.S. Securities Act"):

- On August 7, 2014, we issued 30,000 shares of restricted common stock to a consultant at a deemed issuance price of \$1.59 per share in consideration for services under a consulting agreement. We relied on exemptions from registration under the U.S. Securities Act provided by Regulation S and/or Section 4(a)(2) with respect to the issuance of these shares.
- On August 19, 2014, we issued 8,000 shares of restricted common stock to a consultant at a deemed issuance price of \$1.63 per share in consideration for services under a consulting agreement. We relied on exemptions from registration under the U.S. Securities Act provided by Rule 506 of Regulation D and/or Section 4(a)(2)

with respect to the issuance of these shares.

- On August 22, September 22 and October 22, 2014 we issued 9,203 shares of restricted common stock, 9,202 shares of restricted common stock and 9,202 shares of restricted common stock, respectively, to a consultant at a deemed issuance price of \$1.63 per share in consideration for services under a consulting agreement. We relied on exemptions from registration under the U.S. Securities Act provided by Rule 506 of Regulation D and/or Section 4(a) (2) with respect to the issuance of these shares.

- On August 25, 2014, we issued 16,340 shares of restricted common stock, and on September 24, 2014 we issued a further 16,340 shares of restricted common stock, to a consultant at a deemed issuance price of \$1.53 per share in consideration for services under a consulting agreement. We relied on exemptions from registration under the U.S. Securities Act provided by Regulation S and/or Section 4(a) (2) with respect to the issuance of these shares.
- On September 26, 2014, we issued 3,333 shares of restricted common stock to a consultant at a deemed issuance price of \$0.99 per share in consideration for services under a consulting agreement. We relied on exemptions from registration under the U.S. Securities Act provided by Rule 506 of Regulation D and/or Section 4(a) (2) with respect to the issuance of these shares.
- On October 20, 2014, we issued an aggregate of 110,740 restricted common shares to three consultants at a deemed issuance price of \$1.21 per share in consideration for services under consulting agreements. We relied on exemptions from registration under the U.S. Securities Act provided by Regulation S and/or Section 4(a)(2) for two of the consultants and by Rule 506 of Regulation D and/or Section 4(a)(2) of the U.S. Securities Act with respect to the other consultant. On the same date, we issued a further 5,000 shares of restricted common stock to a consultant at a deemed issuance price of \$1.20 per share in consideration for services under a consulting agreement. We relied on exemptions from registration under the U.S. Securities Act provided by Regulation S and/or Section 4(a) (2) with respect to the issuance of these shares. On the same date, we issued a further 13,447 shares of restricted common stock to a consultant at a deemed issuance price of \$1.36 per share in consideration for services under an engagement letter. We relied on exemptions from registration under the U.S. Securities Act provided by Regulation S and/or Section 4(a) (2) with respect to the issuance of these shares.
- On October 27, 2014, we issued 23,364 shares of restricted common stock to a consultant at a deemed issuance price of \$1.07 per share in consideration for services under a consulting agreement. We relied on exemptions from registration under the U.S. 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 October 31, 2014, the Company's Palangana Mine was not subject to regulation by the Federal Mine Safety and Health Administration under the Mine Safety Act.

Item 5. Other Information

None.

Item 6. Exhibits

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

Exhibit Description of Exhibit

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

SIGNATURES

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

URANIUM ENERGY CORP.

By: */s/ Amir Adnani*
Amir Adnani
President, Chief Executive Officer (Principal
Executive Officer) and Director
Date: December 9, 2014

By: */s/ Mark Katsumata*
Mark Katsumata
Secretary, Treasurer and Chief Financial Officer
(Principal Financial Officer)
Date: December 9, 2014