

URANIUM ENERGY CORP
Form 10-K
October 15, 2012

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

FORM 10-K

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

For the fiscal year ended **July 31, 2012**

**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, British Columbia, Canada V6E 2J3

(Address of principal executive offices)

(604) 682-9775

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class:

Common Stock, Par Value \$0.001 per share

Name of each exchange on which registered:

NYSE MKT Equities Exchange

Securities registered pursuant to Section 12(g) of the Act:

N/A

(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

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Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes [] No [X]

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

Yes [X] No []

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Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer

Accelerated filer

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

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

Yes No

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold as of the last business day of the registrant's most recently second fiscal quarter (\$3.60 on January 31, 2012) was approximately \$256,769,298.

The registrant had 85,243,155 shares of common stock outstanding as of October 10, 2012.

FORWARD-LOOKING STATEMENTS

This annual report contains forward-looking statements that involve risks and uncertainties. Any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may", "will", "should", "expect", "plan", "intend", "anticipate", "believe", "estimate", "predict", "potential" or "continue", the negative of such terms or other comparable terminology. In evaluating these statements, you should consider various factors, including the assumptions, risks and uncertainties outlined in this annual report under "Risk Factors". These factors or any of them may cause our actual results to differ materially from any forward-looking statement made in this annual report. Forward-looking statements in this annual report include, among others, statements regarding:

- our capital needs;
- business plans; and
- expectations.

While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding future events, our actual results will likely vary, sometimes materially, from any estimates, predictions, projections, assumptions or other future performance suggested herein. Some of the risks and assumptions include:

- our need for additional financing;
- our exploration activities may not result in commercially exploitable quantities of ore on our mineral properties;
- the risks inherent in the exploration for minerals such as geologic formation, weather, accidents, equipment failures and governmental restrictions;
- our limited operating history;
- our history of operating losses;
- the potential for environmental damage;
- our lack of insurance coverage;
- the competitive environment in which we operate;
- the level of government regulation, including environmental regulation;
- changes in governmental regulation and administrative practices;
- our dependence on key personnel;
- conflicts of interest of our directors and officers;
- our ability to fully implement our business plan;
- our ability to effectively manage our growth; and
- other regulatory, legislative and judicial developments.

We advise the reader that these cautionary remarks expressly qualify in their entirety all forward-looking statements attributable to us or persons acting on our behalf. Important factors that you should also consider, include, but are not limited to, the factors discussed under "Risk Factors" in this annual report.

The forward-looking statements in this annual report are made as of the date of this annual report and we do not intend or undertake to update any of the forward-looking statements to conform these statements to actual results, except as required by applicable law, including the securities laws of the United States.

REFERENCES

As used in this annual report: (i) the terms "we", "us", "our", "Uranium Energy" and the "Company" mean Uranium Energy Corp. including its subsidiaries; (ii) "SEC" refers to the United States Securities and Exchange Commission; (iii) "Securities Act" refers to the United States *Securities Act of 1933*, as amended; (iv) "Exchange Act" refers to the United States *Securities Exchange Act of 1934*, as amended; and (v) all dollar amounts refer to United States dollars unless otherwise indicated.

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PART I

ITEM 1. BUSINESS

Corporate Organization

Uranium Energy Corp. was incorporated under the laws of the State of Nevada on May 16, 2003 under the name "Carlin Gold Inc." During 2004, we changed our business operations and focus from precious metals exploration to uranium exploration in the United States. On January 24, 2005, we completed a reverse stock split of our common stock on the basis of one share for each two outstanding shares and amended our Articles of Incorporation to change our name to "Uranium Energy Corp.". Effective February 28, 2006, we completed a forward stock split of our common stock on the basis of 1.5 shares for each outstanding share and amended our Articles of Incorporation to increase our authorized capital from 75,000,000 shares of common stock with a par value of \$0.001 per share to 750,000,000 shares of common stock with a par value of \$0.001 per share. In June 2007, we changed our fiscal year end from December 31 to July 31.

On December 31, 2007, we incorporated a wholly-owned subsidiary, UEC Resources Ltd., under the laws of the Province of British Columbia, Canada. Effective December 18, 2009, we acquired a 100% interest in the South Texas Mining Venture, L.L.P. ("STMV"), a Texas limited liability partnership, from each of URN Resources Inc., a subsidiary of Uranium One Inc., and Everest Exploration, Inc. (STMV Acquisition). On September 3, 2010, we incorporated a wholly-owned subsidiary, UEC Paraguay Corp., under the laws of the State of Nevada. Effective May 24, 2011, we acquired a 100% in interest in Piedra Rica Mining S.A., a private company incorporated in Paraguay. Effective September 9, 2011, we acquired a 100% interest in Concentric Energy Corp., a private company incorporated in the State of Nevada. Effective March 30, 2012, we acquired a 100% interest in Cue Resources Ltd., a publicly-traded company incorporated in the Province of British Columbia, Canada.

Our principal offices are located at 500 North Shoreline Boulevard, Suite 800N, Corpus Christi, Texas 78401 and 1111 West Hastings Street, Suite 320, Vancouver, British Columbia, Canada V6E 2J3.

General Business

We are engaged in uranium mining and related activities, including exploration, development, extraction and processing of uranium concentrates, on projects located in the United States and Paraguay. Our fully-licensed and 100%-owned Hobson Processing Facility (Hobson or the Hobson Facility) forms the basis for our regional operating strategy in the State of Texas, specifically the South Texas Uranium Belt, utilizing in-situ recovery mining. As a central processing site, Hobson processes uranium-loaded resins from our Palangana Mine and has the additional capacity to process uranium-loaded resins from other satellite mining operations within the South Texas Uranium Belt as they enter production. Since the commencement of production in November 2010 to July 31, 2012, the Hobson Facility has processed 323,000 pounds of uranium concentrates.

At July 31, 2012, we had mineral rights located in the States of Arizona, Colorado, New Mexico, Texas and Wyoming and in Paraguay. We acquired these mineral rights for the purposes of uranium mining and related activities, including exploration, development, extraction and processing of uranium concentrates. Many of the areas in which the Company has interests in have been the subject of historical exploration by other mining companies. Specific exploration targets may be identified internally by our geological team by utilizing this prior exploration work combined with our extensive exploration database.

Fiscal 2012

The following is a list of the material transactions for the fiscal year ended July 31, 2012:

- Effective September 9, 2011, we acquired a 100% interest in the Anderson Project located in the State of Arizona through the acquisition of Concentric Energy Corp., a private company incorporated in the State of Nevada;

- Effective November 30, 2011, we acquired a 100% interest in the Workman Creek Project located in the State of Arizona;
- Effective March 30, 2012, we acquired a 100% interest in the Yuty Project located in the Republic of Paraguay through the acquisition of Cue Resources Ltd., a publicly-traded company incorporated in the Province of British Columbia, Canada;
- Effective March 31, 2012, we acquired a 100% interest in a further two prospecting permits in the area of Coronel Oviedo, Paraguay, adjacent to the Company's existing Coronel Oviedo Project;
- On April 10, 2012, we closed a public offering of its common stock for gross proceeds of \$22.5 million (net proceeds of \$21.0 million) through the sale of 6,246,078 shares of the Company at a price of \$3.60 per share;
- Effective May 23, 2012, we acquired uranium rights through a mineral lease on the Slick Rock Project located in the State of Colorado;
- During Fiscal 2012, we acquired uranium rights through a mineral lease on the Burke Hollow Project located in the State of Texas; and
- During Fiscal 2012, we acquired uranium rights through a mineral lease on the Channen Project located in the State of Texas.

Background of the Uranium Industry

A relatively small number of companies operating in only a few countries are engaged in uranium production, with only five producers marketing 61% of the estimated world production in 2011. Roughly 73% of the world's production in 2011 came from four countries: Kazakhstan, Canada, Australia and Niger. In 2009, Kazakhstan surpassed Canada as the largest global producer, a title Canada had held for 17 years.

Between 1960 and 1985, a significant amount of uranium exploration was conducted in the United States. In 2011, the United States was the largest consumer of uranium in the world at approximately 55 million pounds, while domestic production was significantly less at approximately 3.4 million pounds. In 2011, nuclear power supplied 19.2% or 790.2 billion kilowatt-hours of the electricity consumed in the United States, with 104 nuclear reactors operating in the U.S. (35 boiling water reactors, 69 pressurized water reactors) at July 31, 2012. It should be noted that the Nuclear Regulatory Commission this year issued its first reactor-construction licenses in more than three decades.

The unprecedented earthquake and tsunami that struck Japan's Fukushima nuclear reactors in March 2011 have had a major impact on the nuclear industry, with the lessons learned being applied towards operating safer nuclear reactors in the future. A sample of 54 uranium stocks listed in the U.S., Australia and Canada indicates an average stock price decline of 71.4% from March 10, 2011 to October 1, 2012. As a direct result of Fukushima, most countries, while declaring their long-term commitment towards nuclear power, have initiated major technical reviews of all safety and security systems of existing nuclear plants and those under construction. Some of the reverberations include reactors shutting in Japan and Germany, although it is likely that some reactors will return to service in the coming months. These events have had a direct impact on near-term uranium demand and on spot market prices with recent transactions around \$45.50 per pound in the third quarter of 2012 versus approximately \$70 per pound pre-Fukushima. Current long-term price is \$60 per pound versus approximately \$70 per pound pre-Fukushima.

Despite all of this, there are signs of improvement as evidenced by the many uranium stocks that have started recovering from their post-Fukushima lows. Positive news have come out of China, India, South Korea and Russia announcing their plans to move forward with ambitious domestic nuclear plans after a safety review of their nuclear plants. According to Ux Consulting (UxC), a uranium market information source, existing mine production plus new planned and potential mine production is estimated to increase primary uranium supply from 139.8 million pounds in 2011 to 185.9 million pounds in 2020, while secondary sources of supply is estimated to fall from 45.5 million pounds to 16.6 million pounds annually during the same period. UxC has estimated in its Uranium Market Outlook - Q3 2012 that uranium demand will grow from 179.5 million pounds in 2011 to 219.4 million pounds in 2020.

Rising global demand for electricity is an important driver for the projected long term upswing in uranium demand. According to the International Energy Outlook 2011 reference case forecast, world net electricity consumption is expected to increase by 87% by 2035. Total demand for electricity is projected to increase on average by 2.4% per year from 17.2 trillion kilowatt hours in 2009 to 31.7 trillion kilowatt hours in 2035. According to the World Nuclear Association, there are 65 reactors under construction globally (including 26 in China, ten in Russia and seven in India). Several of the Arab states are starting the transition away from fossil fuels towards nuclear, with Saudi Arabia planning to build up to 16 reactors and the United Arab Emirates with contracts for four reactors.

The price for uranium will be driven by supply and demand fundamentals and there is potential for further increases in the price based upon current and expected imbalance of supply and growing demand going forward, particularly if the expiration of the U.S./Russian HEU agreement in November 2013 is considered. This agreement currently supplies approximately 24 million pounds to the U.S. nuclear fuel market which equates to nearly 45% of U.S. demand. As a result, there remains a projected long-term supply/demand imbalance beyond 2013 even after the impact of Fukushima is considered. Many industry executives and analysts, including J.P. Morgan, have stated that a minimum acceptable uranium price to encourage new hard-rock production is between \$75 to \$85 per pound.

In-Situ Recovery Mining

We utilize in-situ (ISR) recovery uranium mining for our Palangana Mine and will continue to utilize ISR mining whenever such alternative is available to conventional mining. When compared to conventional mining, ISR mining requires lower capital expenditures and has a reduced impact on the environment, as well as a shorter lead time to production.

ISR mining involves circulating oxidized water through an underground uranium deposit, dissolving the uranium and then pumping the uranium-rich solution to the surface for processing. Leaching solution enters the formation through a series of injection wells and is drawn to a series of communicating production wells. To create a localized hydrologic cone of depression in each wellfield, more groundwater will be produced than injected. Under this gradient, the natural groundwater movement from the surrounding area is toward the wellfield, providing control of the injection fluid. Over-production is adjusted as necessary to maintain a cone of depression which ensures that the injection fluid does not move outside the permitted area.

The uranium-rich solution is pumped from the ore zone to the surface and circulated through a series of ion exchange columns located at the mine site. The solution flows through beds of resin inside an ion exchange column where the uranium bonds to small resin beads. As the solution exits the ion exchange column, it is mostly void of uranium and is re-circulated back to the wellfield and through the ore zone. Once the resin beads are fully-loaded with uranium, they are transported by truck to the Hobson Facility and transferred to a tank for flushing with a brine solution, or elution, which strips the uranium from the resin beads. The stripped resin beads are then transported back to the mine and reused in the ion exchange columns. The uranium solution, now free from the resin, is precipitated out and concentrated into a slurry mixture and fed to a filter press to remove unwanted solids and contaminants. The slurry is then dried in a zero-emissions rotary vacuum dryer, packed in metal drums and shipped out as uranium concentrates, or yellowcake, to ConverDyn for storage and sales.

Each project is divided into a mining unit known as a Production Area Authorization (PAA) which lies inside an approved Mine Permit Boundary. Each PAA will be developed, produced and restored as one unit and have its own set of monitor wells. It is common to have multiple PAAs in production at any one time with additional units in various states of exploration, development and/or restoration.

After mining is complete in a PAA, aquifer restoration will begin as soon as practicable and will continue until the groundwater is restored to pre-mining conditions. Once restoration is complete, a stability period of no less than one year is scheduled with quarterly baseline and monitor well sampling. Wellfield reclamation will follow after aquifer restoration is complete and the stability period has passed.

Hobson Processing Facility

Hobson is located about 100 miles northwest of Corpus Christi in Karnes County, Texas. Hobson was originally licensed and constructed in 1978, serving as the hub for several satellite mining projects until 1996, and was subsequently completely refurbished in 2008.

Hobson is a central processing site designed to process uranium-loaded resins from our Palangana Mine and has the additional capacity to process uranium-loaded resins from other satellite mining operations within the South Texas Uranium Belt as they enter production. Our strategy is to have ISR production from the Palangana Mine and from our other South Texas projects such as the Goliad Project processed at Hobson as a central processing site, rather than constructing a new processing plant for each project.

Palangana Mine

Palangana is a prior-producing ISR mine located in the South Texas uranium belt. The 9,601-acre property is located approximately 100 miles south of the Hobson Facility. Over 4,000 historic exploration, development and production holes were drilled at Palangana by Union Carbide Corp (Union Carbide), Chevron Corporation and Everest Exploration, Inc. Union Carbide produced uranium at the project in the mid to late 1970 s with ISR technology. Harry Anthony, the Company s Chief Operating Officer, was a member of Union Carbide s ISR mining team and oversaw the development and production of this project.

In November 2010, Palangana commenced production of uranium using ISR mining. In January 2011, Hobson began processing resins received from Palangana. During Fiscal 2012, the Palangana Mine produced 183,000 pounds of uranium concentrates. Since the commencement of production in November 2010 to July 31, 2012, the Hobson Facility has processed 323,000 pounds of uranium concentrates.

Long-Term Delivery Contract

The Company entered into a multi-year uranium sales contract in June 2011, as amended in January 2012, requiring the delivery of a total 320,000 pounds of U3O8 by the Company over a three-year period starting in August 2011. The sales price will be based on published market price indicators at the time of delivery. During Fiscal 2012, the Company fulfilled its first-year delivery obligations under this contract.

Goliad Project Development

The Goliad Project is located in Goliad County, Texas approximately 95 miles north of Corpus Christi and 55 miles east of Hobson. The Company anticipates that any uranium identified at Goliad will be extracted using ISR mining and processed at Hobson.

Salvo Project Exploration

The Salvo Project is located in Bee County, Texas approximately 60 miles northwest of Corpus Christi and 45 miles southeast of Hobson. It is comprised of 33 leases covering 5,340 acres within the South Texas Uranium Belt. The Company anticipates that any uranium identified at the Salvo Project will be extracted using ISR mining and processed at Hobson.

Burke Hollow Project

During Fiscal 2012, the Company entered into a mining lease and surface use agreement granting the Company the exclusive right to explore, develop and mine for uranium on the Burke Hollow Project, a 17,510-acre property located in Bee County, Texas. Total consideration paid by the Company was \$1,313,250 in cash.

Channen Project

During Fiscal 2012, the Company entered into a lease option agreement granting the Company the exclusive right to explore for uranium and enter into a mining lease and surface use agreement on the Channen Project, a 10,704-acre property located in Goliad County, Texas. The lease option agreement is subject to minimum exploration expenditures totaling \$1.75 million over a two-year period ending December 31, 2013. Total consideration paid by the Company was \$428,164 in cash.

Anderson Project

Pursuant to a Merger Agreement and Plan of Merger dated May 5, 2011 and effective September 9, 2011 (the Merger Agreement), the Company merged with Concentric Energy Corp. (Concentric) resulting in the acquisition of an undivided 100% interest in the 9,852-acre Anderson Project located in Yavapai County, Arizona. In accordance with the Merger Agreement, Concentric's shareholders received 0.1075 of one share of the Company's common stock for every one share of Concentric common stock, resulting in the issuance of 1,253,440 shares of the Company to the former Concentric shareholders. In addition, holders of Concentric share purchase warrants received 0.1075 of one share purchase warrant of the Company for every one Concentric share purchase warrant, resulting in the issuance of share purchase warrants representing 375,834 shares of the Company exercisable at prices ranging from \$9.30 to \$65.12 per share to the former holders of Concentric share purchase warrants.

Pursuant to an Acquisition Agreement dated April 11, 2011, as amended on June 24, 2011, and effective September 9, 2011 (the Acquisition Agreement) concurrently with the Merger Agreement, the Company was assigned all of Global Uranium Corp.'s (Global) rights and interests under the terms and conditions of an Option and Joint Venture Agreement dated April 13, 2010 between Concentric and Global with respect to the Anderson Project. In accordance with the Acquisition Agreement, the Company provided an initial cash payment of \$150,000, a further cash payment of \$200,000 representing repayment in full of a secured loan between Global and Concentric, and a final cash payment of \$150,000 and the issuance of 350,000 restricted shares of the Company.

At July 31, 2012, capitalized costs for the Anderson Project totaled \$9,154,268.

Workman Creek Project

Pursuant to a Property Acquisition Agreement dated November 7, 2011, as amended on November 25, 2011, and effective November 30, 2011, the Company acquired from Cooper Minerals, Inc. an undivided 100% interest in the 4,192-acre Workman Creek Project located in Gila County, Arizona. The Workman Creek Project is subject to a 3.0% net smelter revenue royalty requiring an annual advance royalty payment of \$100,000. The Company has an exclusive right and option to acquire one-half (1.5%) of the net smelter revenue royalty for \$1,000,000 at any time until January 21, 2024. Additionally, certain individuals hold an option to acquire a 0.5% net smelter revenue royalty exercisable by paying the Company the sum of \$333,340 at any time until January 21, 2024. At July 31, 2012, capitalized costs for the Workman Creek Project totaled \$1,187,158.

Slick Rock Project

Pursuant to a Uranium Mining Lease dated May 23, 2012, the Company acquired from URenergy, LLC a mining lease for uranium on the Slick Rock Project located in San Miguel and Montrose Counties, Colorado. The Slick Rock Project is subject to a 3.0% production royalty requiring an annual advance royalty payment of \$30,000 beginning on November 30, 2017. As consideration for this acquisition, the Company paid \$100,000 in cash.

Coronel Oviedo Project

Pursuant to a Share Exchange Agreement dated May 11, 2011 and effective May 24, 2011, the Company acquired a 100% interest in Piedra Rica Mining S.A., a private Paraguayan company, which holds an undivided 100% interest in two prospecting permits in the area of Coronel Oviedo, Paraguay (the Coronel Oviedo Project), subject to a 1.5% gross overriding royalty. The Company has an exclusive right and option at any time to acquire one-half percent (0.5%) of the gross overriding royalty for \$500,000. The Company also has a right of first refusal to acquire all or any portion of the remaining one percent (1.0%) royalty interest. As consideration for this acquisition, the Company issued 225,000 shares.

Pursuant to a Property Acquisition Agreement dated October 14, 2011, as amended on February 28, 2012 and March 31, 2012, between the Company and three private Paraguayan companies (the Property Acquisition Agreement), the Company acquired a 100% interest in a further two prospecting permits in the area of Coronel Oviedo, Paraguay, adjacent to the Coronel Oviedo Project, subject to a 1.5% gross overriding royalty. The Company has an exclusive right and option at any time to acquire one-half percent (0.5%) of the gross overriding royalty for \$166,667. The Company also has a right of first refusal to acquire all or any portion of the remaining one percent (1.0%) royalty interest. As consideration for this acquisition, the Company made a cash payment of \$7,500 and issued 100,000 shares.

At July 31, 2012, capitalized costs for the Coronel Oviedo Project totaled \$1,133,412.

Yuty Project, Paraguay

Pursuant to an Arrangement Agreement dated January 20, 2012 and effective March 30, 2012 (the Arrangement Agreement), the Company acquired all of the outstanding common shares of Cue Resources Ltd. (Cue) by way of a plan of arrangement, resulting in the acquisition of an undivided 100% interest in the 230,650-hectare Yuty Project located in southeastern Paraguay. In accordance with the Arrangement Agreement, Cue's shareholders received 0.0195 of one share of the Company's common stock for every one share of Cue common stock, resulting in the issuance of 2,345,926 shares of the Company to the former Cue shareholders in exchange for 120,304,067 shares of Cue. Holders of Cue share purchase warrants, stock options and broker options received equivalent securities of the Company at the 0.0195 ratio in exchange for their Cue securities, resulting in the issuance of share purchase warrants, stock options and broker options to purchase an aggregate 987,967 shares of the Company exercisable at prices ranging from \$3.59 to \$23.08 per share. At July 31, 2012, capitalized costs for the Yuty Project totaled \$11,947,144.

Pursuant to a Settlement and Release Agreement dated and effective August 7, 2012 (the Settlement Agreement), the Company renegotiated certain acquisition and royalty agreement terms previously agreed to between Cue and the original property vendors of the Yuty Project. The Settlement Agreement confirms an overriding royalty payable to the property vendors of \$0.21 for each pound of uranium produced from the Yuty Project, and supersedes all prior agreements entered into between Cue and the property vendors. As consideration for the Settlement Agreement, the Company paid \$50,000 in cash and issued 75,000 restricted common shares in the capital of the Company.

Mineral Rights

In Texas, our mineral rights are held exclusively through private leases from the owners of the land/mineral/surface rights with varying terms. In general, these leases provide for uranium and certain other specified mineral rights only including surface access rights for an initial term of five years and renewal for a second five-year term. Production royalties apply which are calculated on a sliding-scale basis tied to the gross sales price of uranium. Remediation of the property is required in accordance with regulatory standards, which may include the posting of reclamation bonds.

In Arizona, Colorado, New Mexico and Wyoming, our mineral rights are held either exclusively or through a combination of federal mining claims and state and private mineral leases. Remediation of the property is required in accordance with regulatory standards, which may include the posting of reclamation bonds. Our federal mining claims consist of both unpatented lode and placer mining claims registered with the U.S. Bureau of Land Management ("BLM") and the appropriate counties. These claims provide for all mineral rights including surface access rights for an indefinite period. Annual maintenance requirements include BLM claim fees of \$140 per claim due on September 1. Our state mineral leases are registered with the applicable state. These leases provide for all mineral rights including surface access rights, subject to a production royalty of 5% in Wyoming, ranging from a five-year term in Arizona to a ten-year term in Wyoming. Annual maintenance requirements include lease fees of \$1 and \$2 per acre and minimum exploration expenditure requirements of \$10 and \$20 per acre in Arizona. Our private mineral leases are negotiated directly with the owners of the land/mineral/surface rights with varying terms. These leases provide for uranium and certain other specified mineral rights only including surface access rights, subject to production royalties,

for an initial term of five years and renewal for a second five-year term.

Under the mining laws of the Republic of Paraguay, title to mineral rights is held through a Mineral Concession Contract approved by the National Congress and signed between the Government of the Republic of Paraguay and the Company. These mineral rights provide for the exploration of metallic and non-metallic minerals and precious and semi-precious gems within the territory of Paraguay for up to a 6-year period, and for the exploitation of minerals for a minimum period of 20 years from the beginning of the production phase, extendable for an additional ten years.

Environmental Regulation

Our activities will be subject to existing federal, state and local laws and regulations governing environmental quality and pollution control. Our operations will be subject to stringent environmental regulation by state and federal authorities including the Railroad Commission of Texas (RCT), the Texas Commission on Environmental Quality (TCEQ) and the Environmental Protection Agency ("EPA").

In Texas, an exploration permit is the initial permit granted by the RCT that authorizes drilling activities inside an approved exploration boundary. The permit authorizes specific drilling and plugging procedures including documentation for every borehole drilled. All documentation is submitted to the RCT on a monthly basis and every borehole drilled under the exploration permit is inspected by an RCT inspector to ensure compliance. At July 31, 2012, the Company held two exploration permits in Goliad County, one exploration permit in Duval County and two exploration permits in Bee County.

Before production can begin in Texas, a number of permits must be granted by the TCEQ.

A Mine Area Permit application is required for submission to the TCEQ to establish a specific permit area boundary, aquifer exemption boundary and the mineral zones of interests or production zones. The application also includes a financial surety plan to ensure funding for all plugging and abandonment requirements. Funding for surety is in the form of cash, including an excess of 15% for contingencies and 10% for overhead, adjusted annually for inflation. At July 31, 2012, the Company held two Mine Area Permits, one for the Palangana Mine and another for the Goliad Project.

A Radioactive Material License (RML) application is also required for submission to the TCEQ for authorization to operate a uranium recovery facility. The application includes baseline environmental data for soil, vegetation, surface water and groundwater along with operational sampling frequencies and locations. A Radiation Safety Manual is a key component of the application which defines the environmental health and safety programs and procedures to protect employees and the environment. Another important component of the application is a financial surety mechanism to insure plant and wellfield decommissioning is properly funded and maintained. Surety funding is in the form of cash, includes an excess of 15% for contingencies and 10% for overhead, adjusted annually for inflation. At July 31, 2012, the Company held RMLs for its Palangana Mine, Goliad Project and the Hobson Facility.

Production Area Authorization (PAA) applications are also required for submission to the TCEQ to establish specific production areas inside the Mine Area Permit boundary. These are typically 30 to 100 acre units that have been delineated and contain producible quantities of uranium. The PAA application includes baseline water quality data that is characteristic of that individual unit, proposes upper control limits for monitor well analysis and also establishes restoration values. The application will also include a financial security plan for wellfield restoration and reclamation which must be funded and in place prior to commencing production. At July 31, 2012, the Company held two PAA permits for its Palangana Mine and one for its Goliad Project, with another for the Palangana Project in final notice.

A Class I disposal well permit application is also required for submission to the TCEQ for authorization for deep underground wastewater injection. It is the primary method for disposing of excess fluid from the production areas and for reverse osmosis concentrate during the restoration phase. This permit authorizes injection into a specific injection zone within a designated injection interval. The permit requires continuous monitoring of numerous

parameters including injection flow rate, injection pressure, annulus pressure and injection/annulus differential pressure. Mechanical integrity testing is required initially and annually to ensure the well is mechanically sound. Surety funding for plugging and abandonment of each well is in the form of cash, including 15% for contingencies and 10% for overhead, adjusted annually for inflation. At July 31, 2012, the Company held a Class I disposal well permit for its Palangana Mine, the Hobson Facility and the Goliad Project.

The federal Safe Drinking Water Act (SDWA) creates a regulatory program to protect groundwater and is administered by the United States Environmental Protection Agency (EPA). The SDWA allows states to issue underground injection control (UIC) permits under two conditions: the state s program must have been granted primacy and the EPA must have granted an aquifer exemption upon the state s request. Texas, being a primacy state, is therefore authorized to grant UIC permits and makes the official requests for an aquifer exemption to the EPA. The aquifer exemption request is submitted by the Company to the TCEQ, and once approved, is then submitted by the TCEQ to the EPA for concurrence and final issuance. At July 31, 2012, the Company held one aquifer exemption for the Palangana Mine and is awaiting concurrence from the EPA for another on the Goliad Project.

Waste Disposal

The Resource Conservation and Recovery Act ("RCRA") and comparable state statutes affect minerals exploration and production activities by imposing regulations on the generation, transportation, treatment, storage, disposal and cleanup of "hazardous wastes" and on the disposal of non-hazardous wastes. Under the auspices of the EPA, the individual states administer some or all of the provisions of RCRA, sometimes in conjunction with their own, more stringent requirements.

Comprehensive Environmental Response, Compensation and Liability Act

The federal Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") imposes joint and several liability for costs of investigation and remediation and for natural resource damages, without regard to fault or the legality of the original conduct, on certain classes of persons with respect to the release into the environment of substances designated under CERCLA as hazardous substances ("Hazardous Substances"). These classes of persons or potentially responsible parties include the current and certain past owners and operators of a facility or property where there is or has been a release or threat of release of a Hazardous Substance and persons who disposed of or arranged for the disposal of the Hazardous Substances found at such a facility. CERCLA also authorizes the EPA and, in some cases, third parties, to take actions in response to threats to the public health or the environment and to seek to recover the costs of such action. We may also in the future become an owner of facilities on which Hazardous Substances have been released by previous owners or operators. We may in the future be responsible under CERCLA for all or part of the costs to clean up facilities or property at which such substances have been released and for natural resource damages.

Air Emissions

Our operations are subject to local, state and federal regulations for the control of emissions of air pollution. Major sources of air pollutants are subject to more stringent, federally imposed permitting requirements. Administrative enforcement actions for failure to comply strictly with air pollution regulations or permits are generally resolved by payment of monetary fines and correction of any identified deficiencies. Alternatively, regulatory agencies could require us to forego construction, modification or operation of certain air emission sources. In Texas, the TCEQ issues an exemption for those processes that meet the criteria for low to zero emission by issuing a Permit by Rule. Presently the Palangana Mine, the Hobson Facility and the Goliad Project all have Permit by Rule covering air emissions.

Clean Water Act

The Clean Water Act ("CWA") imposes restrictions and strict controls regarding the discharge of wastes, including mineral processing wastes, into waters of the United States, a term broadly defined. Permits must be obtained to discharge pollutants into federal waters. The CWA provides for civil, criminal and administrative penalties for unauthorized discharges of hazardous substances and other pollutants. It imposes substantial potential liability for the costs of removal or remediation associated with discharges of oil or hazardous substances. State laws governing discharges to water also provide varying civil, criminal and administrative penalties and impose liabilities in the case of a discharge of petroleum or its derivatives, or other hazardous substances, into state waters. In addition, the EPA has

promulgated regulations that may require us to obtain permits to discharge storm water runoff. In the event of an unauthorized discharge of wastes, we may be liable for penalties and costs. Management believes that we are in substantial compliance with current applicable environmental laws and regulations.

Competition

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.

Research and Development Activities

No research and development expenditures have been incurred, either on our account or sponsored by customers for the past three years.

Employees

Amir Adnani is our President and Chief Executive Officer, Harry Anthony is our Chief Operating Officer and Mark Katsumata is our Chief Financial Officer. These individuals are primarily responsible for all our day-to-day operations. Other services are provided by outsourcing and consultant and special purpose contracts. As of July 31, 2012, we had 98 persons employed on a full-time basis and seven individuals on a full-time contract basis providing ongoing services to the Company.

Available Information

The Company's website address is www.uraniumenergy.com and our annual reports on Form 10-K and quarterly reports on Form 10-Q, and amendments to such reports, are available free of charge on our website as soon as reasonably practicable after such materials are filed or furnished electronically with the United States Securities and Exchange Commission (the "SEC"). These same reports, as well as our current reports on Form 8-K, and amendments to those reports, filed or furnished electronically with the SEC are available for review at the SEC's website at www.sec.gov. Printed copies of the foregoing materials are available free of charge upon written request by email at info@uraniumenergy.com. Additional information about the Company can be found at our website, however, such information is neither incorporated by reference nor included as part of this or any other report or information filed with or furnished to the SEC.

ITEM 1A. RISK FACTORS

*In addition to the information contained in this Form 10-K Annual 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* .*

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 net losses to date. Furthermore, the success of the Company will depend ultimately on our ability to achieve and maintain profitability from our mining operations.

As more fully described under **Corporate Organization** of **ITEM 1. BUSINESS**, Uranium Energy Corp. was incorporated under the laws of the State of Nevada on May 16, 2003. Since 2004 and as more fully described under **General Business** of **ITEM 1. BUSINESS**, we have been engaged in uranium exploration and development programs and mining operations on properties located in the United States and Paraguay. We commenced uranium production for the first time at our Palangana Mine in November 2010 and generated revenue from sales of uranium concentrates during Fiscal 2012. We also hold certain mineral property interests in various stages of exploration and development in the States of Arizona, Colorado, New Mexico, Texas and Wyoming and in Paraguay. The Company has not established proven or probable reserves on any of its mineral properties.

The Company has a history of significant negative cash flow and accumulated deficit since its inception to July 31, 2012 of \$120.8 million. For Fiscal 2012, 2011 and 2010, we incurred net losses of \$25.1 million, \$27.4 million and \$14.5 million, respectively. Although we generated revenue of \$13.8 million from sales of uranium concentrates during Fiscal 2012, we do not expect to achieve profitability or develop positive cash flow from operations in the near term. Historically, we have been reliant primarily on equity financings to fund our ongoing operations and we expect this reliance to continue for the foreseeable future.

As a result of our limited financial and operating history, including significant negative cash flow and net losses to date, it may be difficult to evaluate the future performance of the Company. Furthermore, the long-term success of the Company's business including its ability to acquire additional uranium projects and continue with its exploration, development and production activities on existing uranium projects will depend ultimately on our ability to achieve and maintain profitability and to develop positive cash flow from operations.

The uranium industry is capital intensive, and we will require significant additional financing to acquire additional uranium projects and continue with our exploration and development programs and mining operations on our existing uranium projects.

The uranium industry is capital intensive, and we will require significant additional financing to acquire additional uranium projects and continue with our exploration and development programs and mining operations on our existing uranium projects. Without such additional financing, we will be required to curtail or abandon any one or all of these

activities.

Historically, we have relied on equity financing as our primary source of financing. Our ongoing reliance on equity financing and its availability whenever such additional financing is required will be dependent on many factors, including but not limited to general market conditions and the market value of our common stock. We may also be required to seek other forms of financing such as joint ventures, debt financing or other arrangements. We also filed a Form S-3 Shelf Registration Statement that became effective September 2, 2011 which provides for the offer and sale of certain securities of the Company from time to time, at its discretion, up to an aggregate public offering of \$50 million (of which approximately \$22.5 million was sold in our public offering that closed on April 10, 2012). 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.

Uranium exploration and development programs and mining operations are inherently subject to many significant risks and uncertainties and actual results may differ significantly from estimated amounts.

Uranium exploration and development programs and mining operations are inherently subject to many significant risks and uncertainties.

Uranium exploration is frequently non-productive, in which case the uranium project may be abandoned and written-off. Furthermore, we will not be able to recover the funds that we incur on our exploration programs if we do not establish ore bodies that contain commercially recoverable uranium on our mineral projects and develop these into profitable mining operations. There is no assurance that we will be successful in establishing ore bodies that contain commercially recoverable uranium.

Whether an ore body contains commercially recoverable uranium depends on many factors including, without limitation: (i) the particular attributes of the deposit such as size, grade 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 neither established nor have plans on establishing proven and probable reserves through the completion of feasibility studies in accordance with SEC Industry Guide 7 on our mineral projects on which we are currently utilizing or planning on utilizing in-situ recovery mining.

Our long-term success will depend on our ability to establish ore bodies that contain commercially recoverable uranium and to develop these into profitable mining operations. Mining operations have many risks and uncertainties including, but not limited to: (i) significantly higher than expected capital costs to construct the mine; (ii) significantly higher than expected actual production costs; and (iii) mine production being below expectations. There is no assurance that any ore body that we may develop into a mine will become profitable.

Uranium exploration and development programs and mining operations are subject to many risks 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 could result in damage to, or destruction of, mineral properties, production facilities or other properties; personal injury; environmental damage; delays in mining; increased production costs; monetary losses; and legal claims.

If we become subject to liability, 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.

Further exploration by our Company may not result in economically viable mining operations or yield new reserves.

Exploration for uranium involves many risks and uncertainties and success in exploration is dependent on a number of factors, including the quality of management, quality and availability of geological expertise and the availability of exploration capital. Major expenses may be required to establish reserves by drilling, constructing mining or processing facilities at a site, developing metallurgical processes and extracting uranium from ore. Also, substantial expenses may be incurred on exploration projects which are subsequently abandoned due to poor exploration results or the inability to define reserves which can be mined economically.

Even if an exploration program is successful and economically recoverable uranium is found, it can take a number of years from the initial phases of drilling and identification of the mineralization until production is possible, during which time the economic feasibility of extraction may change and uranium that was economically recoverable at the time of discovery ceases to be economically recoverable. There can be no assurance that uranium recovered in small scale tests will be duplicated in large scale tests under onsite conditions or in production scale operations, and material changes in geological resources or recovery rates may affect the economic viability of uranium projects.

We cannot assure that exploration and development programs will result in profitable commercial mining operations. The economics of developing uranium properties are affected by many factors including the cost of operations, fluctuations in the price of uranium, costs of processing equipment and such other factors as government regulations. In addition, the quantity of uranium ultimately extracted may differ from that indicated by drilling results and such differences could be material.

We have limited production and sales history.

We have limited production history. Ongoing production and commissioning of staged expansions to production may not proceed as planned, with potential for delay in the timing of targeted production and/or a failure to achieve the level of targeted production. In extreme circumstances, these potential delays or difficulties may necessitate additional funding which could lead to additional equity or debt requirements for our Company. In addition to potential delays, there is a risk that capital and/or operating costs will be higher than expected or there will be other unexpected changes in variables upon which expansion and commissioning decisions were made. These potential scope changes and/or cost overruns may lead also to additional funding requirements. Our activities may be affected by numerous other factors beyond our control. Mechanical failure of our operating plant and equipment, and general unanticipated operational and technical difficulties may adversely affect our operations. Operating risks beyond our control may expose our Company to uninsured liabilities. The business of mining, exploration and development is subject to a variety of risks and hazards such as cave-ins and other accidents, flooding, environmental hazards, the discharge of toxic chemicals and other hazards. Such occurrences may delay production, increase production costs or result in damage to and destruction of, mineral properties or production facilities, personal injury, environmental damage and legal liability.

In addition, we have a limited history of selling our uranium product and inventories. We may experience difficulty in marketing and/or selling our uranium product and inventories which may adversely impact our revenues and operating cash flows.

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 development programs and mining operations are subject to numerous stringent laws, regulations and standards at the federal, state, and local levels governing permitting, development, production, 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 development programs and mining operations 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 operations 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 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 produced 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.

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. The results of these legal proceedings 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 and/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, especially Amir Adnani, our President and Chief Executive Officer, and Harry Anthony, our Chief Operating Officer. 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.

Nevada law and our Articles of Incorporation may protect our directors and officers from certain types of lawsuits.

Nevada law provides 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. 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 the Company's 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 stock markets have experienced significant and increased volatility, especially over the last few years. Although this volatility is often unrelated to specific company performance, it can have an adverse effect on the market price of our common stock. Historically, the market price of our common stock 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; (iii) changes in the outlook for the nuclear power and uranium industries; (iv) failure to meet market expectations on our exploration, development or production activities, including abandonment of key uranium projects; (v) sales of a large number of our common stock held by certain stockholders including institutions and insiders; (vi) downward revisions to estimates on us by securities 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.

During the recent past, the global markets have been impacted by the effects of mass sub-prime mortgage defaults and liquidity problems of the asset-backed commercial paper market, which have resulted 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.

Historically, we have relied on equity financing as our primary source 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 stockholders and reduce the market value of their investment.

Issuances of our common stock for additional financing, mergers and acquisitions and for other reasons may result in significant dilution to our existing stockholders, including a reduction in the proportionate ownership and voting power and a decrease in the market price of our common stock. We also filed a Form S-3 Shelf Registration Statement that became effective September 2, 2011 which provides for the offer and sale of certain securities of the Company

from time to time, at its discretion, up to an aggregate public offering of \$50 million of which approximately \$22.5 million has been utilized.

Our common stock is currently classified as a "penny stock" under SEC rules which may limit the market for our common stock.

Under SEC rules, a "penny stock" generally refers to securities of companies that trade below \$5.00 per share. Historically, the trading price of our common stock has fluctuated significantly and has traded above and below \$5.00 per share. At July 31, 2012, the trading price of our common stock closed at \$2.00 per share and was therefore classified as a penny stock. SEC Rule 15g-9 of the Exchange Act imposes additional sales practice requirements on broker-dealers that recommend the purchase or sale of penny stocks to persons other than those who qualify as an "established customer" or an "accredited investor." This includes the requirement that a broker-dealer must make a determination that investments in penny stocks are suitable for the customer and must make special disclosures to the customers concerning the risk of penny stocks. Many broker-dealers decline to participate in penny stock transactions because of the extra requirements imposed on penny stock transactions. Application of the penny stock rules to our common stock from time to time may limit our market liquidity, which in turn affects the ability of our stockholders to resell their shares at prices at or above their cost.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

General

At July 31, 2012, we held mineral rights in the U.S. States of Arizona, Colorado, New Mexico, Texas and Wyoming and in the Republic of Paraguay by way of federal mining claims, state and private mineral leases and mineral concessions.

Texas Projects

The following map shows the location of our main projects in Texas:

Palangana Mine, Duval County, Texas

Property Description and Location

The Palangana Mine is located in Texas near the center of the extensive South Texas Uranium Trend. The Palangana Mine consists of multiple leases that would allow the mining of uranium by ISR methods while utilizing the land surface (with variable conditions) as needed, for mining wells and aboveground facilities for fluid processing and ore capture during the mining and groundwater restoration phases of the project. The Palangana Mine is situated in Duval County, Texas and is located approximately 25 miles west of the town of Alice, 6 miles north of the town of Benavides, 15 miles southeast of the town of Freer and 12 miles southwest of the town of San Diego, as shown in the map below:

Mineral Titles

At July 31, 2012, there were 12 leases covering 9,601 acres at the Palangana Mine. The PAA-1 deposit is on the DeHoyos leases while the PAA-2 deposit, the PAA-3 deposit and Dome trend are on the Palangana Ranch Management, LLC lease. Bordering the east side of the Palangana Ranch Management, LLC lease is the White Bell Ranch lease, comprised of 1,000 acres, which contains the Jemison Fence and Jemison East trends. The fourth major

lease is the Garcia/Booth lease which borders the east side of the De Hoyos property. It contains the NE Garcia and SW Garcia trends.

Lease ownership is held by STMV, which is wholly-owned by the Company.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

Topography, Elevation and Vegetation

Elevations of the Palangana Mine deposits from the surface range from about 410 feet to 500 feet above sea level.

Climate and Length of Operating Season

The region's subtropical climate allows uninterrupted, year-round mining operations. Temperatures during the summer range from 75°F to 95°F, although highs above 100°F are common while winter temperatures range from 45°F to 65°F. Humidity is generally over 85% year-round and commonly exceeds 90% during the summer months. Average annual rainfall is 30 inches. The climate is characterized by a warm desert-like to subtropical climate and low gentle relief with elevations of 300 to 500 feet above sea level.

Physiography

The dome area to the west of the PAA-1 and PAA-2 deposits is a concentric collapsed area with the surrounding landscape being hilly and elevated. Surface water generally drains away from the dome area although no prominent creeks or rivers are evident.

Access to Property

The Palangana Mine occurs in the South Texas Uranium Belt between San Antonio and Corpus Christi in Duval County. Corpus Christi, the largest nearby metropolitan district, is about 65 miles to the east of Palangana. It can be accessed off Texas Highway 44 toward Freer. Halfway between San Diego and Freer is a turn-off to the south called Ranch Road 3196 that runs right through the property about eight miles from the turn. The road continues southward about six miles to the town of Benavides. Access is excellent, with major two lane roads connecting the three surrounding towns and dirt secondary roads connecting Palangana to these.

Surface Rights

The uranium leaseholders under most of the current leases have conveyed the surface rights under certain conditions of remuneration. These conditions essentially require payments for surface area taken out of usage.

Local Resources and Infrastructure

The entire infrastructure is in place including office buildings, access roads, electrical power and maintenance facilities. Each property has sources of water for drilling operations for both exploration and production drilling.

Manpower

A nearby workforce of field technicians, welders, electricians, drillers and pipefitters exists in the local communities. The technical workforce for facility operations has largely disappeared from the area although ample qualified resources can be found in the South Texas area from the petrochemical industry.

History Prior to Acquisition by the Company

Uranium mineralization was discovered during potash exploration drilling of the Palangana Dome's gypsum-anhydrite cap rock in 1952 by Columbia Southern Inc. (CSI), a subsidiary of Pittsburgh Plate Glass Corp. CSI conducted active uranium exploration drilling on the property starting in March 1956. Records of CSI's exploration work are unavailable. However, both CSI and the U.S. Atomic Energy Commission estimated underground mineable uranium

mineralization. The only known details of the estimation method include a 0.15% eU₃O₈ cut-off grade, a minimum mining thickness of three feet, and widely spaced drilling on a nominal 200 foot exploration grid. Union Carbide acquired the Palangana property in 1958 and initiated underground mine development. Development work was quickly abandoned due to heavy concentrations of H₂S gas and Union Carbide dropped the property. Union Carbide reacquired Palangana in 1967 after recognizing that it would be amenable to exploitation by the emerging ISR mining technologies. During the 1960s and 1970s, Union Carbide drilled over 1,000 exploration and development holes and installed over 3,000 injection-production holes in a 31 acre block.

Union Carbide attempted an ISR operation from 1977 through 1979 using a push/pull injection/recovery system. Ammonia was used as the lixiviate that later caused some environmental issues with groundwater. About 340,000 lbs. of U₃O₈ were produced from portions of a 31 acre wellfield block. The production pounds indicate a 32% to 34% recovery rate. The push/pull injection/recovery system was later proven to be less productive than well configurations or patterns of injection wells around a recovery well. Further, the wellfield was developed without any apparent regard to the geology of the deposit including disequilibrium. The Union Carbide ISR work was basically conducted at a research level in contrast to the current level of knowledge. The historic production area lies on the western side of the dome.

Union Carbide placed the property leases up for sale in 1980. In 1981, Chevron Corporation acquired the Union Carbide leases and conducted their own resource evaluation. After the price of uranium dropped to under US\$10/lb, General Atomics acquired the property and dismantled the processing plant in a property-wide restoration effort. Upon formal approval of the clean up by the Texas Natural Resources Conservation Commission and the United States Nuclear Regulatory Commission, the property was returned to the landowners in the late 1990 s. In 2005, Everest Exploration Inc. (EEI) acquired the Palangana property and later joint ventured with Energy Metals Corp. (Energy Metals) through the formation of STMV. An independent consultant, Blackstone (2005) estimated inferred resources in an area now referred to as the Dome trend proximal to the dome on the west side north of the prior Union Carbide leach field . In 2006 and 2007, Energy Metals drilled approximately 200 additional confirmation and delineation holes. The PAA-1 and PAA-2 areas were found during this drilling program. In 2008, Energy Metals was acquired by Uranium One. During 2008 and 2009, the remaining holes on this project were drilled by Uranium One. During this time the five exploration trends to the east of the dome were identified and partially delineated. In December 2009, the Company acquired 100% ownership of STMV.

Geological Setting

South Texas geology is characterized by an arcuate belt of Tertiary fluvial clastic units deposited along the passive North American plate. These units strike parallel to the Gulf Coast between the Mexican border and Louisiana within an area known as the Mississippi Embayment. The sedimentary units are primarily of fluvial origin and were deposited by southeasterly flowing streams and rivers. Uranium deposits are contained within fault-controlled roll-fronts in the Pliocene-age Goliad Formation on the flank of the Palangana salt dome. The uranium mineralization in the Goliad Formation at Palangana occurs at a depth of approximately 220 to 600 feet below the surface.

Geological Model

Uranium mineralization in the South Texas Uranium Belt occurs as sandstone-hosted roll-front deposits. The deposits are strata-bound, elongate, and often, but not necessarily, occur in the classic C or truncated C roll configuration. They can be associated with an oxidation front or can be found in a re-reduced condition where an overprint of later reduction from hydrogen sulfide or other hydrocarbon reductant has seeped along faults and fractures. The uranium bearing sandstone units can themselves be separated into several horizons by discontinuous mudstone units, and separate roll-fronts and sub-rolls can occur in the stacked sandstone sequences.

The generally accepted origin of uranium mineralization in the Goliad Formation is from leaching of intraformational tuffaceous material or erosion of older uranium-bearing strata. The leached uranium was carried by oxygenated ground water in a hexavalent state and deposited where a suitable reductant was encountered. The oxidation/reduction (redox) fronts are often continuous for miles, although minable grade uranium mineralization is not nearly as continuous. The discontinuous nature of uranium mineralization is often characterized as beads on a string and is due to sinuous vertical and lateral fluvial facies changes in the permeable sandstone host horizons, coupled with ground water movements and the presence or absence of reducing material.

Figure 2: Schematic view of a typical uranium roll-front configuration

The red area is the uranium mineralization deposited at the interface between the oxidized (up gradient) sand shown in yellow and the reduced (down gradient) sand shown in gray. The up gradient sand has been altered by oxidizing groundwater that carried the uranium that was deposited in the roll-front at the oxidation/reduction (redox) interface. The uranium mineralization is hydrologically confined by an upper and lower confining layer of shale or mudstone. At wellfields, production (pumping) wells have been completed near the center of the roll-front and are fed lixiviate (leach solutions) by injection wells on each side of the front.

Mineralized Zones and Historical Drilling Results

As stated previously, mineralization does not occur in all of the Goliad sands nor does it persist in the same sand intervals across the dome area. On the west half of the dome near what is referred to as the Dome trend, Union Carbide developed the C sand zone. The NW Garcia and SE Garcia trends to the east of the dome also reside in the C sand zone. Also to the east of the dome, the PAA-2 deposit, as well as the PAA-3 deposit, Jemison Fence and Jemison East trends all occur in the E sand, while the PAA-1 deposit occurs in the G sand. Within these mineralized horizons, smaller roll fronts are evident that can be mapped as discrete bodies. Some of these bodies contain economic mineralization while others do not. The mineralized horizons occur as stacked intervals often separated by claystones. Generally they overlap one another but there are differences making a concurrent, multiple-horizon recovery scenario not uniformly effective.

The table below summarizes the historical drilling results at the Palangana Mine prior to its acquisition by the Company effective December 18, 2009:

| Trend | Total # DHs | Max. Depth (feet) | Avg. Depth (feet) | #of Mineralized Intervals | Interval Thickness Range (feet) | Interval Thickness Avg. (feet) |
|--------------|-------------|-------------------|-------------------|---------------------------|---------------------------------|--------------------------------|
| PAA-1 | 518 | 660 | 565 | 389 | 0.5 13.5 | 5.24 |
| PAA-2 | 239 | 600 | 337.5 | 186 | 0.5 13.5 | 5.79 |
| PAA-3 | 69 | 520 | 417 | 49 | 2.0 18.5 | 5.9 |
| Jemison East | 53 | 560 | 434 | 17 | 1.0 11.0 | 4.4 |
| NE Garcia | 186 | 600 | 344 | 158 | 0.5 20.0 | 4.6 |
| SW Garcia | 84 | 600 | 367 | 45 | 0.5 11.0 | 4.6 |
| Dome | 231 | 600 | 346 | 239 | 0.5 12.5 | 4.1 |

Update to July 31, 2012

Since commencing uranium production at the Palangana Mine in November 2010 to July 31, 2012, the Hobson Facility has processed 323,000 pounds of uranium concentrates. A status summary by production area is provided below:

- 1) PAA-1: All permits have been received and PAA1 is in production utilizing ISR methods. Well control facilities and wellfields have been completed with over 150 injection and production wells. Included in these numbers are infield drilling efforts, where an additional 19 production wells were drilled in an effort to increase uranium recovery;
- 2) PAA-2: All permits have been received and production commenced in March 2012 utilizing ISR methods. Well control facilities and wellfields have been completed with 36 injection and production wells. In April 2012, an additional 22 injection and production wells were placed into operation for a total of 58 wells;
- 3) PAA-3: Permits have been submitted and are under review by the TCEQ. Construction of well control facilities and wellfields is underway, with approximately 60 injection and production wells planned. Production utilizing ISR methods is planned to commence during Fiscal 2013 Q2;
- 4) PAA-4 (Jemison East): Environmental and permitting efforts are under way with 36 monitor wells being drilled, completed, and sampled; and
- 5) PAA-5 (NE Garcia): Environmental and permitting efforts are under way.

The following table summarizes the drill holes completed by the Company during Fiscal 2012:

| Trend | Total # DHs | Max. Depth (feet) | Avg. Depth (feet) |
|--------------|-------------|-------------------|-------------------|
| PAA-1 | 19 | 574 | 506.2 |
| PAA-2 | 58 | 520 | 312.4 |
| PAA-3 | 51 | 450 | 372.0 |
| Jemison East | 43 | 520 | 428.3 |
| NE Garcia | 2 | 400 | 360.0 |

The following table summarizes the drill holes completed by the Company from December 18, 2009, the date of the STMV Acquisition, to July 31, 2012:

| Trend | Total # DHs | Max. Depth (feet) | Avg. Depth (feet) |
|--------------|-------------|----------------------|----------------------|
| PAA-1 | 74 | 584 | 516.9 |
| PAA-2 | 58 | 370 | 304.6 |
| PAA-3 | 340 | 620 | 402.0 |
| Jemison East | 182 | 640 | 458.5 |
| NE Garcia | 40 | 520 | 369.6 |
| SW Garcia | 6 | 620 | 568.3 |
| Dome | 56 | 500 | 355.4 |

Goliad Project, Goliad County, Texas

Property Description and Location

The Goliad Project is comprised of 20 leases covering 2,242 acres located in Texas near the northeast end of the extensive South Texas Uranium Trend. The Goliad Project consists of multiple leases that would allow the mining of uranium by ISR methods while utilizing the land surface (with variable conditions) as needed, for mining wells and aboveground facilities for fluid processing and ore capture during the mining and groundwater restoration phases of the project. The Goliad Project area is about 14 miles north of the town of Goliad and is located on the east side of US route 77A/183, a primary highway that intersects with US 59 in Goliad and IH-10 to the north. The approximate center of the project area is 28 d 52' 7" N latitude, 97 d 20' 36" W longitude. Site drilling roads are mostly gravel based and allow reasonable weather access for trucks and cars. Four-wheel drive vehicles may be needed during high rainfall periods. A location map for the Goliad Project is shown below:

Virtually all mining in Texas is on private lands with leases negotiated with each individual landowner/mineral owner. Moore Energy Corporation (Moore Energy) obtained leases for exploration work in the project area in the early 1980s and completed an extensive drilling program resulting in a historic uranium mineral estimate in 1985. We obtained mining leases from individuals and by assignment from a private entity in 2006.

At July 31, 2012, we held 20 leases ranging in size from 14 acres to 293 acres, for a total of 2,242 acres. The majority of the leases have starting dates in 2005 or 2006 with an initial term of five years and a five-year renewal option. The various lease fees and royalty conditions are negotiated with individual lessors and terms may vary from lease to lease.

No historic uranium mining is known to have occurred on any of the Goliad Project lease properties and only state permitted uranium exploration drilling has taken place. There are believed to be no existing environmental liabilities at the property leases. Prior to any mining activity at the Goliad Project, we are required to obtain a Radioactive Materials License, a large area Underground Injection Control ("UIC") Mine permit and a Production Area Authorization (PAA) permit for each wellfield developed for mining within the Mine Permit area. In addition, a waste disposal well will, if needed, require a separate UIC Permit. These permits will be issued by Texas regulatory agencies. The current drilling and abandonment of uranium exploration holes on any of the leases is permitted by the Texas Railroad Commission. Potential future environmental liability as a result of the mining must be addressed by the permit holder jointly with the permit granting agency. Most permits now have bonding requirements for ensuring that the restoration of groundwater, the land surface and any ancillary facility structures or equipment is properly completed.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Goliad Project area is situated in the interior portion of the Gulf Coastal Plain physiographic province. The area is characterized by rolling topography with parallel to sub-parallel ridges and valleys. There is about 130 feet of relief at the site with ground surface elevations ranging from a low of 150 to a high of 280 feet above mean sea level. The leased property for the Goliad Project is used mostly for livestock grazing pasture and woodland. The overall property area is shown as having a Post Oak Woods, Forest, and Grassland Mosaic vegetation/cover type.

The site property is accessed from combined route US 77A/183 that trends north-south to the west of the property. Highway FM 1961 intersects with 77A-183 at the crossroad town of Weser. Highway FM 1961 to the east of the intersection trends along the south side of the property. Access from either of these roads into the property is via vehicular traffic on private gravel roads.

The property is in a rural setting at the north end of Goliad County. The nearest population centers are Goliad (14 miles south), Cuero (18 miles north) and Victoria (about 30 miles east). While Goliad and Cuero are relatively small towns, they provide basic needs for food and lodging and some supplies. Victoria is a much larger city and provides a well-developed infrastructure that has resulted from being a regional center to support oil and gas exploration and production. The Goliad Project site area generally has very good accessibility for light to heavy equipment. There is an excellent network of county, state and federal highways that serve the region and the moderate topography, with dominantly sandy, well-drained soils, provides good construction conditions for building gravel site roads necessary for site access.

The climate in Goliad County is mild with hot summers and cool to warm winters. The moderate temperatures and precipitation result in excellent conditions for developing an ISR mine. Periods of freezing temperatures are generally very brief and infrequent. Tropical weather from the Gulf of Mexico can occur during the hurricane season and may affect the site area with large rain storms. The periodic freezing weather and abnormally large rainfalls are the primary conditions that can cause temporary shutdowns. Otherwise there is not a regular non-operating season.

The necessary rights for constructing needed surface processing facilities are in-place on selected lease agreements. Sufficient electric power is believed to be available in the area; however, new lines may be needed to bring additional service to the plant site and wellfields. We believe that within a 30 mile radius of the planned Goliad Project facility there is located sufficient population to supply the necessary number of suitable mining personnel.

History

Ownership History of the Property

The Goliad Project site is located in the north-central portion of Goliad County to the east and north of the intersection of U.S. Routes 77A/183 and Farm to Market Route 1961. There has been a long history of oil and gas exploration and production in the area and oil and gas is still a primary part of the economy for the relatively lightly populated county. In the period from October 1979 to June 1980, as a part of a large oil, gas and other minerals lease holding (approximately 55,000 acres), Coastal Uranium utilized the opportunity to drill several widely spaced exploration holes in the region. There were reported to be eight holes drilled at or near the Goliad Project area.

In the early 1980s Moore Energy obtained access to review some of the Coastal States wide-spaced drilling exploration data. The review resulted in Moore Energy obtaining several leases from Coastal Uranium, including several of the current Goliad Project leases. During the period from March 1983 through August 1984, Moore Energy conducted an exploration program in the Goliad Project area. No further drilling was done at the Goliad Project area until we obtained the leases through assignment from a private entity and from individual mineral owners.

Exploration and Development Work Undertaken

This description of previous exploration and development work undertaken at the Goliad Project is based primarily on electric logs and maps produced by Moore Energy during the period 1983 to 1984. Moore Energy completed 479 borings on various leases. Eight widespread exploration borings were completed by Coastal Uranium in 1980. We obtained leases through an assignment from a private entity in 2006 and from individual mineral owners thereafter, and began confirmation drilling in May 2006. At July 31, 2012, approximately 958 confirmation-delineation holes totaling 338,615 feet have been drilled by the Company to confirm and expand the mineralization base at the Goliad Project. During Fiscal 2012, no exploration or production drilling operations were conducted on the Goliad Project.

In December 2010, the Texas Commission on Environmental Quality (TCEQ) approved the mine permit and the production area authorization for Production Area 1 and granted the request for the designation of an Exempt Aquifer for the Company. In December 2011, a Radioactive Material License was issued by the TCEQ. All other state-level permits and authorizations have been received including a Class III Injection Well Permit (Mine Permit), two Class I Injection Well Permits (disposal well permits), a Production Area Authorization for its first production area, a Permit by Rule (air permit exemption) and a state-approved aquifer exemption, which requires the concurrence of the regional EPA.

A Technical Report dated March 7, 2008 for Goliad, prepared in accordance with the provisions of National Instrument 43-101, Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators (NI 43-101), was completed by Thomas A. Carothers, P.G., a consulting geologist, and filed by the Company on the public disclosure website of the Canadian Securities Administrators at www.sedar.com. As required by NI 43-101, the Technical Report contains certain disclosure relating to measured, indicated and inferred mineral resource estimates for the Company's Goliad Project. Such mineral resources have been estimated in accordance with the definition standards on mineral resources of the Canadian Institute of Mining, Metallurgy and Petroleum referred to in NI 43-101. Measured mineral resources, indicated mineral resources and inferred mineral resources, while recognized and required by Canadian regulations, are not defined terms under the SEC's Industry Guide 7, and are normally not permitted to be used in reports and registration statements filed with the SEC. Accordingly, we have not reported them in this annual report or otherwise in the United States. Investors are cautioned not to assume that any part or all of the mineral resources in these categories will ever be converted into mineral reserves. These terms have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. In particular, it should be noted that mineral resources, which are not mineral reserves, do not have demonstrated economic viability. It cannot be assumed that all or any part of measured mineral resources, indicated mineral resources or inferred mineral resources discussed in the Technical Report will ever be upgraded to a higher category. In accordance with Canadian rules, estimates of inferred mineral resources cannot form the basis of feasibility or other economic studies. Investors are cautioned not to assume that any part of the reported measured mineral resources, indicated mineral resources or inferred mineral resources referred to in the Technical Report are economically or legally mineable.

Geological Setting

Regional Geology

The Goliad Project area is situated in the Texas Gulf Coastal Plain physiographic province that is geologically characterized by sedimentary deposits that typically dip and thicken toward the Gulf of Mexico from the northwest source areas. Additionally, the regional dip generally increases with distance in the down dip direction as the overall thickness of sediments increase. The sedimentary units are dominantly continental clastic deposits with some near shore and shallow marine facies. The uranium-bearing units are virtually all sands and sandstones in Tertiary formations ranging in age from Eocene (oldest) to Upper Miocene (youngest).

Local and Property Geology

The surface of the property is all within the outcrop area of the Goliad Formation (Figure 4-3). The mineralized units are sands and sandstone within the Goliad Formation and are designated by us as the A through D sands from younger (upper) to older (lower), respectively. The sand units are generally fine to medium grained sands with silt and varying amounts of secondary calcite. The sand units vary in color depending upon the degree of oxidation-reduction and could be from light brown-tan to grays. The sands units are generally separated from each other by silty clay or clayey silts that serve as confining units between the sand units.

The Goliad Formation at the project site occurs from the surface to a depth of about 500 feet. Depending upon the land surface elevation, groundwater occurs in the sands of the formation below depths of about 30 to 60 feet. The four sand/sandstone zones (A-D) designated as containing uranium mineralization at the site are all considered to be a part of the Gulf Coast Aquifer on a regional basis. At the project area, however, each zone is a hydrogeologic unit with similar but variable characteristics. The A zone is the uppermost unit and based on resistance logs, groundwater in this unit may be unconfined over portions of the site. The three deeper zones are confined units with confining clays and silts above and below the water-bearing unit.

Groundwater from sands of the Goliad Formation is used for water supplies over much of the northern portion of Goliad County. Water quality in the Goliad Formation is variable and wells typically can yield small to moderate amounts of water. Data indicates an approximate average hydraulic conductivity of the water-bearing zones of the Goliad Formation in Goliad County is 100 gallons per day per square foot. Based on this value, a 20 foot sand unit would have an approximate transmissivity of 2,000 gallons per day. With sufficient available drawdown properly completed ISR wells could have average yields in the range of 25 to 50 gallons per minute.

The site area structures include two faults that intersect and offset the mineralized units. These faults are normal, with one downthrown toward the coast and one downthrown toward the northwest. The fault throws range from about 40 to 80 feet.

Project Type

The Goliad uranium project is characteristic of other known Goliad sand / sandstone deposits in south Texas. The mineralization occurs within fluvial sands and silts as roll front deposits that are typically a "C" or cutoff "C" shape. The roll fronts are generally associated with an extended oxidation-reduction boundary or front.

The other Goliad projects in the region include the Palangana Mine, the Kingsville Dome mine southeast of Kingsville, the Rosita mine west of Alice, the Mestena mine in Brooks County and the former Mt. Lucas mine at Lake Corpus Christi. These mines are all located south of the Goliad Project from about 60 to 160 miles. The average tons and uranium grade information for these mines is not known, but all these ISR projects mining Goliad Formation sand units have been very successful with the following characteristics in common: excellent leaching characteristics rate, and favorable hydraulic conductivity of host sands.

At the Goliad Project there are four stacked mineralized sand horizons (A-D) that are separated vertically by zones of finer sand, silt and clay. Deposition and concentration of uranium in the Goliad Formation likely resulted due to a combination of leaching of uranium from volcanic tuff or ash deposits within the Goliad Formation or erosion of uranium-bearing materials from older Oakville deposits. The leaching process occurred near the outcrop area where recharge of oxidizing groundwater increased the solubility of uranium minerals in the interstices and coating sand grains in the sediments. Subsequent downgradient migration of the soluble uranium within the oxygenated groundwater continued until the geochemical conditions became reducing and uranium minerals were deposited in roll front or tabular bodies due to varying stratigraphic or structural conditions.

There are at least two northeast-southwest trending faults at the Goliad property that are likely related to the formation of the Goliad Project mineralization. The northwesterly fault is a typical Gulf Coast normal fault, downthrown toward the coast, while the southeastern fault is downthrown to the northwest, forming a graben structure. Both faults are normal faults. Throw on the northwest fault is about 75 feet and the southeast fault has about 50 feet of throw. The presence of these faults is likely related to the increased mineralization at the site. The faulting has probably served as a conduit for reducing waters-gases to migrate from deeper horizons as well as altering the groundwater flow system in the uranium-bearing sands.

Mineralization

The Goliad Project uranium-bearing units occur as multiple roll front type structures in vertically stacked sands and sandstones. Groundwater flowing from northwest to southeast in the Goliad sands likely contained low concentrations of dissolved uranium resulting from oxidizing conditions and the relatively short distance from the recharge area. The geochemical conditions in the sands near our property changed from oxidizing to reducing due to an influx of reductants. Hydrogen sulfide and/or methane dissolved in groundwater are likely sources of creating a reduction-oxidation boundary in the area with consequent precipitation and concentration of uranium mineralization.

Specific identification of the uranium minerals has not been done at the Goliad Project. The very fine uranium minerals found coating quartz grains and within the interstices in most south Texas sand and sandstone roll-front deposits has generally been found to be dominantly uraninite. No uraninite has been identified on the Goliad Project and the presence of uraninite on other properties does not mean that such mineralization will be found on the Goliad Project. Detailed petrographic examination of disseminated uranium mineralization within sands/sandstones is generally not suitable for identification of the specific uranium minerals. Laboratory equipment such as x-ray diffraction units may be used to identify the minerals, however the specific mineral species typically found in reduced sands are generally similar in south Texas ISR projects and leaching characteristics are also similar. Based on the experience of the ISR mines throughout south Texas, the use of gamma-ray logging with a calibrated logging probe has become the standard method to determine the thickness and estimated grade of uranium bearing minerals.

At the project site the Goliad Formation is exposed at the surface and extends to depths exceeding 500 feet. Uranium mineralization occurs in four sand/sandstone units that are all below the saturated zone. The zones are designated A to D from the top to the bottom of the sequence. The sands are fluvial-deltaic in origin, and thicken and thin across the project site. Each Zone is hydrologically separated by 10 to 50 feet or more of clay or silty clay. The uranium deposits are tabular in nature and can range from about one foot to over 45 feet in thickness. The "C"-shaped configuration is typically convex in a downdip direction with leading edge tails on the upper end. Most of the exploration and delineation holes with elevated gamma ray log anomalies are situated within a southwest-northeast trending graben and most of the gamma ray anomaly holes are situated along the northernmost of the two faults comprising the graben. This northernmost fault is downthrown to the southeast, which is typical for the majority of faults along the Texas coastal area.

Leach Amenability

Mineral processing or metallurgical testing was not reported as being conducted on any of the samples drilled or recovered during the Moore Energy exploration in the mid-1980s. We submitted selected core samples from our core hole # 30892-111C to Energy Laboratories, Inc. in Casper, Wyoming, in January 2007. These samples from the Goliad Project were sent to the laboratory for leach amenability studies intended to demonstrate that uranium mineralization at the property was capable of being leached using conventional in situ leach chemistry. The tests do not approximate other in-situ variables (permeability, porosity, and pressure) but provide an indication of a sample's reaction rate and the potential chemical recovery.

Split sections of core were placed in laboratory containers and a lixivate solution with 2.0 grams per liter $\text{HCO}_3(\text{NaHCO}_3)$ and either 0.50 or 0.25 g/L of H_2O_2 (hydrogen peroxide) was added to each test container. The containers were then rotated at 30 rpm for 16 hours. The lixivate was then extracted from each test container and analyzed for uranium, molybdenum, sodium, sulfate, alkalinity (bicarbonate, carbonate), pH and conductance. A clean charge of lixivate was added and the container rotated another 16 hours. Each sample rotation and lixivate charge cycle was representative of five pore volumes with chemical analyses after each cycle. The cycle was repeated for a total of six cycles or the equivalent of 30 pore volumes.

The four core samples subjected to the leach amenability tests were determined to contain from 0.04% to 0.08% cU3O8 before testing. Leach tests conducted on the core samples from the A Zone indicate leach efficiencies of 60 to

80% U₃O₈ extraction, while the tails analyses indicate efficiencies of 87-89%. The differences between the two calculations involve the loss of solid clay based materials during multiple filtrations. Based on post leach solids analysis, the core intervals were leachable to a very favorable 86 to 89%. After tests the tails were reanalyzed for uranium concentration to determine the recovery, which ranged on the four samples using two methods from 60% to 89%.

Laboratory amenability testing of the cores samples indicated the uranium (dissolved elemental U) recoveries ranged from 86.4% to 88.9% in the four tests. These results show that the mineralized intervals at the Goliad Project are very amenable to ISR mining even when exposed to only one-half of the oxidant concentration normally used in the Leach Amenability test. Based on the Company's experience with ISR mining of Catahoula and Oakville uranium deposits, as well as discussions with other Goliad deposit mining personnel, the geologically younger deposits in Texas (Goliad formation) have been the most amenable to in situ leaching. The uranium recovery is generally more complete (% recovery) and occurs in a shorter time period. Both of these factors are important for ISR mine development economics.

Based on the amenability test results, the size of the mineralization at the Goliad Project, the geologic setting and the current and projected future demand and price of uranium, the most feasible and cost effective mining method for the Goliad property uranium is by ISR. This method is most suitable for the size and grade of the deposits in sands that are below the water table and situated at depths that would be prohibitive for open pit or underground mining.

The amenability testing described above was conducted on core recovered from four depth intervals from one boring. While this was a limited sampling for this property, the samples are believed to be generally representative of the characteristics of the mineralized intervals and the determined recovery ranges for these intervals is considered to be reliable. Two of the four samples tested contained approximately 0.08% cU_3O_8 and two contained lower grades of uranium (~0.04% cU_3O_8). Energy Laboratories, Inc. in Casper, Wyoming, conducted the laboratory testing for this project. The laboratory has been in business since 1952, is fully certified, but not ISO certified. Certifications include the US Environmental Protection Agency, US Nuclear Regulatory Commission and the following US states: Arizona, California, Colorado, Florida, Indiana, Nevada, Oregon, South Dakota, Texas, Utah and Washington.

Update to July 31, 2012

- Goliad's Waste Disposal Well Permit was issued by the TCEQ on May 25, 2010;
- Goliad's Mine Area Permit was issued by the TCEQ on April 29, 2011;
- Goliad's PAA-1 Permit was issued by the TCEQ on April 29, 2011;
- Goliad's Radioactive Materials License was issued by the TCEQ on December 20, 2011; and
- EPA continues to review the Aquifer Exemption which is the last and final permit needed to begin production.

Mineral Exploration Projects

We hold mineral rights in the U.S. States of Arizona, Colorado, New Mexico, Texas and Wyoming and in Paraguay by way of federal mining claims, state and private mineral leases and mineral concessions.

We plan to conduct exploration programs on these mineral exploration properties with the objective of determining the existence of economic concentrations of uranium. We have yet to establish any proven or probable reserves on any of these mineral exploration properties.

Arizona

All of our Arizona claims and state leases were previously the subject of exploration drilling for the search of uranium by companies such as Noranda, Inc., Uranerz Energy Corp., Homestake Mining Co., Occidental Minerals and Oklahoma Public Services ("OPS"). We have acquired a 1979 OPS geologic report contiguous to our claims (Artillery Peak), as well as gamma-ray logs from Homestake, which indicates the possibility of the occurrence of uranium. OPS drilling continued on to our claims as evidenced by drill holes verified on the ground, and such drill cuttings were found to be radioactive. Close spaced developmental drilling is indicated on our claims located at Artillery Peak.

Other claims staked by us (Dry Mountain) in Arizona were staked on known uranium occurrences as shown on Arizona State publication, "Occurrences of Uranium in Miscellaneous Sedimentary Formations, Diatremes and Pipes and Veins". Additionally, these claims were previously drilled by companies including Homestake Mining Co., Uranerz Energy Corp. and Noranda, Inc. in the 1970s during the uranium boom. Our management has confirmed prior claim ownership as verified with the U.S. Department of Interior - BLM. In addition, ground surveys completed by us have located various previous drill locations and radioactive anomalies as evidenced in ground and drill cuttings. As a result of the recent acquisitions of the Anderson and Workman Creek projects, the Company obtained the historical databases for both projects.

Arizona: Anderson Project

The Anderson Project is a 9,852-acre property located in Yavapai County, Arizona.

A Technical Report dated June 19, 2012 for the Anderson Project, prepared in accordance with NI 43-101, was completed by Bruce Davis and Robert Simm, consulting geologists, and filed by the Company on the public disclosure website of the Canadian Securities Administrators at www.sedar.com. The Technical Report contains certain disclosure relating to inferred and indicated mineral resource estimates for the Anderson Project. Such mineral resources have been estimated in accordance with the definition standards on mineral resources of the Canadian Institute of Mining, Metallurgy and Petroleum referred to in NI 43-101. Inferred and indicated mineral resources, while recognized and required by Canadian regulations, are not defined terms under the SEC's Industry Guide 7, and are normally not permitted to be used in reports and registration statements filed with the SEC. Accordingly, we have not reported them in this annual report or otherwise in the United States. Investors are cautioned not to assume that any part or all of the mineral resources in this category will ever be converted into mineral reserves. Inferred and indicated resources have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. In particular, it should be noted that mineral resources which are not mineral reserves do not have demonstrated economic viability. It cannot be assumed that all or any part of inferred mineral resources discussed in the Technical Report will ever be upgraded to a higher category. In accordance with Canadian rules, estimates of inferred mineral resources cannot form the basis of feasibility or other economic studies. Investors are cautioned not to assume that any part of the reported inferred mineral resources referred to in the Technical Report are economically or legally mineable.

Arizona: Workman Creek Project

The Workman Creek Project is a 4,192-acre property located in Gila County, Arizona.

A Technical Report dated July 7, 2012 for the Workman Creek Project, prepared in accordance with NI 43-101, was completed by Neil G. McCallum, P.G. and Gary H. Giroux, P.E., a consulting geologist and engineer, respectively, and filed by the Company on the public disclosure website of the Canadian Securities Administrators at www.sedar.com. The Technical Report contains certain disclosure relating to inferred mineral resource estimates for the Workman Creek Project. Such mineral resources have been estimated in accordance with the definition standards on mineral resources of the Canadian Institute of Mining, Metallurgy and Petroleum referred to in NI 43-101. Inferred mineral resources, while recognized and required by Canadian regulations, is not a defined term under the SEC's Industry Guide 7, and are normally not permitted to be used in reports and registration statements filed with the SEC. Accordingly, we have not reported them in this annual report or otherwise in the United States. Investors are cautioned not to assume that any part or all of the mineral resources in this category will ever be converted into mineral reserves. Inferred resources have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. In particular, it should be noted that mineral resources which are not mineral reserves do not have demonstrated economic viability. It cannot be assumed that all or any part of inferred mineral resources discussed in the Technical Report will ever be upgraded to a higher category. In accordance with Canadian rules, estimates of inferred mineral resources cannot form the basis of feasibility or other economic studies. Investors are cautioned not to assume that any part of the reported inferred mineral resources referred to in the Technical Report

are economically or legally mineable.

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The following table provides information relating to our mineral rights located in Arizona:

| Property | Number of Claims or Leases Held | Gross Acres |
|------------------|--|--------------------|
| Artillery Peak 1 | 19 claims | 393 |
| Artillery Peak 2 | 31 claims | 640 |
| Dry Mountain | 28 claims | 578 |
| New River | 1 lease | 640 |
| Anderson | 459 claims & 2 leases | 9,852 |
| Workman Creek | 198 claims | 4,192 |

Colorado

Claims and leases acquired by us in Colorado have historical production tonnages and grades published in the Colorado Geological Survey, Bulletin 40 - "Radioactive Mineral Occurrences of Colorado". Also, our geological staff has evaluated a portion of the claims currently owned by us.

Pursuant to a Uranium Mining Lease dated May 23, 2012, the Company acquired from UReenergy, LLC a mining lease for uranium on the Slick Rock Project located in San Miguel and Montrose Counties, Colorado. The Slick Rock Project is subject to a 3.0% production royalty requiring an annual advance royalty payment of \$30,000 beginning on November 30, 2017.

Since January 2011, the Company has staked a total of 129 claims in the Slick Rock district of the Uravan Mineral Belt. In June 2011, the Company acquired 103 claims from Spider Rock Mining also in the Slick Rock District for a one-time payment of \$500,000. As a result, the Company now holds a total of 293 contiguous claims in the Slick Rock District.

The following table provides information relating to our mineral rights located in Colorado:

| Property | Number of Claims or Leases Held | Gross Acres |
|-----------------|--|--------------------|
| Bull Canyon | 23 claims | 383 |
| Carnotite | 18 claims | 372 |
| Paradox | 4 claims | 40 |
| Raven | 37 claims | 767 |
| Squaw Point | 1 lease | 289 |
| Slick Rock | 293 claims & 7 leases | 6,053 |
| Radium Mountain | 139 claims | 2,872 |
| Long Park | 32 claims & 1 lease | 661 |

New Mexico

The West Ranch Project consists of approximately 7,000 acres made up of lode mining claims and private leases in northwestern New Mexico, on the northwest end of the historically uraniumiferous Ambrosia Lake trend of the Grants Uranium District. The property was drilled by United Nuclear Corporation and, more recently, by Kerr McGee. Historical wide-spaced drilling across the property indicates the presence of several northwest-southeast trending uranium mineralized zones within the Morrison Formation at average depths of 800 feet.

Grants Ridge is a Todilto Formation target in the Grants Uranium District and under option by Kaboko Mining Limited, formerly Uran Limited, of Perth, Australia.

The following table provides information relating to our mineral rights located in New Mexico:

| Property | Number of Claims or Leases Held | Gross Acres |
|-----------------|--|--------------------|
| F-33 | 172 claims | 2,771 |
| Grants Ridge | 1 lease | 625 |
| Rick Claims | 73 claims | 1,322 |
| Todilto | 36 claims | 621 |
| West Ranch | 62 claims, 33 leases and 6 mineral deeds | 8,957 |

Texas

We currently own ten exploration leases located in the South Texas Uranium Trend. The location and acquisition of these leases are based on historical information contained within our extensive database, as well as current, ongoing geologic analyses by our exploration staff.

Texas: Salvo Project

The Salvo Project is a 5,340-acre property located in Bee County, Texas.

A Phase I exploration drill program was completed in April 2011 with a total 105 holes drilled. Phase II drilling resumed at the Salvo Project in October 2011, with two drilling rigs targeting Lower Goliad P and Q sand objectives. Interpretation of previous drilling by the Company in 2010 along with historic data from 1982-84 exploration drilling by Mobil and URI, revealed the existence of three ore-bearing redox boundaries within the area, which is planned to become Production Area-1. A significant under-explored extension to this area which exhibits strong mineralization remains open-ended. A total of 122 exploration and delineation holes were drilled during Phase II which was concluded in May 2012 for a total 70,760 feet. Twenty-nine holes (23%) met or exceeded a grade-thickness (GT) cutoff of 0.3 GT. Future plans would include further exploration/delineation drilling in this area in order to fully identify the extent of the mineralized zones in Production Area-1.

A Technical Report dated July 16, 2010 for the Salvo Project, prepared in accordance with NI 43-101, was completed by Thomas A. Carothers, P.G., a consulting geologist, and filed by the Company on the CSA's public disclosure website at www.sedar.com. A further Technical Report dated March 31, 2011 for the Salvo Project, prepared in accordance with NI 43-101, was completed by Thomas A. Carothers, P.G., a consulting geologist, and filed by the Company on the CSA's public disclosure website at www.sedar.com. The March 31, 2011 Technical Report contains certain disclosure relating to inferred mineral resource estimates for the Salvo Project. Such mineral resources have been estimated in accordance with the definition standards on mineral resources of the Canadian Institute of Mining, Metallurgy and Petroleum referred to in NI 43-101. Inferred mineral resources, while recognized and required by Canadian regulations, is not a defined term under the SEC's Industry Guide 7, and are normally not permitted to be used in reports and registration statements filed with the SEC. Accordingly, we have not reported them in this annual report or otherwise in the United States. Investors are cautioned not to assume that any part or all of the mineral resources in this category will ever be converted into mineral reserves. Inferred resources have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. In particular, it should be noted that mineral resources which are not mineral reserves do not have demonstrated economic viability. It cannot be assumed that all or any part of inferred mineral resources discussed in the Technical Report will ever be upgraded to a higher category. In accordance with Canadian rules, estimates of inferred mineral resources cannot form the basis of feasibility or other economic studies. Investors are cautioned not to assume that any part of the reported inferred mineral resources referred to in the Technical Report are economically or legally mineable.

Texas: Burke Hollow Project

The Burke Hollow Project is a 17,510-acre property located in Bee County, Texas.

In March 2012, a two-acre site situated within the northwest quarter of the area was selected for construction of a field office complex consisting of a large caliche pad containing two drilling supply water wells, tanks and other storage facilities. Initial exploration drilling at the Burke Hollow Project began in May 2012 with four drilling rigs, with two additional rigs added in mid-June 2012. A planned 41 hole, wide-spaced statistical grid based on 6,400-foot spacing of holes covering the entire project is currently in progress, and eleven of these holes have been completed to date. A total of 115 exploration and offset delineation holes have been drilled for a total footage of 61,200 feet, targeting the Goliad Formation sands located from approximately 50 to 900 in depth. To date, UEC has explored approximately 20% of the 17,510 acre lease, and five uranium trends have been discovered. These are the 180, the 220, the 240, the 370 and the Eastern 180 /220 trends of the Goliad Formation. Twenty-one holes (18%) met or exceeded an ore grade cutoff criterion of 0.3 grade-thickness factor (GT) to date at Burke Hollow Project.

Future plans include further delineation and exploration for extensions of known trends, and to begin delineation of the lightly-drilled Eastern 180 /220 trend. In addition, the eastern one-half of the Burke Hollow lease area remains virtually unexplored at this time, and the remainder of the 6400 statistical grid remains incomplete in this area.

Texas: Channen Project

The Channen Project is a 10,704-acre property located in Goliad County, Texas.

A one-acre field office site with an adjacent caliche pad for storage was constructed in June 2012, prior to drilling two drilling water supply wells. Drilling operations began at the Channen Project in July 2012 with two drilling rigs targeting both the upper and the lower Goliad Formation sands located from the surface to 920 in depth. As of July 31, 2012, three holes were completed for a total footage of 1,920 feet.

Future plans for the Channen Project include continuing to expedite drilling progress of a statistical grid based on 6,400-foot centers which encompasses the entire leased acreage. A large area located proximal to petroleum wells exhibiting gamma-ray shows in the Lower Goliad sands is included within this grid. In addition, a second staging area is planned for construction in order to accommodate drilling activities.

The following table provides information relating to our main mineral rights located in the South Texas Uranium Trend, excluding the Palangana Mine and the Goliad Project:

| Property | Number of Claims or Leases Held | Gross Acres |
|-----------------|--|--------------------|
| Nichols | 7 leases | 1,041 |
| Salvo | 33 leases | 5,340 |
| Burke Hollow | 1 lease | 17,510 |
| Channen | 2 leases | 10,704 |

Wyoming

Our four Wyoming uranium mineral property areas total 3,065 acres.

The Burnt Wagon/East Poison Spider project, located 35 miles west of Casper, Wyoming, was acquired from North American Mining and Minerals Company (Kirkwood) in 2006. Previous operations defined shallow uranium mineralization in the Wind River formation of early Eocene age, at 50 to 200 foot depths, from 500 drill holes and 16,000 feet of electric logging data.

Situated in the Lower Eocene Wasatch formation of the southwest Powder River Basin is our Powder River Basin LO-Herma uranium property. The exploration data was acquired from H. Brenniman as a part of the Pioneer Nuclear, Inc., package in 2006. The 29 mining claims total 592 acres and are contiguous to the Uranium One (formerly Energy Metals Corp.) property.

The DL Prospect was assessed and acquired by using Pioneer Nuclear, Inc., 1970 uranium exploration data from the H. Brenniman database.

The following table provides information relating to our mineral rights located in Wyoming:

| Wyoming Property | Number of Claims or Leases Held | Gross Acres |
|-------------------------|--|--------------------|
| Burnt Wagon | 30 claims and 1 lease | 1,038 |
| DL Prospect | 1 lease | 1,275 |
| East Poison Spider | 3 leases | 160 |
| LO-Herma | 29 claims | 592 |

Paraguay

The Company acquired two projects within the South American country of Paraguay. The following map shows the location of both projects, Coronel Oviedo and Yuty.

Coronel Oviedo Project

Property Description and Location

The Coronel Oviedo Project is located in southeastern Paraguay, approximately 95 miles east of Asuncion, the capital of Paraguay. The Coronel Oviedo Project consists of a large mineral concession covering a total area of approximately 100,000 ha (247,000 acres). The property can be classified as an early to intermediate stage exploration project. Several areas have undergone drilling in the past by The Anschutz Company of Denver, CO (early 1980s) and recently by Crescent Resources in 2007. Anschutz was backed at the time by both Korean and Taiwanese-based power consortiums. Access to the project is by paved roads from Asuncion to the City of Coronel Oviedo and other populated areas. There is good access into the interior of the concession mainly by unpaved secondary roads. The

terrain is rolling hills with areas of forest, small farms, and some large cattle ranches.

Prior Exploration

The Coronel Oviedo Project, covering over 247,000 acres in central Paraguay, was subject to reconnaissance uranium exploration between 1976 and 1983 by Anschutz Corporation of Denver, Colorado, and by Crescent Resources of Vancouver, Canada between 2006 and 2008. Most of the uranium occurrences in this environment are roll front type deposits similar to those currently being produced by low-cost ISR methods in Texas, the western United States, Central Asia and Australia. The work by Anschutz and Crescent was centered on a large belt of Permo-Carboniferous age continental sandstones that represent the western flank of the Parana Basin. According to the Geological Survey of Brazil or CPRM, these same sandstones within the Brazilian section of the Parana Basin contain numerous uranium occurrences including the Figueira Mine.

From 2006 to 2008, the Coronel Oviedo Project was optioned to Crescent Resources. During this period, a total of 24 holes were drilled and logged in the southern portion, offsetting mineralized holes drilled by Anschutz. A NI 43-101 Technical Report reported that 14 of the 24 holes had a grade-thickness (GT) product (in feet) equal to or greater than 0.30GT. GT values equal to and above 0.30 are typically considered producible under ISR production methodology. The known uranium mineralization on the Coronel Oviedo Project intersected by the past drilling is at depths between 450 and 750 feet. Crescent dropped the option on the Coronel Oviedo Project in 2008.

Aquifer Test

During 2010, and prior to the acquisition of the Coronel Oviedo Project, the Company conducted a 24-hour aquifer test in the area of the resource trend identified by the combined Anschutz-Crescent drilling programs. The test was designed to assess aquifer properties of the lower massive sand, a uranium-bearing sandstone within the San Miguel Formation. The focus of the test was to determine if the aquifer could sustain extraction rates typical of ISR mining of uranium.

Results of the test indicate that the uranium-bearing unit has aquifer characteristics that would support operational rates for ISR mining. The aquifer properties determined from the hydrologic test fall within the range of values determined at other uranium ISR projects located in Wyoming, Texas and Nebraska.

During Fiscal 2012, the Company completed a 10,000-meter drilling program. A total of 35 holes were drilled, averaging 950 feet in depth. The holes were drilled on east to west lines across known geologic structures believed to be integral in controlling uranium occurrence. The holes were drilled on wide spacings, approximately one to 1.5 miles apart (see map above). The data has been compiled and will be presented in a NI 43-101 Technical Report, anticipated for release by December 2012.

Yuty Project, Paraguay

Property Description and Location

The Yuty Project covers 569,936 acres and is located approximately 125 miles east and southeast of Asunción, the capital of Paraguay. It is located within the Paraná Basin, which is host to a number of known uranium deposits, including Figueira and Amarinópolis in Brazil. Preliminary studies indicate amenability to extraction by in situ recovery methods, which is the same process currently used by the Company at its Texas operations. Cue has spent over CAD\$16 million developing Yuty since 2006.

History

Exploration for uranium in Southeastern Paraguay was started in 1976 by Anschutz, after the Concession Agreement between the Government of Paraguay and Anschutz in December 1975. This agreement allowed Anschutz to explore for all minerals, excluding oil, gas, and construction materials. The initial uranium exploration by Anschutz in 1976 covered an exclusive exploration concession of some 162,700 km², virtually the whole eastern half of Paraguay. This was followed by a program of diamond drilling and rotary drilling over selected target areas. In total, some 75,000 m of drilling were completed from 1976 to 1983. Data is available for a total of 257 drill holes in the San Antonio area. Anschutz carried out exploration on behalf of a joint venture with Korea Electric Power Corporation and Taiwan Power Company. Anschutz intersected uranium mineralization in drill holes ranging from 0.115% U₃O₈ over 10.2 m to 0.351% U₃O₈ over 0.3 m in sandstones and siltstones. Work was suspended in 1983 due to the slump of the price of uranium, and no further work was done at that time.

During the exploration programs by Anschutz, airborne radiometric surveys, regional geological mapping and geochemical sampling were the main exploration tools for uranium exploration in the southeastern part of Paraguay. This was followed-up by core and rotary drilling, in two phases. The initial phase was to drill wide-spaced reconnaissance diamond drill holes along fences spaced approximately ten miles apart. The objective of this initial phase was to obtain stratigraphic information across an inferred host trend. The second phase was to drill rotary holes,

spaced approximately 1,000 feet apart, within and between the fences of reconnaissance holes, to establish and outline target areas. All drill holes were logged and probed by gamma, neutron and resistivity surveys.

Exploration work by Anschutz outlined several large target areas including what is now the Yuty Project. These include the San Antonio, San Miguel, Typychaty and Yarati-ít targets near and around the village of Yuty, approximately 125 miles southeast of Asunción.

Geologic Setting and Mineralization

The Yuty Uranium Project area is situated within the western part of the Paraná Basin in Southeastern Paraguay, which also hosts the Figueira uranium deposit in Brazil. The area is underlain by upper Permian-Carboniferous (UPC) continental sedimentary rocks. The exploration methodology applied during past programs has been to determine the favorable host rocks of the UPC sequence and to explore favorable areas of the host sandstone.

Continental sedimentary units of the Independencia Formation (of the UPC) are known to have high potential for uranium exploration in eastern Paraguay. The source of the uranium is thought to be the Lower Permian-Carboniferous Coronel Oviedo Formation, which is correlated with the Itataré Formation underlying the Rio Benito Formation in Brazil. Occasional diabase sills and dikes intrude the sedimentary rocks, such as at the San Antonio area near the village of Yuty. Outcrops are rare, mostly along road cuts, and mapping is done by drilling.

The rocks of the Yuty area are very gently east dipping and undeformed. Occasional northwest and northeast trending normal faults cut the sedimentary units. Exploration work to date suggests that the uranium mineralization within the San Miguel Formation is stratabound and possibly syngenetic or diagenetic in origin. Recent interpretation of exploration data suggests that areas of limonite+hematite alteration within the grey-green, fine-grained sandstones in the San Antonio area have characteristics similar to the alteration assemblages present at roll front-type uranium deposits of the Powder River basin in the United States.

Geologic Setting of the Yuty Project, Paraguay

Recent Exploration

In late July 2006, Cue signed an agreement with the shareholders of Transandes Paraguay S.A. to option the Yuty Property, followed by a formal earn-in agreement signed on November 6, 2007, and started a systematic uranium

exploration program. This included a compilation of all previous exploration data, including lithologic and radiometric logs, stored at Ministry of Public Works (the MOPC) in Asunción. Since June 2007, Cue has been carrying on a drilling program at San Antonio as well as evaluating other uranium target areas on the Yuty Property.

The most recent drilling completed in the San Antonio area was in November and December 2010 at which time 33 holes were completed for a total of 11,500 feet. Of these holes, five were not successfully completed. Of the 28 holes that reached the target, ten had intersections greater than a GT (grade x thickness) of 0.10m% eU3O8, and an additional 13 had intersections exceeding a GT of 0.03 m% eU3O8.

Drilling and Sampling

Approximately 240,000 feet of drilling (core as well as rotary) were completed by Anschutz in previous campaigns.

The procedures used during the diamond and rotary drilling programs were drafted by Anschutz technical personnel. Healex reviewed all of drill logs at the MOPC in Asunción and is of the opinion that the lithologic logging procedures are comparable to industry standards. Detailed information on sampling methods and approach during the Anschutz drilling campaigns is not available. Nevertheless, previous Technical Reports (Scott Wilson (2008) and Healex (2009)) have concluded that sampling procedures were comparable to industry standards of that time. Mr. Beahm (2011 Technical Report) concurs with this determination. Since mid-July 2007, Cue Resources completed over 100,000 feet of drilling at the San Antonio target area in 256 drill holes. Most of the holes were collared with a rotary drilling rig, surface casing was then installed, and the holes were drilled to completion depth with a diamond rig.

To date, diamond drilling totals approximately 52,800 feet, and rotary drilling approximately 50,000 feet. For diamond drill holes, HQ-size core was retrieved and the drilling contractor is Empire Drilling S.A. of Quito, Ecuador. For rotary drilling, the contractor is 9 de Junio S.A. (Primo) of Asunción, Paraguay.

Exploration Potential

Except for the San Antonio area, the Yuty Uranium Project is at an early-to intermediate stage of exploration. A number of areas of anomalous concentrations of uranium occur in UPC sedimentary rocks within the property area. Past work was focused on developing roll front-type targets. Preliminary interpretation of the drill results in the San Antonio area suggests that the basal sandstone unit (San Miguel Formation) is a favorable host for uranium mineralization. These results also suggest that the diabase sill overlying the San Miguel Formation may have acted as a trap for diagenetic fluids and provided a horizontal conduit for the circulation of the diagenetic fluids and emplacement of uranium mineralization near the margin of a topographic high (gentle hill) below the diabase sill.

The Yuty Project, showing exploration drill holes.

Data received from the Cue transaction is being organized and evaluated at the Company's Asuncion, Paraguay office. Once this data is compiled, a follow-up drilling program will be designed to further assess the potential of the Yuty Project.

A Technical Report dated August 24, 2011 for the Yuty Project, prepared in accordance with NI 43-101, was completed by Douglas Beahm, P.G., P.E., Bill Northrup and Andre Deiss consulting geologists, and filed by the Company on the CSA's public disclosure website at www.sedar.com. The Technical Report contains certain disclosure relating to measured, indicated and inferred mineral resource estimates for the Yuty Project. Such mineral resources have been estimated in accordance with the definition standards on mineral resources of the Canadian Institute of Mining, Metallurgy and Petroleum referred to in NI 43-101. Measured, indicated and inferred mineral resources, while recognized and required by Canadian regulations, are not defined terms under the SEC's Industry Guide 7, and are normally not permitted to be used in reports and registration statements filed with the SEC. Accordingly, we have not reported them in this annual report or otherwise in the United States. Investors are cautioned not to assume that any part or all of the mineral resources in this category will ever be converted into mineral reserves. Measured, indicated and inferred resources have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. In particular, it should be noted that mineral resources which are not mineral reserves do not have demonstrated economic viability. It cannot be assumed that all or any part of measured, indicated or inferred mineral resources discussed in the Technical Report will ever be upgraded to a higher category. In accordance with Canadian rules, estimates of inferred mineral resources cannot form the basis of feasibility or other

economic studies. Investors are cautioned not to assume that any part of the reported mineral resources referred to in the Technical Report are economically or legally mineable.

Exploration Work Programs

Our Vice President of Exploration, Clyde Yancey, a Certified Professional Geologist, based on historical data previously outlined and our own work product, has developed exploration programs unique to each state and claim block with the intent of proving or disproving the existence of uranium on these prospects. Exploration plans for Arizona, and Colorado are currently being formulated. There are no current exploration plans for New Mexico or Wyoming. Exploration and land acquisition in the South Texas Uranium Trend and Paraguay will continue in order to support our near term production facilities.

Other Properties

We own 32 acres of real estate located in Goliad County, Texas.

We have entered into office rental and service agreements as follows:

- a project office for our Goliad Project at 138 South Market Street, Goliad, Texas 77963. There is no lease commitment and rent and expenses are paid on a month-to-month basis at \$925 per month;
- an exploration office in New Mexico at 6100 Indian School NE, Suite 225, Albuquerque, New Mexico 87110. There is no lease commitment and rent and expenses are paid on a month-to-month basis at \$2,598 per month;
- an office lease at \$8,742 per month for our Corpus Christi administration office at 500 N. Shoreline Blvd., Suite 800N, Corpus Christi, Texas 78471. The lease expires on August 31, 2012; and
- an office lease at \$4,905 per month for our Vancouver administration office at 1111 West Hasting Street, Suite 320, Vancouver, B.C., Canada V6E 2J3. The lease expires on March 31, 2013.”

Our Databases

We have acquired historical exploration data that will assist in the direction of proposed exploration program on lands held in our current property portfolio. This prior exploration data consists of management information and work product derived from various reports, drill hole assay results, drill hole logs, studies, maps, radioactive rock samples, exploratory drill logs, state organization reports, consultants, geological study and other exploratory information.

The following provides information relating to our database:

Tronox Worldwide

Effective February 20, 2008, we acquired from Tronox Worldwide LLC certain assets, consisting of certain maps, data, exploration results and other information pertaining to lands within the United States (excluding New Mexico and Wyoming), Canada and Australia, and specifically including the former uranium exploration projects by Kerr McGee Corporation. The Tronox database contains records on some of our properties located in Arizona, the Colorado Plateau and Texas.

We have exclusive ownership of this database.

Jebsen

The Jebsen database covers territory in Wyoming and New Mexico, including some of our existing properties. The database belonged to a pioneering uranium developer and represents work conducted from the 1950s through to the present.

This database adds over 500 drill holes and over 500,000 feet of drilling data results to the Company's existing library of data. Other than logs, the data set consists of volumes of maps, lithographic logs, geologic reports, and feasibility

studies, and many other essential tools for uranium exploration and development.

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Our geologists have linked contents of the database to some of our existing properties, specifically pertaining to our projects in the Shirley Basin and Powder River Basin of Wyoming, and in the Grants Uranium District of New Mexico.

We have exclusive ownership of this database.

Halterman

The Halterman database consists of exploratory and development work compiled during the 1970s and 80s, including extensive data on significant prospects and projects in the following known uranium districts in the States of Colorado, New Mexico and Utah, including Grants, San Juan Basin, Chama Basin, Moab, Lisbon Valley, Dove Creek, Slick Rock and Uravan districts.

This database includes drilling and logging data from over 200,000 feet of uranium exploration and development drilling, resource evaluations and calculations, drill-hole locations and grade thickness maps, competitor activity maps as well as several dozen geological and project evaluation reports covering uranium projects in New Mexico, Colorado, Utah, Texas and California.

We have exclusive ownership of this database.

Brenniman

The Brenniman database includes drilling and logging data from over two million feet of uranium exploration and development drilling, resource calculation reports and various other geological reports, drill hole location maps and other mapping. This database includes approximately 142 drill hole gamma and E-logs. The data was originally compiled from 1972 to 1981 by various exploration companies, and covers over 100 uranium prospects in 15 southern U.S. states. This library will be used by our technical personnel to determine locations of where drill-indicated uranium may exist.

We have exclusive ownership of this database.

Nueces

We have acquired copies of uranium drill logs from previous uranium exploration drilling projects covering a large area in the South Texas uranium trend. The data consists of approximately 150,000 feet of drill logs from 366 drill holes. This drill data provides regional geologic information and will be used to locate possible mineralized zones within the area of the South Texas uranium trend.

The data was acquired from Nueces Minerals Company, a privately-held oil and gas production company which owns the mineral rights to 72,000 contiguous acres covering portions of four counties in south Texas.

We do not have ownership or exclusive rights to this data.

Kirkwood

We acquired a database of uranium exploration results covering an area of approximately 13,000 acres within the uranium zone known as the Poison Spider area, in central Wyoming. The area covered includes property already held by us, as well as by other publicly-traded uranium exploration companies. The database was compiled by William Kirkwood of North American Mining and Minerals Company, a significant participant in the uranium, coal, gold and oil and gas industries in the western United States since the 1960s. The data acquired was generated from exploration originally conducted by companies such as Homestake Mining, Kennecott Corp, Rampart Exploration and Kirkwood

Oil and Gas, largely between 1969 and 1982. The database consists of drill hole assay logs for 470 holes, including 75,200 feet of drilling, 22,000 feet of gamma logs, drill hole location maps, cross sections, geological maps, geological reports, and other assay data and will be used to locate possible mineralized zones in the Poison Spider area in central Wyoming.

We have exclusive ownership of this database.

Odell

We acquired the rights to a database containing over 50 years of uranium exploration data for the State of Wyoming. This database consists of 315,000 feet of drill logs, over 400 maps, copies of all US geological survey uranium publications dating back to 1954, and geological reports on uranium ore bodies throughout Wyoming. The database will be used to locate possible mineralized zones. The database is made available to the Company by Robert Odell, the compiler and publisher of the Rocky Mountain Uranium Minerals Scout since 1974.

We do not own or have exclusive rights to this database.

Moore

We acquired a database of U.S. uranium exploration results from Moore Energy, a private Oklahoma-based uranium exploration company.

The Moore Energy U.S. uranium database consists of over 30 years of uranium exploration information in the States of Texas, New Mexico and Wyoming, originally conducted during the 1970s, 80s and 90s. It includes results of over 10,000 drill holes, plus primary maps, and geological reports. It covers approximately one million acres of prospective uranium claims, in the South Texas uranium trend, New Mexico, and Powder River Basin, Wyoming, as well as zones in Texas, and will be used to locate possible mineralized zones.

The database also provides the Company with exploration data about its Goliad Project in south Texas, including 250,000 feet of drill logs and further delineates zones of potential uranium mineralization. It also contains drilling results from properties that are being developed by other uranium exploration companies, and also widespread regional data from throughout the South Texas uranium trend.

We have exclusive ownership of this database.

Uranium Resources Inc.

We acquired the full database of historic drill results for the Company's Salvo in-situ recovery uranium project in Bee County, Texas.

The database consists of 433 gamma ray/resistivity and lithology logs, PGT logs and drill plan maps.

Uranium One - South Texas Goliad Project

The South Texas Goliad database includes raw and interpreted data compiled by Total Minerals (TOMIN) and others from the mid 1980's to 1993. The database is an evaluation of the uranium potential within the Goliad Formation from south of Houston to the Mexican border.

Historically, following TOMIN's purchase of the Holiday - El Mesquite project, located in Duval County, Texas, in 1990, TOMIN found themselves in the possession of the Mobil uranium exploration database. Starting with this data, TOMIN also gathered regional oil and gas logs (included in the database), water well driller logs and other regional information to begin their study of the Goliad Formation along the South TX Uranium Trend. The Company estimates that it represents two to three man years.

As a result of the study, TOMIN identified 62 targets and drilled 22 by project end in 1993. Of the 22 drilled, 19 were disproved and the remaining awaits further drilling to develop trends. Another 40 targets remain to be evaluated.

To summarize, the database contains:

- 4,894 South Texas uranium logs 2.8 million feet of drilling;
- 13,882 South Texas O&G logs 41.6 million feet;
- 752 maps/sections across South Texas; and
- 103 documents, reports, analyses documenting the study.

ITEM 3. LEGAL PROCEEDINGS

As of the date of this Annual 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.

Effective September 9, 2011, as a result of the merger with Concentric Energy Corp. (Concentric), the Company assumed the obligations arising from or relating to an involuntary bankruptcy petition filed on June 16, 2010 (the Petition) filed by certain holders (the Petitioners) of Series A convertible debentures (the Debentures) against Concentric in the United States Bankruptcy Court in and for the District of Arizona. Prior to and after June 16, 2010, the Petitioners, who had also made equity investments in Concentric prior to the merger, sent letters to Concentric alleging defaults under the Debentures and requesting acceleration of amounts due under the Debentures. Pursuant to a Settlement Agreement and Mutual Release dated October 4, 2011, the Company settled in full all claims and potential claims raised in the Petition, including any and all claims relating to the Debentures, by paying \$1,051,854 in cash to the Petitioners. A stipulation to dismiss the Petition was filed, and on October 12, 2011, the United States Bankruptcy Court for the District of Arizona approved the dismissal of the Petition.

On or about February 23, 2011, the Company received notification of a lawsuit filed in the State of Texas, in the County Court of Law No. 4 for Nueces County, against the Company by Everest Exploration, Inc. (Everest) for an unspecified amount relating to the Asset Purchase Agreement dated November 23, 2009 and effective December 18, 2009 (the Purchase Agreement) for the acquisition of South Texas Mining Venture, L.L.P. (STMV). Pursuant to the terms of the Purchase Agreement, should actual reclamation costs incurred by the Company on the Mt. Lucas Property, a prior producing project, be less than \$2.2 million in total, Everest alleges that it would be entitled to the difference as a cash payment, subject to the prior receipt by STMV of a clearance certificate from the Texas Commission on Environmental Quality (TCEQ). The Company believes it has complied with all of the terms under the Purchase Agreement and that no such cash payment is required as the actual reclamation costs associated with the Mt. Lucas Property and incurred by the Company are greater than \$2.2 million. Furthermore, the clearance certificate to be provided from the TCEQ has not been issued. On August 12, 2011, a written discovery request was filed by Everest to which the Company responded in full and to which no further response from Everest has been received. The Company intends to vigorously defend against any and all claims under this lawsuit. Any potential judgment against the Company and awarded to the claimant is expected to be immaterial.

On or about May 25, 2012, the Company filed a lawsuit in the State of Texas, in the 94th Judicial District Court for Nueces County, against Everest, Everest Resource Company, Thomas M. Crain, Jr. and James T. Clark (collectively, the Everest Group) for an unspecified amount of damages as a result of claimed material breaches of their representations, warranties and covenants under the Purchase Agreement. On or about June 19, 2012, the Company received notification of a counterclaim filed by the Everest Group disputing the Company's claims and asserting certain claims for an unspecified amount of damages as a result of claimed material breaches of the Company's representations, warranties and covenants under the Purchase Agreement. The Company intends to vigorously defend against any and all claims under this lawsuit. Any potential judgment against the Company and awarded to the claimant is expected to be immaterial.

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

further alleges that the Company is contractually liable for liquidated damages arising from a pre-merger transaction which the Company previously acknowledged and recorded as an accrued liability. Subsequent to July 31, 2012, the Company paid the liquidated damages portion of the lawsuit in full by a cash payment of \$149,194 to the Plaintiffs. The Company intends to vigorously defend against any and all remaining claims asserted under this lawsuit. Any potential judgment against the Company and awarded to the claimant is expected to be immaterial.

On or about May 17, 2012, the Company received notification of a lawsuit filed in the State of Texas, in the 229th District Court of Duval County, by an employee of a contractor hired by the Company against a group of defendants, including the Company and the contractor, for unspecified damages as a result of injuries suffered by the plaintiff while on the Company's premises. The contractor's general liability insurer has confirmed that it will defend and indemnify the Company against this lawsuit subject to available limits under the contractor's policy.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market for Common Equity

Shares of our common stock commenced trading on the OTC Bulletin Board under the symbol "URME" on December 5, 2005. On September 28, 2007, shares of our common stock commenced trading on the NYSE MKT Equities Exchange (formerly known as the American Stock Exchange and the NYSE Amex Equities Exchange) under the symbol "UEC". The market for our common stock is limited and can be volatile. The following table sets forth the high and low sales prices relating to our common stock on the NYSE MKT Equities Exchange on a quarterly basis for the periods indicated:

NYSE MKT

| Quarter Ended | High | Low |
|----------------------|-------------|------------|
| July 2012 | \$ 3.08 | \$ 1.75 |
| April 2012 | \$ 4.44 | \$ 2.59 |
| January 2012 | \$ 4.20 | \$ 2.60 |
| October 2011 | \$ 3.53 | \$ 2.20 |
| July 2011 | \$ 3.86 | \$ 2.72 |
| April 2011 | \$ 7.08 | \$ 3.00 |
| January 2011 | \$ 7.48 | \$ 3.76 |
| October 2010 | \$ 4.25 | \$ 2.40 |

The last reported sales price for our shares on the NYSE MKT Equities Exchange on October 10, 2012 was \$2.37 per share. As of October 10, 2012, we had 308 shareholders of record.

Dividend Policy

No dividends have been declared or paid on our common stock. We have incurred recurring losses and do not currently intend to pay any cash dividends in the foreseeable future.

Securities Authorized For Issuance Under Compensation Plans

We have two equity compensation plans, the 2006 Stock Incentive Plan (the "2006 Plan") and the 2009 Stock Incentive Plan (the "2009 Plan"). The table set forth below presents information relating to our equity compensation plans at our fiscal year end July 31, 2012:

| Plan Category | Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a) | Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b) | Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding column (a)) |
|--|--|--|--|
| Equity Compensation Plans Approved by Security Holders (2006 and 2009 Plans) | 9,471,750 ⁽²⁾ | \$1.92 | 53,790 |
| Equity Compensation Plans Not Approved by Security Holders | 500,000 ⁽¹⁾ | \$1.00 | Nil |

(1) Represents shares of our common stock to be issued upon the exercise of warrants issued pursuant to consulting services agreements.

(2) Excludes 48,748 options and 38,773 broker options issued in connection with the acquisition of Cue, which were not issued pursuant to, and are not subject to the terms and conditions of, the Company's Stock Option Plans.

2006 Stock Incentive Plan

On December 19, 2005, our Board of Directors authorized and approved the adoption of the 2005 Stock Option Plan effective December 19, 2005. On October 10, 2006, we adopted the 2006 Plan in place of the 2005 Plan, under which an aggregate of 10,000,000 of our shares may be issued. All securities issued under the 2005 Stock Option Plan are covered by the 2006 Plan. We have registered the shares underlying the 2006 Plan pursuant to a registration statement on Form S-8 with the SEC.

The purpose of the 2006 Plan is to enhance our long-term stockholder value by offering opportunities to our directors, officers, employees and eligible consultants to acquire and maintain stock ownership in order to give these persons the opportunity to participate in our growth and success, and to encourage them to remain in our service.

The 2006 Plan is to be administered by our Board of Directors or a committee appointed by and consisting of two or more members of the Board of Directors, which shall determine, among other things, (i) the persons to be granted awards under the 2006 Plan; (ii) the number of shares or amount of other awards to be granted; and (iii) the terms and conditions of the awards granted. The Company may issue restricted shares, options, stock appreciation rights, deferred stock rights, dividend equivalent rights, among others, under the 2006 Plan. An aggregate of 10,000,000 of our shares may be issued pursuant to the grant of awards under the 2006 Plan.

An award may not be exercised after the termination date of the award and may be exercised following the termination of an eligible participant's continuous service only to the extent provided by the administrator under the 2006 Plan. If the administrator under the 2006 Plan permits a participant to exercise an award following the termination of continuous service for a specified period, the award terminates to the extent not exercised on the last day of the specified period or the last day of the original term of the award, whichever occurs first. In the event an eligible participant's service has been terminated for "cause", he or she shall immediately forfeit all rights to any of the awards outstanding.

The foregoing summary of the 2006 Plan is not complete and is qualified in its entirety by reference to the 2006 Plan, a copy of which has been filed.

2009 Stock Incentive Plan

On June 5, 2009, our Board of Directors adopted the 2009 Plan, under which an aggregate of 5,000,000 shares may be issued, and on July 23, 2009, our shareholders approved the adoption of our 2009 Plan in the amount of 5,000,000 shares.

Effective May 25, 2010, our Board of Directors amended the 2009 Plan to increase the number of shares issuable thereunder from 5,000,000 shares to 7,000,000 shares. On July 22, 2010, our shareholders approved an amendment to our 2009 Plan increasing the number of shares available under the Plan from 5,000,000 to 7,000,000.

The purpose of the 2009 Plan is to enhance our long-term stockholder value by offering opportunities to our directors, officers, employees and eligible consultants to acquire and maintain stock ownership in order to give these persons the opportunity to participate in our growth and success, and to encourage them to remain in our service.

The 2009 Plan is to be administered by our Board of Directors or a committee appointed by and consisting of two or more members of the Board of Directors, which shall determine, among other things, (i) the persons to be granted awards under the 2009 Plan; (ii) the number of shares or amount of other awards to be granted; and (iii) the terms and conditions of the awards granted. The Company may issue shares, options, stock appreciation rights, deferred stock rights, dividend equivalent rights, among others, under the 2009 Plan. An aggregate of 7,000,000 of our shares may be issued pursuant to the grant of awards under the 2009 Plan.

An award may not be exercised after the termination date of the award and may be exercised following the termination of an Eligible Participant's continuous service only to the extent provided by the administrator under the 2009 Plan. If the administrator under the 2009 Plan permits an Eligible Participant to exercise an award following the termination of continuous service for a specified period, the award terminates to the extent not exercised on the last day of the specified period or the last day of the original term of the award, whichever occurs first. In the event an Eligible Participant's service has been terminated for cause, he or she shall immediately forfeit all rights to any of the awards outstanding.

The foregoing summary of the 2009 Plan is not complete and is qualified in its entirety by reference to the 2009 Plan, a copy of which has been filed.

As of October 10, 2012, there were an aggregate of 9,260,000 stock options granted and outstanding under our 2006 and 2009 Plans.

Common Stock Purchase Warrants

As of October 10, 2012, there were an aggregate of 1,558,812 common stock purchase warrants issued and outstanding.

Recent Sales of Unregistered Securities

All of our issuances of unregistered securities during our fiscal year ended July 31, 2012 were previously disclosed in our Quarterly Reports on Form 10-Q for our first, second and third quarters of our fiscal year ended July 31, 2012 and in our current reports on Form 8-K as filed periodically with the SEC, except for the following issuance: on June 29, 2012, the Company issued 100,000 unregistered, restricted shares of common stock to one individual as partial consideration under a property acquisition agreement at a deemed issuance price of \$3.25 per share. With respect to such issuance, the Company relied on an exemption from the registration requirements under the Securities Act pursuant to Regulation S and/or Section 4(a)(2).

Comparative Stock Performance

Our shares of common stock commenced trading on the OTC Bulletin Board on December 5, 2005, with the first trade in our common stock occurring on February 17, 2006. Our shares of common stock were subsequently listed for trading on the NYSE MKT Equities Exchange (formerly known as the American Stock Exchange and the NYSE Amex Equities Exchange) on September 28, 2007.

The graph below compares the cumulative total stockholder return on our common stock assuming an investment of \$100 and the reinvestment of all dividends, if any, for the years ended July 31, 2007 through to July 31, 2012; with (i) the cumulative total return on the shares of common stock of General Moly, Inc. and Uranerz Energy Corp. (Previous Peers) over the same periods, (ii) the cumulative return on the S&P Index (Previous Index), (iii) the cumulative return on the Russell 2000 (New Index), and (iv) a new peer group index comprising: Denison Mines Corp., Paladin Energy Ltd. and Uranium Resources Inc. (Current Peer Group). The change in peers was made in order to move to a group of uranium producing and development companies that better compares with our company. The change in overall market indicator was made because our company is included in the Russell 2000 Index and therefore it is a more appropriate indicator than the S&P 500 Index.

| | 31-Jul-07 | 31-Jul-08 | 31-Jul-09 | 31-Jul-10 | 31-Jul-11 | 31-Jul-12 |
|-------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| UEC | \$ 100.00 | \$ 93.56 | \$ 115.02 | \$ 121.46 | \$ 147.33 | \$ 85.84 |
| GMO (Previous Peer) | \$ 100.00 | \$ 227.88 | \$ 85.76 | \$ 100.61 | \$ 138.48 | \$ 90.30 |
| URZ (Previous Peer) | \$ 100.00 | \$ 138.36 | \$ 122.64 | \$ 77.36 | \$ 189.31 | \$ 96.86 |
| S&P (Previous Index) | \$ 100.00 | \$ 98.45 | \$ 76.69 | \$ 85.63 | \$ 100.39 | \$ 107.15 |
| Russell 2000 (Current Index) | \$ 100.00 | \$ 97.75 | \$ 76.16 | \$ 89.05 | \$ 108.47 | \$ 105.48 |
| Current Peers | \$ 100.00 | \$ 109.88 | \$ 78.50 | \$ 75.06 | \$ 82.81 | \$ 55.61 |

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ITEM 6. SELECTED FINANCIAL DATA

The following tables provide selected financial data for each of the past five fiscal years, and should be read in conjunction with, and are qualified in their entirety by reference to, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and the Company's consolidated financial statements and related notes for the fiscal year ended July 31, 2012 as presented under Item 8. Financial Statements and Supplementary Data. These historical results are not necessarily indicative of the results to be expected for any future period.

Consolidated Balance Sheets

| | July 31, 2012 | July 31, 2011 | July 31, 2010 | July 31, 2009 | July 31, 2008 |
|---------------------------|---------------|---------------|---------------|---------------|---------------|
| Cash and cash equivalents | \$ 25,015,284 | \$ 30,724,051 | \$ 21,067,662 | \$ 24,265,643 | \$ 13,137,318 |
| Working capital | 22,472,302 | 30,020,926 | 16,243,838 | 23,713,452 | 12,585,424 |
| Total assets | 85,143,395 | 65,390,985 | 47,554,766 | 38,611,555 | 29,131,183 |
| Total liabilities | 9,222,914 | 6,268,194 | 5,518,429 | 761,800 | 865,390 |
| Stockholders' equity | 75,920,481 | 59,122,791 | 42,036,337 | 37,849,755 | 28,265,793 |

Consolidated Statements of Operations

| | Year Ended July 31, | | | | |
|--|---------------------|--------------|--------------|--------------|--------------|
| | 2012 | 2011 | 2010 | 2009 | 2008 |
| Sales | \$ 13,757,400 | \$ - | \$ - | \$ - | \$ - |
| Gross profit | 5,645,360 | - | - | - | - |
| Expenses | 30,251,253 | 27,906,601 | 22,431,147 | 12,948,327 | 18,840,129 |
| Loss from continuing operations | (25,083,720) | (27,358,095) | (23,012,750) | (12,883,569) | (18,612,414) |
| Income (loss) from discontinued operations | - | - | 8,534,081 | (620,007) | (428,539) |
| Net loss for the year | (25,083,720) | (27,358,095) | (14,478,669) | (13,503,576) | (19,236,124) |
| Net loss per share, basis and diluted | | | | | |
| Continuing operations | \$ (0.32) | \$ (0.40) | \$ (0.39) | \$ (0.27) | \$ (0.48) |
| Discontinued operations | - | - | 0.14 | (0.02) | (0.01) |
| Net loss per share, basic and diluted | (0.32) | (0.40) | (0.25) | (0.29) | (0.49) |

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following management's discussion and analysis of the Company's financial condition and results of operations contain forward-looking statements that involve risks, uncertainties and assumptions including, among others, statements regarding our capital needs, business plans and expectations. In evaluating these statements, you should consider various factors, including the risks, uncertainties and assumptions set forth in reports and other documents we have filed with or furnished to the SEC, including, without limitation, this Form 10-K filing for the fiscal year ended July 31, 2012 including the consolidated financial statements and related notes contained herein. These factors, or any one of them, may cause our actual results to differ materially from any forward-looking statement made in this document. Refer to Forward-Looking Statements and Item 1A. Risk Factors .

Results of Operations for the Fiscal Years Ended July 31, 2012, 2011 and 2010

General

The Company recorded a net loss for each of the fiscal years ended July 31, 2012, 2011 and 2010 (Fiscal 2012 , Fiscal 2011 and Fiscal 2010 , respectively) of \$25,084,000 (\$0.32 per share), \$27,358,000 (\$0.40 per share) and \$14,479,000 (\$0.25 per share), respectively. Expenses during Fiscal 2012, Fiscal 2011 and Fiscal 2010 were \$30,251,000, \$27,907,000 and \$22,431,000, respectively. During Fiscal 2012, the Company generated a gross profit of \$5,645,000 from sales of uranium concentrates (Fiscal 2011 and Fiscal 2010: \$Nil). During Fiscal 2010, the Company recorded income from discontinued operations of \$8,534,000 (\$0.14 per share) relating to the sale of its 49% interest in Cibola Resources, LLC.

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

Revenues and Cost of Sales

Since commencing uranium production for the first time at its Palangana Mine in November 2010, the Company completed a total of three sales of uranium concentrates to July 31, 2012, all of which were generated during Fiscal 2012. Two sales totaling 120,000 pounds were completed under an existing offtake agreement, fulfilling the Company's delivery commitments for the first year, and the third sale totaling 150,000 pounds was completed on the spot market. As a result of these sales, gross revenues of \$13,757,000 was generated during Fiscal 2012 (Fiscal 2011 and 2010: \$Nil) representing a total 270,000 pounds of uranium concentrates sold at an average price of \$51 per pound.

For Fiscal 2012, cost of sales was \$8,112,000 (Fiscal 2011 and 2010: \$Nil) which included royalties of \$1,651,000 and depreciation and depletion of \$1,486,000. Cost of sales for uranium concentrates is determined using the average cost per pound in inventories at the end of the month prior to the month in which the sale occurs, and includes royalties and other direct selling costs.

For Fiscal 2012, the Company generated a gross profit of \$5,645,000 (Fiscal 2011 and 2010: \$Nil) from the sale of uranium concentrates.

Expenses

Expenses during Fiscal 2012, Fiscal 2011 and Fiscal 2010 were \$30,251,000, \$27,907,000 and \$22,431,000, respectively, and these year-to-year increases reflect the substantial growth of the Company over the past three fiscal years.

Mineral property expenditures during Fiscal 2012, Fiscal 2011 and Fiscal 2010 were \$14,939,000, \$11,420,000 and \$6,439,000, respectively. These expenditures include amounts relating to property maintenance and exploration and development activities including permitting and all other non-production related activities on the Company's mineral rights and properties. As disclosed under Risk Factors, the Company has not established proven and probable reserves through the completion of feasibility studies for any of its mineral properties in accordance with SEC Industry Guide 7. Accordingly, all expenditures relating to exploration and development activities are expensed as incurred.

The following table sets forth the mineral property expenditures incurred on the Company's projects during the past three fiscal years:

| | Year Ended July 31, | | |
|--------------------------------------|----------------------|----------------------|---------------------|
| | 2012 | 2011 | 2010 |
| Mineral Property Expenditures | | | |
| Palangana Mine | \$ 7,597,102 | \$ 7,859,841 | \$ 3,643,662 |
| Goliad Project | 646,314 | 995,849 | 2,353,547 |
| Burke Hollow Project | 1,176,101 | - | - |
| Channen Project | 190,009 | - | - |
| Hobson | 123,005 | 367,904 | 30,300 |
| Salvo Project | 1,113,659 | 1,268,088 | 83,788 |
| Nichols Project | 150,000 | 15,496 | 5,976 |
| Land work - Texas | 423,291 | 388,633 | 164,740 |
| Anderson Project | 375,058 | 13,707 | - |
| Workman Creek Project | 50,069 | - | - |
| Yuty Project | 627,623 | - | - |
| Coronel Oviedo Project | 2,207,255 | 250,992 | - |
| Other Mineral Property Expenditures | 259,236 | 259,670 | 156,701 |
| | \$ 14,938,722 | \$ 11,420,180 | \$ 6,438,714 |

A breakdown by specific mine/project and major expenditure categories are as follows:

- Palangana Mine: Property maintenance (Fiscal 2012: \$57,000; Fiscal 2011: \$94,000; Fiscal 2010: \$214,000), exploration programs (Fiscal 2012: \$1,277,000; Fiscal 2011: \$954,000; Fiscal 2010: \$793,000), plant development (Fiscal 2012: \$257,000; Fiscal 2011: \$1,027,000; Fiscal 2010: \$189,000), wellfield development (Fiscal 2012: \$5,530,000; Fiscal 2011: \$4,840,000; Fiscal 2010: \$801,000) and disposal well development (Fiscal 2012: \$476,000; Fiscal 2011: \$945,000; Fiscal 2010: \$1,647,000);
- Goliad Project: Property maintenance (Fiscal 2012: \$41,000; Fiscal 2011: \$75,000; Fiscal 2010: \$47,000), exploration programs (Fiscal 2012: \$451,000; Fiscal 2011: \$516,000; Fiscal 2010: \$2,307,000), plant development (Fiscal 2012: \$111,000; Fiscal 2011: \$396,000; Fiscal 2010: \$Nil) and wellfield development (Fiscal 2012: \$43,000; Fiscal 2011: \$9,000; Fiscal 2010: \$Nil);
- Burke Hollow Project: Exploration programs (Fiscal 2012: \$1,176,000; Fiscal 2011: \$Nil; Fiscal 2010: \$Nil);
- Channen Project: Exploration programs (Fiscal 2012: \$190,000; Fiscal 2011: \$Nil; Fiscal 2010: \$Nil);
- Salvo Project: Property maintenance (Fiscal 2012: \$57,000; Fiscal 2011: \$59,000; Fiscal 2010: \$34,000) and exploration programs (Fiscal 2012: \$1,057,000; Fiscal 2011: \$1,209,000; Fiscal 2010: \$50,000);
- Nichols Project: Property maintenance (Fiscal 2012: \$150,000; Fiscal 2011: \$15,000; Fiscal 2010: \$6,000);
- Anderson Project: Property maintenance (Fiscal 2012: \$74,000; Fiscal 2011: \$Nil; Fiscal 2010: \$Nil) and exploration programs (Fiscal 2012: \$301,000; Fiscal 2011: \$14,000; Fiscal 2010: \$Nil);

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- Workman Creek Project: Exploration programs (Fiscal 2012: \$50,000; Fiscal 2011: \$Nil; Fiscal 2010: \$Nil);
- Yuty Project: Property maintenance (Fiscal 2012: \$583,000; Fiscal 2011: \$Nil; Fiscal 2010: \$Nil) and exploration programs (Fiscal 2012: \$45,000; Fiscal 2011: \$Nil; Fiscal 2010: \$Nil); and
- Coronel Oviedo Project: Property maintenance (Fiscal 2012: \$107,000; Fiscal 2011: \$251,000; Fiscal 2010: \$Nil) and exploration programs (Fiscal 2012: \$2,100,000; Fiscal 2011: \$Nil; Fiscal 2010: \$Nil).

General and administrative expenses during Fiscal 2012, Fiscal 2011 and Fiscal 2010 were \$14,037,000, \$15,187,000 and \$15,154,000, respectively. General and administrative expenses were comprised of salaries, management and consulting fees (Fiscal 2012: \$3,866,000; Fiscal 2011: \$4,001,000; Fiscal 2010: \$3,082,000), office, investor relations, communications and travel (Fiscal 2012: \$5,836,000; Fiscal 2011: \$3,702,000; Fiscal 2010: \$4,410,000), stock-based compensation expense (Fiscal 2012: \$2,743,000; Fiscal 2011: \$6,343,000; Fiscal 2010: \$7,029,000) and professional fees (Fiscal 2012: \$1,592,000; Fiscal 2011: \$1,141,000; Fiscal 2010: \$633,000).

Total general and administrative expenses, excluding stock-based compensation, have increased year-to-year over the past three fiscal years (Fiscal 2012: \$11,294,000; Fiscal 2011: \$8,844,000; Fiscal 2010: \$8,125,000). Throughout this period, the Company's general and administrative support has increased overall as a result of substantial growth through strategic corporate and property acquisitions. Starting in December 2009, through the acquisition of South Texas Mining Venture, L.L.P., the Company acquired the Palangana Mine and the Hobson Facility which included its Corpus Christi office and existing infrastructure. For the remainder of Fiscal 2010 and during the first half of Fiscal 2011, the Company focused on the initial development of the Palangana Mine towards production, including preparation of the Hobson Facility, and in November 2010, became a uranium producer. During Fiscal 2011, upon establishing a Paraguayan office for general and administrative support, the Company acquired the Coronel Oviedo Project and acquired additional acreage for this project during Fiscal 2012. During Fiscal 2012, through the acquisition of Cue Resources Ltd., the Company acquired the Yuty Project, its second major project in Paraguay. During Fiscal 2012, upon expansion of the New Mexico office for additional general and administrative support, the Company acquired the Anderson and Workman Creek Properties in Arizona and the Slick Rock Project located in Colorado. During Fiscal 2012, the Burke Hollow and Channen Projects were added to the Company's portfolio of South Texas projects.

Stock-based compensation expense represents the fair value of stock options granted to employees, directors, management and consultants, including common stock issued to consultants, as calculated using the Black-Scholes option-pricing model. During Fiscal 2012, stock-based compensation expense decreased as compared to Fiscal 2011 and 2010, primarily the result of a decrease in the number of stock options granted.

Depreciation, amortization and accretion during Fiscal 2012, Fiscal 2011 and Fiscal 2010 were \$1,276,000, \$1,156,000 and \$795,000, respectively. 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. For the past three fiscal years, these charges have increased overall as a result of the substantial growth experienced by the Company.

Impairment loss on mineral properties during Fiscal 2012, Fiscal 2011 and Fiscal 2010 were \$Nil, \$143,000 and \$44,000, respectively. These charges during the prior years resulted from the abandonment of certain mineral properties that were determined by management to be non-critical within the Company's portfolio of properties. During Fiscal 2011, the mineral properties abandoned were located in Utah (\$15,000) and Texas (\$128,000). During Fiscal 2010, the mineral properties abandoned were located in New Mexico (\$11,000), Texas (\$32,000) and Wyoming (\$1,000).

Production and Inventories

During Fiscal 2012, the Palangana Mine produced 183,000 pounds of uranium concentrates while the Hobson Facility processed finished goods of 198,000 pounds of uranium concentrates. Since the commencement of production in

November 2010 to July 31, 2012, the Hobson Facility has processed 323,000 pounds of finished goods-uranium concentrates of which 270,000 pounds have been sold, resulting in a balance of 53,000 pounds of finished goods-uranium concentrates remaining as of July 31, 2012.

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At July 31, 2012, the total value of inventories was \$1,876,000 of which \$1,593,000 (85%) represents the value of finished goods-uranium concentrates, \$251,000 (13%) represents the value of work-in-progress and \$32,000 (2%) represents the value of supplies. The cash component of the total value of inventories was \$1,557,000, and the non-cash component of the total value of inventory was \$319,000.

At July 31, 2011, the total value of inventories was \$2,776,000, of which \$2,231,000 (80%) represents the value of finished goods-uranium concentrates, \$506,000 (18%) represents the value of work-in-progress and \$39,000 (2%) represents the value of supplies. The cash component of the total value of inventories was \$2,064,000 and the non-cash component of the total value of inventory was \$712,000.

Liquidity and Capital Resources

| | July 31, 2012 | July 31, 2011 | July 31, 2010 |
|---------------------------|------------------|------------------|------------------|
| Cash and cash equivalents | \$ 25,015,000 | \$ 30,724,000 | \$ 21,068,000 |
| Working capital | 22,472,000 | 30,021,000 | 16,244,000 |
| Total assets | 85,143,000 | 65,391,000 | 47,555,000 |
| Total liabilities | 9,223,000 | 6,268,000 | 5,519,000 |
| Shareholders' equity | 75,920,000 | 59,123,000 | 42,036,000 |

The Company realized revenue from uranium sales during the fiscal year ended July 31, 2012, however, it has a history of operating losses and significant negative cash flow since inception. Planned principal operations have commenced and existing cash resources along with forecasted sales for the upcoming fiscal year are expected to provide sufficient funds to carry out our plan of operations including exploration and development activities for the next twelve months. The Company's continuation as a going concern for a period longer than twelve months will be dependent upon the Company's ability to obtain adequate financing, as future capital expenditures of the Company are expected to be substantial.

Historically, the Company has been reliant primarily on equity financings from the sale of its common shares to fund its operations, and this reliance is expected to continue for the foreseeable future. At July 31, 2012, the Company has available for its use a Form S-3 Shelf Registration Statement to complete a public financing. However, there is no assurance that sufficient funds can continue to be raised in the future through equity financings, in which case the Company may not be able to continue exploration or development of its mineral projects, possibly leading to their abandonment. Other options would include entering into joint venture arrangements to continue advancing the Company's mineral 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.

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 July 31, 2012, we had \$25,015,000 in cash and cash equivalents and working capital of \$22,472,000. During Fiscal 2012, net cash flows decreased by \$5,709,000 compared to an increase of \$9,656,000 during Fiscal 2011 and a decrease of \$3,198,000 during Fiscal 2010.

Operating Activities

Net cash used in operating activities during Fiscal 2012, Fiscal 2011 and Fiscal 2010 was \$19,208,000, \$23,676,000 and \$13,572,000, respectively. During Fiscal 2012, the Company received total cash of \$13,757,000 from sales of 270,000 pounds uranium concentrate (Fiscal 2011 and 2010: \$Nil) and incurred production costs of \$4,356,000 (Fiscal 2011: \$2,000,000 and Fiscal 2010: \$Nil). Other significant operating expenditures included mineral property expenditures and general and administrative costs. In addition, during Fiscal 2012, the Company incurred

expenditures totaling \$1,064,000 (Fiscal 2011: \$1,213,000; Fiscal 2010: \$1,369,000) for cash settlement of asset retirement obligations.

Financing Activities

Net cash provided by financing activities during Fiscal 2012, Fiscal 2011 and Fiscal 2010 was \$20,192,000, \$37,115,000, and \$1,182,000, respectively. During Fiscal 2012, the Company completed a public offering of its common shares for net cash proceeds of \$20,969,000. During Fiscal 2011, the Company completed a private placement offering of its common shares for net cash proceeds of \$25,654,000. During Fiscal 2010, no public or private placement offerings were completed. During Fiscal 2012, the Company received net proceeds of \$554,000 (Fiscal 2011: \$11,452,000 and Fiscal 2010: \$1,145,000) from the exercise of stock options and warrants. During Fiscal 2012, the Company paid \$1,370,000 in cash for settlement of convertible debentures assumed from the Concentric acquisition.

Investing Activities

Net cash used in investing activities during Fiscal 2012 and Fiscal 2011 was \$6,692,000 and \$3,782,000 while net cash provided by investing activities in Fiscal 2010 was \$9,192,000. During Fiscal 2012, the Company acquired mineral rights and properties totaling \$4,184,000 (Fiscal 2011 \$1,454,000 and Fiscal 2010: \$1,422,000), purchased equipment for \$1,322,000 (Fiscal 2011: \$719,000 and Fiscal 2010: \$167,000), paid \$261,000 in cash (Fiscal 2011: \$300,000 and Fiscal 2010: \$Nil) as loan settlement relating to the acquisition of subsidiaries, and paid \$933,000 (Fiscal 2011: \$1,869,000 and Fiscal 2010: \$223,000) towards reclamation deposits relating to our uranium mining and related activities. During Fiscal 2012, the Company received proceeds from the sale of assets and mineral rights totaling \$8,000 (Fiscal 2011: \$531,000 and Fiscal 2010: \$11,004,000).

Stock Options and Warrants

At July 31, 2012, the Company had stock options outstanding representing 9,559,271 common shares and share purchase warrants outstanding representing 1,558,812 common shares. The outstanding stock options have a weighted-average exercise price of \$1.95 per share and the outstanding warrants have a weighted-average exercise price of \$4.95 per share. At July 31, 2012, outstanding stock options and warrants represented a total 11,118,083 common shares issuable for gross proceeds of approximately \$26,375,000 should these stock options and warrants be exercised in full. At July 31, 2012, outstanding in-the-money stock options and warrants represented a total 3,920,000 common shares exercisable for gross proceeds of approximately \$2,070,000 should these 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.

Plan of Operations

Our primary plan of operations for the next 12 months is to expand production at the Palangana Mine, continue development of the Goliad Project towards production and continue with the exploration of the Burke Hollow, Salvo and Channen Projects in Texas and other mineral projects in Arizona and Paraguay.

Material Commitments

The Company is currently renting or leasing office premises in New Mexico, Texas, Vancouver, British Columbia, Canada, as well as Paraguay with total monthly payments of \$19,732. Office lease agreements expire between October 2012 and August 2013 for the United States and Canada. The Company also has various consulting agreements which will expire in less than one year.

| Contractual Obligations | Total | Payment Due by Period | | | |
|------------------------------|------------------|-----------------------|-----------|-----------|-------------------|
| | | Less Than 1 Year | 1-3 Years | 3-5 Years | More Than 5 Years |
| Capital Lease Obligations | \$ - | \$ - | \$ - | \$ - | \$ - |
| Operating Leases Obligations | 580,384 | 433,339 | 147,045 | - | - |
| Purchase Obligations | - | - | - | - | - |
| Other Long-term Liabilities | 3,662,233 | 133,298 | 1,338,919 | - | 2,190,016 |

We are committed to pay our key executives a total of \$803,386 per year for management services.

The Company entered into a multi-year uranium sales contract in June 2011, as amended in January 2012, requiring the delivery of a total 320,000 pounds of U₃O₈ by the Company over a three-year period starting in August 2011. The sales price will be based on published market price indicators at the time of delivery. During Fiscal 2012, the Company fulfilled its first-year delivery obligations under this contract.

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 effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

Critical Accounting Policies

The following describes the Company's critical accounting policies, however, refer to Note 2: Summary of Significant Accounting Policies of the notes to the Company's consolidated financial statements as presented under Item 8. Financial Statements and Supplementary Data, disclosing all of the Company's significant accounting policies.

Inventories

Inventories are comprised of supplies, uranium concentrates and work-in-progress. Expenditures include mining and processing activities that will result in future production of uranium concentrates and depreciation and depletion charges. Mining and processing costs include labor, chemicals, directly attributable production expenditures and overhead related to production. Inventories are carried at the lower of cost or net realizable value and are valued and charged to cost of sales using the average costing method.

Mineral Rights

Expenditures relating to the acquisition of mineral rights are capitalized as incurred. Expenditures relating to exploration activities are expensed as incurred, while those relating to development activities are expensed when incurred prior to the completion of a bankable feasibility study establishing proven and probable reserves. Once proven and probable reserves are established, subsequent development expenditures relating to that project are capitalized.

Upon commencement of production, the project's capitalized expenditures are depleted over proven and probable reserves using the units-of-production method. Where proven and probable reserves have not been established, such capitalized expenditures are depleted over the estimated production life using the straight-line method. The Company has not established proven or probable reserves on any of its projects.

The carrying values of the mineral rights are assessed for impairment by management on a quarterly basis or when indicators of impairment exist. Should management determine that these carrying values cannot be recovered, the unrecoverable amounts are written off against earnings.

Restoration and Remediation Costs (Asset Retirement Obligations)

Various federal and state mining laws and regulations require the Company to reclaim the surface areas and restore underground water quality for its mine projects to the pre-existing mine area average quality after the completion of mining.

Future reclamation and remediation costs, which include production equipment removal and environmental remediation, are accrued at the end of each period based on management's best estimate of the costs expected to be incurred at each project. Such estimates are determined by the Company's engineering studies which consider the cost of future surface and groundwater activities, current regulations, actual expenses incurred, and technology and industry standards.

In accordance with ASC 410, Asset Retirement and Environmental Obligations, the Company capitalizes the measured fair value of asset retirement obligations to mineral rights and properties. The asset retirement obligations are accreted to an undiscounted value until the time at which they are expected to be settled. The accretion expense is charged to earnings and actual retirement costs are recorded against the asset retirement obligations when incurred. Any difference between the recorded asset retirement obligations and the actual retirement costs incurred will be recorded as a gain or loss in the period of settlement.

On a quarterly basis, the Company updates cost estimates, and other assumptions used in the valuation of asset retirement obligations at each of its mineral properties to reflect new events, changes in circumstances and any new information that is available. Changes in these costs have a corresponding impact on the asset retirement obligations.

Revenue Recognition

The recognition of revenue from the sale of uranium concentrates is in accordance with the guidelines outlined in ASC Section 605-10-25, Revenue Recognition. The Company delivers its uranium concentrates to a uranium storage facility and once the product is confirmed to meet the required specifications, the Company receives credit for a specified quantity measured in pounds. Future sales of uranium concentrates are expected to generally occur under uranium supply agreements or through the uranium spot market. Once a sale of uranium concentrates is negotiated, the Company will notify the uranium storage facility with instructions for a title transfer to the customer. Revenue is recognized once a title transfer of the uranium concentrates is confirmed by the uranium storage facility at which point the customer is invoiced by the Company.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are subject to market risk related to the market price of uranium. We have one uranium sales agreement based upon the market price of uranium at the time of delivery, and since future sales of uranium concentrates are expected to generally occur under this uranium supply agreement or through the uranium spot market, fluctuations in the market price of uranium would have a direct impact on our revenues and cash flows.

We are subject to market risk related to foreign currency exchange rate fluctuations. Our functional currency is the United States dollar, however, a portion of our business is transacted in other currencies including the Canadian dollar and Paraguayan Guarani. To date, these fluctuations have not had a material impact on our results of operations. We do not use derivative financial instruments for speculative trading purposes, nor do we hedge our foreign currency exposure to manage our foreign currency fluctuation risk.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**Financial Statements**

The financial statement information for the fiscal year ended July 31, 2012 as listed below are included beginning on page F-1 of this Form 10-K:

- Reports of Independent Registered Public Accounting Firm;
- Consolidated Balance Sheets;
- Consolidated Statements of Operations and Comprehensive Loss;
- Consolidated Statements of Stockholders Equity;
- Consolidated Statements of Cash Flows; and
- Notes to the Consolidated Financial Statements.

Supplementary Financial Information

The selected financial data for each of the quarters for the two most recent fiscal years are presented below:

| | For the Quarters Ended | | | |
|----------------------------------|-------------------------------|-------------|--------------|--------------|
| | 31-Jul-12 | 30-Apr-12 | 31-Jan-12 | 31-Oct-11 |
| Sales | \$ 7,517,400 | \$ - | \$ 3,120,000 | \$ 3,120,000 |
| Gross profit | 2,566,214 | - | 1,379,232 | 1,699,914 |
| Net loss | (4,753,814) | (8,224,351) | (6,547,244) | (5,558,311) |
| Basic and diluted loss per share | (0.06) | (0.10) | (0.09) | (0.07) |

| | For the Quarters Ended | | | |
|----------------------------------|-------------------------------|-------------|-------------|-------------|
| | 31-Jul-11 | 30-Apr-11 | 31-Jan-11 | 31-Oct-10 |
| Sales | \$ - | \$ - | \$ - | \$ - |
| Gross profit | - | - | - | - |
| Net loss | (5,563,511) | (6,245,967) | (6,646,957) | (8,901,660) |
| Basic and diluted loss per share | (0.06) | (0.09) | (0.10) | (0.15) |

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. 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.

Management's Report on Internal Control Over Financial Reporting

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting, as required by Sarbanes-Oxley (SOX) Section 404(a). The Company's internal control over financial reporting is a process designed under the supervision of the Company's Principal Executive Officer and Principal Financial Officer, and effected by the Company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external purposes in accordance with United States generally accepted accounting principles.

As of July 31, 2012, management assessed the effectiveness of the Company's internal control over financial reporting based on the criteria for effective internal control over financial reporting established in Internal Control -Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and SEC guidance on conducting such assessments. Based on that evaluation, the Company's management concluded that, as at July 31, 2012, such internal control over financial reporting was effective.

The independent registered public accounting firm that audited the financial statements included in this annual report on Form 10-K has issued an attestation report on the Company's internal control over financial reporting which attestation report has been included in the financial statements.

We will continue to monitor and evaluate the effectiveness of our internal controls and procedures over financial reporting on an ongoing basis and are committed to taking further action by implementing additional enhancements or improvements, or deploying additional human resources as may be deemed necessary.

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 the fourth fiscal quarter for the fiscal year ended July 31, 2012 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

Not applicable

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Our directors and executive officers and their respective ages as of the date hereof are as follows:

| Name | Age | Position with the Company |
|---------------------|------------|--|
| Amir Adnani | 34 | President, Chief Executive Officer, Principal Executive Officer and a director |
| Alan P. Lindsay | 62 | Chairman and a director |
| Harry L. Anthony | 65 | Chief Operating Officer and a director |
| Mark Katsumata | 46 | Secretary, Treasurer, Chief Financial Officer and Principal Accounting Officer |
| Ivan Obolensky | 87 | Director |
| Vincent Della Volpe | 70 | Director |
| David Kong | 66 | Director |
| Katharine Armstrong | 59 | Director |

The following describes the business experience of each of our directors and executive officers, including other directorships held in reporting companies:

Amir Adnani. Mr. Adnani is a co-founder of our Company and has served as President, Chief Executive Officer, Principal Executive Officer and a director of the Company since January 24, 2005. Mr. Adnani is an entrepreneur with an extensive background in business development and marketing. In September of 2004 he founded and was the sole shareholder, a director and President of Blender Media Inc., a Vancouver based company that provides strategic marketing and financial communications services to public companies and investors in mineral exploration, mining, and energy sectors. Effective October 1, 2006, Mr. Adnani ceased being a director, officer or shareholder of Blender Media Inc. In June of 2001, Mr. Adnani co-founded, and from June 2001 to September 2004, was a director and officer of Fort Sun Investments Inc., a strategic marketing and financial communications services company for public companies. Mr. Adnani has served as a director and chairman of the board of Brazil Resources Inc., a mining company listed on the TSX-V, since August 2010. Mr. Adnani holds a Bachelor of Science degree from the University of British Columbia. Mr. Adnani is not a director or officer of any other U.S. reporting company.

Alan P. Lindsay. Mr. Lindsay, a co-founder of our Company, has served as Chairman of the Company since December 2005. Mr. Lindsay has also served as Chairman and a director of Bullfrog Gold Corp. from July 2011 to date. Mr. Lindsay served as a director of MIV Therapeutics, Inc. (**MIV**), a biomedical company focused on biocompatible coating technology for stents and medical devices, from October 2001 through March 2010, and as Chief Executive Officer of MIV from October 2001 to January 2008. From December 2005 through July 2009, Mr. Lindsay served as Chairman and director of TapImmune Inc., a development stage biotechnology company. Mr. Lindsay was a founding officer and director of Strategic American Oil Corporation (now known as Duma Energy Corp.; **Strategic**), positions that he held from April until July 2005. He subsequently served as a director of Strategic from April 2007 until December 2010.

Mr. Lindsay was a founder of Azco Mining Inc., now known as Santa Fe Gold Corp. (**Azco**) and served as Chairman, President and Chief Executive Officer of Azco from 1992 to 2000. Azco was listed on the Toronto Stock Exchange in 1993 and on the American Stock Exchange in 1994. Mr. Lindsay also co-founded Anatolia Minerals Development Limited (now known as Alacer Gold Corp.), a junior resource company that trades on the TSX, and New Oropu Resources Inc., a junior resource company that also trades on the TSX Venture Exchange. Mr. Lindsay is also a director of Terra Firma Resources Inc., and was a director of Hana Mining Ltd., from 2005 to 2008, both being junior resource companies that trade on the TSX Venture Exchange.

Harry L. Anthony. Mr. Anthony has been our Chief Operating Officer and a director since February 2006. Mr. Anthony has over 40 years of industrial, hydro-metallurgical experience; the past 35 years being in the uranium mining industry. From approximately 1997 to February, 2006, Mr. Anthony had been a consultant through Anthony Engineering Services for several major uranium companies and international agencies, which duties generally include project evaluation, operations trouble shooter and technical and financial expert. From approximately 1990 through 1997, Mr. Anthony was a Senior Vice-President of Uranium Resources, Inc. (URI), where he managed all facets of operations and technical support to achieve production goals, drilling, ion exchange, reverse osmosis, software development and equipment design. Mr. Anthony's duties also included oversight of construction, technical aspects, daily operations of plants and wellfields, budget planning and forecasting, property evaluations and reserve estimations. Mr. Anthony also previously served as the Vice-President of Engineering/engineering manager of URI, and a project superintendent and project engineer for Union Carbide Corp. Mr. Anthony was on the board of directors of URI from 1984 through 1994. He is the author of several publications and the recipient of the awards Distinguished Member of the South Texas Mineral Section of AIME -1987 and 1999 Outstanding Citizen of the Year - Kingsville Chamber of Commerce . Mr. Anthony received an M.S. in Engineering Mechanics in 1973 and a B.S. in Engineering Mechanics in 1969 from Pennsylvania State University. Mr. Anthony is not a director or officer of any other U.S. reporting company.

Mark A. Katsumata. Mr. Katsumata was a director of our Company and the Chairman of our Audit Committee from May 11, 2009 until January 5, 2011. Since January 5, 2011 Mr. Katsumata has served as our Secretary, Treasurer and Chief Financial Officer. Mr. Katsumata has served as a Chief Financial Officer and Vice President, Finance of several NYSE MKT, TSX and TSX Venture Exchange companies. Mr. Katsumata has over 20 years of experience related to the mining industry and has been a member in good standing of the Certified General Accountants Association of British Columbia and Canada since 1997. During the past five years, Mr. Katsumata was the Chief Financial Officer of Candente Resource Corp., a TSX listed base and precious metals explorer, and the Chief Financial Officer/Vice President, Finance of each of Denison Mines Corp., an NYSE MKT and TSX listed uranium producer and explorer, and Fortress Minerals Corp., a TSX Venture Exchange listed precious metals explorer.

Ivan Obolensky. Mr. Obolensky has served on our Board of Directors since April 2007. Mr. Obolensky has over 40 years of experience in the investment banking business as a supervisory financial analyst, with specific expertise in the defense, aerospace, oil and gas, nuclear power, metals and mining, publishing and high technology industries. He has also been Senior Executive of several investment banks, including Sterling Grace & Co., Jesup, Josephthal & Co., Dominick and Dominick, Inc., Middendorf Colgate and CB Richard Ellis Moseley Hallgarten. From November, 1990 to date, Mr. Obolensky has been a Senior Vice-President of Wellington Shields & Co. LLC an investment bank and Member of the New York Stock Exchange. Mr. Obolensky is a Registered Investment Advisor and a long-time member of the New York Society of Security Analysts and the CFA Institute. Twenty-year-President of the Josephine Lawrence Hopkins Foundation, he is also a Past Grand Treasurer of the Grand Lodge of the State of New York, where he presently serves as Chairman of its watchdog Financial Oversight Committee for the Masonic Brotherhood Foundation. Professionally, he has made frequent appearances as a guest of CNBC, CNNfn and Bloomberg TV. Mr. Obolensky is also a pro-active Board Member of several charitable organizations: The Children's Cancer & Blood Foundation; The Bouverie Audubon Preserve of Glen Ellen California; The Police Athletic League of New York City; and General Blackjack Pershing's Soldiers, Sailors, Marines, and Airmen's Club, where he is also Chairman and CEO. He is a graduate of Yale University and a Lieutenant (J.g.) US Naval Air Corps, USNR (Ret.).

Vincent Della Volpe. Mr. Della Volpe has served as a professional money manager for over 35 years, including as a senior portfolio manager of pension funds for Honeywell Corporation and senior vice president of the YMCA Retirement fund in New York. Throughout his career Mr. Della Volpe has particularly focused on the management of energy and utility equity portfolios, and he also has experience managing venture capital investments. Mr. Della Volpe holds a Bachelor of Arts in Accounting and an MBA in finance, both from Seton Hall University. From 2006 to 2011, Mr. Della Volpe served as a director of Gold Canyon Resources, Inc., a junior natural resources company incorporated in British Columbia, Canada, listed on the TSX Venture Exchange. Mr. Della Volpe has been retired since March 2003. During the prior 11 years he was employed by the YMCA Retirement Fund.

David Kong. Mr. Kong became a director of our Company on January 5, 2011. Mr. Kong holds a Bachelor in Business Administration and earned his Chartered Accountant designation in British Columbia in 1978 and U.S. CPA (Illinois) designation in 2002. From 2005 to 2010, Mr. Kong was a partner at Ernst & Young LLP. From 1981 to 2004, Mr. Kong was a partner at Ellis Foster, Chartered Accountants. Currently, Mr. Kong is a director of Hana Mining Ltd., New Pacific Metals Corp., Brazil Resources Inc., Silvercorp Metals Inc., and IDM International Limited. Mr. Kong is a Certified Director (ICD.D) of the Institute of Corporate Directors.

Katharine Armstrong. Ms. Armstrong became a director of our Company on June 1, 2012. Ms. Armstrong is highly knowledgeable regarding the natural resources and environment of the state of Texas. She was appointed to the Texas Parks and Wildlife Commission in 1999 by Governor George W. Bush, and was named chairman in 2001 by Governor Rick Perry. The Texas Parks and Wildlife Department is the country's second-largest wildlife agency. Ms. Armstrong serves on several boards and advisory committees. Earlier she was active with the selection committee for the White House Fellows Program and as vice-chairman of the Dallas Zoological Society. Currently, she is a director of the Texas and Southwestern Cattle Raisers Association and the Texas Wildlife Association. She serves on the advisory board of the Harte Research Institute for Gulf of Mexico Studies at Texas A&M-Corpus Christi, and is a director of the Texas Watershed Management Foundation.

Advisory Board

We have also established an Advisory Board comprised as of July 31, 2012 of Erik Essiger, Jon Indall, Dr. John D. Nelson, Anthony J. Thompson, Tom Pool, Dr. Bernie D. Schmeling and Carlos Figueredo. The purpose of the Advisory Board is to provide support in our search and acquisition of uranium properties, and for the design, permitting and reclamation of our uranium properties.

Erik Essiger has over 25 years of experience in corporate finance, strategy development and restructuring projects across a wide variety of sectors, including industrial, business services, retail and consumer goods. During the past five years, Mr. Erik Essiger has been Chairman and Chief Executive Officer of The Emirates Capital Limited (**Emirates**). Prior to founding Emirates, Mr. Essiger founded SCP Swiss Capital Partners AG, a corporate finance boutique in Switzerland, which has since been integrated into Emirates. Prior to that, Mr. Essiger was Senior Manager at PricewaterhouseCoopers (PwC) Transaction Services Strategy Group in Frankfurt, focusing on commercial due diligence, strategy consulting and lead advisory. He has acted as a board member of a venture capital company and as Managing Director of a number of corporations. Mr. Essiger has extensive international experience in the Middle East, Germany, Russia, Hong Kong and Switzerland, and was previously a member of the German-Russian co-operation council. Mr. Essiger received his MBA in Business Administration from J.W.-Goethe University, Frankfurt, Germany. Mr. Essiger served as a member of the Board of Directors from August 2006 through May 2012.

Jon Indall is a prominent attorney, and an acknowledged expert in representing uranium industry interests in the United States. Mr. Indall currently is and has been a partner at the law firm of Comeau, Maldegen, Templeman & Indall in Santa Fe, New Mexico for over 25 years. Mr. Indall's career in the law and as an authoritative lobbyist spans over 30 years, with specialization in natural resources and environmental law, and with a special focus on the uranium mining industry. Mr. Indall has represented the Uranium Producers of America (the UPA) - a trade association of domestic uranium producers - since its inception in 1985. He drafted and successfully assisted in lobbying Title X of the Energy Policy Act of 1992 which has provided over \$500 million of federal reimbursements for costs related to reclamation of uranium and thorium mill tailings sites. He was also instrumental in the revitalization of the UPA in 2005, and has been active in negotiations with the US Department of Energy regarding sales of their excess uranium inventories. In court, Mr. Indall has represented senior mining companies including Homestake Mining, Kerr-McGee, Kennecott Corp, and Pennzoil Corp. He has also represented uranium mining and development companies Cameco, Uranium Resources Inc, United Nuclear Corporation, Strathmore Resources and many others. Mr. Indall received his B.A. from the University of Kansas, and his Juris Doctorate from the University of Kansas Law School. He is currently a member of the American Bar Association (Natural Resources Section), the State Bar of New Mexico (Natural Resources Section), and First Judicial District Bar Association.

Dr. John D. Nelson is a professional engineer with licenses in five states, and a long-term professor of civil engineering at Colorado State University. As a professor, he developed a major geotechnical engineering program for the field of mine tailings management, primarily as it relates to uranium mining, and is an industry expert in this specialized field. Dr. Nelson served as the chairman of the Annual Conference on Tailings and Mine Waste for 20 years. He is the senior author of a primary report, *Long-Term Stability of Uranium Mill Tailings*, prepared for the Nuclear Regulatory Commission (NRC) -- a source document for environmental impact statements in this industry.

He also served as a consultant to the NRC, including the review of all uranium tailings management plans for mill licensing applications from 1978 until 1984. Since 1985, he has served as a consulting engineer for the mining industry and has acted as the senior technical engineer for several tailings dam projects including Uravan, Gas Hills, Maybell, and York Canyon. Dr. Nelson received his BSc, MSc and PhD in Civil Engineering from the Illinois Institute of Technology in Chicago. He is Professor Emeritus at Colorado State University.

Anthony J. Thompson has been practicing environmental and occupational health and safety law since the mid-1970s. He is the primary outside counsel to the National Mining Association (NMA) for uranium issues, and he has represented much of the domestic uranium mining and milling industry either as counsel to NMA or as counsel to individual licensees since the late 1970s. He is the prime author of NMA's White Paper entitled "Recommendations for a Coordinated Approach to Regulating the Uranium Recovery Industry." Mr. Thompson received his BA in History from Princeton University and his law degree from the University of Virginia School of Law. He is a member of the American Nuclear Society, the American Bar Association and the Society for Mining, Metallurgy, and Exploration.

Tom Pool is recognized as an authoritative analyst for the development of new production facilities, evaluation of strategies, and assessment of production costs. He is proficient with preliminary and detailed feasibility studies for new project development and financing. He is highly experienced with valuations of uranium projects and deposits, and with property brokerage. Since 1993, Mr. Pool has served as the Chairman of International Nuclear, Inc., based in Golden, Colorado. Over the past 40 years, his career includes senior management roles with prominent uranium organizations including having served as Vice President Engineering of Nuclear Fuels Corporation, Acting Technical Superintendent for the Beverley in-situ leach uranium mine in South Australia, Manager of Uranium Supply for ConverDyn, Internal Consultant for the CONCORD group of companies, Vice President of Marketing with Energy Fuels Nuclear and Vice President of NUEXCO Information Services. Mr. Pool also served as a Director of Intermountain Resources. He has authored more than fifty papers on key aspects of uranium development, production and markets.

Dr. Bernie D. Schmeling, currently Chief Operating Officer of Semin S.A., is a professional geophysicist and has more than 35 years of experience in exploration programs worldwide and mining projects for uranium and other commodities. Previously, he was a member of the original Uranerz team as a senior and chief geophysicist for 19 years. During this period, he was closely involved, starting in 1975, with the discovery and development of the major uranium deposit at Key Lake in Saskatchewan, Canada. For 13 years, he managed all geophysical programs as well as all contracted work including all drill hole data evaluations and U3O8-grade calculations. This work included studies of radiometric disequilibrium factors and density determinations for the U3O8 resource calculations at diverse sandstone deposits in Texas, Wyoming, Nebraska, Colorado and other states. Since 2006, he has been fully involved in the exploration and development activities of Semin S.A. in Paraguay and other South American countries. Dr. Schmeling is recognized internationally as one of the few leading experts in uranium exploration including ISR exploration.

Carlos Figueredo has 25 years of experience in mineral and oil exploration in Paraguay as Chief Geologist and Assistant Mineral Exploration Manager of Semin S.A. He formerly worked for Anschutz Corporation during its initial exploration efforts in Paraguay. He played a pivotal role in the development of the Coronel Oviedo project, as well as discoveries of other commodities in eastern Paraguay.

Term of Office

All of our directors hold office until the next annual general meeting of the shareholders or until their successors are elected and qualified. Our officers are appointed by our board of directors and hold office until their earlier death, retirement, resignation or removal.

Significant Employees

There are no significant employees other than our executive officers.

Audit Committee

Our board of directors has established an Audit Committee, comprised of David Kong, Vincent Della Volpe and Ivan Obolensky. The Audit Committee operates pursuant to a charter adopted by the board.

David Kong, Vincent Della Volpe and Ivan Obolensky are "independent" directors of the Company as that term is defined in Rule 121 of the NYSE MKT Equities Exchange listing standards. The Board of Directors of the Company has determined that David Kong qualifies as an audit committee financial expert pursuant to SEC rules.

Family Relationships

Alan Lindsay is the father-in-law of Amir Adnani.

Involvement in Certain Legal Proceedings

Except as disclosed in this annual report, during the past ten years none of the following events have occurred with respect to any of our directors or executive officers:

1. A petition under the Federal bankruptcy laws or any state insolvency law was filed by or against, or a receiver, fiscal agent or similar officer was appointed by a court for the business or property of such person, or any partnership in which he was a general partner at or within two years before the time of such filing, or any corporation or business association of which he was an executive officer at or within two years before the time of such filing;
2. Such person was convicted in a criminal proceeding or is a named subject of a pending criminal proceeding (excluding traffic violations and other minor offenses);
3. Such person was the subject of any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining him from, or otherwise limiting, the following activities:
 - i. Acting as a futures commission merchant, introducing broker, commodity trading advisor, commodity pool operator, floor broker, leverage transaction merchant, any other person regulated by the Commodity Futures Trading Commission, or an associated person of any of the foregoing, or as an investment adviser, underwriter, broker or dealer in securities, or as an affiliated person, director or employee of any investment company, bank, savings and loan association or insurance company, or engaging in or continuing any conduct or practice in connection with such activity;
 - ii. Engaging in any type of business practice; or
 - iii. Engaging in any activity in connection with the purchase or sale of any security or commodity or in connection with any violation of Federal or State securities laws or Federal commodities laws;

7. Such person was the subject of, or a party to, any Federal or State judicial or administrative order, judgment, decree, or finding, not subsequently reversed, suspended or vacated, relating to an alleged violation of:
- i. Any Federal or State securities or commodities law or regulation; or
 - ii. Any law or regulation respecting financial institutions or insurance companies including, but not limited to, a temporary or permanent injunction, order of disgorgement or restitution, civil money penalty or temporary or permanent cease-and-desist order, or removal or prohibition order; or
 - iii. Any law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity; or

There are currently no legal proceedings to which any of our directors or officers is a party adverse to us or in which any of our directors or officers has a material interest adverse to us.

Code of Ethics

We have adopted a Code of Business Conduct (our Code of Ethics) that applies to all directors and officers. The code describes the legal, ethical and regulatory standards that must be followed by the directors and officers of the Company and sets forth high standards of business conduct applicable to each director and officer. As adopted, our Code of Business Conduct sets forth written standards that are designed to deter wrongdoing and to promote, among other things:

- honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- full, fair, accurate, timely and understandable disclosure in reports and documents that the Company files with, or submits to, the SEC and in other public communications made by the Company;
- compliance with applicable governmental laws, rules and regulations;
- the prompt internal reporting of violations of the code to the appropriate person or persons identified in the code; and
- accountability for adherence to the code.

A copy of the Code of Business Conduct and Ethics Policy can be viewed on our website at the following URL: http://www.uraniumenergy.com/about_us/corporate_governance/code_of_ethics/.

Compliance with Section 16(a) of the Exchange Act

Section 16(a) of the Exchange Act requires our directors and officers, and the persons who beneficially own more than 10% of our common stock, to file reports of ownership and changes in ownership with the SEC. Copies of all filed reports are required to be furnished to us pursuant to Rule 16a-3 promulgated under the Exchange Act. Based solely on the reports received by us and on the representations of the reporting persons, we believe that these persons have complied with all applicable filing requirements during the year ended July 31, 2012, except as follows:

| Name | Number of Late Reports | Number of Transactions Not Reported on Timely Basis |
|--------------------------------|-------------------------------|--|
| Amir Adnani | 1 | 1 (option grant) |
| Alan P. Lindsay | 1 | 1 (option grant) |
| Harry L. Anthony | 1 | 1 (option grant) |
| Mark Katsumata | 1 | 1 (option grant) |
| Ivan Obolensky | 1 | 1 (option grant) |
| Vincent Della Volpe | 1 | 1 (option grant) |
| David Kong | 1 | 1 (option grant) |
| Erik Essiger (former director) | 1 | 1 (option grant) |

ITEM 11. EXECUTIVE COMPENSATION**Compensation Discussion and Analysis**

The Compensation Committee of our Board of Directors is responsible for establishing and administering the Company's executive and director compensation.

The Compensation Committee is composed entirely of independent, non-management members of the Board of Directors. The Board of Directors has determined that none of the Compensation Committee members have any material business relationships with the Company. Independency is re-assessed annually.

The responsibilities of the Compensation Committee, as stated in its charter, include the following:

- review and approve the Company's compensation guidelines and structure;
- review and approve on an annual basis the corporate goals and objectives with respect to compensation for the chief executive officer;
- review and approve on an annual basis the evaluation process and compensation structure for the Company's other officers, including salary, bonus, incentive and equity compensation; and
- periodically review and make recommendations to the Board of Directors regarding the compensation of non-management directors.

Overview of Executive Compensation Program

The Company recognizes that people are our primary asset and our principal source of competitive advantage. In order to recruit, motivate and retain the most qualified individuals as senior executive officers, the Company strives to maintain an executive compensation program that is competitive in the mining industry which is a competitive, global labor market.

The Compensation Committee's compensation objective is designed to attract and retain the best available talent while efficiently utilizing available resources. The Compensation Committee compensates executive management primarily through base salary and equity compensation designed to be competitive with comparable companies, and to align management's compensation with the long-term interests of shareholders. In determining an executive management's compensation, the Compensation Committee also takes into consideration the financial condition of the Company and discussions with the executive.

In order to accomplish our goals and to ensure that the Company's executive compensation program is consistent with its direction and business strategy, the compensation program for our senior executive officers is based on the following objectives:

- encourage and reward performance which supports the Company's core values and business objectives;
- emphasize a pay for performance system, in which an individual's short and long-term compensation and career advancement are dependent upon both individual and Company performance, with an objective of increasing long-term shareholder value; and
- provide competitive total compensation and reward programs to enhance the Company's ability to attract, motivate and retain knowledgeable and experienced senior executive officers.

Compensation Elements and Rationale

There are three basic components to the Company's executive compensation program: base salary, short term incentive cash awards and long-term incentive equity compensation.

Base Salary

Annual base salary must be considered in the context of the overall compensation package. Generally, the Company will target being competitive within the peer group and market place where we compete for talent, therefore, the Company has conducted an internal survey of companies within our industry and has found our annual base salaries to be aligned with those within the peer group.

Short-Term Incentive (Cash)

The objective of the short-term incentive program is to motivate the executive officers to achieve pre-determined objectives and provide a means to reward the achievement of corporate milestones and fulfillment of the annual business plan.

Long-Term Incentive (Equity)

The Company's long-term incentive program provides for the granting of stock options to senior executive officers to both motivate executive performance and retention, as well as align executive officer performance to shareholder value. In awarding long-term incentives, the Company compares the long-term incentive program to that of peer group companies and evaluates such factors as the number of options available under its Stock Incentive Plans and the number of options outstanding relative to the number of shares outstanding. The Company has historically sought to award stock options on a competitive basis, therefore, the Company has conducted an internal survey of companies within our industry and has found our long-term incentive program to be aligned with those within the peer group.

Non-Cash Compensation

The Company provides standard health benefits to its executives. The following table sets forth the compensation paid to our Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and those executive officers that earned in excess of \$100,000 during the years ended July 31, 2012, 2011, and 2010 (the "Named Executive Officers"):

Summary Compensation Table

| Name and Principal Position | Year | Salary ⁽¹⁾ | Bonus | Stock Awards | Options Awards ⁽²⁾ | Non-Equity Incentive Plan Compensation | Non-Qualified Deferred Compensation Earnings | Co |
|---|------|-----------------------|------------|--------------|-------------------------------|--|--|----|
| Amir Adnani, President and Chief Executive Officer | 2012 | \$ 387,005 | \$ 270,000 | \$ - | \$ 185,382 | \$ - | \$ - | |
| | 2011 | 334,630 | 250,000 | - | 463,737 | - | - | |
| | 2010 | 279,741 | 140,000 | - | 490,000 | - | - | |
| Harry L. Anthony, Chief Operating Officer | 2012 | 327,346 | 270,000 | - | 185,382 | - | - | |
| | 2011 | 283,741 | 250,000 | - | 463,737 | - | - | |
| | 2010 | 258,365 | 140,000 | - | 490,000 | - | - | |
| Mark Katsumata, ⁽⁴⁾ Secretary, Treasurer and Chief Financial Officer | 2012 | 156,851 | 49,574 | - | 102,990 | - | - | |
| | 2011 | 88,019 | - | - | 125,209 | - | - | |
| | 2010 | - | - | - | - | - | - | |
| Pat Obara, ⁽⁵⁾ Former Secretary, Treasurer and Chief Financial Officer | 2012 | - | - | - | - | - | - | |
| | 2011 | 78,347 | 114,677 | - | 278,242 | - | - | |
| | 2010 | 147,774 | 56,000 | - | 294,000 | - | - | |

- (1) These amounts represent fees paid by us to the Named Executive Officers during the year pursuant to various employment and consulting services agreements, as between us and the Named Executive Officers, which are more particularly described below.
- (2) These amounts represent the fair value of these options at the date of grant which was estimated using the Black-Scholes option pricing model. See Note 11 to our financial statements contained herein.
- (3) The Company did not record any non-equity incentive compensation plan expense, non-qualified deferred compensation expense or other compensation expense for the Named Executive Officers.
- (4) Mr. Katsumata was appointed as Secretary, Treasurer and Chief Financial Officer effective January 2011.
- (5) Mr. Obara resigned as Secretary, Treasurer and Chief Financial Officer, and was appointed as Vice President, Administration of the Company effective January 2011.

Stock Options Grants

We granted options to purchase shares of our common stock to the Named Executive Officers in the fiscal year ended July 31, 2012 as follows:

| Name | Grant Date | Estimated Future Payouts Under Equity Incentive Plan Awards | | | All Other Stock Awards: Number of Shares of Stock or Units | All Other Option Awards: | | Grant Date Fair Value of Stock and Option Award |
|---|--------------------|---|--------|---------|--|---|---------------------------------|---|
| | | Threshold | Target | Maximum | | Number of Securities Underlying Options | Exercise Price of Option Awards | |
| Amir Adnani, President and Chief Executive Officer | September 26, 2011 | - | - | - | - | 90,000 | \$ 2.78 | \$ 185,382 |
| Harry L. Anthony, Chief Operating | September 26, 2011 | - | - | - | - | 90,000 | 2.78 | 185,382 |

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| | | | | | | | | |
|---|-----------------------|---|---|---|---|--------|------|---------|
| Officer Mark Katsumata, Secretary, Treasurer and Chief Financial Officer | September 26, 2011 | - | - | - | - | 50,000 | 2.78 | 102,990 |
|---|-----------------------|---|---|---|---|--------|------|---------|

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The following table sets forth information as of July 31, 2012, relating to options that have been granted to the Named Executive Officers:

Option Awards

| Name | Number of Securities Underlying Unexercised Options Exercisable | Number of Securities Underlying Unexercised Options (Unexercisable) | Equity Incentive Plan Awards: Securities Underlying Unexercised Options | Option Exercise Price | Option Expiration Date | Number of Shares or Units of Stock That Have Not Vested |
|--|---|---|---|-----------------------|------------------------|---|
| Amir Adnani, President and Chief Executive Officer | 202,500 | - | - | \$ 0.33 | December 20, 2015 | - |
| | 225,000 | - | - | 0.45 | January 1, 2017 | - |
| | 250,000 | - | - | 0.45 | April 7, 2018 | - |
| | 250,000 | - | - | 2.40 | August 26, 2019 | - |
| | 250,000 | - | - | 2.43 | August 13, 2020 | - |
| | 90,000 | - | - | 2.78 | September 26, 2021 | - |
| Harry L. Anthony, Chief Operating Officer | 202,500 | - | - | 0.33 | December 20, 2015 | - |
| | 72,500 | - | - | 0.33 | February 1, 2016 | - |
| | 225,000 | - | - | 0.45 | January 1, 2017 | - |
| | 250,000 | - | - | 0.45 | April 7, 2018 | - |
| | 250,000 | - | - | 2.40 | August 26, 2019 | - |
| | 250,000 | - | - | 2.43 | August 13, 2020 | - |
| Mark Katsumata, Secretary, Treasurer and Chief Financial Officer | 90,000 | - | - | 2.78 | September 26, 2021 | - |
| | 75,000 | - | - | 1.50 | May 8, 2019 | - |
| | 75,000 | - | - | 2.40 | August 26, 2019 | - |
| | 67,500 | - | - | 2.43 | August 13, 2020 | - |
| Pat Obara, ⁽¹⁾ Former Secretary, Treasurer and Chief Financial Officer | 50,000 | - | - | 2.78 | September 26, 2021 | - |
| | 180,000 | - | - | 0.45 | October 10, 2016 | - |
| | 25,000 | - | - | 0.45 | January 1, 2017 | - |
| | 125,000 | - | - | 0.45 | April 7, 2018 | - |
| | 150,000 | - | - | 2.40 | August 26, 2019 | - |
| | 150,000 | - | - | 2.43 | August 13, 2020 | - |

(1) Mr. Pat Obara resigned as Secretary, Treasurer and Chief Financial Officer, and was appointed as Vice President, Administration of the Company effective January 2011.

All of the options held by our Named Executive Officers are fully-vested. None of our Named Executive Officers exercised any options during our fiscal year ended July 31, 2012.

Long Term Incentive Plans

The Company does not maintain any long-term incentive plans, including, without limitation, any pension or other contribution plan.

Consideration of Most Recent Shareholder Advisory Vote on Executive Compensation

As required by Section 14A of the Exchange Act, at our 2012 Annual Meeting of Stockholders our stockholders voted, in an advisory manner, on a proposal to approve our named executive officer compensation. This was our most recent stockholder advisory vote to approve named executive officer compensation. The proposal was approved by our stockholders, receiving approximately 94% of the vote of the stockholders present in person or represented by proxy and voting at the meeting. We considered this vote to be a ratification of our current executive compensation policies and decisions and, therefore, did not make any significant changes to our executive compensation policies and decisions based on the vote.

Employment and Consulting Agreements with Named Executive Officers

Adnani Executive Services Agreement

On July 1, 2006, our Board of Directors authorized and approved an executive services agreement between us and Amir Adnani, as amended by letter agreement dated July 1, 2007, which provided for an initial term expiring July 1, 2009. On July 23, 2009 our Board of Directors approved the entering into of a further amended and restated executive services agreement (the Adnani Agreement) with Amir Adnani Corp. (the Consultant) with a term expiring on July 23, 2012. The Adnani Agreement remains in effect, because it is subject to automatic renewal on a three-month to three-month term renewal basis unless either the Company or the Consultant provides written notice not to renew the Adnani Agreement no later than 90 days prior to the end of the then-current term.

Pursuant to the terms and provisions of the Adnani Agreement: (a) through the Consultant, Mr. Adnani shall continue to provide duties to us commensurate with his current executive positions as our President and Chief Executive Officer; and (b) we shall pay to the Consultant a monthly fee of \$19,167.

If the Company elects to not renew the Adnani Agreement, and provided that the Consultant is in compliance with the relevant terms and conditions of the Adnani Agreement, the Company shall be obligated to provide a severance package to the Consultant follows: (a) a cash payment equating to an aggregate of four months of the then monthly fee for each full year, and any portion thereof, of the initial term and any renewal period during which the Adnani Agreement was in force and effect and during which the Consultant rendered services thereunder, payable by the Company to the Consultant within 14 calendar days of the effective termination date; (b) any expense payment reimbursements which would then be due and owing by the Company to the Consultant to the effective termination date, payable within 14 calendar days of the effective termination date (the Adnani Outstanding Expense Reimbursements); (c) any pro rata and unused vacation pay which would then be due and owing by the Company to Mr. Adnani to the effective termination date and payable within 14 calendar days of the effective termination date (the Adnani Outstanding Vacation Pay); (d) subject to applicable provisions of the Adnani Agreement, confirmation that all of the Consultant's and Mr. Adnani's then issued and outstanding and vested options in and to the Company as at the effective termination date are exercisable for a period of one year from the effective termination date (the Adnani Options Extension); and (e) confirmation that all of Consultant's and Mr. Adnani's then benefits coverage would be extended to Mr. Adnani for a period ending two years from the effective termination date (the Adnani Benefits Extension).

If the Company elects to terminate the Adnani Agreement without just cause, or if the Consultant terminates the Adnani Agreement for just cause, and provided that the Consultant is in compliance with the relevant terms and conditions of the Adnani Agreement, the Company shall be obligated to provide a severance package to the Consultant as follows: (a) a cash payment equating to an aggregate of 24 months, payable by the Company to the Consultant within 14 calendar days of the effective termination date; (b) all Adnani Outstanding Expense Reimbursements, payable within 14 calendar days of the effective termination date; (c) all Adnani Outstanding Vacation Pay, payable within 14 calendar days of the effective termination date; (d) subject to applicable provisions of the Adnani Agreement, the Adnani Options Extension commencing on the effective termination date; and (e) the Adnani Benefits Extension commencing on the effective termination date.

If the Consultant elects to terminate the Adnani Agreement either (i) in connection with a change in control of the Company or (ii) if Mr. Adnani's position as Chief Operating Officer of the Company is terminated by the Company, and provided that the Consultant is in compliance with the relevant terms and conditions of the Adnani Agreement, the Company shall be obligated to provide a severance package to the Consultant as follows: (a) a cash payment equating to an aggregate of 18 months, payable by the Company to the Consultant within 14 calendar days of the effective termination date; (b) all Adnani Outstanding Expense Reimbursements, payable within 14 calendar days of the effective termination date; (c) all Adnani Outstanding Vacation Pay, payable within 14 calendar days of the effective termination date; (d) subject to applicable provisions of the Adnani Agreement, the Adnani Options

Extension commencing on the effective termination date; and (e) the Adnani Benefits Extension commencing on the effective termination date.

If the Consultant elects to terminate the Adnani Agreement, except in connection with a change in control as described above, the Consultant is not entitled to a severance package. In addition, if the Company terminates the Adnani Agreement for just cause, the Consultant is not entitled to a severance package.

The Adnani Agreement will be deemed terminated on the 30th calendar day following the death or disability of Mr. Adnani, in which case the Company shall be obligated to provide a severance package to the Consultant or Mr. Adnani's estate as follows, provided that the Consultant is or was in compliance with the relevant terms and conditions of the Adnani Agreement: (a) a cash payment equating to an aggregate of 12 months, payable by the Company to the Consultant or Mr. Adnani's estate within 14 calendar days of the effective termination date; (b) all Adnani Outstanding Expense Reimbursements, payable within 14 calendar days of the effective termination date; (c) all Adnani Outstanding Vacation Pay, payable within 14 calendar days of the effective termination date; and (d) subject to applicable provisions of the Adnani Agreement, the Adnani Options Extension commencing on the effective termination date.

Anthony Executive Services Agreement

On February 15, 2006, our Board of Directors authorized and approved the execution of an employment agreement between us and Harry L. Anthony. On July 1, 2006, our Board of Directors approved an amendment to this agreement, extending the initial term thereunder to July 1, 2008. On July 23, 2009 our Board of Directors approved the entering into of a further amended and restated executive services agreement with Mr. Anthony (the Anthony Agreement) with an initial term that expired on July 23, 2012. The Anthony Agreement remains in effect, because it is subject to automatic renewal on a three-month to three-month term renewal basis unless either the Company or Mr. Anthony provides written notice not to renew the Anthony Agreement no later than 90 days prior to the end of the then-current term.

Pursuant to the terms and provisions of the Anthony Agreement: (a) Mr. Anthony shall provide duties to us commensurate with his executive position as our Chief Operating Officer; and (b) we shall pay to Mr. Anthony a monthly fee of \$19,167.

If the Company elects to not renew the Anthony Agreement, and provided that Mr. Anthony is in compliance with the relevant terms and conditions of the Anthony Agreement, the Company shall be obligated to provide a severance package to Mr. Anthony as follows: (a) a cash payment equating to an aggregate of four months of the then monthly fee for each full year, and any portion thereof, of the initial term and any renewal period during which the Anthony Agreement was in force and effect and during which Mr. Anthony rendered services thereunder, payable by the Company to Mr. Anthony within 14 calendar days of the effective termination date; (b) any expense payment reimbursements which would then be due and owing by the Company to Mr. Anthony to the effective termination date, payable within 14 calendar days of the effective termination date (the Anthony Outstanding Expense Reimbursements); (c) any pro rata and unused vacation pay which would then be due and owing by the Company to Mr. Anthony to the effective termination date and payable within 14 calendar days of the effective termination date (the Anthony Outstanding Vacation Pay); (d) subject to applicable provisions of the Anthony Agreement, confirmation that all of Mr. Anthony's then issued and outstanding and vested options in and to the Company as at the effective termination date are exercisable for a period of one year from the effective termination date (the Anthony Options Extension); and (e) confirmation that all of Mr. Anthony's then benefits coverage would be extended to Mr. Anthony for a period ending two years from the effective termination date (the Anthony Benefits Extension).

If the Company elects to terminate the Anthony Agreement without just cause, or if Mr. Anthony terminates the Anthony Agreement for just cause, and provided that Mr. Anthony is in compliance with the relevant terms and conditions of the Anthony Agreement, the Company shall be obligated to provide a severance package to Mr. Anthony as follows: (a) a cash payment equating to an aggregate of 24 months, payable by the Company to Mr. Anthony within 14 calendar days of the effective termination date; (b) all Anthony Outstanding Expense Reimbursements, payable within 14 calendar days of the effective termination date; (c) all Anthony Outstanding

Vacation Pay, payable within 14 calendar days of the effective termination date; (d) subject to applicable provisions of the Anthony Agreement, the Anthony Options Extension commencing on the effective termination date; and (e) the Anthony Benefits Extension commencing on the effective termination date.

If Mr. Anthony elects to terminate the Anthony Agreement either (i) in connection with a change in control of the Company or (ii) if Mr. Anthony's position as Chief Operating Officer of the Company is terminated by the Company, and provided that Mr. Anthony is in compliance with the relevant terms and conditions of the Anthony Agreement, the Company shall be obligated to provide a severance package to Mr. Anthony as follows: (a) a cash payment equating to an aggregate of 18 months, payable by the Company to Mr. Anthony within 14 calendar days of the effective termination date; (b) all Anthony Outstanding Expense Reimbursements, payable within 14 calendar days of the effective termination date; (c) all Anthony Outstanding Vacation Pay, payable within 14 calendar days of the effective termination date; (d) subject to applicable provisions of the Anthony Agreement, the Anthony Options Extension commencing on the effective termination date; and (e) the Anthony Benefits Extension commencing on the effective termination date.

If Mr. Anthony elects to terminate the Anthony Agreement, except in connection with a change in control as described above, he is not entitled to a severance package. In addition, if the Company terminates the Anthony Agreement for just cause, Mr. Anthony is not entitled to a severance package.

The Anthony Agreement will be deemed terminated on the 30th calendar day following the death or disability of Mr. Anthony, in which case the Company shall be obligated to provide a severance package to Mr. Anthony or his estate as follows, provided that Mr. Anthony is or was in compliance with the relevant terms and conditions of the Anthony Agreement: (a) a cash payment equating to an aggregate of 12 months, payable by the Company to Mr. Anthony within 14 calendar days of the effective termination date; (b) all Anthony Outstanding Expense Reimbursements, payable within 14 calendar days of the effective termination date; (c) all Anthony Outstanding Vacation Pay, payable within 14 calendar days of the effective termination date; and (d) subject to applicable provisions of the Anthony Agreement, the Anthony Options Extension commencing on the effective termination date.

Katsumata Executive Employment Services Agreement

On January 5, 2011, our Board of Directors approved an executive employment services agreement (the Katsumata Agreement) with Mark Katsumata, our Secretary, Treasurer and Chief Financial Officer.

Pursuant to the terms of the Katsumata Agreement, Mr. Katsumata will perform such duties and responsibilities as an executive employee as set out in the Katsumata Agreement. In consideration for Mr. Katsumata's services, we agreed to: (a) pay Mr. Katsumata a monthly fee in the amount of CAD\$12,500; and (b) subject to applicable rules and policies of relevant regulatory authorities and applicable securities legislation and the Company's Stock Incentive Plan, grant to Mr. Katsumata incentive stock options to purchase not less than 217,500 common shares; at an exercise price of \$1.50 per option share with respect to not less than 75,000 of the option shares, at an exercise price of \$2.40 per option share with respect to not less than a further 75,000 of the option shares and at an exercise price of \$2.43 per option share with respect to the balance of the option shares; and exercisable for a period of not less than ten years from the date of grant in each instance.

Mr. Katsumata's initial term of employment under the Katsumata Agreement will end on January 5, 2013 (such period, the Initial Term). The Katsumata Agreement is subject to automatic renewal unless we provide written notice of an intention not to renew the Katsumata Agreement no later than 90 days prior to the end of the then-current term of the Katsumata Agreement. Mr. Katsumata may terminate the Katsumata Agreement upon 60 days prior written notice to the Company. The Katsumata Agreement provides that the Company may terminate Mr. Katsumata's employment without cause, in which event Mr. Katsumata will be entitled to continue to receive the compensation he would have been entitled to until the end of the Initial Term. In addition, either the Company or Mr. Katsumata may terminate the Katsumata Agreement for cause upon 14 days prior written notice under certain circumstances described in the Katsumata Agreement.

Obara Builders Ltd. Consulting Services Agreement

On August 15, 2007, with an effective date of July 1, 2007, our Board of Directors authorized and approved a consulting services agreement with Obara Builders Ltd. (the Obara Agreement) for an initial term of two years expiring on July 1, 2009. Pursuant to the terms and provisions of the Obara Agreement: (a) Mr. Obara provided duties to us commensurate with his executive positions as our Secretary, Treasurer, Chief Financial Officer and Principal Accounting Officer; (b) we paid to Obara Builders Ltd., a private company controlled by Pat Obara, or to Pat Obara personally, a monthly fee of CAD\$10,000; (c) we approved the granting of stock options from time to time to Mr. Obara at such fair market exercise price or prices per option share as determined by our Board of Directors and we confirmed the previous granting of his existing stock options of 200,000 stock options to Mr. Obara to purchase shares of our common stock at \$1.30 per share and a further 25,000 stock options to purchase shares of our common stock at \$3.30 per share, both for a ten-year term from the date of grant; and (d) the Obara Builders Ltd. Consulting Services Agreement could be terminated without cause by either of us by providing prior written notice of the intention to terminate at least 90 days (in the case of our Company after the initial term) or 30 days (in the case of Mr. Obara) prior to the effective date of such termination.

On March 1, 2008, the Compensation Committee ratified the approval of an increase in the monthly service agreement fee for Mr. Obara from CAD\$10,000 to CAD\$12,500, which was further raised effective August 1, 2010 to CAD\$13,750.

Mr. Obara and the Company intend to enter into an amended agreement but such agreement has not yet been finalized. Mr. Obara continues to provide services under the provisions of the original Obara Agreement on a month-to-month basis in connection with his current position at the Company of Vice President Administration.

Directors Compensation Table

The following table sets forth information relating to compensation paid to our directors in the year ended July 31, 2012:

| Name | Fees Earned Or Paid In Cash | Stock Awards | Options Awards ⁽¹⁾ | Non-Equity Incentive Plan Compensation | Non-Qualified Deferred Compensation Earnings | All Other Compensations | Total |
|-----------------------------|-----------------------------------|-----------------|----------------------------------|--|---|----------------------------|------------|
| Alan P. Lindsay | \$ 108,000 | \$ - | \$ 51,495 | \$ - | \$ - | \$ - | \$ 159,495 |
| David Kong | 38,439 | - | 51,495 | - | - | - | 89,934 |
| Erik Essiger ⁽²⁾ | 36,403 | - | 51,495 | - | - | - | 87,898 |
| Ivan Obolensky | 30,000 | - | 51,495 | - | - | - | 81,495 |
| Vincent Della Volpe | 30,000 | - | 51,495 | - | - | - | 81,495 |
| Katharine Armstrong | 3,333 | - | - | - | - | - | 3,333 |

(1) This amount represents the fair value of options at the date of grant or repriced during the year, estimated using the Black-Scholes option pricing model. See Note 11 to our financial statements contained herein.

(2) Erik Essiger resigned from the board effective May 31, 2012.

As of July 31, 2012 our directors held options to acquire an aggregate of 4,430,000 shares of our common stock: Alan P. Lindsay 1,065,000 options, Amir Adnani 1,267,500 options, Harry L. Anthony 1,340,000 options, Erik Essiger 167,500 options, Ivan Obolensky 220,000 options, Vincent Della Volpe 270,000 options, and David Kong 100,000 options.

Alan P. Lindsay serves as the Company's Chairman and director and is retained accordingly on a yearly basis. Mr. Lindsay is compensated on a monthly basis at a rate of \$6,000 per month.

Amir Adnani serves as the Company's Chief Executive Officer, President and as a director, and Harry L. Anthony serves as the Company's Chief Operating Officer and a director. Messrs. Adnani and Anthony are retained according to their Executive Services Agreements and their compensation for serving as executive officers of the Company is disclosed above in the Summary Compensation Table, and Messrs. Adnani and Anthony do not receive additional compensation in connection with their service as directors of the Company.

Ivan Obolensky, Vincent Della Volpe, David Kong and Katharine Armstrong are independent directors of the Company. Mr. Kong serves as Chairman of the Company's Audit Committee and Mr. Della Volpe serves as Chairman of the Company's Compensation Committee. The independent directors are retained on a yearly basis for their services and are paid quarterly based on annual retainer fees as follows:

- Ivan Obolensky (USD\$20,000 per year);
- Vincent Della Volpe (USD\$20,000 per year);
- David Kong (CAD\$25,000 per year); and
- Katharine Armstrong (USD\$20,000 per year).

The amounts listed above are all-inclusive retainer fees; there are no additional committee and/or chairmanship fees or meeting attendance fees above and beyond such annual retainer fees.

In addition to such retainers, from time to time directors may receive bonus payments or options, which are granted on a discretionary basis. The amount of any bonus payments or the number of options granted is based on the experience of the director, time spent on Company matters and the compensation paid to other directors of companies in the industry.

Standard retainer amounts paid to directors, as well as any bonus payments or options, are determined by the Company's Compensation Committee and ratified by the Board of Directors.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth certain information with respect to the beneficial ownership of our common stock by each stockholder known by us to be the beneficial owner of more than 5% of our common stock and by each of our current directors and executive officers. Each person has sole voting and investment power with respect to the shares of common stock, except as otherwise indicated. Beneficial ownership consists of a direct interest in the shares of common stock, except as otherwise indicated. As of October 10, 2012, there were 85,243,155 shares of common stock issued and outstanding.

| Name and Address of Beneficial Owner ⁽¹⁾ | Amount and Nature of Beneficial Ownership ⁽¹⁾ | Percentage of Beneficial Ownership |
|---|--|--|
| Directors and Officers: | | |
| Amir Adnani 320 - 1111 West Hastings Street Vancouver, B. C., Canada, V6E 2J3 | 3,015,801 ⁽²⁾ | 3.5% |
| Alan P. Lindsay 2701 - 1500 Hornby Street Vancouver, B. C., Canada, V6Z 2R1 | 2,371,287 ⁽³⁾ | 2.7% |
| Harry L. Anthony P.O. Box 1328 Kingsville, TX, U.S.A., 78364 | 2,118,750 ⁽⁴⁾ | 2.5% |
| Ivan Obolensky 425 East 79 th Street New York, NY, U.S.A., 10021 | 238,419 ⁽⁵⁾ | * |
| Vincent Della Volpe 32 Evergreen Drive, Lincoln Park, NJ, U.S.A., 07035 | 270,000 ⁽⁶⁾ | * |
| David Kong 7440 Afton Drive Richmond, B.C., Canada V7A 1A3 | 100,000 ⁽⁷⁾ | * |
| Mark Katsumata 14447 Blackburn Crescent White Rock, B.C., Canada, V4B 3A3 | 272,339 ⁽⁸⁾ | * |
| Katharine Armstrong 919 Congress, Suite 1400 Austin, Texas 78701 | 60,000 ⁽⁹⁾ | * |
| All executive officers and directors as a group (8 persons) | 8,446,596 ⁽¹⁰⁾ | 9.4% |

| Name and Address of Beneficial Owner ⁽¹⁾ | Amount and Nature of Beneficial Ownership ⁽¹⁾ | Percentage of Beneficial Ownership |
|--|--|------------------------------------|
| Major Shareholders: | | |
| Huber Capital Management LLC. 10940 Wilshire Blvd., Suite 925 Los Angeles, CA 90024 | 10,171,909 | 11.9% |
| Oppenheimer Funds, Inc. Two World Financial Center 225 Liberty St., New York, NY 10281 | 4,910,200 | 5.8% |

* Less than one percent.

- (1) Under Rule 13d-3, a beneficial owner of a security includes any person who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise has or shares: (i) voting power, which includes the power to vote, or to direct the voting of shares; and (ii) investment power, which includes the power to dispose or direct the disposition of shares. Certain shares may be deemed to be beneficially owned by more than one person (if, for example, persons share the power to vote or the power to dispose of the shares). In addition, shares are deemed to be beneficially owned by a person if the person has the right to acquire the shares (for example, upon exercise of an option) within 60 days of the date as of which the information is provided. In computing the percentage ownership of any person, the amount of shares outstanding is deemed to include the amount of shares beneficially owned by such person (and only such person) by reason of these acquisition rights. As a result, the percentage of outstanding shares of any person as shown in this table does not necessarily reflect the person's actual ownership or voting power with respect to the number of shares of common stock actually outstanding as of the date of this annual report. As of October 10, 2012, there were 85,243,155 shares issued and outstanding.
- (2) This figure represents (i) 1,745,301 shares of common stock, (ii) 3,000 shares of common stock held of record by Amir Adnani's wife and (iii) 1,267,500 stock options to purchase shares of our common stock.
- (3) This figure represents (i) 1,142,787 shares of common stock, (ii) 163,500 shares of common stock held of record by Alan P. Lindsay's wife, (iii) 1,065,000 stock options to purchase shares of our common stock. Mr. Lindsay is the father-in-law of Amir Adnani.
- (4) This figure represents (i) 897,500 shares of common stock, (ii) 1,221,250 stock options to purchase shares of our common stock.
- (5) This figure represents (i) 18,419 shares of common stock and (ii) 220,000 stock options to purchase shares of our common stock.
- (6) This figure represents 270,000 stock options to purchase shares of our common stock.
- (7) This figure represents 100,000 stock options to purchase shares of our common stock.
- (8) This figure represents (i) 4,839 shares of common stock and (ii) 267,500 stock options to purchase shares of our common stock.
- (9) This figure represents (i) 10,000 shares of common stock and (ii) 50,000 stock options to purchase shares of our common stock.
- (10) This figure represents (i) 3,985,346 shares of common stock and (ii) 4,461,250 stock options to purchase shares of our common stock.

Changes in Control

We are unaware of any contract, or other arrangement or provision, the operation of which may at a subsequent date result in a change of control of our company.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE**Related Party Transactions**

During the fiscal year ended July 31, 2012, the Company was involved in the following transactions or proposed transactions, if any, in an amount exceeding \$120,000 in which related persons had or will have a direct or indirect material interest:

- incurred \$126,373 in general and administrative costs paid to a company controlled by a direct family member of a current officer and director (Mr. Adnani); and
- incurred \$220,000, with an additional \$66,667 in prepaid expenses, in consulting fees paid to a company controlled by a prior director of the Company (Mr. Essiger).

Our Audit Committee is charged with reviewing and approving all related party transactions and reviewing and making recommendations to the board of directors, or approving any contracts or other transactions with any of our current or former executive officers.

Director Independence

The Board of Directors has determined that Ivan Obolensky, Vincent Della Volpe, David Kong and Katharine Armstrong each qualify as independent directors under the listing standards of the NYSE MKT Equities Exchange.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Ernst & Young LLP serve as our independent registered public accounting firm and audited our financial statements for the fiscal years ended July 31, 2012, 2011 and 2010. Aggregate fees for professional services rendered to us by our auditors for our last two years are set forth below:

| | Year Ended July 31, 2012 | Year Ended July 31, 2011 |
|--------------------|-------------------------------------|-------------------------------------|
| Audit Fees | \$ 422,157 | \$ 307,750 |
| Audit Related Fees | - | - |
| Tax Fees | 102,386 | 67,000 |
| Total | \$ 524,544 | \$ 374,750 |

Audit Fees. Audit fees consist of aggregate fees for professional services in connection with the audit of our annual financial statements, quarterly reviews of our financial statements included in our quarterly reports and services in connection with statutory and regulatory filings.

Audit-Related Fees. Audit-related fees consist of aggregate fees for assurance and related services related to the audit or review of our financial statements that are not reported under **Audit Fees** above.

Tax Fees. Tax fees consist of aggregate fees for professional services for tax compliance, tax advice and tax planning, primarily, fees related to tax preparation services.

Pre-Approval of Services by the Independent Auditor

The Audit Committee is responsible for the pre-approval of audit and permitted non-audit services to be performed by the Company's independent auditor, Ernst & Young LLP. The Audit Committee will, on an annual basis, consider and, if appropriate, approve the provision of audit and non-audit services by Ernst & Young LLP. Thereafter, the Audit Committee will, as necessary, consider and, if appropriate, approve the provision of additional audit and non-audit services by Ernst & Young LLP which are not encompassed by the Audit Committee's annual pre-approval and are not prohibited by law. The Audit Committee has delegated to the Chair of the Audit Committee the authority

to pre-approve, on a case-by-case basis, non-audit services to be performed by Ernst & Young LLP. The Audit Committee has approved all audit and permitted non-audit services performed by Ernst & Young LLP for the year ended July 31, 2012.

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

The following exhibits are filed with this Annual Report on Form 10-K:

Exhibit**Number Description of Exhibit**

| | |
|-------|---|
| 2.1 | Merger Agreement & Plan of Merger between Uranium Energy Corp. and Concentric Energy Corp. dated May 5, 2011, including Concentric Disclosure Schedule pursuant thereto ⁽³²⁾ |
| 2.2 | Amendment to Merger Agreement & Plan of Merger between Uranium Energy Corp. and Concentric Energy Corp. ⁽³⁴⁾ |
| 3.1 | Articles of Incorporation, as amended ⁽¹⁾ |
| 3.1.1 | Certificate of Amendment to Articles of Incorporation ⁽²⁾ |
| 3.2 | Bylaws ⁽¹⁾ |
| 3.3 | Audit Committee Charter ⁽¹⁾ |
| 10.1 | Consulting Agreement between Uranium Energy Corp. and Randall Reneau ⁽³⁾ |
| 10.2 | Mineral Asset Option Agreement ⁽³⁾ |
| 10.3 | Agreement and Addendum between Harry A. Moore Trust and Uranium Energy Corp. ⁽⁴⁾ |
| 10.4 | Financial Consulting Services Agreement between Uranium Energy Corp. and International Market Trend AG ⁽⁵⁾ |
| 10.5 | Harry A. Moore Trust Agreement ⁽⁵⁾ |
| 10.6 | Amending Agreement to Employment Agreement between Uranium Energy Corp. and Harry Anthony ⁽⁶⁾ |
| 10.7 | Consulting Services and Right of First Refusal Agreement between Uranium Energy Corp. and Jim Knupke ⁽⁵⁾ |
| 10.8 | Corporate Relations Consulting Services Agreement between Uranium Energy Corp. and Michael Baybak and Corp. Inc. ⁽⁵⁾ |
| 10.9 | Corporate Finance Consulting Services Agreement between Uranium Energy Corp. and Eurotrade Management Group Ltd. ⁽⁵⁾ |
| 10.10 | Executive Services Agreement between Uranium Energy Corp. and Amir Adnani ⁽⁶⁾ |
| 10.11 | Reneau Services Agreement between Uranium Energy Corp. and Randall Reneau ⁽⁶⁾ |
| 10.12 | Uranium Mining Lease among Uranium Energy Corp., John G. Jebsen and John Triantis ⁽⁷⁾ |
| 10.13 | Consulting Agreement dated February 1, 2007 between the Company and Epoch Financial Group Inc. ⁽¹²⁾ |
| 10.14 | Web Services Agreement dated March 21, 2007 between the Company and Market Pathways Financial Relations Inc. ⁽¹²⁾ |
| 10.15 | Letter Option Agreement dated March 28, 2007 between the Company and Betty, Fred and Marty Holley ⁽¹²⁾ |
| 10.16 | Consulting Agreement dated March 29, 2007 between the Company and EuroXchange Consulting Ltd. ⁽¹²⁾ |

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| 10.17 | Database Agreement dated April 4, 2007 between the Company and Paul Pierce ⁽¹²⁾ |
| 10.18 | Letter Agreement between La Merced del Pueblo de Cebolleta and Neutron Energy, Inc. ⁽¹¹⁾ |
| 10.19 | Limited Liability Company Members Agreement of Cibola Resources LLC between Neutron Energy, Inc. and Uranium Energy Corp. ⁽¹¹⁾ |
| 10.20 | Limited Liability Company Members Agreement of Cibola Resources LLC between Neutron Energy, Inc. and Uranium Energy Corp. ⁽¹¹⁾ |
| 10.21 | Agency Agreement between Uranium Energy Corp. and National Bank Financial Inc., RBC Dominion Securities Inc. and Canaccord Capital Corporation dated December 12, 2007 ⁽¹⁶⁾ |
| 10.22 | Registration Rights Agreement dated December 12, 2007 between Uranium Energy Corp. and National Bank Financial Inc. ⁽¹⁶⁾ |
| 10.23 | Form of Subscription Agreement between Uranium Energy Corp. and certain selling stockholders ⁽¹⁶⁾ |
| 10.24 | Form of Warrant Certificate ⁽¹⁶⁾ |
| 10.25 | Form of Registration Rights Agreement between Uranium Energy Corp. and the subscribers of the July 2008 Units ⁽¹⁷⁾ |
| 10.26 | Form of Subscription Agreement between Uranium Energy Corp. and the subscribers of the July 2008 Units ⁽¹⁷⁾ |
| 10.27 | Form of Warrant Certificate provided by Uranium Energy Corp. to the subscribers of the July 2008 Units ⁽¹⁷⁾ |
| 10.28 | Consulting Services Agreement between Uranium Energy Corp. and Obara Builders Ltd. ⁽¹³⁾ |
| 10.29 | Amendment and Extension to Executive Services Agreement between Uranium Energy Corp. and Amir Adnani ⁽¹⁴⁾ |
| 10.30 | Agreement to Purchase Assets between the Uranium Energy Corp. and Melvin O. Stairs, Jr. ⁽¹⁵⁾ |
| 10.31 | 2005 Stock Option Plan of Uranium Energy Corp. ⁽⁸⁾ |
| 10.32 | Amended 2005 Stock Option Plan ⁽⁹⁾ |
| 10.33 | 2006 Stock Incentive Plan of Uranium Energy Corp. ⁽¹⁰⁾ |
| 10.34 | Option and Joint Venture Letter Agreement between Uran Limited and the Company dated January 14, 2009 ⁽¹⁸⁾ |
| 10.35 | Variation Agreement between Uran Limited and the Company dated May 28, 2009 ⁽¹⁹⁾ |
| 10.36 | Mineral Property Option and Joint Venture Agreement between the Company and Strategic Resources Inc. ⁽²⁰⁾ |
| 10.37 | Further Amended and Restated Executive Services Agreement with Amir Adnani Corp. dated July 23, 2009 ⁽²¹⁾ |
| 10.38 | Further Amended and Restated Executive Services Agreement with Harry L. Anthony dated July 23, 2009 ⁽²¹⁾ |
| 10.39 | Form of Warrant Certificate ⁽²²⁾ |
| 10.40 | 2009 Stock Incentive Plan ⁽²³⁾ |
| 10.41 | Uranium Mining Lease dated October 6, 2004 (Property ID 80601) ⁽²⁴⁾ |
| 10.42 | Uranium Mining Lease dated August 24, 2005 (Property ID 80602) ⁽²⁴⁾ |
| 10.43 | Uranium Mining Lease dated August 24, 2005 (Property ID 80603) ⁽²⁴⁾ |
| 10.44 | Uranium Mining Lease dated October 6, 2004 (Property ID 80604) ⁽²⁴⁾ |

- 10.45 Uranium Mining Lease dated November 2, 2005 (Property ID 80605) ⁽²⁴⁾
- 10.46 Uranium Mining Lease dated November 2, 2005 (Property ID 80606) ⁽²⁴⁾
- 10.47 Uranium Mining Lease dated December 19, 2005 (Property ID 80607) ⁽²⁴⁾
- 10.48 Uranium Mining Lease dated December 20, 2005 (Property IDs 80608 and 80609) ⁽²⁴⁾
- 10.49 Uranium Mining Lease dated December 20, 2005 (Property IDs 80610 and 80611) ⁽²⁴⁾
- 10.50 Uranium Mining Lease dated March 20, 2006 (Property ID 80612) ⁽²⁴⁾
- 10.51 Uranium Mining Lease dated March 20, 2006 (Property ID 80613) ⁽²⁴⁾
- 10.52 Uranium Mining Lease dated April 9, 2007 (Property ID 80614) ⁽²⁴⁾
- 10.53 Uranium Mining Lease dated April 23, 2007 (Property ID 80615) ⁽²⁴⁾
- 10.54 Uranium Mining Lease dated May 17, 2007 (Property ID 80616) ⁽²⁴⁾
- 10.55 Uranium Mining Lease dated May 29, 2007 (Property ID 80617) ⁽²⁴⁾
- 10.56 Uranium Mining Lease dated June 20, 2007 (Property ID 80618) ⁽²⁴⁾
- 10.57 Uranium Mining Lease dated August 27, 2007 (Property ID 80619) ⁽²⁴⁾
- 10.58 Uranium Mining Lease dated July 17, 2007 (Property ID 80621) ⁽²⁴⁾
- 10.59 Uranium Mining Lease dated September 25, 2007 (Property ID 80620) ⁽²⁴⁾
- 10.60 Uranium Mining Lease dated February 22, 2008 (Property ID 80622) ⁽²⁴⁾
- 10.61 Uranium Mining Lease dated June 12, 2008 (Property ID 80623) ⁽²⁴⁾
- 10.62 Securities Purchase Agreement between URN Resources Inc. and Uranium Energy Corp. dated October 13, 2009 ⁽²⁵⁾
- 10.63 Letter Agreement with Everest Exploration Inc. dated October 13, 2009 ⁽²⁵⁾
- 10.64 Option Agreement with Neutron Energy, Inc. dated November 5, 2009 ⁽²⁶⁾
- 10.65 Asset Purchase Agreement among each of Everest Exploration, Inc., Everest Resource Company, James T. Clark and Thomas M. Crain, Jr. ⁽²⁷⁾
- 10.66 First Amendment of Option Agreement between Uranium Energy Corp. and Neutron Energy, Inc., dated December 29, 2009 ⁽²⁸⁾
- 10.67 Executive Services Agreement between Uranium Energy Corp. and Harry L. Anthony, dated February 22, 2010 ⁽²⁹⁾
- 10.68 2009 Stock Incentive Plan, as amended ⁽³⁰⁾
- 10.69 Executive Employment Services Agreement between Uranium Energy Corp. and Mark Katsumata, dated January 5, 2011 ⁽³¹⁾
- 10.70 Acquisition Agreement between Global Uranium Corp. and Uranium Energy Corp. ⁽³²⁾
- 10.71 Share Exchange Agreement among Transandes Resources, Inc., Piedra Rica Mining S.A., UEC Paraguay Corp., and Uranium Energy Corp. dated May 11, 2011, including schedules attached thereto ⁽³³⁾
- 10.72 Amending Agreement to Acquisition Agreement between Global Uranium Corp. and Uranium Energy Corp. ⁽³⁴⁾
- 10.73 Data Purchase and Sale Agreement between Uranium One USA, Inc. and Uranium Energy Corp. ⁽³⁵⁾
- 10.74 Property Acquisition Agreement between Minas Rio Bravo S.A., Compania Minera Rio Verde S.A., Minas La Roca S.A. and Piedra Rica Mining S.A. ⁽³⁶⁾
- 10.75 Property Acquisition Agreement between Cooper Minerals, Inc. and Uranium Energy Corp. ⁽³⁷⁾

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| | |
|-------------|--|
| 10.76 | Arrangement Agreement between Cue Resources Ltd. and Uranium Energy Corp. ⁽³⁸⁾ |
| 10.77 | Target Disclosure Letter pursuant to Arrangement Agreement ⁽³⁸⁾ |
| 10.78 | Secured Loan Agreement between Uranium Energy Corp. and Cue Resources Ltd. ⁽³⁸⁾ |
| 10.79 | Form of Lock-Up Agreement between Uranium Energy Corp. and Certain Shareholders of Cue Resources Ltd. ⁽³⁸⁾ |
| 10.80 | Amendment No. 1 to Property Acquisition Agreement between Minas Rio Bravo S.A., Compania Minera Rio Verde S.A., Minas La Roca S.A. and Piedra Rica Mining S.A. ⁽³⁹⁾ |
| 10.81 | Placement Agency Agreement with Dundee Securities Ltd., Global Hunter Securities LLC, CIBC World Markets Inc. and Haywood Securities Inc. ⁽⁴⁰⁾ |
| <u>21.1</u> | <u>Subsidiaries of Uranium Energy Corp., filed herewith as an exhibit</u> |
| <u>23.1</u> | <u>Consent of Independent Auditors, Ernst & Young, LLP, filed herewith as an exhibit</u> |
| <u>31.1</u> | <u>Certification of Chief Executive Officer pursuant to Securities Exchange Act of 1934 Rule 13a-14(a) or 15d-14(a) , filed herewith as an exhibit</u> |
| <u>31.2</u> | <u>Certification of Chief Financial Officer pursuant to Securities Exchange Act of 1934 Rule 13a-14(a) or 15d-14(a) , filed herewith as an exhibit</u> |
| <u>32.1</u> | <u>Certification of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, filed herewith as an exhibit</u> |

- (1) Incorporated by reference to our Registration Statement on Form SB-2 filed with the SEC on August 4, 2005.
- (2) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on February 9, 2006.
- (3) Incorporated by reference to the amendment to our Registration Statement on Form SB-2 filed with the SEC on November 9, 2005.
- (4) Incorporated by reference to our Current Report on Form 8-K as filed with the SEC on December 21, 2005.
- (5) Incorporated by reference to our Annual Report on Form 10-KSB for the year ended December 31, 2005 filed with the SEC on April 13, 2006.
- (6) Incorporated by reference to our Registration Statement on Form SB-2 filed with the SEC on October 4, 2006.
- (7) Incorporated by reference to our Quarterly Report on Form 10-QSB filed with the SEC on August 21, 2006.
- (8) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on December 21, 2005.
- (9) Incorporated by reference to our Quarterly Report on Form 10-QSB filed with the SEC on May 15, 2006.
- (10) Incorporated by reference to our Quarterly Report on Form 10-QSB filed with the SEC on November 20, 2006.
- (11) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on May 4, 2007.
- (12) Incorporated by reference to our Registration Statement on Form SB-2/A filed with the SEC on May 14, 2007.
- (13) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on October 9, 2007.
- (14) Incorporated by reference to our Annual Report on Form 10-KSB filed with the SEC on October 29, 2007.
- (15) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on November 6, 2007.
- (16) Incorporated by reference to our Registration Statement on Form S-1 filed with the SEC on February 12, 2008.
- (17) Incorporated by reference to our Registration Statement on Form S-1 filed with the SEC on July 29, 2008.
- (18) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on January 16, 2009.
- (19) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on June 2, 2009.
- (20) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on June 9, 2009.
- (21) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on July 27, 2009.
- (22) Incorporated by reference to our Registration Statement on Form S-3 filed with the SEC on July 14, 2009.
- (23) Incorporated by reference to our Registration Statement on Form S-8 filed with the SEC on October 1, 2009.
- (24) Incorporated by reference to our Annual Report on Form 10-K/A filed with the SEC on April 21, 2010.
- (25) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on October 19, 2009.
- (26) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on November 12, 2009.
- (27) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on November 27, 2009.
- (28) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on December 30, 2009.
- (29) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on February 23, 2010.
- (30) Incorporated by reference to our Registration Statement on Form S-8 filed with the SEC on February 7, 2011.

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- (31) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on January 10, 2011.
- (32) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on May 11, 2011.
- (33) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on May 17, 2011.
- (34) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on July 11, 2011.
- (35) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on August 30, 2011.
- (36) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on October 31, 2011.
- (37) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on November 8, 2011.
- (38) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on January 26, 2012.
- (39) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on March 5, 2012.
- (40) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on April 3, 2012.

URANIUM ENERGY CORP.

CONSOLIDATED FINANCIAL STATEMENTS

JULY 31, 2012

| | |
|--|-------------------|
| <u>Reports of Independent Registered Public Accounting Firm</u> | <u>F-2</u> |
| <u>Consolidated Balance Sheets</u> | <u>F-4</u> |
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| <u>Consolidated Statements of Stockholders' Equity</u> | <u>F-6</u> |
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Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Uranium Energy Corp.

We have audited the accompanying consolidated balance sheets of Uranium Energy Corp. as of July 31, 2012 and 2011, and the related consolidated statements of operations and comprehensive loss, stockholders' equity, and cash flows for each of the three years in the period ended July 31, 2012. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Uranium Energy Corp. at July 31, 2012 and July 31, 2011, and the consolidated results of its operations and comprehensive loss and its cash flows for each of the three years in the period ended July 31, 2012, in conformity with U.S. generally accepted accounting principles.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Uranium Energy Corp.'s internal control over financial reporting as of July 31, 2012, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated October 10, 2012 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Vancouver, British Columbia

October 10, 2012

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Uranium Energy Corp.

We have audited Uranium Energy Corp.'s internal control over financial reporting as of July 31, 2012, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Uranium Energy Corp.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Uranium Energy Corp. maintained, in all material respects, effective internal control over financial reporting as of July 31, 2012, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Uranium Energy Corp. as of July 31, 2012 and 2011, and the related consolidated statements of operations and comprehensive loss, stockholders' equity, and cash flows for each of the three years in the period ended July 31, 2012, and our report dated October 10, 2012 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Vancouver, British Columbia

October 10, 2012

URANIUM ENERGY CORP.
CONSOLIDATED BALANCE SHEETS

| | Notes | July 31, 2012 | July 31, 2011 |
|--|-------|----------------------|----------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 14 | \$ 25,015,284 | \$ 30,724,051 |
| Available-for-sale securities | 3 | 41,973 | 79,126 |
| Accounts and interest receivable | | 273,584 | 90,907 |
| Inventories | 4 | 1,876,100 | 2,775,947 |
| Prepaid expenses and deposits | | 717,260 | 267,158 |
| | | 27,924,201 | 33,937,189 |
| MINERAL RIGHTS AND PROPERTIES | 5 | 42,594,920 | 17,841,083 |
| PROPERTY, PLANT AND EQUIPMENT | 6 | 9,081,234 | 8,702,413 |
| RECLAMATION DEPOSITS | 7 | 5,543,040 | 4,610,300 |
| LOAN RECEIVABLE | 8 | - | 300,000 |
| | | \$ 85,143,395 | \$ 65,390,985 |
| CURRENT LIABILITIES | | | |
| Accounts payable and accrued liabilities | | \$ 5,271,158 | \$ 3,232,104 |
| Due to related parties | 9 | 47,443 | 8,287 |
| Current portion of asset retirement obligations | 10 | 133,298 | 675,872 |
| | | 5,451,899 | 3,916,263 |
| DEFERRED INCOME TAX LIABILITIES | 5, 12 | 791,939 | - |
| ASSET RETIREMENT OBLIGATIONS | 10 | 2,979,076 | 2,351,931 |
| | | 9,222,914 | 6,268,194 |
| STOCKHOLDERS' EQUITY | | | |
| Capital stock | | | |
| Common stock \$0.001 par value: 750,000,000 shares authorized, 84,975,155 shares issued and outstanding (July 31, 2011 - 73,487,337) | 11 | 84,975 | 73,487 |
| Additional paid-in-capital | | 196,486,881 | 154,564,206 |
| Share issuance obligation | | 194,700 | 194,700 |
| Accumulated deficit | | (120,823,948) | (95,740,228) |
| Accumulated other comprehensive income | | (22,127) | 30,626 |
| | | 75,920,481 | 59,122,791 |
| | | \$ 85,143,395 | \$ 65,390,985 |
| COMMITMENTS AND CONTINGENCIES | 5, 15 | | |
| SUBSEQUENT EVENTS | 5, 15 | | |

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

URANIUM ENERGY CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

| | Notes | 2012 | Year Ended July 31, | |
|--|-------|---------------|---------------------|--------------|
| | | | 2011 | 2010 |
| SALES | | \$ 13,757,400 | \$ - | \$ - |
| COST OF SALES | | 8,112,040 | - | - |
| GROSS PROFIT | | 5,645,360 | - | - |
| EXPENSES | | | | |
| Mineral property expenditures | 5 | 14,938,722 | 11,420,180 | 6,438,714 |
| General and administrative | 9, 11 | 14,036,974 | 15,187,066 | 15,154,329 |
| Depreciation, amortization and accretion | 6, 10 | 1,275,557 | 1,155,959 | 794,504 |
| Impairment loss on mineral properties | | - | 143,396 | 43,600 |
| | | 30,251,253 | 27,906,601 | 22,431,147 |
| LOSS BEFORE OTHER ITEMS | | (24,605,893) | (27,906,601) | (22,431,147) |
| OTHER ITEMS | | | | |
| Interest income | | 69,328 | 49,058 | 27,600 |
| Interest expense | | (30,898) | - | - |
| Gain (loss) on disposition of assets | | 6,999 | (9,234) | (3,677) |
| Gain on sale of investments | | - | 508,682 | - |
| Loss on fair value of convertible debentures | 5 | (49,681) | - | - |
| Loss on settlement of convertible debentures | 5 | (312,207) | - | - |
| Gain on settlement of accounts payable | 5 | 221,292 | - | - |
| Loss on settlement of asset retirement obligations | 10 | (444,448) | - | - |
| Other income | | - | - | 30,549 |
| Transaction costs | | - | - | (636,075) |
| | | (539,615) | 548,506 | (581,603) |
| LOSS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES | | (25,145,508) | (27,358,095) | (23,012,750) |
| DEFERRED INCOME TAX BENEFIT | 12 | 61,788 | - | - |
| LOSS FROM CONTINUING OPERATIONS | | (25,083,720) | (27,358,095) | (23,012,750) |
| DISCONTINUED OPERATIONS | | | | |
| Gain on sale of discontinued operations, net of income taxes | 5 | - | - | 8,534,081 |
| INCOME FROM DISCONTINUED | | - | - | 8,534,081 |

OPERATIONS

| | | | |
|------------------------------|---------------------|--------------|--------------|
| NET LOSS FOR THE YEAR | (25,083,720) | (27,358,095) | (14,478,669) |
|------------------------------|---------------------|--------------|--------------|

**OTHER COMPREHENSIVE
(LOSS) INCOME,**

| | | | |
|----------------------------|-----------------|--------|---------|
| NET OF INCOME TAXES | (52,753) | 25,778 | (5,752) |
|----------------------------|-----------------|--------|---------|

TOTAL COMPREHENSIVE

| | | | |
|--------------------------|------------------------|-----------------|-----------------|
| LOSS FOR THE YEAR | \$ (25,136,473) | \$ (27,332,317) | \$ (14,484,421) |
|--------------------------|------------------------|-----------------|-----------------|

**NET LOSS PER SHARE, BASIC
AND DILUTED**

| | | | |
|---------------------------------|-----------|-----------|-----------|
| Loss from continuing operations | \$ (0.32) | \$ (0.40) | \$ (0.39) |
|---------------------------------|-----------|-----------|-----------|

| | | | |
|-------------------------------------|------|------|---------|
| Income from discontinued operations | \$ - | \$ - | \$ 0.14 |
|-------------------------------------|------|------|---------|

**NET LOSS PER SHARE, BASIC
AND DILUTED**

| | | | |
|--|-----------|-----------|-----------|
| | \$ (0.32) | \$ (0.40) | \$ (0.25) |
|--|-----------|-----------|-----------|

WEIGHTED AVERAGE**NUMBER OF SHARES****OUTSTANDING, BASIC AND**

| | | | |
|----------------|-------------------|------------|------------|
| DILUTED | 78,325,648 | 68,799,322 | 59,017,166 |
|----------------|-------------------|------------|------------|

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

URANIUM ENERGY CORP.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY

| | Common Stock | | Additional | Share | Accumulated | Accumulated | Stockholders' |
|--|--------------|-----------|----------------|------------|-----------------|---------------|---------------|
| | Shares | Amount | Paid-in | Issuance | Deficit | Other | Equity |
| | | | Capital | Obligation | | Comprehensive | |
| | | | | | | Income | |
| Balance, July 31, 2009 | 56,237,269 | \$ 56,237 | \$ 91,686,382 | \$ - | \$ (53,903,464) | \$ 10,600 | \$ 37,849,755 |
| Common stock | | | | | | | |
| Issued for exercise of stock options and warrants | 1,151,852 | 1,152 | 1,143,603 | - | - | - | 1,144,755 |
| Issued for consulting service agreements | 578,632 | 579 | 1,616,506 | - | - | - | 1,617,085 |
| Issued for STMV Acquisition | 2,755,000 | 2,755 | 9,749,945 | 194,700 | - | - | 9,947,400 |
| Issued for mineral property acquisition | 10,448 | 10 | 32,170 | - | - | - | 32,180 |
| Issued for bonuses | 55,136 | 55 | 201,743 | - | - | - | 201,798 |
| Warrants issued as penalties pursuant to private placement financing | - | - | 517,273 | - | - | - | 517,273 |
| Stock-based compensation | | | | | | | |
| Options issued for consulting services | - | - | 1,964,006 | - | - | - | 1,964,006 |
| Options issued for management fees | - | - | 1,960,000 | - | - | - | 1,960,000 |
| Options issued for wages and benefits | - | - | 1,286,506 | - | - | - | 1,286,506 |
| Net loss for the year | - | - | - | - | (14,478,669) | - | (14,478,669) |
| Unrealized loss on available-for-sale securities | - | - | - | - | - | (5,752) | (5,752) |
| Balance, July 31, 2010 | 60,788,337 | \$ 60,788 | \$ 110,158,134 | \$ 194,700 | \$ (68,382,133) | \$ 4,848 | \$ 42,036,337 |
| Common stock | | | | | | | |
| Issued for exercise of stock options and warrants | 4,187,962 | 4,188 | 11,447,707 | - | - | - | 11,451,895 |
| Issued for consulting service agreements | 174,725 | 175 | 754,607 | - | - | - | 754,782 |
| Issued for private placement financing | 8,111,313 | 8,111 | 25,646,287 | - | - | - | 25,654,398 |

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| | | | | | | | |
|--|------------|-----------|----------------|------------|-----------------|-----------|---------------|
| Issued for mineral property acquisition | 225,000 | 225 | 722,025 | - | - | - | 722,250 |
| Stock-based compensation | | | | | | | |
| Options issued for consulting services | - | - | 1,798,833 | - | - | - | 1,798,833 |
| Options issued for management fees | - | - | 2,079,707 | - | - | - | 2,079,707 |
| Options issued for wages and benefits | - | - | 1,956,906 | - | - | - | 1,956,906 |
| Net loss for the year | - | - | - | - | (27,358,095) | - | (27,358,095) |
| Unrealized gain on available-for-sale securities | - | - | - | - | - | 25,778 | 25,778 |
| Balance, July 31, 2011 | 73,487,337 | \$ 73,487 | \$ 154,564,206 | \$ 194,700 | \$ (95,740,228) | \$ 30,626 | \$ 59,122,791 |

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

URANIUM ENERGY CORP.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY

| | Common Stock Shares | Common Stock Amount | Additional Paid-in Capital | Share Issuance Obligation | Accumulated Deficit | Accumulated Other Comprehensive | Stockholders' Equity |
|--|------------------------|------------------------|----------------------------------|---------------------------------|------------------------|---------------------------------------|-------------------------|
| Balance, July 31, 2011 | 73,487,337 | \$ 73,487 | \$ 154,564,206 | \$ 194,700 | \$ (95,740,228) | \$ 30,626 | \$ 59,122,791 |
| Common stock | | | | | | | |
| Issued for public financing | 6,284,770 | 6,285 | 20,962,458 | - | - | - | 20,968,743 |
| Issued for exercise of stock options and warrants | 304,323 | 305 | 553,815 | - | - | - | 554,120 |
| Issued for consulting service agreement | 50,000 | 50 | 167,324 | - | - | - | 167,374 |
| Issued for settlement of convertible debentures | 128,508 | 128 | 699,212 | - | - | - | 699,340 |
| Issued for mineral property acquisitions | 4,520,669 | 4,521 | 15,953,311 | - | - | - | 15,957,832 |
| Issued for database acquisition | 159,236 | 159 | 510,989 | - | - | - | 511,148 |
| Issued for settlement of current liabilities | 40,312 | 40 | 158,386 | - | - | - | 158,426 |
| Stock-based compensation | | | | | | | |
| Options issued for consulting services | - | - | 763,848 | - | - | - | 763,848 |
| Options issued for management fees | - | - | 834,219 | - | - | - | 834,219 |
| Options issued for wages and benefits | - | - | 1,144,062 | - | - | - | 1,144,062 |
| Options issued for mineral property acquisition | - | - | 76,442 | - | - | - | 76,442 |
| Broker options issued for mineral property acquisition | - | - | 28,149 | - | - | - | 28,149 |
| Warrants issued for mineral property acquisition | - | - | 70,460 | - | - | - | 70,460 |
| Net loss for the year | - | - | - | - | (25,083,720) | - | (25,083,720) |
| Unrealized loss on available-for-sale securities | - | - | - | - | - | (52,753) | (52,753) |

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| | | | | | | | | | | | | | |
|-----------------------------------|-------------------|-----------|---------------|-----------|--------------------|-----------|----------------|-----------|----------------------|-----------|-----------------|-----------|-------------------|
| Balance, July 31, 2012 | 84,975,155 | \$ | 84,975 | \$ | 196,486,881 | \$ | 194,700 | \$ | (120,823,948) | \$ | (22,127) | \$ | 75,920,481 |
|-----------------------------------|-------------------|-----------|---------------|-----------|--------------------|-----------|----------------|-----------|----------------------|-----------|-----------------|-----------|-------------------|

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

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URANIUM ENERGY CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS

| | Notes | 2012 | Year Ended July 31, | |
|---|-------|---------------------|---------------------|---------------------|
| | | | 2011 | 2010 |
| CASH (USED IN) PROVIDED BY: | | | | |
| OPERATING ACTIVITIES | | | | |
| Net loss for the year | | \$ (25,083,720) | \$ (27,358,095) | \$ (14,478,669) |
| Adjustments to reconcile net loss to net cash from operating activities | | | | |
| Stock-based compensation | 11 | 2,909,503 | 6,342,739 | 7,029,390 |
| Depreciation, amortization, depletion and accretion | | 2,219,924 | 1,155,959 | 794,504 |
| Impairment loss on mineral properties | | - | 143,396 | 43,600 |
| (Gain) loss on disposition of assets | | (6,999) | 9,234 | 3,677 |
| Gain on sale of investments | | - | (508,682) | - |
| Loss on fair value of convertible debentures | 5 | 49,681 | - | - |
| Loss on settlement of convertible debentures | 5 | 312,207 | - | - |
| Gain on settlement of accounts payable | 5 | (221,292) | - | - |
| Loss on settlement of asset retirement obligations | 10 | 444,448 | - | - |
| Gain on sale of discontinued operations, net of income taxes | 5 | - | - | (8,534,081) |
| Deferred income tax benefit | | (61,788) | - | - |
| Non-cash financing charges | | - | - | 517,273 |
| Other non-cash adjustment | | - | - | (4,413) |
| Changes in operating assets and liabilities | | | | |
| Accounts and interest receivable | | (166,626) | (44,457) | (19,555) |
| Inventories | 4 | 899,847 | (2,063,630) | - |
| Prepaid expenses and deposits | | (433,293) | (96,985) | (30,659) |
| Accounts payable and accrued liabilities | | 993,865 | (42,485) | 2,475,429 |
| Settlement of asset retirement obligations | 10 | (1,064,220) | (1,212,942) | (1,368,685) |
| NET CASH FLOWS USED IN OPERATING ACTIVITIES | | (19,208,463) | (23,675,948) | (13,572,189) |
| FINANCING ACTIVITIES | | | | |
| Issuance of shares for cash, net of issuance costs | | 21,522,863 | 37,106,294 | 1,144,760 |
| Settlement of convertible debentures | 5 | (1,370,486) | - | - |
| Due to related parties | 9 | 39,156 | 8,287 | 37,360 |

| | | | | |
|--|-------|----------------------|---------------|---------------|
| NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES | | 20,191,533 | 37,114,581 | 1,182,120 |
| INVESTING ACTIVITIES | | | | |
| Investment in mineral rights and properties | 5, 14 | (4,184,269) | (1,453,767) | (1,421,900) |
| Purchase of property, plant and equipment | | (1,321,678) | (719,171) | (166,648) |
| Settlement of loan assumed from acquisition of subsidiaries | 5 | (260,650) | (300,000) | - |
| Proceeds from disposition of assets | | 7,500 | 530,650 | 11,003,723 |
| Proceeds from sale of investments | | - | 29,035 | - |
| Reclamation deposits | | (932,740) | (1,868,991) | (223,087) |
| NET CASH FLOWS (USED IN) PROVIDED BY INVESTING ACTIVITIES | | (6,691,837) | (3,782,244) | 9,192,088 |
| NET CASH FLOWS CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | | (5,708,767) | 9,656,389 | (3,197,981) |
| CASH AND CASH EQUIVALENTS, END OF YEAR | | 30,724,051 | 21,067,662 | 24,265,643 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | | \$ 25,015,284 | \$ 30,724,051 | \$ 21,067,662 |

SUPPLEMENTAL CASH FLOW INFORMATION

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

**URANIUM
ENERGY CORP.
NOTES TO THE
CONSOLIDATED
FINANCIAL
STATEMENTS
JULY 31, 2012**

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 partnership (collectively, the Company) are engaged in uranium mining and related activities, including exploration, development, extraction and processing of uranium concentrates, on projects located in the United States and the Republic of Paraguay.

The Company realized revenue from uranium sales during the fiscal year ended July 31, 2012, however, it has a history of operating losses and significant negative cash flow since inception. Although planned principal operations have commenced and existing cash resources are expected to provide sufficient funds for the next twelve months, future capital expenditures of the Company may be substantial and its continuation as a going concern for a period longer than twelve months will be dependent upon the Company's ability to obtain adequate financing. Historically, the Company has been reliant primarily on equity financing from the sale of its common shares and this reliance is expected to continue for the foreseeable future. Furthermore, 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 July 31, 2012, the Company had working capital of \$22.5 million and an accumulated deficit of \$120.8 million. For the fiscal year ended July 31, 2012 (Fiscal 2012), the fiscal year ended July 31, 2011 (Fiscal 2011) and the fiscal year ended July 31, 2010 (Fiscal 2010), the Company recorded a net loss of \$25.1 million, \$27.4 million and \$14.5 million, respectively.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

These consolidated financial statements are presented in United States dollars and have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP).

The accompanying consolidated financial statements include the accounts of Uranium Energy Corp. and its wholly-owned subsidiaries, UEC Resources Ltd., UEC Paraguay Corp. and its subsidiary, Piedra Rica Mining S.A., Cue Resources Ltd. and its subsidiary, Transandes Paraguay S.A., UEC Concentric Merge Corp., URN Texas GP, LLC, URN South Texas Project, Ltd. and a partnership, South Texas Mining Venture, L.L.P.. All significant inter-company transactions and balances have been eliminated upon consolidation.

Comparative figures for stock-based compensation have been reclassified to the general and administrative expenses to conform to the current year's presentation format.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and revenues and expenses during the period reported. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. Significant areas requiring management's estimates and assumptions include determining the fair value of transactions involving common stock, valuation and impairment losses on mineral property interests, valuation of stock-based compensation,

valuation of available-for-sale securities, net realizable valuation of inventory and valuation of convertible debentures and asset retirement obligations. Other areas requiring estimates include allocations of expenditures to inventories, depletion and amortization of mineral rights and properties and depreciation of property, plant and equipment. Actual results could differ from those estimates.

Foreign Currency Translation

The functional currency of the Company, including its subsidiaries, is the United States dollar. UEC Resources Ltd. and Cue Resources Ltd. maintain their accounting records in their local currency, the Canadian dollar. Piedra Rica Mining S.A. and Transandes Paraguay S.A. maintain their accounting records in their local currency, the Paraguayan Guarani. In accordance with ASC 830, Foreign Currency Matters, the financial statements of the Company's subsidiaries are translated into United States dollars using period-end exchange rates as to monetary assets and liabilities and average exchange rates as to revenues and expenses. Non-monetary assets are translated at their historical exchange rates. Net gains and losses resulting from foreign exchange translations and foreign currency exchange gains and losses on transactions occurring in a currency other than the Company's functional currency are included in the determination of net income (loss) in the period.

URANIUM ENERGY CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JULY 31, 2012

Cash and Cash Equivalents

The Company considers all highly-liquid instruments with an original maturity of three months or less at the time of issuance to be cash equivalents.

Financial Instruments

The fair values of cash and cash equivalents, available for sale securities, accounts and interest receivable, accounts payable and accrued liabilities and due to related parties were estimated to approximate their carrying values due to the immediate or short-term maturity of these financial instruments. The reclamation deposits are deposits mainly invested in short-term funds at major financial institutions and their fair value was estimated to approximate their carrying value. The Company's operations and financing activities are conducted primarily in United States dollars and as a result, the Company is not subject to significant exposure to market risks from changes in foreign currency rates. The Company is exposed to credit risk through its cash and cash equivalents, but mitigates this risk by keeping deposits at major financial institutions.

Fair Value Measurements

The Company measures its available-for-sale securities at fair value in accordance with ASC 820, Fair Value Measurements. ASC 820 specifies a valuation hierarchy based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's own assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 Quoted prices for identical instruments in active markets;
- Level 2 Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets; and
- Level 3 Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

Inventories

Inventories are comprised of supplies, uranium concentrates and work-in-progress. Expenditures include mining and processing activities that result in future production of uranium concentrates and depreciation and depletion charges. Mining and processing costs include labor, chemicals, directly attributable production expenditures and overhead related to production. Inventories are carried at the lower of cost or net realizable value and are valued and charged to cost of sales using the average costing method.

Mineral Rights

Expenditures relating to the acquisition of mineral rights are capitalized as incurred. Expenditures relating to exploration activities are expensed as incurred, while those relating to development activities are expensed when incurred prior to the completion of a bankable feasibility study establishing proven and probable reserves. Once proven and probable reserves are established, subsequent development expenditures relating to that project are capitalized.

Upon commencement of production, the project's capitalized expenditures are depleted over proven and probable reserves using the units-of-production method. Where proven and probable reserves have not been established, such capitalized expenditures are depleted over the estimated production life using the straight-line method. The Company has not established proven or probable reserves on any of its projects.

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The carrying values of the mineral rights are assessed for impairment by management on a quarterly basis or when indicators of impairment exist. Should management determine that these carrying values cannot be recovered, the unrecoverable amounts are written off against earnings.

Databases

Expenditures relating to mineral property databases are capitalized upon acquisition while those developed internally are expensed as incurred. Mineral property databases are tested for impairment whenever events or changes indicate that the carrying values may not be recoverable. An impairment loss is recognized if it is determined that the carrying value is not recoverable and exceeds fair value. Mineral property databases are amortized using the straight-line method over a five-year period over which management believes these assets will contribute to the Company's cash flows. Databases are included in Mineral Rights and Properties on the balance sheet.

Land Use Agreements

Expenditures relating to mineral property land use agreements are capitalized upon acquisition. Mineral property land use agreements are tested for impairment whenever events or changes indicate that the carrying values may not be recoverable. An impairment loss is recognized if it is determined that the carrying value is not recoverable and exceeds fair value. Mineral property land use agreements are amortized using the straight-line method over a ten-year period over which management believes these assets will contribute to the Company's cash flows. Land use agreements are included in Mineral Rights and Properties on the balance sheet.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost and are depreciated to their estimated residual values using the straight-line method over their estimated useful lives as follows:

- Hobson processing facility - 10 years
- Computer equipment - 3 years
- Other equipment, vehicles and furniture and fixtures - 5 years
- Leasehold improvements - term of lease

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Circumstances which could trigger a review include, but are not limited to: significant decreases in the market price of the asset; significant adverse changes in the business climate or legal factors; accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of the asset; current period cash flow or operating losses combined with a history of losses or a forecast of continuing losses associated with the use of the asset; and current expectation that the asset will more likely than not be sold or disposed of significantly before the end of its estimated useful life. Recoverability of these assets is measured by comparison of the carrying amounts to the future undiscounted cash flows expected to be generated by the assets. An impairment loss is recognized when the carrying amount is not recoverable and exceeds fair value.

Income Taxes

The Company follows the liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax balances. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income for the years in which those differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment. The Company recognizes deferred taxes on unrealized gains directly within other comprehensive income, and concurrently releases part of the valuation allowance resulting in no impact within other comprehensive income or on the balance sheet. The Company's policy is to accrue any interest and penalties related to unrecognized tax benefits in its provision for income taxes. Additionally, ASC 740, Income Taxes, requires that the Company recognize in its financial statements the impact of a tax position that is more likely than not to be sustained upon examination based on the technical merits of the position.

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Restoration and Remediation Costs (Asset Retirement Obligations)

Various federal and state mining laws and regulations require the Company to reclaim the surface areas and restore underground water quality for its mine projects to the pre-existing mine area average quality after the completion of mining.

Future reclamation and remediation costs, which include production equipment removal and environmental remediation, are accrued at the end of each period based on management's best estimate of the costs expected to be incurred for each project. Such estimates are determined by the Company's engineering studies which consider the costs of future surface and groundwater activities, current regulations, actual expenses incurred, and technology and industry standards.

In accordance with ASC 410, Asset Retirement and Environmental Obligations, the Company capitalizes the measured fair value of asset retirement obligations to mineral rights and properties. The asset retirement obligations are accreted to an undiscounted value until the time at which they are expected to be settled. The accretion expense is charged to earnings and the actual retirement costs are recorded against the asset retirement obligations when incurred. Any difference between the recorded asset retirement obligations and the actual retirement costs incurred will be recorded as a gain or loss in the period of settlement.

On a quarterly basis, the Company updates cost estimates and other assumptions used in the valuation of asset retirement obligations at each of its mineral projects to reflect new events, changes in circumstances and any new information that is available. Changes in these costs have a corresponding impact on the asset retirement obligations.

Convertible Debentures

Pursuant to ASC 815, Derivatives and Hedging, the convertible debentures were initially measured at fair value in its entirety, without separating associated elements such as the convertible feature. Subsequent to the initial recognition, the fair value of the convertible debentures is revalued and recognized in the applicable period as an unrealized change in fair value of the convertible debentures in the consolidated statements of operations and comprehensive loss.

The Company's fair value measurement for the convertible debentures is calculated using a probability-weighted discounted cash flow model (level 3 fair value measurement) which includes the Company's assessment of the outstanding principle, the accrued interest and the applicable discount rate.

Upon exercise under the convertible provision, the financial liability is derecognized and common shares of the Company would be issued at the exercise price, with any differences recorded as a gain or loss in the consolidated statements of operations and comprehensive loss.

Upon settlement of the convertible debentures, the financial liability is derecognized and any difference between the carrying value of the financial liability and the settlement amount is recorded as a gain or loss of convertible debenture settlement in the consolidated statements of operations and comprehensive loss.

During Fiscal 2012, the Company settled all outstanding convertible debentures through cash payments and issuance of shares of the Company.

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Revenue Recognition

The recognition of revenue from the sale of uranium concentrates is in accordance with the guidelines outlined in ASC Section 605-10-25, Revenue Recognition. The Company delivers its uranium concentrates to a uranium storage facility and once the product is confirmed to meet the required specifications, the Company receives credit for a specified quantity measured in pounds. Future sales of uranium concentrates are expected to generally occur under uranium supply agreements or through the uranium spot market. Once a sale of uranium concentrates is negotiated, the Company will notify the uranium storage facility with instructions for a title transfer to the customer. Revenue is recognized once a title transfer of the uranium concentrates is confirmed by the uranium storage facility at which point the customer is invoiced by the Company.

Stock-Based Compensation

The Company follows ASC 718, Compensation - Stock Compensation, which addresses the accounting for stock-based payment transactions, requiring such transactions to be accounted for using the fair value method. Awards of shares for property or services are recorded at the more readily measurable of the fair value of the stock and the fair value of the service. The Company uses the Black-Scholes option-pricing model to determine the grant date fair value of stock-based awards under ASC 718. The fair value is charged to earnings depending on the terms and conditions of the award, and the nature of the relationship of the recipient of the award to the Company. The Company records the grant date fair value in line with the period over which it was earned. For employees and management, this is typically considered to be the vesting period of the award. For consultants the fair value of the award is recorded over the term of the service period, and unvested amounts are revalued at each reporting period over the service period. The Company estimates the expected forfeitures and updates the valuation accordingly.

Earnings (Loss) per Common Share

Basic earnings (loss) per share includes no potential dilution and is computed by dividing the earnings (loss) attributable to common stockholders by the weighted average number of common shares outstanding for the period. Diluted earnings (loss) per share reflect the potential dilution of securities that could share in the earnings (loss) of the Company. The common shares potentially issuable on the exercise of share purchase warrants and stock options were not included in the calculation of weighted average number of shares outstanding because the effect is anti-dilutive.

New Accounting Standard

On May 12, 2011, the FASB issued ASU 2011-04 to converge U.S. GAAP and IFRS requirements for measuring amounts at fair value as well as disclosures about these measurements. The ASU is effective for the first reporting period (including interim periods) beginning after December 15, 2011. Effective February 1, 2012, the Company adopted this ASU which did not have a material impact on the Company's consolidated financial statements.

On June 16, 2011, the FASB issued ASU 2011-05 to provide two options of how to present items of net income, items of other comprehensive income and total comprehensive income. Companies can create one continuous statement of comprehensive income or two separate consecutive statements. Companies will no longer be allowed to present other comprehensive income in the statement of stockholders' equity. The ASU is effective for fiscal years, and interim periods within those years after December 15, 2011. On December 23, 2011, FASB issued ASU 2011-12 to defer the ASU 2011-05 requirement with the same effective date as ASU 2011-12. The Company adopted this guidance effective February 1, 2012.

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NOTE 3: AVAILABLE-FOR-SALE SECURITIES

Available-for-sale securities consist of shares in publicly-traded uranium exploration companies listed on the TSX Venture and Australian Stock Exchanges. For Fiscal 2012, the Company recorded an unrealized loss of \$52,753 (Fiscal 2011: unrealized gain of \$25,778; Fiscal 2010: unrealized loss of \$5,752) in accumulated other comprehensive loss (income) relating to available-for-sale securities.

At July 31, 2012, the fair value of the Company's available-for-sale securities is as follows:

| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|---|---|--|--|
| Available-for-Sale Securities | | | |
| Strategic Resources Inc. | \$ 7,777 | \$ - | \$ - |
| Kaboko Mining Limited (formerly Uran Limited) | 34,196 | - | - |
| | \$ 41,973 | \$ - | \$ - |

At July 31, 2011, the fair value of the Company's available-for-sale securities is as follows:

| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|---|---|--|--|
| Available-for-Sale Securities | | | |
| Strategic Resources Inc. | \$ 24,490 | \$ - | \$ - |
| Kaboko Mining Limited (formerly Uran Limited) | 54,636 | - | - |
| | \$ 79,126 | \$ - | \$ - |

NOTE 4: INVENTORIES

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

| | July 31, 2012 | July 31, 2011 |
|---------------------------------------|---------------|---------------|
| Supplies | \$ 32,489 | \$ 39,263 |
| Work-in-progress | 250,951 | 505,446 |
| Finished goods - uranium concentrates | 1,592,660 | 2,231,238 |
| | \$ 1,876,100 | \$ 2,775,947 |

At July 31, 2012, the total non-cash component of inventory was \$319,024 (July 31, 2011: \$712,317). During Fiscal 2012 and 2011, the Company did not record a write-down of inventories to net realizable value.

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

At July 31, 2012, the Company had mineral rights in the States of Arizona, Colorado, New Mexico, Texas and Wyoming and in the Republic of Paraguay. These mineral rights were acquired for the purposes of uranium mining and related activities, including exploration, development, extraction and processing of uranium concentrates, at a cost

of \$42,425,697, including \$33,018,768 representing the fair value of non-cash consideration and \$2,365,456 representing the present value of the retirement obligation associated with the Palangana Mine, net of \$1,713,504 in impairment charges. These mineral rights were acquired through staking and lease or option agreements and are subject to varying royalty interests, some of which are indexed to the sale price of uranium. At July 31, 2012, annual maintenance payments of approximately \$1,186,000 were required to maintain these mineral rights.

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Mineral rights and property acquisition costs consist of the following:

| | July 31, 2012 | July 31, 2011 |
|--|----------------------|---------------|
| Mineral Rights and Properties, Unproven | | |
| Palangana Mine | \$ 6,610,453 | \$ 5,710,187 |
| Goliad Project | 8,689,127 | 8,689,127 |
| Burke Hollow Project | 1,313,250 | - |
| Channen Project | 428,164 | - |
| Salvo Project | 363,645 | 303,645 |
| Nichols Project | 154,774 | 154,774 |
| Anderson Project | 9,154,268 | 427,616 |
| Workman Creek Project | 1,187,158 | - |
| Los Cuatros (formerly New River) Project | 257,250 | 257,250 |
| Slick Rock Project | 163,213 | 47,913 |
| Todilto Project | 166,720 | 182,320 |
| Yuty Project | 11,947,144 | - |
| Coronel Oviedo Project | 1,133,412 | 880,579 |
| Other property acquisitions | 857,119 | 789,302 |
| | 42,425,697 | 17,442,713 |
| Accumulated depletion | (1,057,495) | (360,418) |
| | 41,368,202 | 17,082,295 |
| Databases | 2,345,038 | 1,433,890 |
| Accumulated amortization | (1,374,484) | (968,782) |
| | 970,554 | 465,108 |
| Land Use Agreements | 375,155 | 375,155 |
| Accumulated amortization | (118,991) | (81,475) |
| | 256,164 | 293,680 |
| | \$ 42,594,920 | \$ 17,841,083 |

The Company has not established proven or probable reserves on any of its mineral projects.

Pursuant to a Data Purchase and Sale Agreement dated August 19, 2011, the Company purchased certain database covering the Goliad formation from Uranium One Inc. for total consideration of \$911,148, comprised of a cash payment of \$400,000 and the issuance of 159,236 restricted common shares of the Company with an estimated fair value estimated of \$511,148.

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The estimated depletion and amortization of mineral rights and properties for the next five fiscal years is as follows:

| | |
|---------------|--------------|
| July 31, 2013 | \$ 1,415,096 |
| July 31, 2014 | 1,319,053 |
| July 31, 2015 | 534,428 |
| July 31, 2016 | 416,735 |
| July 31, 2017 | 245,589 |
| Total | \$ 3,930,901 |

Mineral property expenditures incurred by major projects are as follows:

| | Year Ended July 31, | | |
|--------------------------------------|----------------------|----------------------|---------------------|
| | 2012 | 2011 | 2010 |
| Mineral Property Expenditures | | | |
| Palangana Mine | \$ 7,597,102 | \$ 7,859,841 | \$ 3,643,662 |
| Goliad Project | 646,314 | 995,849 | 2,353,547 |
| Burke Hollow Project | 1,176,101 | - | - |
| Channen Project | 190,009 | - | - |
| Hobson | 123,005 | 367,904 | 30,300 |
| Salvo Project | 1,113,659 | 1,268,088 | 83,788 |
| Nichols Project | 150,000 | 15,496 | 5,976 |
| Land work - Texas | 423,291 | 388,633 | 164,740 |
| Anderson Project | 375,058 | 13,707 | - |
| Workman Creek Project | 50,069 | - | - |
| Yuty Project | 627,623 | - | - |
| Coronel Oviedo Project | 2,207,255 | 250,992 | - |
| Other Mineral Property Expenditures | 259,236 | 259,670 | 156,701 |
| | \$ 14,938,722 | \$ 11,420,180 | \$ 6,438,714 |

During Fiscal 2012, the Company did not incur any impairment charges (Fiscal 2011: \$143,396; Fiscal 2010: \$43,600). During Fiscal 2011, the Company impaired the Monument Canyon property located in Utah and the Carrizo, Devillier and Maetze properties located in Texas.

During Fiscal 2010, the Company sold its 49% interest in Cibola Resources, LLC for a cash payment of \$11.0 million. As a result, the Company recorded an \$8,534,081 gain on the sale of assets which is reported as discontinued operations.

Palangana Mine, Texas

The Company has various mining lease and surface use agreements granting the Company the exclusive right to explore, develop and mine for uranium at the Palangana Mine, a 9,601-acre property located in Duval County, Texas approximately 100 miles south of the Hobson Processing Facility. Effective December 18, 2009, the Company acquired the Palangana Mine as part of the acquisition of South Texas Mining Venture, L.L.P. (STMV Acquisition) with an estimated fair value of \$3,911,800 at acquisition.

Upon commencement of production during the second quarter of Fiscal 2011, the Company began depreciating and depleting the capitalized costs of the Palangana Mine over a 30 to 42-month period. At July 31, 2012, capitalized costs of the Palangana Mine was \$6,610,453 (July 31, 2011: \$5,710,187), less accumulated depletion of \$1,057,495 (July 31, 2011: \$360,418), a net book value of \$5,552,958 (July 31, 2011: \$5,349,769). Included in capitalized costs was

\$2,365,456 of reclamation liability on July 31, 2012 (July 31, 2011: \$1,798,387).

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Goliad Project, Texas

The Company has various mining lease and surface use agreements granting the Company the exclusive right to explore, develop and mine for uranium on the Goliad Project, a 2,242-acre property located in Goliad County, Texas. The agreements have a minimum term of five years with extension provisions. At July 31, 2012, capitalized costs totaled \$8,689,127 (July 31, 2011: \$8,689,127).

Burke Hollow Project, Texas

During Fiscal 2012, the Company entered into a mining lease and surface use agreement granting the Company the exclusive right to explore, develop and mine for uranium on the Burke Hollow Project, a 17,510-acre property located in Bee County, Texas.

The acquisition of the Burke Hollow Project was accounted for in accordance with ASC 360, Property, Plant and Equipment as an asset acquisition. Total consideration paid by the Company was \$1,313,250 in cash which was capitalized as mineral rights and properties on the Company's consolidated balance sheet. At July 31, 2012, capitalized costs totaled \$1,313,250 (July 31, 2011: \$Nil).

Channen Project, Texas

During Fiscal 2012, the Company entered into a lease option agreement granting the Company the exclusive right to explore for uranium and enter into a mining lease and surface use agreement on the Channen Project, a 10,704-acre property located in Goliad County, Texas. The lease option agreement is subject to minimum exploration expenditures totaling \$1.75 million over a two-year period ending December 31, 2013.

The acquisition of the Channen Project was accounted for in accordance with ASC 360, Property, Plant and Equipment as an asset acquisition. Total consideration paid by the Company was \$428,164 in cash which was capitalized as mineral rights and properties on the Company's consolidated balance sheet. At July 31, 2012, capitalized costs totaled \$428,164 (July 31, 2011: \$Nil).

Salvo Project, Texas

The Company has various mining lease and surface use agreements granting the Company the exclusive right to explore, develop and mine for uranium on the Salvo Project, a 5,340-acre property located in Bee County, Texas. The agreements have a minimum term of five years with extension provisions. At July 31, 2012, capitalized costs totaled \$363,645 (July 31, 2011: \$303,645).

Nichols Project, Texas

The Company has various mining lease and surface use agreements granting the Company the exclusive right to explore, develop and mine for uranium on the Nichols Project, a 1,040-acre property located in Karnes County, Texas. The agreements have a minimum term of five years with extension provisions. At July 31, 2012, capitalized costs totaled \$154,774 (July 31, 2011: \$154,774).

Anderson Project, Arizona

Pursuant to a Merger Agreement and Plan of Merger dated May 5, 2011 and effective September 9, 2011 (the Merger Agreement), the Company merged with Concentric Energy Corp. (Concentric) resulting in the acquisition of an undivided 100% interest in the 9,852-acre Anderson Property located in Yavapai County, Arizona. In accordance with the Merger Agreement, Concentric's shareholders received 0.1075 of one share of the Company's common stock for every one share of Concentric common stock, resulting in the issuance of 1,253,440 shares of the Company to the former Concentric shareholders. In addition, holders of Concentric share purchase warrants received 0.1075 of one share purchase warrant of the Company for every one Concentric share purchase warrant, resulting in the issuance of share purchase warrants representing 375,834 shares of the Company exercisable at prices ranging from \$9.30 to \$65.12 per share to the former holders of Concentric share purchase warrants.

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Pursuant to an Acquisition Agreement dated April 11, 2011, as amended on June 24, 2011, and effective September 9, 2011 (the Acquisition Agreement) concurrently with the Merger Agreement, the Company was assigned all of Global Uranium Corp.'s (Global) rights and interests under the terms and conditions of an Option and Joint Venture Agreement dated April 13, 2010 between Concentric and Global with respect to the Anderson Project. In accordance with the Acquisition Agreement, the Company provided the following consideration to Global:

- an initial cash payment of \$150,000;
- a further cash payment of \$200,000 representing repayment in full of a secured loan between Global and Concentric thereby releasing and assigning to the Company the security previously granted by Concentric to Global; and
- a final cash payment of \$150,000 and the issuance of 350,000 restricted shares of the Company.

The acquisition of the Anderson Project was accounted for in accordance with ASC 360, Property, Plant and Equipment, as an asset acquisition and the respective fair values of the material line items are summarized as follows:

- cash payment of \$500,000;
- issuance of 1,603,440 shares of the Company and warrants to purchase 375,834 shares valued at \$5,195,797;
- transaction costs incurred valued at \$509,273;
- assumption of Concentric's accounts payable and accrued liabilities valued at \$1,241,260; and
- assumption of Concentric's convertible debenture liabilities valued at \$1,707,938.

At July 31, 2012, capitalized costs totaled \$9,154,268 (July 31, 2011: \$427,616).

Effective September 9, 2011 and as part of the merger with Concentric, the Company assumed the obligations of certain Series A and B convertible debentures previously issued by Concentric with a combined estimated fair value of \$1,707,938. The Series A convertible debentures were comprised of a total \$628,376 in principal accruing interest at 15% annually, convertible into shares of Concentric at \$0.90 per share and maturing on December 31, 2012. The Series B convertible debentures were comprised of a total \$498,644 in principal accruing interest at 15% annually, convertible into shares of Concentric at \$1.22 per share and maturing on April 22, 2013 and May 21, 2013.

During Fiscal 2012, the Company settled all of the Series A and B convertible debentures with an aggregate value of \$1,757,619 for cash payments totaling \$1,370,486 and the issuance of 128,508 shares of the Company with a fair value of \$699,340, resulting in the recognition of a loss on settlement of convertible debentures of \$312,207.

During Fiscal 2012, the Company recognized a loss in fair value of convertible debentures of \$49,681.

During Fiscal 2012, the Company settled the following accounts payable and accrued liabilities previously incurred by Concentric and assumed by the Company:

- made cash payments totaling \$292,045 as full settlements of a total \$511,415 owed to various vendors resulting in the recognition of a gain on settlement of accounts payable of \$219,370; and
- issued a total 40,312 shares of the Company with a fair value of \$158,426 as full settlements of a total \$129,000 owed to two former directors of Concentric resulting in the recognition of a loss on settlement of accounts payable of \$29,426.

Workman Creek Project, Arizona

Pursuant to a Property Acquisition Agreement dated November 7, 2011, as amended on November 25, 2011, and effective November 30, 2011, the Company acquired from Cooper Minerals, Inc. (Cooper) an undivided 100% interest in the 4,192-acre Workman Creek Project located in Gila County, Arizona. The Workman Creek Project is subject to a 3.0% net smelter revenue royalty requiring an annual advance royalty payment of \$100,000. The Company has an exclusive right and option to acquire one-half (1.5%) of the net smelter revenue royalty for \$1,000,000 at any time until January 21, 2024. Additionally, certain individuals hold an option to acquire a 0.5% net smelter revenue royalty exercisable by paying the Company the sum of \$333,340 at any time until January 21, 2024.

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As consideration for this acquisition, the Company made cash payments totaling \$84,640 and issued 300,000 shares. The acquisition of the Workman Creek Project was accounted for in accordance with ASC 360, Property, Plant and Equipment, as an asset acquisition and the respective fair values of the material line items are summarized as follows:

- cash payment of \$84,640;
- issuance of 300,000 shares of the Company valued at \$915,000; and
- transaction costs incurred valued at \$187,518.

At July 31, 2012, capitalized costs totaled \$1,187,158.

Los Cuatros Project (formerly New River Project), Arizona

On January 25, 2010, the Company acquired 640 acres of mineral exploration claims located in Maricopa County, Arizona, together with database records containing material information regarding the mineral claims. At July 31, 2012, capitalized costs totaled \$257,250 (July 31, 2011: \$257,250).

Slick Rock Project, Colorado

Pursuant to a Uranium Mining Lease dated May 23, 2012, the Company acquired from URenergy, LLC a mining lease for uranium on the Slick Rock Project located in San Miguel and Montrose Counties, Colorado. The Slick Rock Project is subject to a 3.0% production royalty requiring an annual advance royalty payment of \$30,000 beginning on November 30, 2017. As consideration for this acquisition, the Company paid \$100,000 in cash. At July 31, 2012, capitalized costs totaled \$163,213 (July 31, 2011: \$47,913).

Todilto Project, New Mexico

Effective January 14, 2009, the Company entered into an Option and Joint Venture Agreement (the Agreement) with Kaboko Mining Limited, formerly Uran Limited, (Kaboko) over a certain area of the Company's Todilto Project located in New Mexico. Kaboko may earn a 65% interest in the area by:

- a cash payment of \$75,000 to the Company (received);
- issuing to the Company an initial 1,000,000 shares and a further 750,000 shares each at the end of years one, two and three, for a total issuance of 3,250,000 shares of Kaboko common stock (received);
- incurring exploration expenditures of \$100,000 in year one (completed), \$200,000 in year two (completed), \$300,000 in year three (completed), \$400,000 in year four and \$500,000 in year five, for a total of \$1,500,000 in exploration expenditures incurred on the Todilto Project; and
- completion of a feasibility study.

During Fiscal 2012, the Company received an additional 750,000 shares of Kaboko common stock with a fair value of \$15,600 which was applied against the capitalized costs of the Todilto Project. At July 31, 2012, capitalized costs totaled \$166,720 (July 31, 2011: \$182,320).

Coronel Oviedo Project, Paraguay

Pursuant to a Share Exchange Agreement dated May 11, 2011 and effective May 24, 2011, the Company acquired a 100% interest in Piedra Rica Mining S.A., a private Paraguayan company, which holds an undivided 100% interest in

two prospecting permits in the area of Coronel Oviedo, Paraguay (the Coronel Oviedo Project), subject to a 1.5% gross overriding royalty. The Company has an exclusive right and option at any time to acquire one-half percent (0.5%) of the gross overriding royalty for \$500,000. The Company also has a right of first refusal to acquire all or any portion of the remaining one percent (1.0%) royalty interest. As consideration for this acquisition, the Company issued 225,000 shares. The acquisition of the Coronel Oviedo Project was accounted for in accordance with ASC 360, Property, Plant and Equipment, as an asset acquisition and the respective fair values of the material line items are summarized as follows:

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- issuance of 225,000 shares of the Company valued at \$722,250; and
- transaction costs incurred valued at \$158,329.

Pursuant to a Property Acquisition Agreement dated October 14, 2011, as amended on February 28, 2012 and March 31, 2012, between the Company and three private Paraguayan companies (the Property Acquisition Agreement), the Company acquired a 100% interest in a further two prospecting permits in the area of Coronel Oviedo, Paraguay, adjacent to the Coronel Oviedo Project, subject to a 1.5% gross overriding royalty. The Company has an exclusive right and option at any time to acquire one-half percent (0.5%) of the gross overriding royalty for \$166,667. The Company also has a right of first refusal to acquire all or any portion of the remaining one percent (1.0%) royalty interest. As consideration for this acquisition, the Company made a cash payment of \$7,500 and issued 100,000 shares. The acquisition of these permits was accounted for in accordance with ASC 360, Property, Plant and Equipment, as an asset acquisition and the respective fair values of the material line items are summarized as follows:

- cash payment of \$7,500;
- issuance of 100,000 shares of the Company valued at \$229,000; and
- transaction costs incurred valued at \$16,333

At July 31, 2012, capitalized costs totaled \$1,133,412 (July 31, 2011: \$880,579).

Yuty Project, Paraguay

Pursuant to an Arrangement Agreement dated January 20, 2012 and effective March 30, 2012 (the Arrangement Agreement), the Company acquired all of the outstanding common shares of Cue Resources Ltd. (Cue) by way of a plan of arrangement, resulting in the acquisition of an undivided 100% interest in the 539,936 acres Yuty Project located in southeastern Paraguay. In accordance with the Arrangement Agreement, Cue's shareholders received 0.0195 of one share of the Company's common stock for every one share of Cue common stock, resulting in the issuance of 2,345,926 shares of the Company to the former Cue shareholders in exchange for 120,304,067 shares of Cue. Holders of Cue share purchase warrants, stock options and broker options received equivalent securities of the Company at the 0.0195 ratio in exchange for their Cue securities, resulting in the issuance of share purchase warrants, stock options and broker options to purchase an aggregate 987,967 shares of the Company exercisable at prices ranging from \$3.59 to \$23.08 per share.

Pursuant to a Secured Loan Agreement dated January 20, 2012, the Company advanced CAD\$335,000 to Cue with interest calculated at 3% per annum in order for Cue to continue meeting its ongoing operational costs incurred prior to the closing which occurred on March 30, 2012. In accordance with the Arrangement Agreement and effective March 30, 2012, the Company settled debts with certain management members and related parties of Cue by payment of an aggregate \$30,075 in cash and the issuance of 171,303 shares of UEC.

The acquisition of the Yuty Project was accounted for in accordance with ASC 360, Property, Plant and Equipment, as an asset acquisition and the respective fair values of the consideration paid are summarized as follows:

- issuance of 2,345,926 shares of the Company valued at \$9,149,111 in exchange for 120,304,067 shares of Cue;
- issuance of share purchase warrants valued at \$70,460 to purchase 900,446 shares of the Company exercisable at prices ranging from \$6.15 and \$7.69 per share until expiry on November 10, 2012 and April 19, 2012, respectively, in exchange for Cue share purchase warrants to purchase 46,177,187 shares of Cue exercisable at

prices ranging from \$0.12 to \$0.15 per share;

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- issuance of stock options valued at \$76,442 to purchase 48,748 shares of the Company exercisable at prices ranging from \$5.13 to \$23.08 per share until expiry from July 15, 2013 to August 3, 2016, in exchange for Cue stock options to purchase 2,500,000 shares of Cue exercisable at prices ranging from \$0.10 to \$0.45 per share;
- issuance of broker options valued at \$28,149 to purchase 38,773 shares of the Company exercisable at a price of \$3.59 per share until expiry on November 10, 2012, in exchange for Cue broker options to purchase 1,988,423 shares of Cue exercisable at a price of \$0.07 per share;
- secured loan of CAD\$335,000 to Cue with interest at 3% per annum valued at \$337,769;
- debt settlements with certain management members and related parties of Cue by payment of \$30,075 in cash and the issuance of 171,303 shares of the Company valued at \$668,082; and
- transaction costs incurred valued at \$445,764.

The fair value of stock options, broker options and warrants issued by the Company was calculated using the Black-Scholes option pricing model with the following assumptions:

| | Stock Options | Broker Options | Warrants |
|--|---------------|----------------|----------|
| Weighted Average Risk Free Interest Rate | 0.34% | 0.19% | 0.18% |
| Weighted Average Expected Volatility | 84.92% | 47.49% | 50.95% |
| Weighted Average Expected Life in Years | 2.83 | 0.62 | 0.50 |
| Expected Dividend Yield | 0.00% | 0.00% | 0.00% |

The allocation of the respective fair values of the consideration paid and the identifiable assets acquired and liabilities assumed are as follows:

Consideration paid

| | |
|---|----------------------|
| 2,345,926 UEC common shares at \$3.90 per share | \$ 9,149,111 |
| 900,446 UEC warrants issued to exchange 46,177,187 CUE warrants | 70,460 |
| 48,748 UEC options issued to exchange 2,500,000 CUE stock options | 76,442 |
| 38,773 UEC options issued to exchange 1,988,423 CUE broker options | 28,149 |
| Secured loan to Cue | 337,769 |
| Debt settlement with a management member - cash | 30,075 |
| Debt settlement with management members and related parties - 171,303 UEC shares issued | 668,082 |
| Transaction costs | 445,764 |
| | \$ 10,805,852 |

Assets acquired and liabilities assumed

| | |
|--|----------------------|
| Cash and cash equivalent | \$ 104,216 |
| Other current assets | 32,860 |
| Mineral rights and properties | 11,947,144 |
| Accounts payable and accrued liabilities | (163,991) |
| Loan payable to a related party | (260,650) |
| Deferred income tax liabilities | (853,727) |
| | \$ 10,805,852 |

At July 31, 2012, capitalized costs totaled \$11,947,144.

During Fiscal 2012, the Company made cash payments totaling \$38,883 as full settlements of a total \$70,231 owed to various vendors resulting in the recognition of a gain on settlement of accounts payable of \$31,348.

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Pursuant to a Settlement and Release Agreement dated and effective August 7, 2012 (the Settlement Agreement), the Company renegotiated certain acquisition and royalty agreement terms previously agreed to between Cue and the original property vendors of the Yuty Project. The Settlement Agreement confirms an overriding royalty payable to the property vendors of \$0.21 for each pound of uranium produced from the Yuty Project, and supersedes all prior agreements entered into between Cue and the property vendors. As consideration for the Settlement Agreement, the Company paid \$50,000 in cash and issued 75,000 restricted shares. This transaction was incurred subsequent to July 31, 2012, and will be recorded on the consolidated financial statements for the three months ending October 31, 2012.

NOTE 6: PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

| | Cost | July 31, 2012 Accumulated Amortization | Net Book Value | Cost | July 31, 2011 Accumulated Amortization | Net Book Value |
|----------------------------|---------------|--|-------------------|---------------|--|-------------------|
| Hobson Processing Facility | \$ 6,671,959 | \$ (258,068) | \$ 6,413,891 | \$ 6,529,928 | \$ (106,832) | \$ 6,423,096 |
| Mining equipment | 2,182,251 | (811,016) | 1,371,235 | 1,527,101 | (506,424) | 1,020,677 |
| Vehicles | 1,841,119 | (1,063,240) | 777,879 | 1,615,480 | (746,268) | 869,212 |
| Computer equipment | 636,240 | (378,651) | 257,589 | 376,275 | (272,706) | 103,569 |
| Furniture and fixtures | 193,013 | (108,531) | 84,482 | 183,338 | (72,623) | 110,715 |
| Land | 175,144 | - | 175,144 | 175,144 | - | 175,144 |
| Leasehold improvements | 9,970 | (8,956) | 1,014 | 8,728 | (8,728) | - |
| | \$ 11,709,696 | \$ (2,628,462) | \$ 9,081,234 | \$ 10,415,994 | \$ (1,713,581) | \$ 8,702,413 |

Hobson Processing Facility

On December 18, 2009, the Company acquired the Hobson Processing Facility (Hobson) as part of the STMV Acquisition with an estimated fair value of \$6,529,928 at acquisition. Hobson is located in Karnes County, Texas about 100 miles northwest of Corpus Christi and was originally licensed and constructed in 1978. Hobson is designed to process uranium-loaded resins from satellite facilities, such as the Palangana Mine, to produce the final product in the form of uranium concentrates.

Upon commencement of processing the uranium-loaded resins from the Palangana Mine in November 2010, the Company began depreciating the capitalized costs of Hobson, which included a reclamation liability of \$329,928, on a straight-line basis over a ten-year period.

NOTE 7: RECLAMATION DEPOSITS

Reclamation deposits include interest and non-interest bearing deposits issued in the States of Arizona, Texas and Wyoming pursuant to exploration, production and reclamation activities in the respective states. Reclamation deposits consist of the following:

| | July 31, 2012 | July 31, 2011 |
|----------------------------|---------------|---------------|
| Palangana Mine | \$ 3,135,380 | \$ 2,117,011 |
| Hobson Processing Facility | 1,910,494 | 1,824,350 |
| Mount Lucas | 472,823 | 672,650 |

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| | | |
|----------------------------|---------------------|--------------|
| Arizona | 15,000 | 15,000 |
| Wyoming | 813 | 811 |
| | 5,534,510 | 4,629,822 |
| Interest (Service Charges) | 8,530 | (19,522) |
| | \$ 5,543,040 | \$ 4,610,300 |

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NOTE 8: LOAN RECEIVABLE

Pursuant to a Secured Loan Agreement dated April 11, 2011, the Company provided a senior secured loan to Concentric in the principal amount of \$300,000, subject to interest calculated at 6% per annum, of which \$200,000 was utilized to repay a secured loan owed to Global by Concentric, with the remainder for Concentric's ongoing operational costs incurred prior to the completion of a merger between the Company and Concentric. Effective September 9, 2011, the Company merged with Concentric which resulted in the reclassification of the loan receivable as partial consideration towards the purchase price of the Anderson Project (Note 5).

NOTE 9: DUE TO RELATED PARTIES AND RELATED PARTY TRANSACTIONS

During Fiscal 2012, the Company had transactions with certain officers and directors of the Company as follows:

- incurred \$126,373 (Fiscal 2011:\$122,701; Fiscal 2010: \$151,797) in general and administrative costs paid to a company controlled by a direct family member of a current officer; and
- incurred \$220,000 (Fiscal 2011: \$221,680; Fiscal 2010: \$777,000), with an additional \$66,667 in prepaid expenses, in consulting fees paid to a company controlled by a former director of the Company. Of the total fees paid in Fiscal 2011, \$179,904 relate to finder's fees for private placements; and,
- Incurred \$6,000 (Fiscal 2011 and 2010: \$Nil) in consulting fees paid to a company controlled by a current director of the Company.

At July 31, 2012, amounts owed to related parties totaled \$47,443 (July 31, 2011: \$8,287). These amounts are unsecured, non-interest bearing and due on demand.

NOTE 10: ASSET RETIREMENT OBLIGATIONS

The Company's asset retirement obligations ("ARO") relates to site restoration for the Hobson Processing Facility, Palangana Mine and Mt. Lucas assumed as part of the STMV Acquisition.

| | July 31, 2012 | July 31, 2011 |
|---|-----------------------|----------------------|
| Opening balance | \$ 3,027,803 | \$ 2,243,840 |
| Revision in estimate of asset retirement obligations | 567,069 | 126,000 |
| Liabilities assumed | - | 1,798,387 |
| Liabilities settled with cash | (619,772) | (1,212,942) |
| Liabilities settled with common shares | - | (54,000) |
| Accretion | 137,274 | 126,518 |
| | 3,112,374 | 3,027,803 |
| Less: current portion of asset retirement obligations | (133,298) | (675,872) |
| Long-term asset retirement obligations | \$ 2,979,076 | \$ 2,351,931 |
| | July 31, 2012 | July 31, 2011 |
| Undiscounted amount of estimated cash flows | \$ 3,662,233 | \$ 3,677,822 |
| Payable in years | 2.5 to 7.5 | 3.5 to 8.5 |
| Inflation rate | 1.56% to 2.43% | 2.25% |
| Discount rate | | 5.00% |

**5.00% to
10.5%**

During Fiscal 2012, the Company settled asset retirement obligations of \$619,772 with cash of \$1,064,220. As a result, a loss on settlement of asset retirement obligations of \$444,448 was recorded on the consolidated statements of operations.

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

Undiscounted estimated cash flow for the next five years

| | | |
|-------------------|----|-----------|
| July 31, 2013 | \$ | 133,298 |
| July 31, 2014 | | 640,714 |
| July 31, 2015 | | 623,964 |
| July 31, 2016 | | 74,241 |
| July 31, 2017 | | - |
| Remaining Balance | | 2,190,016 |
| | \$ | 3,662,233 |

NOTE 11: CAPITAL STOCK

Capital Stock

At July 31, 2012, the Company's capital stock was 750,000,000 authorized common shares with a par value of \$0.001 per share.

Equity Financing

On April 10, 2012, the Company completed a public offering of its common stock for net proceeds of \$20,968,743 through the sale of 6,246,078 shares of the Company at a price of \$3.60 per share. The Company issued an additional 38,692 shares under this financing as share issuance costs.

On October 26, 2010, the Company completed a private placement of 8,111,313 units at a price of \$3.40 per unit for net proceeds of \$25,654,398. Each unit is comprised of one common share of the Company and one half of one non-transferable share purchase warrant, each whole warrant entitling the holder to purchase an additional common share of the Company at a price of \$3.95 per share for a one year period. In accordance with the terms of the private placement, the Company filed a Registration Statement with the SEC which was declared effective on December 9, 2010.

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Share Transactions

| Period / Description | Common Shares Issued | Value per Share | | |
|---|----------------------------|-----------------|---------|-------------------|
| | | Low | High | Issuance Value |
| Balance, July 31, 2009 | 56,237,269 | | | |
| STMV and Everest Acquisitions | 2,755,000 | \$ 3.54 | \$ 3.54 | \$ 9,947,400 |
| Options Exercised ⁽¹⁾ | 928,391 | 0.33 | 2.40 | 452,026 |
| Service Agreements | 578,632 | 2.17 | 3.72 | 1,617,085 |
| Warrants Exercised | 223,461 | 3.10 | 3.10 | 692,729 |
| Bonus Issuance Resolutions | 55,136 | 3.66 | 3.66 | 201,798 |
| Mineral Property Acquisitions | 10,448 | 3.08 | 3.08 | 32,180 |
| Balance, July 31, 2010 | 60,788,337 | | | |
| Private Placement | 8,111,313 | 3.40 | 3.40 | 25,654,398 |
| Warrants Exercised | 3,163,756 | 3.10 | 3.95 | 7,926,371 |
| Options Exercised ⁽²⁾ | 1,024,206 | 0.33 | 3.67 | 3,525,524 |
| Mineral Property Acquisitions | 225,000 | 3.21 | 3.21 | 722,250 |
| Service Agreements | 174,725 | 2.53 | 7.00 | 754,782 |
| Balance, July 31, 2011 | 73,487,337 | | | |
| Equity Financing | 6,284,770 | 3.60 | 3.60 | 20,968,743 |
| Mineral Property Acquisition | 4,520,669 | 2.29 | 3.90 | 15,957,832 |
| Options Exercised ⁽³⁾ | 191,872 | 0.33 | 3.72 | 198,728 |
| Database Acquisition | 159,236 | 3.21 | 3.21 | 511,148 |
| Settlement of Convertible Debentures ⁽⁴⁾ | 128,508 | 3.18 | 3.96 | 699,340 |
| Warrants Exercised | 112,451 | 3.10 | 4.25 | 355,392 |
| Service Agreements | 50,000 | 2.95 | 4.02 | 167,374 |
| Settlement of Accounts Payable | 40,312 | 3.93 | 3.93 | 158,426 |
| Balance, July 31, 2012 | 84,975,155 | | | |

(1) 190,000 options were exercised on a cashless basis resulting in 96,391 net shares issued.

(2) 268,625 options were exercised on a cashless basis resulting in 123,581 net shares issued.

(3) 115,000 options were exercised on a cashless basis resulting in 34,247 net shares issued.

(4) Issuance value is calculated at the fair value of the convertible debentures on the settlement date.

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Share Purchase Warrants

A continuity schedule of exercisable and outstanding share purchase warrants for the underlying common shares at July 31, 2012, and the changes during the year, is presented below:

| | Number of Warrants | Weighted average exercise price | Weighted average remaining contractual term (years) |
|-------------------------------|-----------------------|------------------------------------|--|
| Balance, July 31, 2009 | 8,540,819 | \$ 3.00 | 1.80 |
| Issued | 222,926 | 3.45 | 2.00 |
| Exercised | (223,461) | 3.10 | 0.68 |
| Expired | (3,308,398) | 3.17 | - |
| Balance, July 31, 2010 | 5,231,886 | 2.90 | 1.41 |
| Issued | 4,055,659 | 3.95 | 1.00 |
| Exercised | (3,163,756) | 2.51 | 0.18 |
| Expired | (1,774,806) | 3.10 | - |
| Balance, July 31, 2011 | 4,348,983 | 3.57 | 0.79 |
| Issued | 1,276,280 | 9.36 | 0.75 |
| Exercised | (112,451) | 3.16 | 1.32 |
| Expired | (3,954,000) | 4.90 | - |
| Balance, July 31, 2012 | 1,558,812 | \$ 4.95 | 1.45 |

Stock Options

At July 31, 2012, the Company has two Stock Option Plans as follows:

- 2006 Stock Option Plan: The number of common shares available for issuance under this plan is 10,000,000 shares; and
- 2009 Stock Option Plan: The number of common shares available for issuance under this plan is 7,000,000 shares.

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A summary of stock options grant under the Company's Stock Option Plans for Fiscal 2012 using the Black-Scholes option pricing model is presented below:

| Date / Period | Options Issued | Exercise Price | Term (Years) | Fair Value | Expected Life (Years) | Risk-Free Interest Rate | Dividend Yield | Expected Volatility |
|-------------------------------------|----------------|----------------|--------------|--------------|-----------------------|-------------------------|----------------|---------------------|
| August 18, 2011 | 15,000 | \$ 3.15 | 10 | \$ 32,998 | 4 | 0.61% | 0.00% | 102.50% |
| September 26, 2011 | 1,005,000 | 2.78 | 10 | 2,070,098 | 4 | 0.65% | 0.00% | 112.05% |
| Three months ended October 31, 2011 | 1,020,000 | | | 2,103,096 | | | | |
| November 2, 2011 | 10,000 | 3.15 | 10 | 20,823 | 4 | 0.63% | 0.00% | 94.77% |
| November 3, 2011 | 15,000 | 3.34 | 10 | 34,991 | 4 | 0.65% | 0.00% | 102.47% |
| November 7, 2011 | 20,000 | 3.21 | 10 | 47,606 | 4 | 0.63% | 0.00% | 112.23% |
| January 10, 2012 | 10,000 | 3.05 | 10 | 20,605 | 4 | 0.53% | 0.00% | 97.83% |
| January 16, 2012 | 50,000 | 3.43 | 10 | 126,743 | 4 | 0.57% | 0.00% | 111.71% |
| Three months ended January 31, 2012 | 105,000 | | | 250,768 | | | | |
| May 4, 2012 | 100,000 | 2.70 | 10 | 182,955 | 4 | 0.57% | 0.00% | 98.20% |
| May 16, 2012 | 10,000 | 2.25 | 10 | 14,567 | 4 | 0.57% | 0.00% | 92.17% |
| May 23, 2012 | 50,000 | 2.25 | 10 | 61,981 | 4 | 0.45% | 0.00% | 91.17% |
| Three months ended July 31, 2012 | 160,000 | | | 259,503 | | | | |
| Total | 1,285,000 | | | \$ 2,613,367 | | | | |

During Fiscal 2012, the weighted average fair value per option granted under the Company's Stock Option Plans was \$2.03.

In addition to the stock option grants presented in the above table, and as a result of the acquisition of Cue effective March 30, 2012, the Company issued the following options, which were not issued pursuant to, and are not subject to the terms and conditions of, the Company's Stock Option Plans, in exchange for Cue stock options and broker options:

- Stock options to purchase 48,748 shares of the Company exercisable at prices ranging from \$5.13 to \$23.08 per share until expiry from July 15, 2013 to August 3, 2016; and
- Broker options to purchase 38,773 shares of the Company exercisable at a price of \$3.59 per share until expiry on November 10, 2012.

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A continuity schedule of outstanding stock options for the underlying common shares at July 31, 2012, 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, 2009 | 5,280,500 | \$ 0.57 | 7.54 |
| Issued | 2,897,500 | 2.65 | 10.00 |
| Exercised | (946,750) | 0.55 | 7.45 |
| Expired | (245,000) | 1.46 | 3.23 |
| Balance, July 31, 2010 | 6,986,250 | 1.41 | 7.67 |
| Issued | 2,824,500 | 2.77 | 10.00 |
| Exercised | (1,169,250) | 1.73 | 7.84 |
| Cancelled | (6,250) | 0.45 | 8.00 |
| Forfeited | (55,500) | 2.73 | 9.00 |
| Balance, July 31, 2011 | 8,579,750 | 1.79 | 7.40 |
| Issued | 1,372,521 | 3.00 | 9.29 |
| Exercised | (272,625) | 1.93 | 6.21 |
| Forfeited | (120,375) | 3.18 | 9.08 |
| Balance, July 31, 2012 | 9,559,271 | \$ 1.95 | 6.52 |

The aggregate intrinsic value under the provisions of ASC 718 of all outstanding options at July 31, 2012 was estimated at \$5,267,333 (vested: \$5,267,333 and unvested: \$Nil).

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As at July 31, 2012, unrecognized compensation cost related to non-vested stock options granted under the Company's Stock Option Plans was \$817,922, which is expected to be recognized over 1.34 years.

A summary of options outstanding and exercisable at July 31, 2012 is presented below:

| Range of Exercise Prices | Options Outstanding | | Options Exercisable | |
|----------------------------------|---------------------------------|------------------------------------|---------------------------------|------------------------------------|
| | Outstanding at July 31, 2012 | Weighted Average Exercise Price | Exercisable at July 31, 2012 | Weighted Average Exercise Price |
| \$0.33 to \$0.70 | 3,235,000 | \$ 0.40 | 3,235,000 | \$ 0.40 |
| \$0.71 to \$2.45 | 3,721,750 | 2.37 | 3,661,750 | 2.38 |
| \$2.46 to \$23.08 ⁽⁵⁾ | 2,602,521 | 3.28 | 2,006,273 | 3.37 |
| | 9,559,271 | \$ 1.95 | 8,903,023 | \$ 1.88 |

(5) Options include 48,748 options and 38,773 broker options issued in connection with the acquisition of Cue, which were not issued pursuant to, and are not subject to the terms and conditions of, the Company's Stock Option Plans

Stock-Based Compensation

A summary of stock-based compensation expense for Fiscal 2012, 2011 and 2010 is presented below:

| | Year Ended July 31, 2012 | Year Ended July 31, 2011 | Year Ended July 31, 2010 |
|---|-----------------------------|-----------------------------|-----------------------------|
| Stock-Based Consulting Fees | | | |
| Common stock issued for consulting services | \$ 167,374 | \$ 754,782 | \$ 1,617,085 |
| Common stock issued for bonuses | - | - | 58,482 |
| Options issued to consultants | 763,848 | 1,798,833 | 1,964,006 |
| | 931,222 | 2,553,615 | 3,639,573 |
| Stock-Based Management Fees | | | |
| Common stock issued for bonuses | - | - | 26,564 |
| Options issued to management | 834,219 | 2,079,707 | 1,960,000 |
| | 834,219 | 2,079,707 | 1,986,564 |
| Stock-Based Wages and Benefits | | | |
| Common stock issued for bonuses | - | - | 116,747 |
| Options issued to employees | 1,144,062 | 1,956,906 | 1,286,506 |
| | 1,144,062 | 1,956,906 | 1,403,253 |
| Stock-based compensation charged to inventory | (166,813) | (247,489) | - |
| | \$ 2,742,690 | \$ 6,342,739 | \$ 7,029,390 |

NOTE 12: INCOME TAXES

At July 31, 2012, the Company had U.S. and Canadian net operating loss carry-forwards of approximately \$61.9 million and Canadian dollar \$6.5 million, respectively, that may be available to reduce future years' taxable income. These carry-forwards will begin to expire, if not utilized, commencing in 2023. Future tax benefits which may arise as a result of these losses have not been recognized in these consolidated financial statements, as their realization has been determined not likely to occur and accordingly, the Company has recorded a full valuation allowance for the deferred tax asset relating to these tax loss carry-forwards.

The Company reviews its valuation allowance requirements on an annual basis based on projected future operations. When circumstances change resulting in a change in management's judgement about the recoverability of future tax assets, the impact of the change on the valuation allowance will generally be reflected in current income.

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A reconciliation of income tax computed at the federal and state statutory tax rates including the Company's effective tax rate is as follows:

| | Year Ended July 31, | | |
|---|---------------------|--------|--------|
| | 2012 | 2011 | 2010 |
| Federal income tax provision rate | 35.00% | 35.00% | 35.00% |
| State income tax provision rate, net of federal income tax effect | 0.18% | 0.15% | 0.33% |
| Total income tax provision rate | 35.18% | 35.15% | 35.33% |

The actual income tax provisions differ from the expected amounts calculated by applying the combined federal and state corporate income tax rates to the Company's loss before income taxes. The components of these differences are as follows:

| | Year Ended July 31, | | |
|--|---------------------|---------------|---------------|
| | 2012 | 2011 | 2010 |
| Loss before income taxes | \$ 25,145,508 | \$ 27,358,095 | \$ 14,478,669 |
| Corporate tax rate | 35.18% | 35.15% | 35.33% |
| Expected tax recovery | 8,846,190 | 9,616,370 | 5,115,314 |
| (Increase) decrease resulting from | | | |
| Foreign tax rate differences | (660,185) | (129,492) | (267,337) |
| Permanent differences | (864,911) | (1,018,966) | (600,461) |
| Prior year true-up | 723,571 | 162,911 | 122,451 |
| State tax rate true-up | 59,559 | (83,520) | (468,869) |
| Foreign loss true-up | - | (487,224) | (547,449) |
| Other | (2,207) | 18,574 | - |
| Change in valuation allowance | (8,021,670) | (8,069,592) | (3,355,682) |
| Tax adjustment from operations | 80,347 | 9,061 | (2,033) |
| Unrealized (loss) gain, other comprehensive income | (18,559) | (9,061) | 2,033 |
| Deferred income tax benefit | \$ 61,788 | \$ - | \$ - |

The Company has incurred taxable losses for all years since inception and accordingly, no provision for current income taxes has been recorded for the current or any prior fiscal year. During Fiscal 2012, the Company recorded a deferred income tax benefit of \$61,788 on the consolidated statements of operations.

The components of loss (income) from continuing operations before income taxes, by tax jurisdiction, were as follows:

| | Year Ended July 31, | | |
|---------------|---------------------|---------------|---------------|
| | 2012 | 2011 | 2010 |
| United States | \$ 22,586,744 | \$ 26,063,172 | \$ 20,424,785 |
| Canada | (101,683) | 1,294,923 | 2,587,965 |
| Paraguay | 2,660,447 | - | - |
| | \$ 25,145,508 | \$ 27,358,095 | \$ 23,012,750 |

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URANIUM ENERGY CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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The Company's deferred tax assets (liabilities) are as follows:

| | July 31, 2012 | July 31, 2011 |
|---|---------------------|---------------------|
| Deferred tax assets | | |
| Mineral property acquisitions | \$ 914,808 | \$ 655,819 |
| Exploration costs | 8,108,525 | 3,558,500 |
| Stock option expense | 4,035,761 | 2,878,468 |
| Depreciable property | 278,816 | 216,250 |
| Charitable donations | 30,273 | 22,024 |
| Other | 621,198 | 678,958 |
| Loss carry forward | 23,367,561 | 20,362,187 |
| | 37,356,942 | 28,372,206 |
| Valuation allowance | (37,364,728) | (28,361,440) |
| Deferred tax assets | (7,784) | 10,766 |
| Deferred tax assets (liabilities), other comprehensive income | 7,784 | (10,766) |
| Net deferred tax assets | - | - |
| Deferred tax liabilities | | |
| Mineral property acquisition | (791,939) | - |
| Net deferred tax liabilities | \$ (791,939) | \$ - |

As the criteria for recognizing future income tax assets have not been met due to the uncertainty of realization, a valuation allowance of 100% has been recorded for the current and prior years.

The Company's U.S. net operating loss carry-forwards expire as follows:

| | |
|---------------|----------------------|
| July 31, 2023 | \$ 180,892 |
| July 31, 2024 | 228,757 |
| July 31, 2025 | 507,833 |
| July 31, 2026 | 5,895,221 |
| July 31, 2027 | 3,892,722 |
| July 31, 2028 | 9,913,533 |
| July 31, 2029 | 8,469,032 |
| July 31, 2030 | 7,319,644 |
| July 31, 2031 | 14,420,187 |
| July 31, 2032 | 11,050,400 |
| | \$ 61,878,221 |

For U.S. federal income tax purposes, a change in ownership under IRC Section 382 may have occurred in a prior year. If an ownership change has occurred, the utilization of these losses against future income would be subject to an annual limitation. The annual limitation would be equal to the value of the Company immediately prior to the change in ownership multiplied by the IRC Section 382 rate in effect during the month of the change.

The Company's Canadian net operating loss carry-forwards in Canadian dollars expire as follows:

| | |
|---------------|------------|
| July 31, 2027 | \$ 183,105 |
| July 31, 2028 | 851,725 |
| July 31, 2029 | 1,169,735 |

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| | |
|---------------|--------------|
| July 31, 2030 | 1,465,446 |
| July 31, 2031 | 2,210,551 |
| July 31, 2032 | 569,650 |
| | \$ 6,450,212 |

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URANIUM ENERGY CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JULY 31, 2012

NOTE 13: SEGMENTED INFORMATION

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

As July 31, 2012, long-term assets located in the U.S. were \$44,030,506, or 77% of the Company's total long-term assets of \$57,219,194. During Fiscal 2012, the Company completed three sales of uranium concentrates in the U.S. to two customers comprising all of the Company's external revenue source.

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

| Balance Sheet Items | July 31, 2012 | | | | | | Total |
|-------------------------------|----------------------|----------------------|---------------------|------------------|----------------------|-------------|----------------------|
| | United States | | | Canada | Paraguay | | |
| | Texas | Arizona | Other States | | | | |
| Mineral Rights and Properties | \$ 17,823,405 | \$ 10,612,052 | \$ 1,078,907 | \$ - | \$ 13,080,556 | \$ - | \$ 42,594,920 |
| Property, Plant and Equipment | 8,919,784 | 7,331 | 45,987 | 63,476 | 44,656 | - | 9,081,234 |
| Reclamation Deposits | 5,527,227 | 15,000 | 813 | - | - | - | 5,543,040 |
| Loan Receivable | - | - | - | - | - | - | - |
| Total Long-term Assets | \$ 32,270,416 | \$ 10,634,383 | \$ 1,125,707 | \$ 63,476 | \$ 13,125,212 | \$ - | \$ 57,219,194 |

| Balance Sheet Items | July 31, 2011 | | | | | | Total |
|-------------------------------|----------------------|-------------------|---------------------|------------------|-------------------|-------------|----------------------|
| | United States | | | Canada | Paraguay | | |
| | Texas | Arizona | Other States | | | | |
| Mineral Rights and Properties | \$ 15,195,697 | \$ 698,241 | \$ 1,066,566 | \$ - | \$ 880,579 | \$ - | \$ 17,841,083 |
| Property, Plant and Equipment | 8,614,831 | - | 14,386 | 73,196 | - | - | 8,702,413 |
| Reclamation Deposits | 4,594,489 | 15,000 | 811 | - | - | - | 4,610,300 |
| Loan Receivable | 300,000 | - | - | - | - | - | 300,000 |
| Total Long-term Assets | \$ 28,705,017 | \$ 713,241 | \$ 1,081,763 | \$ 73,196 | \$ 880,579 | \$ - | \$ 31,453,796 |

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URANIUM ENERGY CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JULY 31, 2012

The table below provides a breakdown of the Company's operating results by geographic segment. All intercompany transactions have been eliminated.

| Statement of Operations | Year ended July 31, 2012 | | | | | |
|---|--------------------------|----------------|--------------|----------------|----------------|-----------------|
| | United States | | | | | |
| | Texas | Arizona | Other States | Canada | Paraguay | Total |
| Sales | \$ 13,757,400 | \$ - | \$ - | \$ - | \$ - | \$ 13,757,400 |
| Cost of sales | 8,112,040 | - | - | - | - | 8,112,040 |
| Gross profit | 5,645,360 | - | - | - | - | 5,645,360 |
| Mineral property expenditures | 11,429,645 | 465,131 | 209,067 | - | 2,834,879 | 14,938,722 |
| General and administrative | 9,113,348 | 340,879 | 349,203 | 4,179,124 | 54,420 | 14,036,974 |
| Depreciation, amortization and accretion | 1,105,190 | 1,769 | 110,853 | 49,273 | 8,472 | 1,275,557 |
| Impairment loss on mineral properties | - | - | - | - | - | - |
| Other (income) and expenses | 387,344 | 195,342 | - | (11,634) | (31,437) | 539,615 |
| Loss from continuing operations before income taxes | \$ (16,390,167) | \$ (1,003,121) | \$ (669,123) | \$ (4,216,763) | \$ (2,866,334) | \$ (25,145,508) |

| Statement of Operations | Year ended July 31, 2011 | | | | | |
|--|--------------------------|---------|--------------|-----------|----------|------------|
| | United States | | | | | |
| | Texas | Arizona | Other States | Canada | Paraguay | Total |
| Sales | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Cost of sales | - | - | - | - | - | - |
| Gross profit | - | - | - | - | - | - |
| Mineral property expenditures | 10,899,201 | 67,035 | 202,952 | - | 250,992 | 11,420,180 |
| General and administrative | 10,910,502 | 1,428 | 253,184 | 3,991,219 | 30,733 | 15,187,066 |
| Depreciation, amortization and accretion | 997,715 | - | 121,718 | 36,526 | - | 1,155,959 |

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| | | | | | | |
|---|-----------------|-------------|--------------|----------------|--------------|-----------------|
| Impairment loss on mineral properties | 128,339 | - | 15,057 | - | - | 143,396 |
| Other (income) and expenses | (548,501) | - | - | (5) | - | (548,506) |
| Loss from continuing operations before income taxes | \$ (22,387,256) | \$ (68,463) | \$ (592,911) | \$ (4,027,740) | \$ (281,725) | \$ (27,358,095) |

Year ended July 31, 2010

| Statement of Operations | United States | | | | | Total |
|---|-----------------|-------------|--------------|----------------|----------|-----------------|
| | Texas | Arizona | Other States | Canada | Paraguay | |
| Sales | \$ - | \$ - | \$ - | \$ - | \$ - | - |
| Cost of sales | - | - | - | - | - | - |
| Gross profit | - | - | - | - | - | - |
| Mineral property expenditures | 6,284,294 | 36,011 | 118,409 | - | - | 6,438,714 |
| General and administrative | 12,226,413 | 45 | 355,388 | 2,572,483 | - | 15,154,329 |
| Depreciation, amortization and accretion | 619,386 | - | 159,744 | 15,374 | - | 794,504 |
| Impairment loss on mineral properties | 31,800 | - | 11,800 | - | - | 43,600 |
| Other (income) and expenses | 582,227 | - | - | (624) | - | 581,603 |
| Loss from continuing operations before income taxes | \$ (19,744,120) | \$ (36,056) | \$ (645,341) | \$ (2,587,233) | \$ - | \$ (23,012,750) |

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URANIUM ENERGY CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JULY 31, 2012

NOTE 14: SUPPLEMENTAL CASH FLOW INFORMATION

| | July 31, 2012 | July 31, 2011 | July 31, 2010 |
|--|----------------------|----------------------|----------------------|
| Cash and Cash Equivalents Consist of: | | | |
| Cash in bank | \$ 25,015,284 | \$ 4,049,131 | \$ 3,032,802 |
| Term deposits | - | 26,674,920 | 18,034,860 |
| | \$ 25,015,284 | \$ 30,724,051 | \$ 21,067,662 |

During Fiscal 2012, the Company issued 159,236 restricted common shares of the Company with a fair value of \$511,148 to purchase certain database covering the Goliad formation from Uranium One Inc.

During Fiscal 2012, as a result of the merger with Concentric, the Company issued 1,603,440 shares and share purchase warrants to purchase 375,834 shares with an aggregate fair value of \$5,195,797. Additionally, the Company settled with certain Series A and B convertible debenture holders through a shares-for-debt arrangement whereby a total 128,508 shares with a fair value of \$699,340 were issued.

During Fiscal 2012, the Company issued a total 40,312 shares of common stock with a fair value of \$158,426 as full settlements for a total \$129,000 owed to two former directors of Concentric.

During Fiscal 2012, the Company issued 300,000 shares with a fair value of \$915,000 for the acquisition of the Workman Creek Project.

During Fiscal 2012, the Company received 750,000 shares of Kaboko with a fair value of \$15,600 which was applied against the capitalized costs of the Todilto Project.

During Fiscal 2012, the Company issued 100,000 shares with a fair value of \$229,000 for the acquisition of a further two prospecting permits at the Coronel Oviedo Project.

During Fiscal 2012, in connection of the acquisition of Cue, the Company issued a total 2,517,229 shares, share purchase warrants to purchase 900,446 shares, stock options to purchase 48,748 shares and broker options to purchase 38,773 shares with an aggregate fair value of \$9,992,244.

NOTE 15: 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 \$19,732. Office lease agreements expire between October 2012 and August 2013 for the United States and Canada. The Company also has various consulting agreements which will expire in less than one year.

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

| | |
|---------------|-------------------|
| July 31, 2013 | \$ 433,339 |
| July 31, 2014 | 134,035 |
| July 31, 2015 | 13,010 |
| | \$ 580,384 |

The Company is committed to pay its key executives a total of \$803,386 per year for management services.

The Company entered into a multi-year uranium sales contract in June 2011, as amended in January 2012, requiring the delivery of a total 320,000 pounds of U_3O_8 by the Company over a three-year period starting in August 2011. The sales price will be based on published market price indicators at the time of delivery. During Fiscal 2012, the Company fulfilled its first-year delivery obligations under this contract.

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URANIUM ENERGY CORP.
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On or about February 23, 2011, the Company received notification of a lawsuit filed in the State of Texas, in the County Court of Law No. 4 for Nueces County, against the Company by Everest Exploration, Inc. (Everest) for an unspecified amount relating to the Asset Purchase Agreement dated November 23, 2009 and effective December 18, 2009 (the Purchase Agreement) for the acquisition of South Texas Mining Venture, L.L.P. (STMV). Pursuant to the terms of the Purchase Agreement, should actual reclamation costs incurred by the Company on the Mt. Lucas Property, a prior producing project, be less than \$2.2 million in total, Everest alleges that it would be entitled to the difference as a cash payment, subject to the prior receipt by STMV of a clearance certificate from the Texas Commission on Environmental Quality (TCEQ). The Company believes it has complied with all of the terms under the Purchase Agreement and that no such cash payment is required as the actual reclamation costs associated with the Mt. Lucas Property and incurred by the Company are greater than \$2.2 million. Furthermore, the clearance certificate to be provided from the TCEQ has not been issued. On August 12, 2011, a written discovery request was filed by Everest to which the Company responded in full and to which no further response from Everest has been received. The Company intends to vigorously defend against any and all claims under this lawsuit. Any potential judgment against the Company and awarded to the claimant is expected to be immaterial.

On or about May 25, 2012, the Company filed a lawsuit in the State of Texas, in the 94th Judicial District Court for Nueces County, against Everest, Everest Resource Company, Thomas M. Crain, Jr. and James T. Clark (collectively, the Everest Group) for an unspecified amount of damages as a result of claimed material breaches of their representations, warranties and covenants under the Purchase Agreement. On or about June 19, 2012, the Company received notification of a counterclaim filed by the Everest Group disputing the Company's claims and asserting certain claims for an unspecified amount of damages as a result of claimed material breaches of the Company's representations, warranties and covenants under the Purchase Agreement. The Company intends to vigorously defend against any and all claims under this lawsuit. Any potential judgment against the Company and awarded to the claimant is expected to be immaterial.

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 further alleges that the Company is contractually liable for liquidated damages arising from a pre-merger transaction which the Company previously acknowledged and recorded as an accrued liability. Subsequent to July 31, 2012, the Company paid the liquidated damages portion of the lawsuit in full by a cash payment of \$149,194 to the Plaintiffs. The Company intends to vigorously defend against any and all remaining claims asserted under this lawsuit. Any potential judgment against the Company and awarded to the claimant is expected to be immaterial.

On or about May 17, 2012, the Company received notification of a lawsuit filed in the State of Texas, in the 229th District Court of Duval County, by an employee of a contractor hired by the Company against a group of defendants, including the Company and the contractor, for unspecified damages as a result of injuries suffered by the plaintiff while on the Company's premises. The contractor's general liability insurer has confirmed that it will defend and indemnify the Company against this lawsuit subject to available limits under the contractor's policy.

SIGNATURES

Pursuant to the requirements of Section 13 and 15 (d) 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: October 10, 2012

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: */s/ Amir Adnani*
Amir Adnani
President, Chief Executive Officer (Principal
Executive Officer) and Director
Date: October 10, 2012

By: */s/ Mark Katsumata*
Mark Katsumata
Secretary, Treasurer and Chief Financial Officer
(Principal Financial Officer and Principal Accounting
Officer)
Date: October 10, 2012

By: */s/ Alan P. Lindsay*
Alan P. Lindsay
Chairman and Director
Date: October 10, 2012

By: */s/ Harry L. Anthony*
Harry L. Anthony
Chief Operating Officer and Director
Date: October 10, 2012

By: */s/ Ivan Obolensky*
Ivan Obolensky
Director
Date: October 10, 2012

By: */s/ Vincent Della Volpe*
Vincent Della Volpe
Director
Date: October 10, 2012

By: */s/ David Kong*
David Kong
Director
Date: October 10, 2012

By: */s/ Katharine Armstrong*
Katharine Armstrong
Director
Date: October 10, 2012
