URANIUM ENERGY CORP
Form 10-Q
June 09, 2011

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended **April 30, 2011**

or

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

For the transition period from _____ to _____

Commission File Number: 001-33706

URANIUM ENERGY CORP.
(Exact name of registrant as specified in its charter)

NEVADA	98-0399476
(State or other jurisdiction of incorporation of organization)	(I.R.S. Employer Identification No.)
1111 West Hastings Street, Suite 320, Vancouver, BC	V6E 2J3
(Address of principal executive offices)	(Zip Code)

(604) 682-9775

(Registrant's telephone number, including area code)

500 North Shoreline, Suite 800N
Corpus Christi, Texas 78401
(Former name, former address and former fiscal year, if changed since last report)

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

Yes S No £

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or such shorter period that the registrant was required to submit and post such files).

Yes £ No £

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

£ Large accelerated filer	S Accelerated filer
£ Non-accelerated filer (Do not check if smaller reporting company)	£ Smaller reporting company

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

Yes £ No S

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 72,561,198 shares of common stock outstanding as of June 6, 2011.

URANIUM ENERGY CORP.

TABLE OF CONTENTS

PART I - FINANCIAL INFORMATION		1
Item 1.	Financial Statements	1
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	22
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	31
Item 4.	Controls and Procedures	32
PART II - OTHER INFORMATION		33

Item 1.	Legal Proceedings	33
Item 1A.	Risk Factors	33
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	39
Item 3.	Defaults Upon Senior Securities	40
Item 4.	(Removed and Reserved)	40
Item 5.	Other Information	40
Item 6.	Exhibits	41
SIGNATURES		41

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

URANIUM ENERGY CORP.

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

APRIL 30, 2011
(Unaudited)

URANIUM ENERGY CORP.

(An Exploration Stage Company)

CONSOLIDATED BALANCE SHEETS
(Unaudited - in US dollars)

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

URANIUM ENERGY CORP.

(An Exploration Stage Company)

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(Unaudited - in US dollars)

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

URANIUM ENERGY CORP.

(An Exploration Stage Company)

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(Unaudited - in US dollars)

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

URANIUM ENERGY CORP.

(An Exploration Stage Company)

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited - in US dollars)

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

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 production, development and exploration activities on properties located in the United States. The Company owns a 100% interest in the Hobson Processing Facility located in the State of Texas.

The Company is an exploration stage company, as defined by Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 915, *Development Stage Entities*. The Company has not realized any significant revenues since commencement of business upon inception. Although planned principal operations have commenced and existing cash resources are expected to provide sufficient funds for the upcoming year, future capital expenditures may be substantial. The continuation of the Company as a going concern for a period longer than the upcoming year will be dependent upon the Company's ability to obtain financing and generate profits from revenues. Historically, the Company's primary source of financing has been in the form of equity financing from the sale of common shares. The continued operations of the Company and the recoverability of the carrying value of its assets are ultimately dependent upon the Company's ability to achieve profitable operations. At April 30, 2011, the Company had working capital of $33.2 million and an accumulated deficit of $90.2 million.

Unaudited Interim Consolidated Financial Statements

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information. They may not include all information and footnotes required by generally accepted accounting principles in the United States of America ("U.S. GAAP") for complete financial statements, however, except as disclosed herein, there have been no material changes in the information disclosed in the notes to the audited consolidated financial statements for the year ended July 31, 2010 included in the Company's Annual Report on Form 10-K. The unaudited interim consolidated financial statements should be read in conjunction with those consolidated financial statements included in the Form 10-K. In the opinion of management, all adjustments considered necessary for a fair presentation, consisting solely of normal recurring adjustments, have been made. Operating results for the three and nine months ended April 30, 2011 are not necessarily indicative of the results that may be expected for the year ending July 31, 2011.

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.GAAP.

The accompanying consolidated financial statements include the accounts of Uranium Energy Corp. and its wholly-owned subsidiaries, UEC Resources Ltd., URN Texas GP, LLC and URN South Texas Project, Ltd. and a partnership, South Texas Mining Venture, L.L.P. ("STMV"). All significant inter-company transactions and balances have been eliminated upon consolidation.

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.

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 are 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 asset retirement obligations. Other areas requiring estimates include allocations of expenditures to mineral property interests, depreciation of property and equipment, and amortization of mineral properties, databases and land use agreements. Actual results could differ from those estimates.

Fair Value Measurements

In September 2006, the FASB issued ASC 820, *Fair Value Measurements and Disclosures*. The objective of ASC 820 is to increase consistency and comparability in fair value measurements and to expand disclosures about fair value measurements. ASC 820 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. ASC 820 applies under other accounting pronouncements that require or permit fair value measurements and does not require any new fair value measurements.

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 activities include labor, chemicals and other directly attributable production expenditures. Inventories are carried at the lower of cost or net realizable value.

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. 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 the asset will contribute to the Company's cash flows. Databases are included in Mineral Rights and Properties on the balance sheet.

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 based on management's best estimate at the end of each period of the costs expected to be incurred at each project. Such estimates are determined by the Company's engineering studies calculating 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 the statement of operations 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.

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 significantly before the end of its estimated useful life. Recoverability of these assets is measured by comparison of its carrying amount to future undiscounted cash flows the assets are expected to generate. An impairment loss is recognized when the carrying amount is not recoverable and exceeds fair value.

Financial Instruments

The fair values of cash and cash equivalents, restricted cash, other current monetary assets, accounts payable and accrued liabilities were estimated to approximate their carrying values due to the immediate or short-term maturity of these financial instruments. 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 that risk by keeping deposits at major financial institutions.

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.

Foreign Currency Translation

The functional currency of the Company, including its subsidiaries, is the United States dollar. UEC Resources Ltd. maintains its accounting records in its local currency (Canadian dollar). In accordance with ASC 830, *Foreign Currency Matters*, the financial statements of the Company's subsidiary is 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.

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 the taxable income in 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 nil impact within other comprehensive income or on the balance sheet. At April 30, 2011, the Company had net operating loss carry forwards; however, due to the uncertainty of realization, the Company has provided a full valuation allowance for the potential deferred tax assets resulting from these losses carry forwards.

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 recorded in income 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 income 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 in income 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.

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 ranging from three to ten years. Leasehold improvements are depreciated over the term of the lease.

Recently Adopted Accounting Policies

On January 21, 2010, the FASB issued ASU 2010-06, which amends ASC 820 to add new requirements for disclosures about transfers into and out of Levels 1 and 2 and separate disclosures about purchases, sales, issuances, and settlements relating to Level 3 measurements. The ASU also clarifies existing fair value disclosures about the level of disaggregation and about inputs and valuation techniques used to measure fair value. Further the ASU amends guidance on employers' disclosures about post-retirement benefit plan assets under ASC 715 to require that disclosures be provided by classes of assets instead of by major categories of assets. The ASU is effective for the first reporting period (including interim periods) beginning after December 15, 2009, except for the requirement to provide the Level 3 activity of purchases, sales, issuances, and settlements on a gross basis, which is effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. The adoption of ASU 2009-06 did not have a material impact on the consolidated financial statements.

In September 2009, the FASB issued authoritative guidance regarding multiple-deliverable revenue arrangements. This guidance addresses how to separate deliverables and how to measure and allocate consideration to one or more units of accounting. Specifically, the guidance requires that consideration be allocated among multiple deliverables based on relative selling prices. The guidance establishes a selling price hierarchy of (1) vendor-specific objective evidence, (2) third-party evidence and (3) estimated selling price. This guidance is effective for annual periods beginning after June 15, 2010 but may be early adopted as of the beginning of an annual period. The adoption of this guidance did not have a material impact on the consolidated financial statements.

In June 2009, the FASB issued Statement 167, thereby amending the consolidation guidance for variable interest entities. Statement 167's final amendments to the Variable Interest Model were extensive and among other things, (1) require a qualitative rather than a quantitative analysis to determine the primary beneficiary of a VIE, (2) amend the Variable Interest Model's consideration of related party relationships in the determination of the primary beneficiary of a VIE by providing, among other things, an exception with respect to de facto agency relationships in certain circumstances, (3) amend certain guidance in the Variable Interest Model for determining whether an entity is a VIE, which may change an enterprise's assessment of whether an entity with which it is involved is a VIE or not, (4) amend the criteria for determining whether fees paid to a decision maker and other service contracts are variable interests, (5) require continuous assessments of whether an enterprise is the primary beneficiary of a VIE, and (6) require enhanced disclosures about an enterprise's involvement with a VIE. These amendments to the Variable Interest Model are effective as of the beginning of an enterprise's first annual reporting period that begins after 15 November 2009. The adoption of Statement 167 effective August 1, 2010 did not have a material impact on the consolidated financial statements.

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 the three and nine months ended April 30, 2011, the Company recorded an unrealized gain (loss) of $40,242 and $101,569 respectively (2010: ($34,580) and ($3,830) respectively), on available-for-sale securities which is recognized in accumulated other comprehensive income.

The Company measures its available-for-sale securities at fair value in accordance with ASC 820. 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.

This hierarchy requires the Company to minimize the use of unobservable inputs and to use observable market data, if available, when estimating fair value. The fair value of the Company's available-for-sale securities using the following inputs at April 30, 2011 is as follows:

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 inventory value at April 30, 2011 is as follows:

During the three and nine months ended April 30, 2011, the Company did not incur a write-down of inventory.

NOTE 5: MINERAL RIGHTS AND PROPERTIES

Mineral Rights

At April 30, 2011, the Company had mineral rights covering 44,998 acres located in the States of Arizona, Colorado, New Mexico, Texas, Utah, and Wyoming. These mineral rights were acquired for the purposes of uranium production, development and exploration at a cost of $15,590,612, including $8,249,750 representing the fair value of non-cash consideration and $1,609,465 representing the present value of the retirement obligation associated with the Palangana Mine, net of $1,698,447 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 April 30, 2011, annual maintenance payments of approximately $779,077 were required to maintain these mineral rights.

Palangana Mine

On December 18, 2009, the Company acquired the Palangana Mine as part of the STMV acquisition. Palangana is an 8,792 acre property located approximately 100 miles south of the Hobson Processing Facility, with an estimated fair value at acquisition of $3,911,800. To date, the Company has developed three distinct Production Areas that are amenable to the in-situ recovery mining method ("ISR"). Production Area-1 has been divided into three Phases, with production commencing at Phase I in November 2010 and at Phase II in April 2011.

As a direct result of the production commencement, the Company began depreciating and depleting the capitalized costs of Palangana which includes a reclamation liability of $1,609,465. At April 30, 2011, the total capitalized cost of Palangana is $5,521,265, less accumulated depreciation and depletion of $240,279, for a net book value of $5,280,986.

Goliad Project

On October 11, 2005, the Company entered into a mineral asset option agreement (the "Moore Option") granting the Company to acquire title to the leases totaling 2,650 acres, encompassing the Goliad Project. The Goliad Project is located in south Texas near the northeast end of the extensive South Texas Uranium trend. The project consists of multiple areas, all amenable to using ISR. At April 30, 2011, the total capitalized cost of Goliad is $8,689,127.

Salvo Project

On November 29, 2010, the Company entered into various lease agreements granting the Company the exclusive right to conduct mining exploration and related operations over an area covering 4,287 acres. The leases have a minimum term of five years with provisions for extensions. At April 30, 2011, the total capitalized cost of Salvo is $279,721.

Nichols Project

On January 13, 2007, the Company entered into various lease agreements granting the Company the exclusive right to conduct mining exploration and related operations over an area covering 1,348 acres. The leases have a minimum term of five years with provisions for extensions. At April 30, 2011, the total capitalized cost of Nichols is $154,774.

Los Cuatros Project (formerly New River Project)

On January 25, 2010, the Company executed an amendment to the underlying purchase agreement to acquire 640 acres of mineral exploration claims located in Maricopa County, Arizona, together with database records containing material information regarding the mineral claims. At April 30, 2011, the total capitalized cost of Los Cuatros is $257,250.

Todilto Project - Uran Joint Venture

On January, 14, 2009, the Company entered into an option and joint venture agreement (the "Agreement") with Uran Limited ("Uran") of Perth, Australia, in connection with the proposed exploration and development of certain tenements comprising the Company's "Grants Ridge" uranium project, part of the Todilto Project, located in New Mexico. The Agreement was subject to Uran's satisfactory completion of due diligence work on the Grants Ridge project which was completed in February 2009. Upon completion of the following terms of the Agreement, Uran can earn a 65% interest in the Grants Ridge project by: (a) making an initial cash payment of $75,000; (b) incurring project exploration expenditures of $100,000 in year one, $200,000 in year two, $300,000 in year three, $400,000 in year four and $500,000 in year five, for total aggregate exploration expenditures of $1,500,000 over the five year option period; (c) completing a feasibility study; and (d) issuing and delivering an initial 1,000,000 Uran ordinary shares to the Company plus issue a further 750,000 shares per year over the next three years for total aggregate issuance of 3,250,000 Uran ordinary shares. Uran can withdraw from the Agreement after expenditures of $250,000.

Pursuant to the Agreement, the Company received a cash payment of $75,000 and 1,000,000 ordinary shares of Uran Limited during fiscal 2009 and 750,000 shares during fiscal 2010. At April 30, 2011, the total capitalized cost of Todilto is $182,320.

Mineral rights and property acquisition costs consist of the following:

During

the three and nine months ended April 30, 2011, the Company incurred an impairment charge of $128,339 and $128,339, respectively (2010: $11,800 and $11,800, respectively). The impaired properties in the current period are comprised of three properties located in Texas: Carrizo, Devillier and Maetze. During the Company's quarterly review of its mineral rights and properties, the three properties were determined to be non-critical properties resulting in the impairment charge. The total impairment charge incurred to date is $1,698,447 (July 31, 2010 - $1,570,108) on cumulative acquisition costs of $17,289,059 (July 31, 2010 - $15,244,508).

Mineral property expenditures on a regional basis are as follows:

NOTE 6: PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

Hobson Processing Facility

On December 18, 2009, the Company acquired the Hobson Processing Facility ("Hobson") as part of the STMV acquisition. Hobson is located about 100 miles northwest of Corpus Christi in Karnes County, Texas 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 the final U3O8 product. The Company also plans to utilize Hobson as a central processing site for its other projects, including Goliad and Salvo.

During the fiscal 2011 second quarter, the Company commenced depreciating Hobson as it began processing resins from the Palangana Mine. At the acquisition date, the estimated fair value of Hobson was $6,529,928, which includes an asset retirement obligation ("ARO") asset totaling $329,928. The depreciation method used for both Hobson and the ARO asset is straight-line over a ten-year period. At April 30, 2011, the total capitalized cost of Hobson is $6,529,928, less accumulated depreciation and depletion of $70,799 for a net book value of $6,459,129.

NOTE 7: RECLAMATION DEPOSITS

Reclamation deposits includes 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:

NOTE 8: LOAN RECEIVABLE

On April 11, 2011, the Company provided a secured loan in the amount of $300,000 to Concentric Energy Corp. ("Concentric") of which $200,000 was utilized to repay a loan owed to Global Uranium Corp. ("Global"), and the remainder for general corporate towards the completion of the Company's acquisition of Concentric. The interest rate of this secured loan is based on an industry-standard interest bearing, senior, secured loan agreement between Concentric and the Company and, without limitation, providing that all principal amounts and accrued interest to be immediately due and payable upon the termination of the acquisition for any reason.

Refer to Note 14

NOTE 9: DUE TO RELATED PARTIES AND RELATED PARTY TRANSACTIONS

During the three and nine months ended April 30, 2011 and 2010, the Company had transactions with certain officers and directors of the Company as follows:

(a) incurred $64,525 and $144,650 respectively (2010: $32,171 and $102,167 respectively), in general and administrative costs paid to a company controlled by a direct family member of a current officer; and

(b) incurred $Nil and $179,904 respectively (2010: $Nil and $777,000 respectively), in finder's fees related to private placements paid to a company controlled by a current director.

All related party transactions involving provision of services or tangible assets were recorded at the exchange amount, which is the value established and agreed to by the related parties reflecting arm's length consideration payable for similar services or transfers and are non-interest bearing. The outstanding balance at April 30, 2011 is $317 (July 31, 2010: $77,141).

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 and Tex-1 projects from the STMV Acquisition.

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NOTE 11: CAPITAL STOCK

Capital Stock

The Company's capital stock at April 30, 2011 was 750,000,000 authorized common shares with a par value of $0.001 per share.

2011 Share Transactions

(1) 18,750 options were exercised on a forfeiture basis resulting in 7,386 net shares issued.

(2) Included in the amounts are shares issued pursuant to a reclamation settlement agreement associated with Mt. Lucas (15,000 shares @ $3.60 per share) and shares issued as a performance bonus (10,000 shares @ $2.60 per share).

(3) On October 26, 2010, the Company completed a private placement where a total of 8,111,313 units were issued at a subscription price of $3.40 for gross proceeds of $27,578,464 (net proceeds of $25,654,398; $1,924,066 of issuance costs recorded as a deduction of equity). Each Unit is comprised of one common share and one half of one non-transferable share purchase warrant of the Company. Each whole warrant has an expiry period of one year and entitles the holder to purchase an additional common share of the Company at an exercise price of $3.95 per share. The Company agreed to use reasonable commercial efforts to file the Registration Statement with the SEC within 21 calendar days of the closing date, and to use reasonable commercial efforts to cause the Registration Statement to be declared effective by the SEC within two months from the final closing date. On December 9, 2010, the SEC declared the Registration Statement to be effective.

(4) 88,125 options were exercised on a forfeiture basis resulting in 38,051 net shares issued.

(5) 130,500 options were exercised on a forfeiture basis resulting in 70,081 net shares issued.

Share Purchase Warrants

A summary of the Company's common share purchase warrants at April 30, 2011 and changes during the period is presented below:

The December 12, 2007 private placement included a registration rights agreement, requiring a registration statement respecting the investors' securities within the Company declared effective by the SEC within four months from the original date of issuance by the Company of the securities underlying the original subscription agreements. Under the terms of the registration rights agreement, the Company shall use its reasonable best efforts to maintain the effectiveness of the registration statement for a period of not less than three years from the original date of issuance. If the Company fails to maintain the effectiveness of the registration statement for the three year period, additional warrants could be issuable as liquidated damages. Any additional warrant issuance is provided for under the terms of the registration rights agreement whereby 1/100 of an additional warrant was issuable to each such investor for each $1.00 in aggregate subscription price funds paid by the investor to the Company under the private placement and in respect of each 30 day period (or partial period thereof) of delay of the aforementioned registration statement effectiveness. The original registration statement relating to the securities issued in the December 2007 private placement was no longer effective. On March 1, 2010, the Company issued 67,480 warrants to 47 of its existing security holders as liquidated damages pursuant to the terms of registration rights agreements between the Company and such security holders. The $145,757 fair value of these warrants was recorded as finance charges and estimated using the Black-Scholes option pricing model with an expected life of 2 years, a risk free interest rate of 0.80%, a dividend yield of 0%, and an expected volatility of 120%. No additional warrants are issuable for liquidated damages as the three year period expired on December 12, 2010.

The aggregate intrinsic value ("AIV") under the provisions of ASC 718 of the 500,000 compensation warrants previously issued to consultants at April 30, 2011 was estimated at $1,740,000.

Stock Options

On December 19, 2005, the Board of Directors of the Company ratified, approved and adopted a Stock Option Plan for the Company in the amount of 5,000,000 options. On April 10, 2006, the Company amended its 2005 Stock Option Plan whereby, subject to adjustment from time to time as provided in Article 11.1, the number of common shares available for issuance under the Plan was increased from 5,000,000 shares to 7,500,000 shares. On October 10, 2006, the Company ratified the 2006 Stock Incentive Plan whereby, subject to adjustment from time to time as provided in Article 18.1, the number of common shares available for issuance under the Plan was increased to 10,000,000 shares.

On July 23, 2009, the Company's shareholders approved the adoption of the Company's 2009 Stock Incentive Plan in the amount of 5,000,000 shares. On July 22, 2010, the Company's shareholders approved an amendment to the 2009 Stock Incentive Plan whereby, the number of common shares available for issuance under the Plan was increased from 5,000,000 to 7,000,000 shares.

A summary of the Company's stock option grants for the nine months ended April 30, 2011 is presented below:

A continuity schedule of the Company's stock options at April 30, 2011is presented below on a quarterly basis:

The AIV under the provisions of ASC 718 of all outstanding options as at April 30, 2011 was estimated at $14,967,246. The AIV of options exercised during the three months ended April 30, 2011 was estimated at $1,071,840.

A summary of options outstanding and exercisable at April 30, 2011:

Stock Based Compensation

A summary of stock based compensation expense for the three and nine months ended April 30, 2011:

NOTE 12: COMMITMENTS AND CONTINGENCIES

The Company is currently renting or leasing office premises in New Mexico, Texas and Vancouver, B.C., Canada with total monthly payments of $19,350. All agreements are on a month-to-month basis with the exception of the Corpus Christi office lease which expires in August 2012.

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

The Company is committed to pay its key executives a total of $709,495 per year for management services.

On February 23, 2011, the Company received notification of a lawsuit filed against the Company related to the STMV Acquisition for an unspecified amount. The Company believes it has complied with all of the terms related to the SMTV Acquisition and intends on disputing any and all claims under this lawsuit. Any amount that may potentially be assessed as owing to the claimant is expected to be immaterial. During the third quarter of 2011, various correspondence was exchanged between the Company and the claimant, including the provision by the Company of relevant documentation.

NOTE 13: SUPPLEMENTAL CASH FLOW INFORMATION

No income tax or interest has been paid to date.

NOTE 14: SUBSEQUENT EVENTS

At June 6, 2011, the Company had the following material subsequent events to report:

On May 6, 2011, the Company and Concentric Energy Corp. ("Concentric") announced a stock-for-stock merger (the "Merger") to be effected under the laws of Nevada pursuant to the execution of a definitive Merger Agreement & Plan of Merger. Upon completion of the Merger, it is anticipated that approximately 1,253,440 shares of the Company's common shares will be issued to the former Concentric stockholders to acquire Concentric and its undivided 100% interest in the Anderson Property, a 5,785-acre mineral claim block located in Yavapai County, Arizona.

It is a condition precedent to the completion of the Merger that the Company is able to achieve a contemporaneous closing of the full assignment to the Company of Global Uranium Corp.'s ("Global") rights (the "Rights") under the terms and conditions of an underlying Option and Joint Venture Agreement dated April 13, 2010 between Global and Concentric, with respect to the Anderson Property. As a consequence, the Company also entered into an Acquisition Agreement with Global to acquire such Rights in consideration of the Company's delivery to Global of (i) an initial payment of $150,000, (ii) a further $200,000 payment thereby releasing and assigning to the Company any security previously granted by Concentric to Global and (iii) 350,000 restricted shares of the Company's common stock and a final payment of $150,000 upon closing of the Merger.

The Merger is subject to various other conditions, including: the approval of the stockholders of Concentric;

completion within 30 days by each party, to its satisfaction, of due diligence investigation of the other party's business and affairs to determine the feasibility, economic or otherwise, of the Merger; the number of holders of Concentric common stock exercising dissent rights available to them under Nevada law shall not exceed 5% of the total issued and outstanding shares of Concentric common stock; and other customary conditions.

On May 24, 2011, the Company announced the completion of a Share Exchange Agreement (the "Agreement") with a Nevada company (the "Vendor") whereby the Company acquired a Paraguayan company which holds a 100% legal and beneficial interest in two unencumbered prospecting permits covering 247,000 acres located in the area of Coronel Oviedo, Paraguay, subject to a 1.5% gross overriding royalty.

The Company issued 225,000 restricted common shares as total consideration under the terms of the Agreement. A 1.5% gross overriding royalty is payable to the Vendor on the gross proceeds received by the Company in connection with any uranium produced and sold. The Company has the exclusive right and option at any time to acquire one-half percent (0.5%) of the aggregate royalty interest for $500,000. Further, the Company has a right of first refusal to acquire all or any portion of the remaining one percent (1.0%) royalty interest.

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

FORWARD-LOOKING STATEMENTS

This Form 10-Q for the quarterly period ended April 30, 2011 contains forward-looking statements that involve risks and uncertainties. Forward-looking statements in this document include, among others, statements regarding our capital needs, business plans and expectations. Such forward-looking statements involve assumptions, risks and uncertainties regarding, among others, the success of our business plan, availability of funds, government regulations, operating costs, our ability to achieve significant revenues, our business model and products and other factors. 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 set forth in reports and other documents we have filed with or furnished to the SEC, including, without limitation, our Form 10-K for the period ended July 31, 2010. These factors or any of them may cause our actual results to differ materially from any forward-looking statement made in this document. 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. The forward-looking statements in this document are made as of the date of this document 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.

OVERVIEW

As used in this Quarterly Report: (i) the terms "we", "us", "our", "Uranium Energy" and the "Company" mean Uranium Energy Corp. and its wholly-owned subsidiaries, UEC Resources Ltd., URN Texas GP, LLC and URN South Texas Project, Ltd. and a partnership, South Texas Mining Venture, L.L.P., unless the context otherwise requires; (ii) "SEC" refers to the United States Securities and Exchange Commission; (iii) "Securities Act" refers to the Securities Act of 1933, as amended; (iv) "Exchange Act" refers to the Securities Exchange Act of 1934, as amended; and (v) all dollar amounts refer to United States dollars unless otherwise indicated.

The following discussion of our plan of operations, results of operations and financial condition as at and for the three and nine months ended April 30, 2011 should be read in conjunction with our unaudited interim consolidated financial statements and related notes for the three and nine months ended April 30, 2011 included in this Quarterly Report, as well as our Annual Report on Form 10-K for the year ended July 31, 2010.

Corporate Organization

The Company was incorporated in the State of Nevada on May 16, 2003 under the name "Carlin Gold Inc." On January 24, 2005, we completed a reverse stock split of our shares of common stock on the basis of one share for each two outstanding shares and changed the Company's name to "Uranium Energy Corp." Effective February 28, 2006, we completed a forward split of our shares of common stock on the basis of 1.5 shares for each outstanding share to increase liquidity for our shares of common stock. Effective February 28, 2006, we amended our Articles of Incorporation with the Nevada Secretary of State increasing our authorized capital stock from 75,000,000 shares of common stock with a par value of $0.001 each to 750,000,000 shares of common stock with a par value of $0.001 each. In June 2007, we changed our fiscal year end from December 31 to July 31.

On December 31, 2007, UEC Resources Ltd., a wholly-owned subsidiary, was incorporated under the laws of the Province of British Columbia, Canada. On December 18, 2009, we purchased all of the outstanding securities of URN Texas GP, LLC and URN South Texas Project, Ltd., the 99% joint venture partner of the South Texas Mining Venture, L.L.P. ("STMV"). Concurrently, we acquired certain assets and liabilities from a third party including the remaining 1% interest in STMV.

Our principal offices are located at 500 North Shoreline, Suite 800N, Corpus Christi, Texas, 78401 and 1111 West Hastings Street, Suite 320, Vancouver, BC, V6E 2J3, and our web site address is

www.uraniumenergy.com.

General

We are a U.S.-based company engaged in uranium production, development and exploration activities. Our wholly-owned

22

Hobson Processing Facility forms the basis for our regional operating strategy in the South Texas Uranium Belt, which is a primary focus for the Company. By utilizing Hobson as a central processing site, it allows us to process uranium-loaded resins not only from the Palangana Mine but from other satellite mining operations within the South Texas Uranium Belt as they enter production.

At April 30, 2011, we had mineral rights covering 51,031 gross acres located in the States of Arizona, Colorado, New Mexico, Texas, Utah, and Wyoming. We acquired these mineral rights for the purposes of uranium production, development and exploration through staking and lease agreements, subject to varying royalty interests which may be indexed to uranium prices. Many of these mineral rights have been the subject of historical exploration by other mining companies, or developed from internal geologic studies by our geology team including the use of our exploration database to identify targets. We believe that our exploration projects are prospective for uranium based on either prior exploration work conducted by other companies, or management information and work products derived from various reports, maps, radioactive rock samples, exploratory drill logs, state organization reports, consultants, geological study, and other exploratory information. The Company has not established proven or probable reserves on any of its projects.

We may acquire additional mineral rights as opportunities arise. The acreage and location of our mineral projects by state are summarized as follows:

(*) Certain of our interests in our mineral properties in Colorado, New Mexico and Texas are less than 100%. Accordingly, we have presented the acreage of our mineral properties on a net acre basis.

Hobson Processing Facility

The Hobson Processing Facility is located in Karnes County, Texas approximately 100 miles northwest of Corpus Christi. Hobson was originally licensed and constructed in 1978 and is a fully-licensed and operating uranium processing facility designed to process uranium-loaded resins from satellite mining operations to produce the final U_3O_8 product, commonly known as yellowcake. It is centrally located to our existing projects in the South Texas Uranium Belt including our three principal projects: the Palangana Mine which started production in November 2010, the Goliad Project which is in the final stages of the mine permitting process and the Salvo Project which is actively being explored.

Mineral Rights

We participate in our projects located in the States of Arizona, Colorado, New Mexico, Texas, Utah and Wyoming by way of mining claims and mineral leases. Certain properties were staked and claimed by us and registered with the United States Bureau of Land Management ("BLM"). Claim blocks acquired in this manner exist in Arizona, Colorado, New Mexico and Wyoming. We have complete mineral rights to an unlimited depth below surface. The claims are in effect for an indefinite period provided the claims are kept in good standing with the BLM and the counties. Annual maintenance fees to be paid to the BLM are relatively nominal. We will also be required to remediate the land upon release of the claim, bringing the land back to its original state prior to the commencement of exploration. These costs are determined by the BLM and bonded accordingly.

In the States of Arizona, Colorado, New Mexico, Texas and Utah, we also participate in our projects by way of property leases directly from the owners of the land/mineral rights. These leases give us similar access and privileges as described above, however with some important differences. Although, in most cases we will have access to the surface, the mineral rights below surface are restricted to uranium and associated fissionable minerals only, with any other minerals and hydrocarbons, such as petroleum, retained by the lessor. The lease terms are for five to eight years, and include five-year renewal periods. After the expiration of the second five-year term, the leases will be either held by production or the leases will be terminated. These leases are subject to varying royalty interests, some of which are indexed to the sale price of

uranium at the time of production. Royalty payments must be made to the lessor in the event that we extract uranium ore from the properties. All royalties are based on the gross sales revenue less certain charges and fees.

In accordance with the provisions of National Instrument 43-101, Standards of Disclosure for Mineral Projects, ("NI

43-101") of the Canadian Securities Administrators ("CSA"), the Technical Reports available for the Company's projects contain certain disclosures relating to measured, indicated and inferred mineral resource estimates. 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 quarterly 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 any news release or Technical Report will ever be upgraded to a higher category. In accordance with NI 43-101, 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, indicated or inferred mineral resources referred to in the Technical Report are economically or legally mineable.

Palangana Mine

The Palangana Mine is located in Duval County, Texas approximately 65 miles west of Corpus Christi and 100 miles south of the Hobson Processing Facility. It is comprised of 19 leases covering 8,792 acres within the South Texas Uranium Belt.

Palangana is a prior-producing mine with over 4,000 historic holes drilled by previous operators including Union Carbide Corporation ("UCC"), Chevron and Uranium One. UCC produced uranium at Palangana in the mid to late 1970's using ISR methods. The geology at Palangana is characterized by the occurrence of a Gulf Coast piercement salt dome. This dome is approximately two miles in diameter and is overlain by Pliocene sediments of the Goliad Formation. Previous operators focused their historic exploration and resource development on mineralization overlying and surrounding the faulted dome margins. Current resource estimates are primarily located east of the faulted dome margins, in paleochannels within the Goliad Formation. In 2010, the Company completed a 215-hole delineation drilling program to further define and expand these resource estimates.

The initial three-phase startup of Production Area-1 at the Palangana Mine remains on schedule. In November 2010, Phase I was completed with 15 production wells producing and shipments of uranium-loaded resins were delivered to the Hobson Processing Facility. In April 2011, Phase II commenced production with a total of 45 production wells drilled, of which half were producing at April 30, 2011, and increasing the frequency of shipments to the Hobson Processing Facility.

A NI 43-101 compliant Technical Report dated February 19, 2010 for Palangana was completed by SRK Consulting (U.S.), Inc. and filed by the Company on the CSA's public disclosure website at www.sedar.com.

Goliad Project Development

The Goliad Project is located in Goliad County, Texas approximately 95 miles north of Corpus Christi and 55 miles east of the Hobson Processing Facility. It is comprised of 33 leases covering 2,650 acres within the South Texas Uranium Belt. The Company anticipates that any mineral resource identified at Goliad will be extracted using ISR methods and processed at the Hobson Processing Facility.

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. As a result, Goliad only has one remaining state-level authorization pending, a Radioactive Material License which is at an advanced technical review stage with 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, to be followed by a request from the TCEQ to the regional EPA for concurrence.

No further exploration programs are scheduled or contemplated for the Goliad Project.

A NI 43-101 compliant Technical Report dated March 7, 2008 for Goliad 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.

Salvo Project Exploration

The Salvo Project is located in Bee County, Texas approximately 60 miles northwest of Corpus Christi and 45 miles southeast of the Hobson Processing Facility. It is comprised of 21 leases covering 4,287 acres within the South Texas Uranium Belt. The Company anticipates that any mineral resource identified at Salvo will be extracted using ISR methods and processed at the Hobson Processing Facility.

A NI 43-101 compliant Technical Report dated July 16, 2010 for Salvo 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 Phase I exploration drill program was initiated in November 2010 to verify and expand this Historic Mineral Resource Estimate and was completed in April 2011 with a total 105 holes drilled. A NI 43-101 compliant Technical Report dated March 31, 2011 for Salvo 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.

Phase II drilling is ongoing and expected to continue through the summer of 2011 to further expand the resource by drilling prospective new zones and to bring much of the current Inferred Resource Estimate into the Measured and Indicated categories. Metallurgical and other tests will also be performed to reaffirm ISR amenability at Salvo.

PLAN OF OPERATIONS

Our primary plan of operations for the next twelve months is to expand production at the Palangana Mine, continue development of the Goliad Project towards production and to continue with the exploration of the Salvo and other mineral projects. Subsequent to April 30, 2011, we announced the acquisition of two prospecting permits covering 247,000 acres located in the area of Coronel Oviedo, Paraguay (see note 14). A 10,000-metre drill program is planned for these permits expected to commence by the end of September 2011.

We are continuing to develop the Palangana Mine and regularly deliver uranium-loaded resin beads to our Hobson processing plant. The Company expects in 2011 to commence marketing and delivering of U_3O_8, the Company's valuable final product.

At April 30, 2011, we had $33.2 million in cash and cash equivalents and working capital of $33.2 million. We anticipate that existing cash resources will be sufficient to carry out our development and exploration programs and current plan of operations for the next twelve months. In the event we require additional financing to pursue our plan of operations for the next 12 months, there can be no assurance that such financing will be available on terms favorable to us or at all.

Beyond the next twelve months, we may be required to obtain additional financing in order to continue our plan of operations as it is not yet determinable if we will achieve any significant revenues and if so, if any such revenues earned will sustain our operations. We anticipate that additional funding will be in the form of equity financing from the sale of our common stock. We do not have any financing arranged and we cannot provide investors with any assurance that we will be able to raise sufficient funding from the sale of our common stock to fund our plan of operations. In the absence of such financing, we may not be able to continue development or exploration of our mineral rights and may be forced to abandon our projects.

We may consider entering into a joint venture arrangement to provide the required funding to advance our mineral claims. Even if we determined to pursue a joint venture partner, there is no assurance that any third party would enter into a joint venture agreement with us in order to fund development or exploration of our projects. If we entered into a joint venture arrangement, we would likely have to assign a percentage of our interest in our projects to the joint venture partner.

RESULTS OF OPERATIONS

General

The Company recorded a net loss for the three and nine months ended April 30, 2011 of $6,205,725 ($0.09 per share) and $21,693,016 ($0.32 per share) respectively (2010: net income of $3,181,669 ($0.05 per share) and net loss of $7,305,118 ($0.12 per share) respectively).

Revenues

Production revenues during the three and nine months ended April 30, 2011 and 2010 were $Nil. The Company commenced production at Palangana on November 17, 2010, but did not generate any uranium sales.

Expenses

The following table sets forth selected financial information relating to our Company for the periods indicated:

Operating expenses incurred during the three and nine months ended April 30, 2011 increased to $6,268,495 and $21,832,249 respectively from $5,254,795 and $15,285,355 respectively over the same period ended April 30, 2010. Significant expenditures and changes are outlined as follows:

- During the three and nine months ended April 30, 2011, consulting fees remained materially consistent at $124,676 and $318,439 respectively (2010: $123,953 and $356,049 respectively). Consultants are engaged for financial, information technology and investor relation functions.

- During the three and nine months ended April 30, 2011, depreciation, depletion and accretion increased to $252,160 and $768,329 respectively (2010: $239,007 and $543,291 respectively) due primarily to additional charges on assets relating to the STMV Acquisition including accretion of asset retirement obligations.

- During the three and nine months ended April 30, 2011, general and administrative costs changed to $1,310,544 and $3,954,303 respectively (2010: $1,365,241 and $3,355,091 respectively). The increases are due to the expansion of our operations as a result of the acquisition of the STMV Acquisition, specifically with respect to investor relations, office administration, travel and insurance.

- During the three and nine months ended April 30, 2011, impairment charges increased to $128,339 and $128,339 respectively (2010: $11,800 and $11,800 respectively) due to the abandonment of certain mineral properties and the values associated with each mineral property.

- During the three and nine months ended April 30, 2011, interest and finance charges decreased to $Nil and $Nil respectively (2010: $517,273 and $517,273 respectively). The decrease is due to no issuances of warrants as penalties pursuant to private placement agreements.

- During the three and nine months ended April 30, 2011, management fees increased to $273,959 and $1,480,698 respectively (2010: $209,184 and $1,047,245 respectively). The increases are due to additional management personnel and bonuses paid in December 2010.

- During the three and nine months ended April 30, 2011, mineral property expenditures increased to $2,923,975 and $8,460,966 respectively (2010: $1,500,934 and $2,844,122 respectively) due to development activities at the Palangana Mine and Goliad project and exploration activities at the Salvo project. These expenditures include drilling costs and consultant fees relating to technical and geological work, in addition to professional fees for ongoing permitting of the Goliad project.

- During the three and nine months ended April 30, 2011, professional fees increased to $430,429 and $955,663 respectively (2010: $194,888 and $492,204 respectively) due to an increased number of regulatory filings required and the due diligence required for the acquisition for further mineral properties.

- During the three and nine months ended April 30, 2011, stock based compensation decreased to $824,413 and $5,765,512 respectively (2010: $1,092,515 and $6,118,280 respectively). The current and prior period expense consists of the fair value of stock options granted and common stock issued to consultants, management and employees.

At April 30, 2011, the total value of inventory is $1,532,542, of which $1,234,197 represents the value of finished goods - uranium concentrates, $261,098 represents the value of work-in-progress and $37,247 represents the value of supplies. The cash component of the total value of inventory is $1,062,767[1] ($855,916 in finished goods - uranium concentrates, $169,604 in work-in-progress, and $37,247 in supplies) and the non-cash component of the total value of inventory is $469,775[1].

1. Cash component and non-cash component are key indicators not defined under US GAAP and are non-GAAP measures. Cash component is calculated as the total inventory value less the non-cash component of the inventory value. The non-cash component is comprised of depreciation, depletion and stock-based compensation.

Transactions with Officers and Directors

During the three and nine months ended April 30, 2011 and 2010, the Company had transactions with certain officers and directors of the Company as follows:

(a) incurred $64,525 and $144,650 respectively (2010: $32,171 and $102,167 respectively), in general and administrative costs paid to a company controlled by a direct family member of a current officer; and

(b) incurred $Nil and $179,904 respectively (2010: $Nil and $777,000 respectively), in finder's fees related to private placements paid to a company controlled by a current director.

All related party transactions involving provision of services or tangible assets were recorded at the exchange amount, which is the value established and agreed to by the related parties reflecting arm's length consideration payable for similar services or transfers and are non-interest bearing. The outstanding balance at April 30, 2011 is $317 (July 31, 2010: $77,141).

LIQUIDITY AND CAPITAL RESOURCES

Our consolidated financial statements have been prepared assuming that we will continue as a going concern and, accordingly, do not include adjustments relating to the recoverability and realization of assets and classification of liabilities that might be necessary should we be unable to continue in operation.

At April 30, 2011, we had $33,240,258 in cash and working capital of $33,157,725. Generally, we have financed our operations through proceeds from the private placement of equity securities and the exercise of stock options and warrants. We increased net cash by $12,172,596 during the nine months ended April 30, 2011 compared to an increase of $1,604,305 net cash during the same period ended April 30, 2010.

Operating Activities

Net cash used in operating activities during the nine months ended April 30, 2011 was $19,172,521 compared to $474,057 during the same period ended April 30, 2010. Significant operating expenditures during the current period included mineral property expenditures, general and administrative costs, management fees and professional fees. In addition, the Company incurred expenditures in the amounts of $870,504 for cash settlement of asset retirement obligations and $1,062,766 for production related activities.

Financing Activities

Net cash provided by financing activities during the nine months ended April 30, 2011 was $34,228,160 compared to $1,098,236 during the same period ended April 30, 2010. During the current period, we received net proceeds of $8,650,586 from the exercise of stock options and warrants. We also received net proceeds of $25,654,398 from the sale of our common stock pursuant to private placements.

Investing Activities

Net cash used in investing activities during the nine months ended April 30, 2011 was $2,883,043 compared to cash from investing activities of $9,514,207 in the same period ended April 30, 2010. During the current period, we deposited $1,872,623 as a reclamation deposit, purchased $282,294 of equipment, acquired mineral leases totaling $457,861 and loaned $300,000 to facilitate an acquisition.

Stock Options and Warrants

At April 30, 2011, we had 8,276,000 stock options and 6,999,615 share purchase warrants outstanding. The outstanding stock options have a weighted average exercise price of $1.73 per share and the outstanding warrants have a weighted average exercise price of $3.39 per share. Accordingly, at April 30, 2011, the outstanding options and warrants represented a total of 15,275,615 shares issuable for proceeds of approximately $38,046,175 if these options and warrants were exercised in full. The exercise of these options and warrants is at the discretion of the holders and, accordingly, there is no assurance that any of these options or warrants will be exercised.

Going Concern

Our financial statements have been prepared assuming that we will continue as a going concern and, accordingly, do not include adjustments relating to the recoverability and realization of assets and classification of liabilities that might be necessary should we be unable to continue in operation. The Company has not realized any significant revenues since commencement of business upon inception. Although planned principal operations have commenced and existing cash resources are expected to provide sufficient funds for the upcoming year, future capital expenditures may be substantial. The continuation of the Company as a going concern for a period longer than the upcoming year will be dependent upon the Company's ability to obtain financing and generate profits from revenues. Historically, the Company's primary source of financing has been in the form of equity financing from the sale of common shares. The continued operations of the Company and the recoverability of the carrying value of its assets are ultimately dependent upon the Company's ability to achieve profitable operations. At April 30, 2011, the Company had working capital of $33.2 million and an accumulated deficit of $90.2 million.

Material Commitments

We are committed to pay our key executives a total of $709,495 per year for management services.

The Company is currently leasing office premises in New Mexico, Texas and Vancouver, B.C., Canada, for monthly payments totaling $19,350. All agreements are on a month-to-month basis with the exception of the Corpus Christi office lease which expires in August 2012.

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

Our financial statements and accompanying notes have been prepared in accordance with United States generally accepted accounting principles applied on a consistent basis. The preparation of financial statements in conformity with US generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods.

We regularly evaluate the accounting policies and estimates that we use to prepare our financial statements. In general, management's estimates are based on historical experience, on information from third party professionals, and on various other assumptions that are believed to be reasonable under the facts and circumstances. Actual results could differ from those estimates made by management.

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 activities include labor, chemicals and directly attributable production expenditures. Inventories are carried at the lower of cost or net realizable value.

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 mineral project are capitalized.

Upon commencement of production, the mineral project's capitalized expenditures are depleted over the 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 yet established proven or probable reserves on any of its mineral projects.

The carrying values of the mineral rights are assessed for impairment by management on a quarterly basis. Should management determine that the 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 the asset will contribute to the Company's cash flows. Databases are included in Mineral Rights and Properties on the balance sheet.

Restoration and Remediation Costs (Asset Retirement Obligations)

Various federal and state mining laws and regulations require us 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 based on management's best estimate at the end of each period of the costs expected to be incurred at each project. Such estimates would be determined by our engineering studies calculating the cost of future of surface and groundwater activities, current regulations, actual expenses incurred, and technology and industry standards.

In accordance with ASC 410, Asset Retirement and Environmental Obligations, we capitalize the measured fair value of asset retirement obligations to mineral rights and properties. The asset retirement obligation is accreted to an undiscounted value until the time at which it they are expected to be settled. The accretion expense is charged to the statement of operations and actual retirement costs will be 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 we update cost estimates, and other assumptions used in the valuation of asset retirement obligations at each of our 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.

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 significantly before the end of its estimated useful life. Recoverability of these assets is measured by comparison of its carrying amount to future undiscounted cash flows the assets are expected to generate. An impairment loss is recognized when the carrying amount is not recoverable and exceeds fair value.

Financial Instruments

The fair values of cash and cash equivalents, restricted cash, other current monetary assets, accounts payable and accrued liabilities were estimated to approximate their carrying values due to the immediate or short-term maturity of these financial instruments. Our operations and financing activities are conducted primarily in United States dollars, and as a result we are not subject to significant exposure to market risks from changes in foreign currency rates. Management has determined that we are not exposed to significant credit risk.

Stock-Based Compensation

We follow 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. We use the Black-Scholes option-pricing model to determine the grant date fair-value of stock-based awards under ASC 718. The fair value is expensed depending on the terms and conditions of the award and the nature of the relationship of the recipient of the award to us. We record the grant date fair value in income 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 in income over the term of the service period, and unvested amounts are revalued at each reporting period over the service period. We estimate the expected forfeitures and update the valuation accordingly.

Recently Adopted Accounting Policies

On January 21, 2010, the FASB issued ASU 2010-06, which amends ASC 820 to add new requirements for disclosures about transfers into and out of Levels 1 and 2 and separate disclosures about purchases, sales, issuances, and settlements relating to Level 3 measurements. The ASU also clarifies existing fair value disclosures about the level of disaggregation and about inputs and valuation techniques used to measure fair value. Further the ASU amends guidance on employers' disclosures about post-retirement benefit plan assets under ASC 715 to require that disclosures be provided by classes of assets instead of by major categories of assets. The ASU is effective for the first reporting period (including interim periods) beginning after December 15, 2009, except for the requirement to provide the Level 3 activity of purchases, sales, issuances, and settlements on a gross basis, which is effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. The adoption of ASU 2009-06 did not have a material impact on the consolidated financial statements.

In September 2009, the FASB issued authoritative guidance regarding multiple-deliverable revenue arrangements. This guidance addresses how to separate deliverables and how to measure and allocate consideration to one or more units of accounting. Specifically, the guidance requires that consideration be allocated among multiple deliverables based on relative selling prices. The guidance establishes a selling price hierarchy of (1) vendor-specific objective evidence, (2) third-party evidence and (3) estimated selling price. This guidance is effective for annual periods beginning after June 15, 2010 but may be early adopted as of the beginning of an annual period. The adoption of this guidance did not have a material impact on the consolidated financial statements.

In June 2009, the FASB issued Statement 167, thereby amending the consolidation guidance for variable interest entities. Statement 167's final amendments to the Variable Interest Model were extensive and among other things, (1) require a qualitative rather than a quantitative analysis to determine the primary beneficiary of a VIE, (2) amend the Variable Interest Model's consideration of related party relationships in the determination of the primary beneficiary of a VIE by providing, among other things, an exception with respect to de facto agency relationships in certain circumstances, (3) amend certain guidance in the Variable Interest Model for determining whether an entity is a VIE, which may change an enterprise's assessment of whether an entity with which it is involved is a VIE or not, (4) amend the criteria for determining whether fees paid to a decision maker and other service contracts are variable interests, (5) require continuous assessments of whether an enterprise is the primary beneficiary of a VIE, and (6) require enhanced disclosures about an enterprise's involvement with a VIE. These amendments to the Variable Interest Model are effective as of the beginning of an enterprise's first annual reporting period that begins after 15 November 2009. The adoption of Statement 167 effective August 1, 2010 did not have a material impact on the consolidated financial statements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We are subject to risks related to foreign currency exchange rate fluctuations. However, they have not had a material impact on our results of operations to date.

Our functional currency is the United States dollar. However, a portion of our business is transacted in other currencies (the Canadian dollar). As a result, we are subject to exposure from movements in foreign currency exchange rates. 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.

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Item 4.

Controls and Procedures

Evaluation of Disclosure Controls and Procedures

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

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

Changes in Internal Controls

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended April 30, 2011, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

As of the date of this Quarterly Report, 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 beneficial owner of more than 5% of our common stock, or any associate or any such director, officer, affiliate or beneficial owner, is (i) a party adverse to us in any legal proceeding, or (ii) has an adverse interest to us in any legal proceeding. Other than as disclosed below, management is not aware of any other material legal proceedings pending or that have been threatened against us or our properties.

On February 23, 2011, the Company received notification of a lawsuit filed against the Company related to the STMV Acquisition for an unspecified amount. The Company believes it has complied with all of the terms related to the SMTV Acquisition and intends on disputing any and all claims under this lawsuit. Any amount that may potentially be assessed as owing to the claimant is expected to be immaterial. During the third quarter of 2011, various correspondence was exchanged between the Company and the claimant, including the provision by the Company of relevant documentation.

Item 1A. Risk Factors

An investment in our common stock involves a number of very significant risks. You should carefully consider the following risks and uncertainties in addition to other information in this report in evaluating our company and its business before purchasing shares of our common stock. Our business, operating results and financial condition could be seriously harmed due to any of the following risks. The risks described below may not be all of the risks facing our company. Additional risks not presently known to us or that we currently consider immaterial may also impair our business operations. You could lose all or part of your investment due to any of these risks.

Risks Related to Our Business

We will require significant additional financing in order to continue our exploration and development activities and our assessment of the commercial viability of our mineral properties.

We will need to raise additional financing to complete further exploration and development of our mineral properties. Furthermore, if the costs of our planned exploration and development programs are greater than anticipated, we may have to seek additional funds through public or private share offerings or arrangements with corporate partners. There can be no assurance that we will be successful in our efforts to raise the required funds, or on terms satisfactory to us. The continued exploration and development of our mineral properties and the development of our business will depend upon our ability to establish the commercial viability of our mineral properties and to ultimately develop cash flow from operations and reach profitable operations. We currently have no revenue from operations and are experiencing significant negative cash flow. Accordingly, the primary source of funds presently available to us is through the sale of equity securities. In addition, we believe that debt financing may potentially be an alternative to us. Alternatively, we may finance our business by offering an interest in our mineral properties to be earned by another party or parties carrying out further exploration thereof or to obtain project or operating financing from financial institutions, neither of which is presently intended. Our future cash flows and the availability of financing will be subject to a number of variables, including the market price of uranium. We may not be able to obtain additional financing on favorable terms, if at all. If we are unable to obtain this additional financing, we will not be able to continue our exploration or development activities and our assessment of the commercial viability of our mineral properties.

As our mineral properties do not contain any reserves, we may not discover commercially exploitable quantities of ore on our mineral properties that would enable us to enter into commercial production, achieve revenues and recover the money we spend on exploration.

Since inception, we have not established proven and probable reserves through the completion of feasibility studies for any of our mineral properties in accordance with SEC Industry Guide 7, and there are no plans to do so. Accordingly, we are classified as an exploration stage company. Although we announced initial production activities at our Palangana project on November 17, 2010, and continue to conduct development activities on our Palangana project as well as permitting activities on our Goliad project, there is no assurance that a commercially viable mineral deposit exists or will be established on any of our mineral properties in accordance with SEC Industry Guide 7. We will continue to conduct exploration activities on our other mineral property interests with the objective of ascertaining whether these properties contain economic quantities of uranium ore. The known mineralization at these projects has not been determined to be economic ore, and may never be determined to be economic. We will also continue to pursue the acquisition of new mineral property interests that we believe contain or have the potential to contain economic quantities of uranium ore. There is a substantial risk that these exploration activities will not result in discoveries of commercially recoverable quantities of ore.

Our exploration activities on our mineral properties may not be successful, which could lead us to abandon our plans to develop the property and its investments in exploration.

Our long-term success depends on our ability to establish commercially recoverable quantities of ore on our mineral properties that can then be developed into commercially viable mining operations. Mineral exploration is highly speculative in nature, involves many risks and is frequently non-productive. These risks include unusual or unexpected geologic formations, and the inability to obtain suitable or adequate machinery, equipment or labor. The success of uranium exploration is determined in part by the following factors:

- identification of potential uranium mineralization based on superficial analysis;

- availability of government-granted exploration permits;

- the quality of management and geological and technical expertise; and
- the capital available for exploration.

Substantial expenditures are required to establish proven and probable reserves through drilling and analysis, to develop metallurgical processes to extract metal, and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Whether a mineral deposit will be established or determined to be commercially viable depends on a number of factors, which include, without limitation, the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices, which fluctuate widely; and government regulations, including, without limitation, regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. We may invest significant capital and resources in exploration activities and abandon such investments if we are unable to identify commercially exploitable mineral reserves. The decision to abandon a project may reduce the trading price of our common stock and impair our ability to raise future financing. We cannot provide any assurance to investors that we will discover mineralized material in sufficient quantities on our properties to justify commercial operations. Further, we will not be able to recover the funds that we spend on exploration if we are not able to establish commercially recoverable quantities of ore on our mineral properties.

We have a history of operating losses and there can be no assurances we will be profitable in the future.

We have a history of operating losses, expect to continue to incur losses, and may never be profitable. Further, we have been dependent on sales of our equity securities and debt financing to meet our cash requirements. We have incurred net losses totaling $90,176,717 from May 16, 2003 (inception) to April 30, 2011. We incurred net losses totaling $14,478,669 in the year ended July 31, 2010, $13,503,576 in the year ended July 31, 2009 and $19,236,124 in the year ended July 31, 2008. Further, we do not expect positive cash flow from operations in the near term. There is no assurance that actual cash requirements will not exceed our estimates. In particular, additional capital may be required in the event that: (i) the costs to acquire additional uranium exploration claims are more than we currently anticipate; (ii) exploration costs for additional claims increase beyond our expectations; (iii) development and mining expenditures exceed anticipated costs; or (iv) we encounter greater costs associated with general and administrative expenses or offering costs.

Our participation in an increasingly larger number of uranium minerals exploration prospects has required and will continue to require substantial capital expenditures. The uncertainty and factors described throughout this section may impede our ability to economically discover uranium prospects. As a result, we may not be able to achieve or sustain profitability or positive cash flows from operating activities in the future.

We are a relatively new entrant into the uranium mineral exploration and mining industry with a limited and unprofitable operating history.

Since our inception on May 16, 2003, our activities have been limited to organizational efforts, obtaining working capital and acquiring, exploring and developing a very limited number of properties. As a result, there is limited historical financial and operating information available upon which to evaluate our future performance.

The business of minerals exploration and mining is subject to many risks and uncertainties, including those described in this section, and if uranium is found in economic quantities, the profitability of future uranium mining ventures depends upon factors beyond our control. The profitability of mining uranium properties if economic quantities of uranium are found is dependent upon many factors and risks beyond our control, including, but not limited to: (i) unanticipated ground and water conditions and adverse claims to water rights; (ii) geological problems; (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) accidents; (vii) delays in the receipt of or failure to receive necessary government permits; (viii) delays in transportation; (ix) labor disputes; (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.

The risks associated with exploration and mining could cause personal injury or death, environmental damage, delays in mining, monetary losses and possible legal liability.

The Company's exploration and mining activities are subject to the risks normally inherent in the industry, including, but not limited, to environmental hazards, flooding, fire, periodic or seasonal hazardous climate and weather conditions, unexpected rock formation, industrial accidents and metallurgical and other processing problems. 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 possible legal liability. The Company may become subject to liability which it cannot insure against or which it may elect not to insure due to high premium costs or other reasons. Where considered practical to do so the Company maintains insurance against risks in the operation of its business in amounts which the Company believes to be reasonable. Such insurance, however, contains exclusions and limitations on coverage. The Company cannot provide any assurance that such insurance will continue to be available, will be available at economically acceptable premiums or will be adequate to cover any resulting liability. In some cases, coverage is not available or considered too expensive relative to the perceived risk.

The uranium exploration and mining industry is highly competitive and there is no assurance that we will be successful in acquiring mineral exploration properties or leases.

The uranium exploration and mining industry is intensely competitive, and we compete with other companies that have greater resources. Many of these companies not only explore for and produce uranium, but also market uranium and other products on a regional, national or worldwide basis. These companies may be able to pay more for productive uranium properties and exploratory prospects or define, evaluate, bid for and purchase a greater number of properties and prospects than our financial or human resources permit. In addition, these companies may have a greater ability to continue exploration and mining activities during periods of low uranium market prices. Our larger competitors may be able to absorb the burden of present and future federal, state, local and other laws and regulations more easily than we can, which would adversely affect our competitive position. Our ability to acquire additional properties and to explore them in the future will be dependent upon our ability to evaluate and select suitable properties and to consummate transactions in a highly competitive environment. In addition, because we have fewer financial and human resources than many companies in our industry, we may be at a disadvantage in bidding for exploratory prospects.

If we are successful in acquiring additional properties, some or all of the properties may not produce positive results of exploration, or we may not complete exploration of such prospects within specified time periods which may cause the forfeiture of the lease in that prospect. There can be no assurance that we will be able to successfully integrate acquired properties, which could result in substantial costs and delays or other operational, technical or financial problems. Further, acquisitions could disrupt ongoing business operations. If any of these events occur, it would have a material adverse effect upon our operations and results from operations.

The marketability of natural resources will be affected by numerous factors beyond our control which may result in us not receiving an adequate return on invested capital to be profitable or viable.

The marketability of natural resources which may be acquired or discovered by us will be affected by numerous factors beyond our control. These factors include macroeconomic factors, market fluctuations in commodity pricing and demand, the proximity and capacity of natural resource markets and processing equipment, governmental regulations, land tenure, land use, regulation concerning the importing and exporting of uranium and environmental protection regulations. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in us not receiving an adequate return on invested capital to be profitable or viable.

Uranium mining operations are subject to comprehensive regulation, which may cause substantial delays or require capital outlays in excess of those anticipated, causing an adverse effect on our business operations.

If economic quantities of uranium are found on any lease owned by us in sufficient quantities to warrant uranium mining operations, such mining operations are subject to federal, state, and local laws relating to the protection of the environment, including laws regulating removal of natural resources from the ground and the discharge of materials into the environment. Uranium mining operations are also subject to federal, state, and local laws and regulations which seek to maintain health and safety standards by regulating the design and use of mining methods and equipment. Various permits from government bodies are required for mining operations to be conducted; other than what has been previously disclosed herein, no assurance can be given that such permits will be received. Environmental standards imposed by federal, provincial, or local authorities may be changed and any such changes may have material adverse effects on our activities. Moreover, compliance with such laws may cause substantial delays or require capital outlays in excess of those anticipated, thus resulting in an adverse effect on us. Additionally, we may be subject to liability for pollution or other environmental damages which we may elect not to insure against due to prohibitive premium costs and other reasons. To date, we have not been required to spend material amounts on compliance with environmental regulations. However, we may be required to do so in the future and this may affect our ability to expand or maintain our operations.

Uranium minerals exploration, development and mining activities are subject to certain environmental regulations, which may prevent or delay the commencement or continuance of our operations.

Uranium minerals exploration, development and mining operations are subject to stringent federal, state, provincial, and local laws and regulations relating to improving or maintaining environmental quality. Environmental laws often require parties to pay for remedial action or to pay damages regardless of fault. Environmental laws also often impose liability with respect to divested or terminated operations, even if the operations were terminated or divested of many years ago.

Our uranium mining operations and exploration activities are or will be subject to extensive laws and regulations governing prospecting, development, production, exports, taxes, labor standards, occupational health, waste disposal, protection and remediation of the environment, protection of endangered and protected species, mine safety, toxic substances and other matters. Uranium mining is also subject to risks and liabilities associated with pollution of the environment and disposal of waste products occurring as a result of mineral exploration and production. Compliance with these laws and regulations will impose substantial costs on us and will subject us to significant potential liabilities.

Costs associated with environmental liabilities and compliance are expected to increase with the increasing scale and scope of operations and we expect these costs may increase in the future.

We believe that our operations comply, in all material respects, with all applicable environmental regulations. However, we are not fully insured at the current date against possible environmental risks.

Any change in government regulation/administrative practices may have a negative impact on our ability to operate and our profitability.

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 be changed, applied or interpreted in a manner which will fundamentally alter our ability to carry on business. The actions, policies or regulations, or changes thereto, of any government body or regulatory agency, or other special interest groups, may have a detrimental effect on us. Any or all of these situations may have a negative impact on our ability to operate and/or our profitably.

Timing, estimated amount, capital and operating expenditures and economic returns of future production are based on estimates which may differ from actual results.

Other than what has been previously disclosed herein, there are no assurances if and when a particular mineral property of the Company can enter into production. The amounts of future production for all our projects, including Palangana, are based on the estimates prepared by or for the Company. The capital and operating costs to take the Company's projects into production may be significantly higher than anticipated. Capital and operating costs of production and economic returns are based on estimates prepared by or for the Company may differ significantly from their actual values. There can be no assurance that the Company's actual capital and operating costs will not be higher than currently anticipated.

In addition, the construction and development of mines and infrastructure are complex. Resources invested in construction and development may yield outcomes that may differ significantly from those anticipated by the Company.

We may be unable to retain key employees or consultants or recruit additional qualified personnel.

Our extremely limited personnel means that we would be required to spend significant sums of money to locate and train new employees in the event any of our employees resign or terminate their employment with us for any reason. Due to our limited operating history and financial resources, we are entirely dependent on the continued service of Amir Adnani, our President, Chief Executive Officer, Principal Executive Officer and a director, and Harry Anthony, our Chief Operating Officer and a director. Further, we do not have key man life insurance on any of these individuals. We may not have the financial resources to hire a replacement if any of our officers were to die. The loss of service of any of these employees could therefore significantly and adversely affect our operations.

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

Some of our officers and directors serve only part time and may be subject to conflicts of interest. Each may devote part of his working time to other business endeavors, including consulting relationships with other corporate entities, and may have responsibilities to these other entities. Such conflicts may include deciding how much time to devote to our affairs, as well as what business opportunities should be presented to us. Because of these relationships, some of our officers and directors may be subject to conflicts of interest.

Nevada law and our articles of incorporation may protect our directors from certain types of lawsuits.

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

Risks Related to Our Common Stock

Sales of a substantial number of shares of our common stock into the public market by certain stockholders may result in significant downward pressure on the price of our common stock and could affect your ability to realize the current trading price of our common stock.

Sales of a substantial number of shares of our common stock in the public market by certain stockholders could cause a reduction in the market price of our common stock. As of April 30, 2011, we had 72,293,948 shares of common stock issued and outstanding, stock options outstanding to purchase 8,276,000 shares and share purchase warrants outstanding to purchase 6,999,615 shares.

The sale of a substantial number of shares into the public market of previously restricted shares, or upon exercise of stock options or warrants, could place downward pressure on the price of our common stock.

The trading price of our common stock on the NYSE Amex Equities exchange and previously on the OTC Bulletin Board has been and may continue to fluctuate significantly and stockholders may have difficulty reselling their shares.

Our common stock commenced trading on the NYSE Amex Equities exchange (formerly known as the American Stock Exchange) on September 28, 2007, and previously traded on the OTC Bulletin Board, and the trading price has fluctuated. In addition to volatility associated with securities in general, the value of your investment could decline due to the impact of any of the following factors upon the market price of our common stock: (i) disappointing results from our discovery or development efforts; (ii) failure to meet our revenue or profit goals or operating budget; (iii) decline in demand for our common stock; (iv) downward revisions in securities analysts' estimates or changes in general market conditions; (v) technological innovations by competitors or in competing technologies; (vi) lack of funding generated for operations; (vii) investor perception of our industry or our prospects; and (viii) general economic trends.

In addition, stock markets have experienced price and volume fluctuations and the market prices of securities have been highly volatile. These fluctuations are often unrelated to operating performance and may adversely affect the market price of our common stock. As a result, investors may be unable to sell their shares at a fair price and you may lose all or part of your investment.

Additional issuances of equity securities may result in dilution to our existing stockholders. Our Articles of Incorporation authorize the issuance of 750,000,000 shares of common stock.

The Board of Directors has the authority to issue additional shares of our capital stock to provide additional financing in the future and the issuance of any such shares may result in a reduction of the book value or market price of the outstanding shares of our common stock. If we do issue any such additional shares, such issuance also will cause a reduction in the proportionate ownership and voting power of all other stockholders. As a result of such dilution, if you acquire shares of our common stock, your proportionate ownership interest and voting power could be decreased. Further, any such issuances could result in a change of control.

Our common stock may at times be classified as a "penny stock" under SEC rules which limits the market for our common stock.

Because the market price of the common stock has fluctuated and may trade at times at less than $5 per share, the common stock may be classified from time to time as a "penny stock." SEC Rule 15g-9 under 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 the market liquidity of our shares, which in turn affects the ability of holders of our common stock to resell the shares they purchase, and they may not be able to resell at prices at or above the prices they paid.

A decline in the price of our common stock could affect our ability to raise further working capital and adversely impact our operations.

A decline in the price of our common stock could result in a reduction in the liquidity of our common stock and a reduction in our ability to raise additional capital for our operations. Because our operations to date have been principally financed through the sale of equity securities, a decline in the price of our common stock could have an adverse effect upon our liquidity and our continued operations. A reduction in our ability to raise equity capital in the future would have a material adverse effect upon our business plan and operations, including our ability to continue our current operations. If our stock price declines, we may not be able to raise additional capital or generate funds from operations sufficient to meet our obligations.

A majority of our directors and officers are outside the United States, with the result that it may be difficult for investors to enforce within the United States any judgments obtained against us or any of our directors or officers.

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

Item 2.

Unregistered Sales of Equity Securities and Use of Proceeds

Consulting Services Agreements

Effective June 14, 2010, the Company entered into a consulting agreement. In accordance with the terms of the agreement, the Company has issued shares of the Company's restricted stock as follows:

Effective July 21, 2010, the Company entered into a consulting agreement. In accordance with the terms of the agreement, the Company has issued shares of the Company's restricted stock as follows:

Effective October 7, 2010, the Company entered into a consulting agreement. In accordance with the terms of the agreement, the Company has issued shares of the Company's restricted stock as follows:

Effective January 15, 2011, the Company entered into a consulting agreement. In accordance with the terms of the agreement, the Company has issued shares of the Company's restricted stock as follows:

Effective January 1, 2010, the Company entered into a consulting agreement. In accordance with the terms of the agreement, the Company has issued shares of the Company's restricted stock as follows:

Item 3. Defaults Upon Senior Securities

None.

Item 4. (Removed and Reserved)

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

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

Exhibit	Description of Exhibit

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

SIGNATURES

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

URANIUM ENERGY CORP.

/s/ "Amir Adnani"

Amir Adnani
President, Chief Executive Officer and Principal Executive Officer
Date: June 6, 2011

/s/ "Mark Katsumata"

Mark Katsumata
Secretary, Treasurer and Chief Financial Officer
Date: June 6, 2011