URANIUM ENERGY CORP
Form 10-K
October 14, 2010

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

FORM 10-K

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

For the Fiscal Year Ended July 31, 2010

[ ] 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.)

500 N. Shoreline Blvd. #800N, Corpus Christi, Texas 78471

(Address of Principal Executive Offices)

(361) 888-8235

(Registrant's telephone number, including area code)

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

None

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

Common Stock, Par Value $0.001

(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes [ ] No [**X**]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 of Section 15(d) of the Act.
Yes [ ] No [**X**]

Indicate by check mark whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [**X**] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [ ] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [**X**]

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

Large accelerated filer [ ]	Accelerated filer [X]
Non-accelerated filer [ ] (do not check if a smaller reporting company)	Smaller reporting company []

Indicate by checkmark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes [ ] No [**X**]

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant as of January 31, 2010 was approximately

$168,523,591 based upon the price at which the registrant's shares of common stock were last sold as of that date.

The registrant had 60,846,787 shares of common stock outstanding as of October 12, 2010.

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FORWARD LOOKING STATEMENTS

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

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

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

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

- other regulatory, legislative and judicial developments.

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

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

AVAILABLE INFORMATION

Uranium Energy Corp. files annual, quarterly and current reports, proxy statements, and other information with the Securities and Exchange Commission (the "Commission" or "SEC"). You may read and copy documents referred to in this Annual Report on Form 10-K that have been filed with the Commission at the Commission's Public Reference Room, 450 Fifth Street, N.W., Washington, D.C. You may obtain information on the operation of the Public Reference Room by calling the Commission at 1-800-SEC-0330. You can also obtain copies of our Commission filings by going to the Commission's website at http://www.sec.gov.

REFERENCES

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

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PART I

ITEM 1. BUSINESS

Corporate Organization

Our company was incorporated under the laws of the State of Nevada on May 16, 2003 under the name "Carlin Gold Inc." During 2004 we changed our business operations and focus from precious metals exploration in the State of Nevada to the exploration for economic reserves of uranium throughout the United States. On January 24, 2005, we filed an amendment to our Articles of Incorporation changing our name to "Uranium Energy Corp.".

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. 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 $0.001 par value, to 750,000,000 shares of common stock with a similar par value.

In June 2007, we determined to change our fiscal year end from December 31 to July 31. Accordingly, on October 29, 2007, we filed a Transition Report on Form 10-KSB for the year ended July 31, 2007, as subsequently amended, with the SEC and commenced a new reporting period.

On December 31, 2007, we incorporated a wholly-owned subsidiary under the laws of the Province of British Columbia, Canada, UEC Resources Ltd.

On May 1, 2007, we entered into a joint venture with Neutron Energy Inc. ("NEI"), a Wyoming corporation, in connection with the exploration of a property covering approximately 6,700 acres located in Cibola County, New Mexico, for uranium resources. In connection with the joint venture, Cibola Resources LLC, a limited liability company under the laws of the State of Delaware, was formed to undertake the exploration activities contemplated by the parties. NEI acquired the mining lease to the property from La Merced del Pueblo de Cebolleta ("Cebolleta"), a private entity that has the authority over the natural resources of the property, pursuant to a letter agreement between Cebolleta and NEI dated January 27, 2007, and has contributed the lease to Cibola Resources. In connection with the acquisition of the lease, NEI has made cash payments to Cebolleta of $5,000,000 to date. The Company has reimbursed an aggregate of $2,450,000 to NEI to date. As a result, NEI and the Company held a 51% and 49% interest, respectively, in Cibola Resources. On April 12, 2010, the Company received a cash payment in the amount of $11,000,000 from NEI for the sale of our 49% interest in the Cibola Resources LLC joint venture.

Effective on December 18, 2009, we closed on our acquisition of a 100% ownership interest in the South Texas Mining Venture, L.L.P. ("STMV"), a Texas limited liability partnership, from each of URN Resources Inc. ("URN"), a subsidiary of Uranium One Inc., and Everest Exploration, Inc. ("Everest"). In connection with this transaction, we acquired URN's 99% interest in STMV and issued 2,500,000 restricted shares of our common stock to URN. In addition, we acquired substantially all of the assets of Everest, including its 1% interest in STMV, and issued 200,000 restricted shares of our common stock and paid an aggregate of $1,000,000 to Everest to be used, in part, for the final reclamation on two properties previously mined and restored by Everest.

The assets of STMV include: the fully licensed and permitted Hobson in-situ recovery ("ISR") Processing Plant ("Hobson"); the La Palangana Uranium project ("Palangana"), which is at an advanced stage of permitting; a portfolio of exploration-stage properties located in South Texas; and significant data files that document decades of South Texas-focused uranium exploration and mining. The Hobson facility is expected to form the basis of a new regional operating strategy for our projects in South Texas. We anticipate that our Goliad, Nichols and Palangana projects will become satellite ISR operations with loaded resins being transported to Hobson for further processing into dried U_3O_8.

Our principal offices are located at 500 N. Shoreline Blvd. #800N, Corpus Christi, Texas, U.S.A., 78471, and our telephone number is (361) 888-8235, and our web site address is www.uraniumenergy.com.

General

We are a natural resource exploration company engaged in the exploration of properties that may contain uranium minerals in the United States. Our strategy is to acquire properties that are prospective for uranium exploration, and have undergone some degree of uranium exploration but have not yet been mined. As of the date of this annual report,

we have interests in 50,253 gross acres of leased or staked mineral properties, consisting of claim blocks located in the States of Arizona, Colorado, New Mexico, Texas, Utah and Wyoming. Our ability to complete future acquisitions will be subject to obtaining sufficient financing and being able to conclude agreements with property owners on terms that are acceptable to us.

As of the date of this annual report we have interests in an aggregate of 50,253 gross acres (43,960 net mineral acres) of properties that have been either leased or staked, which we intend to explore for economic deposits of uranium. Some of these leases are subject to varying net royalty interests. These properties consist of claim blocks located in the States of Arizona, Colorado, New Mexico, Texas, Utah and Wyoming. Most of these properties have been the subject of historical exploration by other mining companies, and provide indications that further exploration for uranium is warranted.

Our properties do not have any reserves. We plan to conduct exploration programs on these properties with the objective of ascertaining whether any of our properties contain economic concentrations of uranium that are prospective for mining. As such, we are considered an exploration, or exploratory stage company. Since we are an exploration stage company, there is no assurance that a commercially viable mineral deposit exists on any of our properties, and a great deal of further exploration will be required before a final evaluation as to the economic and legal feasibility for our future exploration is determined. We have no known reserves of uranium or any other type of mineral. Since inception we have not established any proven or probable reserves on our mineral property interests.

Background

The United States is the largest consumer of uranium in the world and consumed approximately 55 million pounds of uranium in 2009. Production of uranium in the United States in 2009 was approximately three and one half million pounds. Nuclear power supplied approximately 20% of the electricity consumed in the United States in 2009.

The price for uranium is generally determined by near term supply and demand, but it is certainly also affected by perception of supply/demand imbalances in the future. We believe that there is potential for further increases in the price for uranium based upon an expected imbalance of supply and demand going forward, particularly considering the expiration of the US/Russian HEU agreement which expires in 2013. This agreement currently supplies approximately 24 million pounds to the US nuclear fuel market (i.e. nearly 45% of US demand).

Between 1960 and 1985 a significant amount of exploration work was conducted in the United States for uranium. A large number of these exploration projects were not pursued, however, these projects accumulated a significant amount of exploration data.

We have acquired a significant amount of this exploration data and have acquired interests in properties that we believe warrant further exploration for uranium based upon the exploration data we have acquired. Our properties do not have any reserves. We plan to conduct exploration programs on these properties with the objective of ascertaining whether any of our properties contain economic concentrations of uranium that are prospective for mining. We have identified a number of low grade projects that we believe we can fast-track to production by conducting a number of different exploration and permitting activities at the same time, particularly in the State of Texas. Currently, most of our exploration activity is focused in the State of Texas. Subject to many factors outside the control of the Company and including, without limitation, further exploration and development work and the possible completion of an acceptable feasibility study, we firmly believe that we will commence production of uranium in the fourth quarter of 2010. However, there can be no assurance that we will achieve our objectives in this regard within the time frames targeted, or at all.

We plan to utilize the in-situ recovery method ("ISR") when mining for uranium, which is an alternative to conventional mining. We believe that this method of mining requires lower capital expenditures and has less impact on the environment, as well as a shorter lead time than conventional mining with respect to beginning production. ISR mining of uranium involves pumping oxidized water through an underground uranium deposit, dissolving it and then pumping it to surface for further processing. Monitor wells on sides of the deposit assure none of the uranium-rich waters leak away from the production zone.

According to a survey by the U.S. Department of Energy, in 1979 there were over 20,000 people employed in the uranium mining industry, compared to just over 400 people in 2004. We believe that there is a shortage of human resources in the uranium mining industry currently which acts as a barrier in respect of the exploration for uranium. We employ a team of highly experienced uranium mining professionals, comprised primarily of geologists, engineers, technicians, field personnel, administrative and support staff, which we believe is a competitive advantage for our Company. These persons are involved in the review of the historical exploration data we have acquired in order to determine projects that warrant pursuing, as well as the exploration of our properties.

Acquisition of STMV

On December 18, 2009, we acquired a 100% ownership interest in the South Texas Mining Venture, L.L.P. ("STMV"), a Texas limited liability partnership, from each of URN Resources Inc. ("URN"), a subsidiary of Uranium One Inc., and Everest Exploration, Inc. ("Everest").

Under a Securities Purchase Agreement (the "SPA") with URN, we acquired URN's 99% interest in STMV and issued 2,500,000 restricted shares of the ours common stock to URN.

Under an Asset Purchase Agreement (the "APA") with Everest we acquired substantially all of the assets of Everest, including its 1% interest in STMV by issuing 200,000 restricted shares of our common stock and paying an aggregate of $1,000,000 to Everest to be used, in part, for the final reclamation on two properties previously mined and restored by Everest.

The assets of STMV include: the fully licensed and permitted Hobson ISR Processing Plant ("Hobson"); the La Palangana Uranium project ("Palangana"), which is at an advanced stage of permitting; a portfolio of exploration-stage properties located in South Texas; and significant data files that document decades of South Texas-focused uranium exploration and mining. The Hobson facility is expected to form the basis of a new regional operating strategy for our projects in South Texas. We anticipate that our Goliad, Nichols and Palangana projects will now become satellite ISR operations with loaded resins being transported to Hobson for further processing into dried U3O8.

Overview of the Hobson Processing Facility and the Palangana Project

The Hobson facility is located about 100 miles northwest of Corpus Christi in Karnes County, Texas. Hobson was originally licensed and constructed in 1978, and was subsequently totally refurbished and expanded to a drying and packaging capacity of 2,500,000 pounds of U3O8 per year in Q3 2008. We believe that Hobson's capacity can be doubled with the installation of a second and larger vacuum dryer.

The facility at Hobson is designed to process uranium-loaded resins from satellite facilities to a final product commonly known as yellowcake or U3O8. By utilizing the Hobson facility as a central processing site, our near-term plan is to have Goliad, and potentially Nichols and Palangana, ISR production processed at Hobson rather than to construct a new processing plant at Goliad. The Goliad and Nichols projects are located 40 miles east and 5 miles southwest of Hobson, respectively.

Texas uranium mining was first established in the late 1950s in Karnes County where Hobson is situated, and the Karnes County Commissioners have recently passed resolutions in support of uranium mining. Additionally, the Duval County Commissioners, in late 2006, similarly adopted a pro-uranium mining resolution. The Palangana project is located in Duval County.

The Palangana project is a prior-producing ISR project located in the South Texas uranium belt. The 2,500-hectare (6,200-acre) property is located approximately 100 miles south of the Hobson facility. Over 4,000 historic exploration, development and production holes were drilled at the project by Union Carbide Corp ("UCC"), Chevron, and Everest Exploration Inc. UCC produced uranium at the project in the mid to late 1970's with ISR technology. Harry Anthony, the Company's Chief Operating Officer, was a member of UCC's ISR mining team and oversaw the development and production of this project. Palangana is a near-term production project and is currently in the final stage of permitting. To date the Texas Commission on Environmental Quality ("TCEQ") has issued:

- a Final Mine Area Permit;
- a Final Production Area-1 Authorization;
- a Permit by Rule (an Air Exemption permit);
- two Disposal Well Final Permits;
- an existing Aquifer Exemption from previous mining endeavors is still current and active; and
- a Draft Radioactive Material License has been issued by the TCEQ and it is expected to be finalized as an operating license very soon.

Our Database

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

The following provides information relating to our database:

Tronox Worldwide

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

We have exclusive ownership of this database.

Jebsen

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

This database adds over 500 drill holes and over 500,000 feet of drilling data results to the Company's existing library of data. Other than logs, the data set consists of volumes of maps, lithographic logs, geologic reports, and feasibility studies, and many other essential tools for uranium exploration and development.

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

We have exclusive ownership of this database.

Halterman

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

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

We have exclusive ownership of this database.

Brenniman

The Brenniman database includes drilling and logging data from over 2 million feet of uranium exploration and development drilling, resource calculation reports and various other geological reports, drill hole location maps and other mapping. This database includes approximately 142 drill hole gamma and E-logs. The data was originally compiled from 1972 to 1981 by various exploration companies, and covers over 100 uranium prospects in 15 southern US states. This library will be used by our technical personnel to determine locations of where drill-indicated uranium may exist.

We have exclusive ownership of this database.

Nueces

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

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

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

Kirkwood

We acquired a database of uranium exploration results covering an area of approximately 13,000 acres within the uranium zone known as the Poison Spider area, in central Wyoming. The area covered includes property already held by us, as well as by other publicly-traded uranium exploration companies. The database was compiled by William Kirkwood of North American Mining and Minerals Company ("NAMMCO"), a significant participant in the uranium, coal, gold and oil and gas industries in the western United States since the 1960s. The data acquired was generated from exploration originally conducted by companies such as Homestake Mining, Kennecott Corp, Rampart Exploration, as well as Kirkwood Oil and Gas, largely between 1969 and 1982. The database consists of drill hole assay logs for 470 holes, including 75,200 feet of drilling, 22,000 feet of gamma logs, drill hole location maps, cross sections, geological maps, geological reports, and other assay data and will be used to locate possible mineralized zones in the Poison Spider area in central Wyoming.

We have exclusive ownership of this database.

Knupke

We acquired rights to a uranium database consisting of 40 years worth of uranium exploration results, gathered largely from the South Texas uranium trend, where we have already been actively acquiring interests in land on the basis of the data, and will be used to locate possible mineralized zones.

The rights to this exploration database were provided to the Company by James A. Knupke, Consulting Geologist of Corpus Christi, Texas. Under terms of an agreement Mr. Knupke provided consulting services to the Company, which included the review of his database. Upon review of the database we acquired several prospective properties. We have terminated the agreement as we had substantially exhausted our review of Mr. Knupke's data.

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

Odell

We acquired the rights to a database containing over 50 years of uranium exploration data for the State of Wyoming.

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

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

Moore

We acquired a database of US uranium exploration results from Moore Energy Corporation ("Moore Energy"), a private Oklahoma-based uranium exploration company.

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

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

We have exclusive ownership of this database.

Uranium Resources Inc.

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

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

Our Plan of Operations

Plan of Operations

Our plan of operations for the next twelve months is to continue with the exploration and development of our mineral properties. Our planned geological exploration programs are described in detail in this annual report under "Business". As well, the reclamation activities at Mt. Lucas are expected to be complete by the end of 2010. The minor reclamation activities at Hobson, which will be placed in a disposal well, are also expected to be complete within fiscal 2011. Mining activities are expected to commence within the first half of fiscal 2011 at our Palangana project site with the ore processed through our Hobson processing facility.

Our planned exploration expenditures for the next twelve months on our mineral properties, together with amounts due to maintain our interest in these claims, are summarized as follows:

Name of Property	Planned Exploration Expenditures	Amounts of Claims Maintenance Due	Amount of Property Payment Due
Goliad	$Nil	$49,578	$Nil

Name of Property	Planned Exploration Expenditures	Amounts of Claims Maintenance Due	Planned Development Expenditures
La Palangana	$125,000	$347,971	$5,491,039

Our Principal Mineral Properties

The Goliad Project in Goliad County, Texas, and the La Palangana Project, in Duval County, Texas, are our principal mineral properties.

None of our other properties are currently considered material properties; however, we may plan to conduct further exploration to determine if economic deposits of mineralization exist on these properties.

The following provides information relating to our principal mineral properties:

Goliad Project, Goliad County, Texas

Goliad Project Technical Report

On March 4, 2008, we issued a news release entitled "Uranium Energy Corp Reports Independent NI 43-101 Resource Estimate at Goliad Project." This news release is attached as Exhibit 99.1 to our Current Report on Form 8-K filed with the SEC on the same day.

As described in more detail in the news release, we have received an updated technical report (the "Technical Report") in accordance with the provisions of National Instrument 43-101, Standards of Disclosure for Mineral Projects ("NI 43-101"), of the Canadian Securities Administrators for our Goliad Project located in Goliad County, Texas. The complete Technical Report was filed under our company's profile on the Canadian Securities Administrators public disclosure website, at www.sedar.com, on March 10, 2008. The Technical Report is authored by Thomas A. Carothers, P.Geo., a qualified person as defined in NI 43-101, who has over 30 years of uranium experience, substantially in the South Texas Uranium trend. His experience includes working directly for two operating ISR mining companies in South Texas, US Steel and Tenneco Uranium, during the 1970s and 1980s.

As required by NI 43-101, the Technical Report contains certain disclosure relating to measured, indicated and inferred mineral resource estimates for the Company's Goliad Project. Such mineral resources have been estimated in accordance with the definition standards on mineral resources of the Canadian Institute of Mining, Metallurgy and Petroleum referred to in NI 43-101. Measured mineral resources, indicated mineral resources and inferred mineral resources, while recognized and required by Canadian regulations, are not defined terms under the SEC's Industry Guide 7, and are normally not permitted to be used in reports and registration statements filed with the SEC. Accordingly, we have not reported them in this annual report or otherwise in the United States.

Investors are cautioned not to assume that any part or all of the mineral resources in these categories will ever be converted into mineral reserves. These terms have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. In particular, it should be noted that mineral resources which are not mineral reserves do not have demonstrated economic viability. It cannot be assumed that all or any part of measured mineral resources, indicated mineral resources or inferred mineral resources discussed in the news release and Technical Report will ever be upgraded to a higher category. In accordance with Canadian rules, estimates of inferred mineral resources cannot form the basis of feasibility or other economic studies. Investors are cautioned not to assume that any part of the reported measured mineral resources, indicated mineral resources or inferred mineral resources referred to in this news release and in the Technical Report are economically or legally mineable.

Property Description and Location

The Goliad Project property is located in south Texas near the northeast end of the extensive South Texas Uranium trend. The Goliad Project consists of multiple contiguous leases that would allow the mining of uranium by ISR methods while utilizing the land surface (with variable conditions) as needed, for mining wells and aboveground facilities for fluid processing and ore capture during the mining and groundwater restoration phases of the project. The UEC Goliad Project area is about 14 miles north of the town of Goliad and is located on the east side of US route 77A/183 (Figure 4-1), a primary highway that intersects with US 59 in Goliad and IH-10 to the north. The approximate center of the project area is 28 d 52' 7" N latitude, 97 d 20 36" W longitude. Site drilling roads are mostly gravel based and allow reasonable weather access for trucks and cars. Four-wheel drive vehicles may be needed during high rainfall periods.

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

The current leases range in size from 14 acres to 331.98 acres. Most of the leases have starting dates in 2005 or 2006 with term periods of five years with a five-year renewal option (Figure 4-2). The various lease fees and royalty conditions are negotiated with individual lessors and conditions may vary from lease to lease. The following chart provides a summary of the material terms of the leases:

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Property ID	Mineral Interest	Initiation Date	Term	Royalty	Gross Acres	Net Acres

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No historic uranium mining is known to have occurred on any of the Goliad Project lease properties and only state permitted uranium exploration drilling has taken place. There are believed to be no existing environmental liabilities at the property leases. Prior to any mining activity at the Goliad Project, we are required to obtain a Radioactive Materials License, a large area Underground Injection Control ("UIC") Mine permit and a Production Area

Authorization (PAA) permit for each wellfield developed for mining within the Mine Permit area. In addition, a waste disposal well will, if needed, require a separate UIC Permit. These permits will be issued by Texas regulatory agencies. The current drilling and abandonment of uranium exploration holes on any of the leases is permitted by the Texas Railroad Commission. Potential future environmental liability as a result of the mining must be addressed by the permit holder jointly with the permit granting agency. Most permits now have bonding requirements for ensuring that the restoration of groundwater, the land surface and any ancillary facility structures or equipment is properly completed.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

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

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

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

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

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

History

Ownership History of the Property

The Goliad Project site is located in the north-central portion of Goliad County to the east and north of the intersection of U.S. Routes 77A/183 and Farm to Market Route 1961. There has been a long history of oil and gas exploration and production in the area and oil and gas is still a primary part of the economy for the relatively lightly populated county. In the period from October 1979 to June 1980, as a part of a large oil, gas and other minerals lease holding

(approximately 55,000 acres), Coastal Uranium utilized the opportunity to drill several widely spaced exploration holes in the region. There were reported to be eight holes drilled at or near the Goliad Project area.

In the early 1980s Moore Energy obtained access to review some of the Coastal States wide-spaced drilling exploration data. The review resulted in Moore Energy obtaining several leases from Coastal Uranium, including several of the current Goliad Project leases. During the period from March 1983 through August 1984, Moore Energy conducted an exploration program in the Goliad Project area.

No further drilling was done at the Goliad Project area until we obtained the leases through assignment from a private entity. During the period from May 2006 to present we began and are continuing an extended drilling program at the site.

Exploration and Development Work Undertaken

This description of previous exploration and development work undertaken at the Goliad Project is based primarily on electric logs and maps produced by Moore Energy during the period 1983 to 1984. Moore Energy completed 479 borings on various leases. Eight widespread exploration borings were completed by Coastal Uranium in 1980. We obtained leases from a private entity in 2006 and began confirmation drilling in May 2006. As of the date of this report, approximately 958 confirmation-delineation holes totaling 338,615 feet have been drilled by us to confirm and expand the mineralization base at the Goliad Project with the intention of permitting the project as an ISR mining and recovery facility.

All of the exploration holes (Coastal Uranium, Moore Energy and the Company) have been drilled using truck-mounted drilling rigs contracted with various drilling companies. The holes were drilled by conventional rotary drilling methods using drilling mud fluids. All known uranium exploration or confirmation drilling at the Goliad property has been by way of vertical holes. Drill cuttings were typically collected from the drilling fluid returns circulating up the annulus of the borehole. These samples were generally taken at 10-foot intervals and laid out on the ground in rows (10 cuttings piles per 100 feet of drilling) by the driller for review and description by a geologist. At completion the holes were logged for gamma ray, self potential and resistance by contract logging companies. The logging companies utilized by both Coastal Uranium and Moore Energy provided and primarily analog data. No down-hole deviation tool was available at the time. In contrast, the Company has utilized a company (Century Geophysical) that has provided digital log data along with downhole deviation. In an effort to be cost effective we have recently purchased and had built our own logging trucks.

Historical Mineral Estimates and Their Reliability

Historical mineral estimates were prepared by Moore Energy from 1983 through 1985. For each drill hole, a grade thickness (GT) was determined. GT is the product of the average equivalent uranium mineral grade, as determined by eU_3O_8 gamma ray readings, and the thickness of the mineralized zone. An outline contouring all of the drill holes with intercepts meeting these criteria was produced and the area within the outline was determined using a planimeter. The average GT of the holes within the contoured outline was then used to estimate the mineralization meeting the specified criteria.

During the field investigation by Moore Energy a prompt fission neutron ("PFN") specialty logging unit was used to determine the disequilibrium factor ("DEF") in the four different mineralized zones identified at the site. The logging unit was designed to determine the grade of uranium only while excluding the daughter products that develop over time from the half-life decay rates. The unit utilized by Moore Energy was provided by Princeton Gamma Technologies ("PGT"). A total of 30 boreholes were logged with the PFN unit by Moore Energy during the field investigation. The log output data is on a printout with one-foot values for the logged mineralized intercepts.

Numerical values of the PGT uranium were assayed in $\%U_3O_8$, the gross gamma equivalent $e\%U_3O_8$, and the unit calculated the DEF. The log header contains logging unit factors and location and hole identification data. The log output also provides a calculation of the thickness, average grade, starting depth, grade thickness and DEF. A review of the historic data and discussion with the Moore Energy geologist shows that DEF data from PGT logged holes were sorted by intervals according to what zone that interval was situated. The DEF values from each zone were then averaged if there were enough values and those values used to adjust the historical estimate of Moore Energy.

Geological Setting

Regional Geology

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

Local and Property Geology

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

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

silts above and below the water-bearing unit.

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

The hydrogeologic characteristics of the water-bearing sands at the Goliad Project have not been determined yet, but aquifer tests are required prior to submitting a mining permit application. Hydrogeologic tests will determine the hydraulic character of the sands and the confining beds separating the individual sand zones.

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

Project Type

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

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

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

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

Mineralization

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

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

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

The A and B gamma ray anomaly zones are continuous, tabular bodies which extend for over 2000 feet along trend. The A Zone mineralized body ranges from about 100 feet to over 600 feet in width and the B Zone ranges from about 50 feet to over 300 feet in width. The D Zone gamma ray anomaly extends for over 5,000 feet along trend and appears to be comprised of extensive, isolated pods of high grade gamma anomalies which range from 50 feet to over 500 feet in width. Confirmation drilling, however, has shown high-grade gamma ray anomaly connections between some of the pods. The C Zone is the least extensive of the four gamma anomaly zones.

Exploration

A review of the available records for the Goliad Project indicated that approximately eight holes were drilled by Coastal Uranium on or near the current Goliad Project leases. This original exploration program resulted in the original find of gamma ray logging responses indicating potential low grade uranium as a part of a very wide spaced preliminary exploration program by Coastal Uranium during the period from October 1979 through June 1980.

Records indicate that Moore Energy obtained leases from Coastal Uranium for properties in the current Goliad Project area and conducted a thorough exploration program that consisted of drilling 479 exploration holes from March 1983 to August 1984. The program utilized gamma ray, resistance and self-potential logging of each hole and a geologic description of the lithology from five to 10-foot interval drill cuttings. In addition to gamma logs, several holes were also logged with a Princeton Gamma Tech Geophysical Services PFN type tool. This logging tool was used to differentiate gamma radiation from uranium and daughter products, and determine a DEF for the mineralization

intervals. The Moore Energy exploration program provided the geological basis for the Goliad Project.

Drilling at the property in 2006 and 2007 has been performed to confirm the geological details of the uranium mineralization at the property. The Goliad property work by our geologists is not exploration but confirmation-verification drilling. Additionally, our staff has continued peripheral as well as internal drilling to expand the historical mineralization.

Drilling

Drilling for the Goliad Project has been conducted by truck-mounted rigs drilling vertical holes ranging from about four to six inches in diameter. After reaching the designated total depth, the hole is circulated from bottom to clear the heavy cuttings from the hole and condition the hole for logging with a specialized calibrated tool that recorded resistance, spontaneous potential and gamma ray. The gamma ray probe on each logging truck working on uranium drilling projects has to maintain calibration by regular cross checking the probe at a US Department of Energy test pit near George West, Texas. The pit is set up for logging units to calibrate the gamma probe with a known radioactive source. This method has been successfully used in Texas since at least the mid-1970s. The available data indicate that the logging companies contracted for this project have maintained industry standard calibration procedures for their probes.

Based on a review of drilling records and discussions with former Moore Energy and our current employees, previous drilling on the property was conducted using rotary mud drilling and truck-mounted drilling rigs. Cuttings are typically taken at 10-foot intervals and placed in piles on the ground for a geologist to review for lithology and alteration. The drill holes were completed at various depths depending on which of the four sand units may have been mineralized in the vicinity location. Once completed, the drill holes were logged by a contract logger using a probe with gamma ray, self-potential and single point resistance capability. Drift tools for bottom hole deviation were not used by Coastal Uranium nor for the vast majority of Moore Energy holes. We have utilized the digital logging capability of Century Geophysical Corp. and have downhole deviation records for these holes. The drill hole collar location was used to position the hole location for map locations of individual holes. Although several boreholes had no deviation records, all drilling to date has been set up to be vertical drilling. At the depth range (300-500 ft) of most Goliad Project drilling, measured bottom hole deviations from vertical are generally less than 10 feet.

Initial exploration drilling in the general areas was conducted by Coastal Uranium in 1980. Some scattered low level gamma ray anomalies were noted in the geophysical logs that indicated potential low grade uranium mineralization was possible in three of the eight Coastal drill holes. Moore Energy established leases in the area in 1982 and began an exploration program in early 1983. Between 1983 and August 1984 Moore Energy completed 479 borings by mud rotary methods on several of their leases. We obtained leases for the property by assignment from a private entity in 2006 and began confirmation drilling in May 2006.

As of the date of this annual report we had drilled a total of 958 confirmation holes. Of the total 958 holes, 61 were strongly mineralized**.**

All uranium grades have been determined from evaluation (manual calculations or computerized logging equipment) of gamma logs of the drill holes. The resulting grades are designated as equivalent percent uranium that have not been corrected or verified by chemical assay. Because there has not been sufficient verification of the gamma log and PFN log data to arrive at a validated resource or reserve classification, the following data in Table 1 cannot be used to define a resource at this time.

Table 1. Representative Thickness and Grade by Zone

A - A'

Hole #	30892-62	30892-116	32202-64	32202-117	32202-108
Depth to Top (ft)	81	68	58	50	48
Depth to Base (ft)	144	130	120	116	108
Mineral Thickness (ft)	23.0	7.5	40.0	23.0	8.5
Grade (%U_3O_8)	0.05	0.03	0.04	0.05	0.03
Operator	Moore Energy	UEC	Moore Energy	UEC	UEC
Date Completed	27-Oct-83	3-Nov-06	31-Oct-83	15-Nov-06	8-Nov-06
Probe Used	414-1B	9055C-238	414-1B	9055C-82	9055C-238

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B - B'

Hole #	32201-N105	32201-N103	32201-N114	32201-N85	32201-N86
Depth to Top (ft)	160	160	160	153	155
Depth to Base (ft)	206	207	207	206	202
Mineral Thickness (ft)	7.0	14.0	14.5	10.5	10.0
Grade (%U_3O_8)	0.04	0.10	0.11	0.03	0.04
Operator	UEC	UEC	UEC	UEC	UEC
Date Completed	7-Mar-07	7-Mar-07	8-Mar-07	14-Feb-07	14-Feb-07
Probe Used	9056C-33	9056C-33	9056C-33	9056C-33	9056C-33

C - C'

Hole #	30898-2	32201-N6	32201-N10	32201-N47	32201-N51
Depth to Top (ft)	160	226	220	214	219
Depth to Base (ft)	230	292	286	279	294
Mineral Thickness (ft)	11.0	15.0	22.0	8.5	6.0
Grade (%U_3O_8)	0.06	0.04	0.05	0.04	0.03
Operator	Moore Energy	UEC	UEC	UEC	UEC
Date Completed	27-Sep-83	7-Dec-06	7-Dec-06	22-Mar-07	9-Jan-07
Probe Used	414-1B	9055C-238	9055C-238	9056C-33	9056C-33

D - D'

Hole #	30898-10	30892-13	30892-111	30892-37	32202-108
Depth to Top (ft)	265	268	342	330	330
Depth to Base (ft)	348	350	420	418	423
Mineral Thickness (ft)	23.5	12.0	7.5	5.5	13.0
Grade (%U_3O_8)	0.11	0.09	0.03	0.04	0.03
Operator	Moore Energy	Moore Energy	UEC	Moore Energy	UEC
Date Completed	30-Sep-83	21-Jul-83	25-Oct-06	26-Aug-83	8-Nov-06
Probe Used	414-1B	SPB-01	9055C-82	SPB-01	9055C-238

Disequilibrium

Uranium disequilibrium can be defined as the ratio of chemical uranium (cU_3O_8) over gamma-ray equivalent uranium (eU_3O_8). The first determination is made in a laboratory, as described below, whereas the second determination is typically a field measurement, from which an indirect or equivalent estimate of uranium content can be made. The ratio, or disequilibrium, between "chemical" laboratory techniques and "equivalent" field techniques exists because of the ongoing radioactive decay of uranium over time. A positive DEF of 1.0 or greater indicates the presence of more chemical uranium than equivalent uranium.

During exploration of the Goliad property in the early 1980s, Moore Energy utilized the prompt fission neutron (PFN) downhole logging technology of the Princeton Gamma-Tech Corporation (PGT) to identify disequilibrium. A review of available logs identified 30 Moore Energy drill holes on which PGT's PFN downhole logging tool was used to develop DEFs for the four mineralized zones on the project. Approximately 2,000 feet of hole was logged by PGT, which included all four of the mineralized zones. Both chemical (PFN direct reading) and equivalent (gamma log) U_3O_8 readings were obtained for each foot of logged hole.

The DEF for each of the four zones at the Goliad Project were estimated by Moore Energy during the 1982-85 field investigation. There were 30 borings during the Moore work that were logged with the PGT PFN tool to provide a direct comparison of the PGT uranium assay (%U3O8) with the gross gamma equivalent (eU3O8) from the radiometric signature of the material being logged. The A zone was the most logged unit, with about 14 PGT logs of mineralized zones. The average DEF for these logs was approximately 1.7. The B zone was penetrated by four PGT logs. The B zone DEF was thus conservatively designated as 1.439. The D zone was PGT logged at 6 holes had an average DEF of 1.435. No PGT logs were obtained of the C zone during the field program, due to the more limited areal extent of this unit and the limited time periods the PGT logger was at the project site. Because of the geologic similarity of the C zone sand with the B and D zones sands, Moore Energy assigned a DEF of 1.4 to the C zone to be consistent with the B and D zone sands. Although the PFN derived DEFs are believed to be reliable based on the operator's experience and knowledge of the technology utilized, direct chemical assays were not done to verify the technique when this work was done.

Modern day field logging continues to use the PFN tool as an effective direct assay technique to assess the disequilibrium between standard gamma ray logging results and the actual grade of uranium in the borehole. However, in order to verify the values obtained by historical or current PFN logging, a suitable verification program that uses laboratory chemical assays of core and/or definitive calibration testing by the equipment manufacturer or at certified test facilities would be needed.

Drill Cuttings

Drill cuttings are important sources of information for distinguishing and mapping alteration fronts and for use in correlating geophysical logs for lithology. Field geologists will review the drill cuttings in the field and describe the sediments encountered in the boring in terms of color, grain size, and other distinguishing characteristics. An important aspect of the lithology logs is to provide the level of the sediment alteration as an indication of reduction and oxidation conditions. This information is important to locate the reduction-oxidation front/boundary. Cutting samples are generally not used for chemical assay or other laboratory testing due to dilution and contamination with drilling mud. Lithology logs are present for all of the drill holes, but they were not reviewed in full detail during this study.

Our policy has been to take samples of drill cuttings at 10-foot intervals from the surface to total depth. Once the cuttings have been observed and the lithologic logs prepared, the cuttings are discarded back into the mud pit. After allowing some drying time, the mud in the pit and the cuttings are eventually covered with soil that has been stored from the excavation of the pits.

Probe Truck and Calibration

Contract logging companies were utilized by Moore Energy and UEC for logging of drill holes. The contract logging companies maintained scheduled calibration of the gamma probes on each of their trucks against standards in a US Department of Energy maintained and monitored test pit facility outside George West, Texas. Probe truck and calibration information records were kept by the logging companies. We purchased two logging trucks and began using them on the Goliad Project in early June 2007, and January 2008.

Core Samples

We have taken three-inch core samples from eight drill holes representative of the occurrence of uranium mineralization at the site. The core holes are as follows: 30892-74C, 30892-85C, 30892-86C, 30892-102C, 30892-111C, 30892-118AC 30892-120C, and 32201-N100C) (Figure 13-1). The cores have included samples from all mineralized zones but the C zone. Samples have been used for the purpose of moisture content, total metals (U and Mo), cU_3O_8 for disequilibrium evaluations, leachability tests, density analyses and X-ray diffraction for mineral identification. Selected intervals were put in bags, labeled and placed in core boxes for transport to the respective laboratories for analyses. The remaining core is locked in a storage shed on the project site. All of the analyses except density determinations were conducted by Energy Labs in Casper, Wyoming. The laboratory has been in business since 1952, is fully certified, but not ISO certified. Certifications include the US Environmental Protection Agency, US Nuclear Regulatory Commission, and the following US states: AZ, CA, CO, FL, ID, NV, OR, SD, TX, UT and WA. The density analyses were conducted by Professional Service Industries in Austin, Texas.

Borehole Remediation and Abandonment

The Texas Railroad Commission requires exploration companies to obtain exploration permits before conducting drilling in any area. The permits include standards for the abandonment and remediation of test bore holes. The standards include the cementing of test bore holes, the filling and abandonment of mud pits, and the marking of bore holes at the surface. Remediation requirements are sometimes specific to the area of exploration and may include segregation, storage, and re-covering with topsoil, regrading, and revegetation. The Railroad Commission conducts monthly remediation inspections of the Goliad Project site. Our Goliad Project site is in compliance with Railroad Commission remediation requirements.

Data Verification

Most of the historic logs were run with analog equipment except for some run by Century Geophysical with digital equipment, while our holes have all been logged with digital equipment. Century Geophysical initially logged, and continues to log the drill holes when required. In June 2007 and January 2008 we obtained new logging units and have logged with these units since that time in conjunction with Century Geophysical.

The use of selected core analyses by an analytical laboratory and field logging selected borings with a specialized logging tool that distinguishes uranium from its daughter products (such as delayed fission neutron or prompt fission neutron) will allow the operator to determine the average DEF of the project and utilize that and assay data to adjust (if necessary) the gamma-ray grade and thickness data.

The radiometric data from the gamma ray logging of each hole has provided the primary tool to determine the approximate grade of uranium in the subsurface. Additionally, some individual cores with chemical assays that verified the occurrence of cU_3O_8 have been collected and analyzed during our drilling program. Primary verification that uranium mineralization is present at the site is from the large number of exploration/confirmation boreholes and the geophysical logs that document the presence of eU_3O_8 with the gamma logs and lithology with the resistance logs. An independent geologist has reviewed core intervals representative of mineralization and, based on his review and evaluation of the historic and our current files and procedures, he determined that the records and files from the drilling programs have been well conducted and the information is suitable for estimated historical mineralization determination in a manner consistent with accepted practices in the ISR uranium mining industry.

For partial verification of the historic DEFs the Company contracted from Energy Labs of Casper, Wyoming, laboratory analyses on samples from three A Zone cores and one B Zone core. For the A Zone cores the analyses consisted of the determination of total chemical uranium and radiometric uranium from 28 selected one foot mineralized core intervals. This consisted of 15 intervals from core hole 30892-111C, eight intervals from core hole

30893-85C and five intervals from core hole 30893-118AC. From the B Zone, 30 continuous one foot samples were taken from core hole 32201-N100C.

Samples for chemical and radiometric gamma analysis are dried in a convection oven followed by grinding to -100 mesh. A 200 g sample is taken for the gamma analysis, placed in a tin and sealed with tape. A minimum 15 day period is required to establish equilibrium between ^{226}Ra and the daughter ^{214}Bi. The principal behind the gamma analysis is that in a particular uranium occurrence, ^{238}U and ^{226}Ra will be in equilibrium. Since ^{238}U is the only source of ^{226}Ra, one can assume that ideally, measuring the activity of ^{214}Bi can be used to indirectly determine the total uranium concentration. Accuracy is determined by using certified ^{226}Ra standards. The chemical analysis uses a one-gram sample digested in a nitric acid-hydrogen peroxide mixture and measured by Inductively Coupled Argon Plasma (ICP) emission spectroscopy using certified standards for control.

Assay results indicate average DEFs for the A Sand core holes of 1.71, 1.15, and 0.16 for core holes 30892-111C, 85C, and 118AC, respectively. The 1.71 value was derived from the average of 15 one-foot sample intervals and the 1.15 value from eight one-foot sample intervals. The five one-foot intervals from the third core suggest a thin interval where the average eU_3O_8 values exceed the chemical values. Such intervals are common, even in core holes with high overall DEFs, but their presence in a limited sample group such as the present one will skew the results in a negative fashion. The 1.71 value from the larger 15 sample group in core hole 30892-111C is consistent with the average 1.7 value derived from historic PGT logging by Moore Energy and is considered to be representative of the A Zone. The 30 one-foot sample intervals from the B Sand core hole had an average DEF of 1.26; a value similar in magnitude to the 1.439 PGT value determined by Moore Energy. Again, the PGT value was established from a larger sample grouping and may be considered more representative of the B Sand than that derived from the smaller sample group.

The development and refinement of the PFN and similar specialty logging methods over the past 30 years has resulted in a tool that provides an accurate field determination of potential uranium grade and infrequent need for laboratory assays of core. In order to maintain a consistent analysis of the disequilibrium factors throughout the mineral bodies, we are purchasing a PFN logging tool which will be used in conjunction with standard gamma ray logging on the Goliad project. Use of the PFN technology will assist in developing more concise future mineralization estimates, but still requires a level of verification with the accepted laboratory assay of core and/or calibration testing.

Additional verification of select historical Moore Energy drilling-and our current logging data was done by comparing sets of gamma logs from a Moore hole and a recent hole we drilled that was located in close proximity. The log pairs were located and then data tabulated for each pair to compare thickness of zone, equivalent U3O8 grade, GT. A positive correlation indicated the drill hole sets were comparable in character regarding the potential mineral grade and thickness and representative of the same general portion of the project.

Adjacent Properties

There has been no uranium exploration or mining activity on adjacent properties to our Goliad Project. The nearest known uranium mine from the Goliad Formation was the former Mount Lucas ISR mine near Lake Corpus Christi. Uranium Resources Inc. has been mining from the Goliad Formation in Kleberg County, southeast of Kingsville, for several years at the Kingsville Dome ISR mine and at the Rosita ISR mine in Duval County west of Alice, Texas. With the large concentration of uranium mining and exploration properties in the Goliad, Oakville, Catahoula and Jackson formations throughout the South Texas uranium trend, it is likely that additional uranium target areas could be developed in the vicinity of our Goliad Project in the future. The current or historic ISR operations mining from the Goliad Formation range from about 60 to 160 miles south and on strike of the Goliad Project.

Several historic ISR and open pit operations mining from the Oakville and Jackson Formations are located within about 50 miles west of the property

Leach Amenability

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

Split sections of core were placed in laboratory containers and a lixiviate solution with 2.0 grams per liter HCO_3 ($NaHCO_3$) and either 0.50 or 0.25 g/L of H_2O_2 (hydrogen peroxide) was added to each test container. The containers were then rotated at 30 rpm for 16 hours. The lixiviate was then extracted from each test container and analyzed for uranium, molybdenum, sodium, sulfate, alkalinity (bicarbonate, carbonate), pH and conductance. A clean charge of lixiviate was added and the container rotated another 16 hours. Each sample rotation and lixiviate charge cycle was representative of 5 pore volumes with chemical analyses after each cycle. The cycle was repeated for a total of 6 cycles or the equivalent of 30 pore volumes.

The four core samples subjected to the leach amenability tests were determined to contain from 0.04% to 0.08% cU_3O_8 before testing. Leach tests conducted on the core samples from the A Zone indicate leach efficiencies of 60 to 80% U_3O_8 extraction, while the tails analyses indicate efficiencies of 87-89%. The differences between the two calculations involve the loss of solid clay based materials during multiple filtrations. Based on post leach solids analysis, the core intervals were leachable to a very favorable 86 to 89%. After tests the tails were reanalyzed for uranium concentration to determine the recovery, which ranged on the 4 samples using 2 methods from 60% to 89%.

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

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

The amenability testing described above was conducted on core recovered from four depth intervals from one boring. While this was a limited sampling for this property, the samples are believed to be generally representative of the characteristics of the mineralized intervals and the determined recovery ranges for these intervals is considered to be reliable. Two of the four samples tested contained approximately 0.08% cU_3O_8 and two contained lower grades of uranium (~0.04% cU_3O_8). Energy Laboratories, Inc. in Casper, Wyoming, conducted the laboratory testing for this project. The laboratory has been in business since 1952, is fully certified, but not ISO certified. Certifications include the US Environmental Protection Agency, US Nuclear Regulatory Commission and the following US states: AZ, CA, CO, FL, ID, NV, OR, SD, TX, UT and WA.

ISR Considerations

The Goliad Project appears to be most suitable for mining as an ISR (in-situ recovery) project. Although leach and permeability tests are still being conducted, south Texas uranium deposits in permeable sands situated below the groundwater table are generally favorable to ISR production.

Environmental Considerations

We have completed all of the required environmental baseline studies for the various permits needed for production. The Mine Permit application was submitted to the Texas Commission on Environmental Quality (TCEQ) in mid August 2007. The TCEQ completed their technical review in May, 2008 and issued a draft mine permit in early June, 2008. The Radioactive Material License application was submitted to the TCEQ in early December, 2008. Studies completed to compile this document include: cultural resources (including archaeology), socioeconomic impact and soils mapping, baseline gamma survey, baseline soil/sediment/surface water/vegetation, baseline radon, and gamma exposure rates. The cultural resources study found no adverse impacts to the site and socioeconomic impacts are projected to be positive for the community. Texas Parks and Wildlife issued their report concerning the project stating that the proposed operation will have no adverse impact on natural resources. Additionally the U.S. Corp of Army Engineers has submitted a Jurisdictional Determination (JD) that the project will not impact neighboring wetlands. The Waste Disposal Well application was completed and submitted in late September, 2008. The TCEQ issued a final draft permit in September, 2009. The initial Production Permit Area (PAA-1) was completed and submitted in early September 2008, and a final draft permit was issued by the TCEQ in June, 2009.

Engineering Studies

The geotechnical engineering study for the proposed plant site has been completed and mine planning, including engineering design for the proposed plant site, is in progress. 20 Regional Baseline water quality wells have been installed for monitoring the aquifer within the mineralized zones and pump tests on the aquifer are planned. Laboratory testing has indicated 86-89% leach ability of tested core samples and the results indicate that the mineralization is amenable to in situ leaching with an oxygenated bicarbonate lixiviant.

Soils in the upper 25 feet at the proposed site are variable with dominantly brown to light brown sandy silty clay in the upper 4 to 6 feet. Soils grade to tan sandy clayey silt that is generally present to depth of the investigation (25 feet). The shallow clayey soils have relatively high plasticity indices (PI) with lower PIs in the silty soils below. Groundwater was not encountered while drilling the borings.

The primary recommendation in the report is to construct a reinforced concrete mat type foundation sized for a uniform allowable loading of 2,000 pounds per square foot.

The report and recommendations indicates there are no apparent problem soils and the recommended slab and foundation should be suitable for the intended use of the slab.

Goliad Project Permitting Plan - 2010/2011

There are currently no further exploratory programs scheduled or contemplated for the Goliad Project.

In regards to the environmental permitting at the Goliad Project, geologists and engineers performing work at the Goliad Project have developed a timetable of forecasted workflow, which includes the forecasted completion dates of various tasks which have been assigned to various personnel. The workflow has been broken down into two broad categories, which have then been further broken down into individual tasks, many of which can be performed contemporaneously. The two major categories of work relate to radioactive materials licenses and mine permits.

Within these two broad categories of work are included the following tasks, many of which are required by the regulatory bodies to whom the Company is subject to oversight for its exploration activities. The forecasted dates of completion of these tasks is also indicated. These are internal forecasts only, and the actual dates of the beginning or completion of these tasks may differ materially from the forecasts. Material expenditures have been budgeted in the amount of approximately $250,000 for additional surveys and studies as required by the respective approval authorities. At this time it has not been determined whether or not the Company will be required to draw upon all of the budgeted funds.

In September 2010, the administrative judge issued an initial Proposal for Decision which recommended findings in favor of the Company on the vast majority of the issues from the hearing referred to in the table below. He also recommended that the Texas Commission on Environmental Quality allow the submission of additional data to address limited remaining issues. The additional limited information involves a 24-hour pump test at the Goliad project. The cost for this additional pump test is included in the above budgeted amount.

Radioactive Materials License

Mine Permit

Upon the satisfactory completion of these tasks, and with approval of all applicable regulatory agencies involved in these tasks, the Company may then proceed with uranium extraction, provided that this exploration property can establish economic uranium reserves.

Permitting

The permitting process is well underway and the Company has accomplished the following key elements to that end:

a. quality assurance and quality control measures have been completed on water well samples;

b. Holt Engineering has completed geotechnical studies at the proposed processing facility;

c. a qualified soil scientist has completed a draft map of the entire project site, as part of the soils and sediments study;

d. the economic impact study and the ecological study have been completed;

e. the mine plan and full process facility designs have been completed;

f. established a regional baseline, or background, water quality conditions within the area to be mined.

As part of the establishment of baseline water quality conditions within the planned permit area, the TCEQ required that 20 regional water quality wells be installed within the proposed permit area. The purpose of the wells is to assess the pre-mining water quality of the four mineralized sands (A, B, C and D). Also included in the establishment of regional baseline water quality conditions is the sampling and analysis of private water wells within a one-kilometer radius of the permit area. This action has been completed; and

g. the Cultural Resource Survey and Assessment has been completed and concluded that the Goliad Project will not have any impact on cultural resources in the permit area, and that no further work is required on this matter by the Company. The assessment was reviewed and approved by the Texas Historical Commission.

h. Texas Parks and Wildlife have reviewed our proposal mine plan and have concluded that no significant impact to wildlife, May - 2008.

i. The Corp of Army Engineers have also received our mine plan and have determined that it will not have any adverse impacts to area wetlands.

Palangana Project, Duval County, Texas

Property Description and Location

The Palangana uranium property is situated in Duval County, Texas. It is located approximately 25 miles west of the town of Alice, 6 miles north of the town of Benavides, 15 miles southeast of the town of Freer and 12 miles southwest of the town of San Diego (Figure 1). Benavides, Freer, and San Diego are small rural agricultural towns with populations of 1,600, 3,000 and 5,000, respectively. Alice has a population of approximately 20,000 and is the county seat of the adjoining Jim Wells County.

Figure 1

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Mineral Titles

There are nineteen current leases covering the area of interest of the Palangana property. The PA-1 deposit is on the DeHoyos lease while the PA-2 deposit, the Dome trend and the CC Brine trend are on the Palangana Ranch lease. Bordering the east side of the Palangana Ranch lease is the White Bell Ranch lease, comprised of 1,000 acres, which contains the Jemison Fence and Jemison East trends. The fourth major lease is the Garcia/Booth lease which borders the east side of the De Hoyos property. It contains the NE Garcia and SW Garcia trends.

Current lease ownership is in South Texas Mining Venture ("STMV"), which is a Texas limited partnership which is wholly and indirectly owned by UEC through its subsidiary URN Resources Inc. The PA-1 deposit is on the DeHoyos lease while the PA-2 deposit is on the Palangana Ranch lease.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

Topography, Elevation and Vegetation

Elevations of the Palangana Project deposits at the surface range from about 410 feet to 500 feet.

Climate and Length of Operating Season

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

Physiography

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

Access to Property

The Palangana uranium in-situ recovery ("ISR") project, of which PA-1 and PA-2 are a part, occurs in the South Texas Uranium Belt between San Antonio and Corpus Christi in Duval County. Corpus Christi is about 65 miles to the east of the Palangana property. It can be accessed off Texas Highway 44 toward Freer. Halfway between San Diego and Freer is a turn-off to the south called Ranch Road 3196 that runs right through the property about 8 miles from the turn. The road continues southward about 6 miles to the town of Benavides. Access is excellent, with major two lane roads connecting the three surrounding towns and dirt secondary roads connecting Palangana to these. Corpus Christi, 65 miles east, is the largest nearby metropolitan district.

Surface Rights

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

Local Resources and Infrastructure

As of the date of this report, excepting the wellfield development, much of the infrastructure is in place including roads, and power maintenance faculties. The well control facilities and wellfields are currently under construction. We have now completed the first three phases of wellfield development at production area one ("PAA-1") which includes forty injection and production wells. Construction of Palangana's ion-exchange satellite facility is also underway

which pumps and tanks currently being installed. We have completed drilling and positive flow-testing for our class 1 non-hazardous waste disposal well, WDW419, for the Palangana project. WDW419 is permitted for injection of by-product solutions generated during in-situ recovery of uranium and during restoration of the field.

Access Road and Transportation

The property is readily accessible by existing roads.

Power Supply

Power for operating the wellfield already exists on the property.

Buildings and Ancillary Facilities

Currently a maintenance facility and office exists on the site. Other buildings associated with wellfield production are under construction.

Manpower

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

History

Uranium mineralization was discovered during potash exploration drilling of the Palangana Dome's gypsum-anhydrite cap rock in 1952 by Columbia Southern Inc. ("CSI"), a subsidiary of Pittsburgh Plate Glass Corp. CSI conducted active uranium exploration drilling on the property starting in March 1956. Records of CSI's exploration work are unavailable. However, both CSI and the U.S. Atomic Energy Commission ("USAEC") estimated underground mineable uranium mineralization. The only known details of the estimation method include a 0.15% eU3O8 CoG, a minimum mining thickness of 3 feet, and widely spaced drilling on a nominal 200 foot exploration grid. Union Carbide Corp. ("UCC") acquired the Palangana property in 1958 and initiated underground mine development. Development work was quickly abandoned due to heavy concentrations of H_2S gas and UCC dropped the property. UCC reacquired Palangana in 1967 after recognizing that it would be amenable to exploitation by the emerging ISR mining technologies. During the 1960's and 1970's, UCC drilled over 1,000 exploration and development holes and installed over 3,000 injection-production holes in a 31 acre block.

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

UCC placed the property leases up for sale in 1980. In 1981, Chevron Corporation (Chevron) acquired the UCC leases and conducted their own resource evaluation. After the price of uranium dropped to under US $10/lb, General Atomics acquired the property and dismantled the process plant in a property-wide restoration effort. Upon formal approval of the clean up by the Texas Natural Resources Conservation Commission and the United States Nuclear

Regulatory Commission, the property was returned to the landowners in the late 1990's. In 2005, Everest Exploration Inc. ("EEI") acquired the Palangana property and later joint ventured with Energy Metals Corp. through the formation of STMV. An independent consultant, Blackstone (2005) estimated inferred resources in an area now referred to as the Dome trend proximal to the dome on the west side north of the prior UCC leach field . In 2006 and 2007, Energy Metals drilled approximately 200 additional confirmation and delineation holes. The PA-1 and PA-2 areas were found during this drilling program. In 2008, Energy Metals was acquired by Uranium One. During 2008 and 2009 the remainder of the holes on this project were drilled by Uranium One. During this time the five exploration trends to the east of the dome were identified and partially delineated. In December 2009 we acquired 100% ownership of STMV.

Geological Setting

South Texas geology is characterized by an arcuate belt of Tertiary fluvial clastic units deposited along the passive North American plate. These units strike parallel to the Gulf Coast between the Mexican BORDER=0 and Louisiana within an area known as the Mississippi Embayment. The sedimentary units are primarily of fluvial origin and were deposited by southeasterly flowing streams and rivers. Uranium deposits are contained within fault-controlled roll-fronts in the Pliocene-age Goliad Formation on the flank of the Palangana salt dome. The uranium mineralization in the Goliad Formation at Palangana occurs at a depth of approximately 220 to 600 feet below the surface.

The Pliocene Goliad Formation, host for the Palangana and other uranium deposits, unconformably overlies the Fleming Formation and is composed of three units: a basal fine to coarse-grained to conglomeratic cross-bedded unit with calcareous clay; a middle member of calcareous clay; and an upper unit of sandstone and calcareous clay. Caliche is common, especially in the muddy sediments. The conglomerates contain a variety of lithic fragments from the Fleming and older formations. The Goliad is interpreted to be a braided meander belt fluvial deposit with muds as flood plain or over bank deposits. The sands, and gravels, composed mostly of quartz and chert, are very clean and associated with channels and point bars. Passive margin growth faulting along the South Texas Uranium Belt is common with "down-to-the-coast" normal faults predominating.

The local geology at Palangana is characterized by the occurrence of a Gulf Coast piercement salt dome. This dome is approximately 2 miles in diameter and is overlain by Pliocene sediments of the Goliad Formation. The Palangana dome is marked at the surface by a shallow circular basin surrounded by low hills rising 50 to 80 feet above the basin floor, and hence its Spanish name, Palangana, which translates to "washbasin" in English. The Palangana dome has an almost perfectly circular salt core with a remarkably flat top that is approximately 10,000 feet across and occurs from 800 to 850 feet below the topographic surface. Radial faulting is present in all Goliad sands on the flanks of the dome due to uplift during the intrusion of the dome. Faults and fractures also exist in a random nature in the sands above the caprock due to solution of the salt dome from groundwater. Once the salt was solubilized and removed, the overlying sediment collapsed, creating the basin and associated faults.

The Goliad formation at Palangana is composed of fine- to medium-grained, often silty, channel sands interbedded with lenses of mudstone and siltstone. For the most part, the sand is very sparsely cemented although it varies from friable to indurate. There is known to be minor faulting on the north end of the PA-1 deposit. The Palangana stratigraphy is horizontal to sub-horizontal, with at most, a 2 to 3° southeasterly dip.

Geological Model

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

mudstone units, and separate roll-fronts and sub-rolls can occur in the stacked sandstone sequences.

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

Figure 4.4 is a schematic view of a typical uranium roll-front wellfield configuration.

The red area is the uranium mineralization deposited at the interface between the oxidized (up gradient) sand shown in yellow and the reduced (down gradient) sand shown in gray. The up gradient sand has been altered by oxidizing groundwater that carried the uranium that was deposited in the roll-front at the oxidation/reduction (Redox) interface. The uranium mineralization is hydrologically confined by an upper and lower confining layer of shale or mudstone. A production (pumping) well has been completed in the center of the roll-front and is fed lixiviate (leach solutions) by

two injection wells on each side of the front.

One item, in particular needs to be emphasized in evaluating the Goliad deposits at Palangana, namely: disequilibrium of the roll front wings or limbs. These can carry uranium values although the thickness is usually too thin to chase independently. PFN logging has defensibly shown that often these zones carry significant chemical uranium. One other explanation may be related to the correlation of the mini-roll front data. In some instances what appear to be chemically stable wings or limbs may be other subordinate roll fronts.

Mineralization

All known Goliad formation deposits at Palangana are multiple-stage roll-front-type deposits in a roughly "horseshoe shaped". As uranium-bearing ground water moved from west to east through the region, a redox front was created around a subsurface high of reduced rock proximal to the dome. This reduced ground resulted from the introduction of hydrocarbons or their derivatives, mainly H2S, into the Goliad aquifers through fractures and formational seepage above the dome, providing the environment for uranium precipitation. The Palangana uranium mineralization occurs in the Goliad sandstone unit at depths ranging from 200 to 650 feet below the surface. The favorable sandstone unit is as much as 400 feet thick and is bounded by mudstones. Within this unit are at least six separate sandstone horizons hosting roll-type uranium mineralization. These units are interbedded with mudstones that served as constraining aquitards for uraniferous groundwater movement. Mineralization occurs as uraninite and is fixed at positions where the migrating uranium-bearing solutions encountered a suitable reductant. Uranium values in mineralized strata grades from 0.001% to several percent eU3O8. Mineralized thicknesses range from less than 1foot to several tens of feet in multiple, stacked roll front zones.

Identification of the uranium minerals has not been specifically determined for Palangana. Uraninite is commonly found coating quartz grains and within the interstices in most south Texas sand and sandstone tabular and roll-front deposits. Molybdenum commonly occurs as jordisite, a molybdenum sulfide. Molybdenum is a significant accessory to uranium mineralization, with an erratic distribution.

Select core assay reports were reviewed by SRK Consultants, with assays ranging from a background of approximately 50 ppm to as high as 0.23% Mo. More typically, assays range from 0.02% to 0.04% where molybdenum levels are elevated.

Mineralized Zones

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

Type, Character and Distribution of Mineralization

The uranium mineralization, as is the case in roll fronts elsewhere, can be significantly out of equilibrium. Consequently, the oxidized portion of the roll front while elevated in gross gamma radiation can be depleted of chemical uranium. Hexavalent uranium in solution in the groundwater ultimately became stabilized in uranium oxide

minerals as a function of lower pH and EH (redox potential) that has been caused by a variety of factors but mostly the introduction of hydrogen sulfide and perhaps methane gas along fault traces around the Palangana dome.

Closely associated with this mineralization, is generally the introduction of iron sulfide.

Because of the differing mineral suites, the color of the sand and interbedded clays will vary on either side of the redox front from yellows and orange colors on the oxidized side of the system to greens, blue and dark grey on the reduced side. Accurate lithologic logging is important in order to understand where the drillhole is in relation to the redox interface. Great efforts were taken in the past by Uranium One and its predecessors to document this color change through the use of field photos and field descriptions of drill cuttings that have been archived with the drillhole records.

The width of the reduced portion of the roll front systems at Palangana can vary from approximately 30-40 meters to only a few meters over a short strike distance. The reason for variation in the mineralized width is likely in part attributable to the permeability of the sand system in a particular part of the fluvial channel and the amount of reductant available at the time of the influx of uranium-bearing fluids. Multiple surges in oxidation fronts are believed to have formed the multiple mini-roll fronts within the sands although in many instances there are intervening claystones that could have caused the separation of the roll fronts within a specifically mapped sand zone.

The cross section shown in the following figure shows the nature of the mineralization along the strike of the roll front trend and across the roll front interface or redox zone

Cross-section Index across PA-1 Deposit. Figure 7.2

Exploration

Exploration activities in the 1950's noted radioactivity in shallow sediments between 200 to 400 feet around the Palangana salt dome. Follow-up drilling during the 1960's was mostly wide spaced drilled holes several hundreds of feet apart. Upon a discovery in what has been called the "C" zone in the Goliad Sandstone, UCC attempted both underground and then in-situ development on the west flanks of the dome. The water filled nature of these mineralized sands made it favorable for ISR.

As an exploration target, the dome offered favorable attributes for roll-front deposits including a permeable, fluvial sand system that was subject to post depositional mineralization by uranium migration in solution from a likely volcanic source rock. Reductants around the dome area associated with faulting provided the requisite stabilization mechanism for the uranium rollfronts to form. Several other mineralized sand zones were discovered across the dome area through the 1980's but the exploration methods were not sophisticated enough to map discrete roll-fronts in the stacked sand system. Extensive faulting, particularly around the dome and the lack of successful exploitation of one of the first in-situ production projects by UCC, slowed exploration efforts. This combined with the low cost of uranium during the late 1980's and 1990's essentially stopped exploration and development in the area.

In 2006, Energy Metals resumed exploration activities at Palangana. They began exploration by drilling a wide spaced grid across the property in an attempt to identify areas of oxidation and reduction of the mineralized trends. During this phase of work, the PA-1 and PA-2 deposits were identified as well as the six exploration trends identified in this report. These deposits were further delineated through concentrated drilling and were assessed using the PFN probe.

Drilling

Rotary Drilling and Logging

In general, common roll-front exploration practice was to drill widely-spaced rotary holes on a 400 to 600ft grid pattern, examine cuttings for evidence of alteration-bleaching-oxidation, gamma logs for evidence of uranium mineralization, and resistivity/self-potential logs for evidence of permeable sandstone horizons. The drill spacing was tightened further between areas of reduced and oxidized sandstone host horizons to target the uranium enriched redox boundary. Once the roll-front mineralization was intersected and its trend established, fences were drilled every 200ft with holes within fences further tightened as required by the lateral continuity of the uranium mineralization.

Nearly all rotary holes were drilled to pre-targeted depths with truck-mounted mud rigs capable of drill depths up to 1,500ft. The holes were generally drilled to a 5-1/8 inch diameter and used a drilling fluid consisting of a polymer mud with various additives for fluid loss control. The drill orientation was vertical, and given the shallow depth of drilling (i.e., less than 400 ft) in relatively soft sedimentary units, there was minimal hole drift or deviation. As a result, it is reasonable to assume that the holes intersected the horizontal to subhorizontal lenses of uranium mineralization at approximately a normal angle. Rotary cuttings were examined in the field and log data recorded. Upon completion of a drillhole, it was logged with gamma ray, self-potential, resistivity and continuous drift by either an in-house logging truck or contract unit. Drill hole collar locations were surveyed and recorded.

UCC Drilling Program

UCC drilling appears to have followed a normal exploration and development approach, but somewhat inconsistently. The result is that the 1,117 holes are unevenly distributed over the Palangana property with only a few in the PA-1 and PA-2 project areas. The primary focus of the UCC development drilling was within a 3,500 x 3,400ft area surrounding the ISR wellfield, an 800 x 1,700ft area on the southwest flank of the Palangana Dome depression. The remainder of the UCC drilling appears to have targeted mineralization around the periphery of the depression of the dome, as well

as topographic highs in the center of the depression. The resulting drilling appears somewhat scattered, often occurring in clusters of 100 to 200ft centered patterns surrounding +0.50GT holes. There are isolated +0.50 GT holes in a number of locations on the property, some with no other hole within hundreds of feet.

Chevron Drilling Program

Chevron's drill program was limited, totaling just 163 holes, but followed a much more consistent and methodical drilling strategy. Their exploration drilling focused on filling in areas of sparse UCC drilling west and northwest of the ISR wellfield. This region corresponds to much of the western margin of the salt dome depression. The resulting pattern stepping west from the ISR wellfield yielded a fairly regular delineation drill grid on nominal 100ft-centers.

To the northwest, Chevron's drilling was clearly for exploration and not delineation, resulting in a nominal 200ft grid pattern.

UCC and Chevron confined the great majority of their drilling to less than 200 acres comprising their wellfield and the immediate vicinity. A focus on production issues discouraged UCC from an aggressive exploration and delineation program. Chevron's focus was on filling in gaps in the UCC drilling necessary to evaluate the deposits for their open pit scenario. Significant mineralized intercepts were encountered outside of the production wellfield vicinity, but there was limited exploration follow-up.

Uranium One Drilling Program

While Uranium One and its predecessors have drilled over 2,500 rotary holes on the entire Palangana property, their efforts have been focused on eight discoveries, PA-1, PA-2, and six trends still being defined (the exploration trends), where more than 70% of the drill holes are located. The average depth of these holes is 450ft. All of these holes have all been logged by conventional gamma, SP, resistivity methods and the majority have also been probed using a Prompt Fission Neutron (PFN) probe that more closely estimates the chemical uranium.

Core Drilling

There were 296 core holes completed by UCC on the Palangana property. Assaying for these holes was conducted either at UCC's in-house laboratories in Grand Junction or Rifle, Colorado, and at independent Core Laboratories Inc. located in Corpus Christi, Texas. Thirty-three of the core holes were examined in detail. Core recovery was generally between 80% and 100%. Where the loss occurred in the mineralized interval, which unfortunately happened regularly, it rendered that interval useless for disequilibrium comparison (see discussion below) with the down hole gamma log results.

From the available reports and records reviewed, there is no evidence that Chevron conducted core drilling on the Palangana property. Energy Metals and Uranium One drilled a total of eight core holes on the PA-1 property. However, the usage of PFN logging has largely reduced the need for coring for exploration purposes.

Procedures

Drilling procedures conducted by Energy Metals and Uranium One are acceptable for resource and reserve modeling. Field examination by Sean Muller confirmed that proper methods for sampling and logging were being conducted and the drilling and geophysical logging methods were at or above the industry standard. Core and rotary cutting recovery were well documented and of good quality for interpretation.

Results

Results compiled from the above described drilling activities were carefully compiled in a consistent and quality manner enabling easy retrieval and correlation for interpretive purposes.

The mineralized zones at Palangana are oriented essentially horizontal along semi-linear fronts. The drill holes are all oriented vertical which intersect the mineralized zones at right angles. Therefore, the mineralized intercepts as recorded in the drill holes do represent true thickness of the mineralized zones.

The table below summarizes the results of drilling at the Palangana Project.

Trend	Total # DHs	Max. Depth	Avg. Depth	#of Mineralized Intervals	Interval Thickness Range	Interval Thickness Avg.
PA-1	518	660	565	389	0.5 - 13.5	5.24
PA-2	239	600	337.5	186	0.5 - 13.5	5.79
Dome	231	600	346	239	0.5 - 12.5	4.10
CC Brine	69	520	417	49	2.0 - 18.5	5.9
Jemison East	53	560	434	17	1.0 - 11.0	4.4
NE Garcia	186	600	344	158	0.5 - 20.0	4.6
SW Garcia	84	600	367	45	0.5 - 11.0	4.6

Sample Preparation, Analyses and Security

Discussion on sample preparation, analyses and security in this report is limited to the samples collected by employees of Energy Metals and Uranium One. Core sample acquisition has been done using appropriate QA/QC methods to minimize contamination and oxidization. The core was wrapped and frozen immediately after acquisition then shipped directly to Energy Laboratories in Casper, Wyoming. Although Energy Laboratories does have approximately 26 certifications from various federal and state agencies they are not an ISO certified laboratory.

Energy Laboratories has an impeccable reputation for uranium assay and physio-chemical testing for ISR amenability. Being located amidst the Wyoming uranium belt of the Powder River Basin has enabled Energy Laboratories to continue with advances in technologies during the down cycle of uranium prices since production in the area continued during this period. Their QA/QC procedures have historically been overseen by uranium experts who understand the propensity for uranium disequilibrium in Texas deposits and the requisites for laboratory check samples, standards and blanks. Generally, two assays were typically run: a percent chemical U3O8 by one of several acceptable methods and an equivalent percent U3O8 based on a "closed can" radiometric assay to determine a gamma equivalent assay to approximate the downhole gamma log. Although it was standard practice to insert QA control samples (i.e., blanks, standards, and duplicates) into the sample sequence, there are no records from the UCC

sampling to verify that a QA/QC procedure was followed.

Core Laboratories Inc. ran select samples for horizontal and vertical permeability and porosity from core plugs and density measurements. Core Laboratories Inc. is an industry leader in petroleum services but is not ISO certified.

Horizontal permeability values ranged from practically zero to over eight darcies in the UCC production area which should be reasonably applicable to all Goliad sand units within the Palangana Project. The lower values corresponded to mudstones and some very fine-grained zones described as "silty" and/or "limy". Within mineralized zones, horizontal permeability varies from a few hundred millidarcies to the upper limit of over eight darcies. Sample descriptions between the two extremes are hardly different - both are most often described as very fine-grained to fine-grained, silty sandstone. Absent any analytical data and more detailed descriptions, the conclusion is that the lower permeability samples are due to more clay or calcium carbonate cement. Vertical permeability ranged from 50% to 75% of horizontal.

Porosity percentages from core plugs ranged from the low 20's to the low 30's with an average of about 28% in the core descriptions examined. UCC settled on a density factor of 17ft3/t for rock density. An average of 137 density values available for 15 cores studied averaged 16.8ft3/t.

Methodologies utilized by UEC are deemed acceptable to meet the CIM requirements for the industry.

Interpretation

The sampling and analysis methods employed by Uranium One and previous operators meet or exceed industry standards. The usage of PFN borehole logging is particularly useful in deposits that exhibit disequilibrium such as those at Palangana.

Mineral Processing and Metallurgical Testing

The Palangana uranium host rock consists of both sand and clay with about 20% calcium carbonate. The uranium content can vary from essentially zero to over 1% U3O8 within a few feet. Although grades and analyses are generally given in terms of U3O8, the species itself has not been identified. The uranium phase present in the mineralization is thought to be UO2, although because of its extreme fineness, no mineral has been positively identified. The Palangana uranium is considered to be a secondary deposit, in which the uranium was originally transported from another deposit, probably in the soluble hexavalent form, and then was reprecipitated as UO2 by H_2S or other reducing agents. Iron and sulfur contents are in about equal proportions at around 1%. The FeS2 minerals marcasite and pyrite have been identified, with marcasite predominating. Most of the sulfur is in the form of FeS2, although small amounts are apparently present as sulfate. The amount of iron exceeds that necessary to combine with sulfur and likely is a form of ferrous carbonate. Detailed mineralogical studies have not been found in the references and may not exist.

Other metal constituents are molybdenum, vanadium, copper, and rhenium. It is likely that these metals, except possibly vanadium, are present as sulfides. Of these four, molybdenum is the most abundant, being on the average about 10% of the uranium content of the mineralization, but varying widely in range, Vanadium is not always detectable by chemical methods, since its concentration is <0.01%. Copper generally ranges from 0.003 to 0.005%. The precious metal rhenium is present as a trace constituent, and can be found in concentrations ranging from 0.01-

0.2% rhenium for every 100% MoS2.

In 1970, UCC conducted their own pilot plant leach study using ammonia and hydrogen peroxide as respective oxidants. These tests concluded that the Palangana ores were very easy to leach with carbonate solutions at ambient temperature. The ease of leaching is thought to result from the extreme fineness of the uranium species. Some permeability reduction occurred as a result of montmorillonite swelling.

Energy Metals submitted selected core samples to Energy Laboratories, Inc. in Casper, Wyoming in April 2008. These core samples from the Palangana Project were sent to the laboratory for leach amenability studies intended to demonstrate that uranium mineralization at the property was capable of being leached using conventional in situ leach chemistry. The tests do not approximate other in-situ variables (permeability, porosity, and pressure) but provide an indication of a sample's reaction rate and the potential chemical recovery.

Permitting

We have obtained all the permits required for the Palangana project to proceed with development and have fully and successfully completed the state permitting process at all levels.

Mineral Exploration Properties

We hold mineral properties in the States of Arizona, Colorado, New Mexico, Texas, Utah, and Wyoming by way of mining claims and state and private mineral leases. The mining claim properties were staked and claimed by us and registered with the US Bureau of Land Management ("BLM"). There are claim blocks acquired in this manner in Arizona, Colorado, New Mexico, Utah and Wyoming. We have surface access and 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 on an annual basis. The claims were entered into between November 4, 2004 and July 2008.

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 into the state it was originally in prior to the commencement of our exploration activities. These costs are determined by the BLM and bonded accordingly.

In the States of Arizona, Colorado, New Mexico, Texas, Wyoming and Utah we are participating in our mineral properties by way of property leases directly from the owners of the land/mineral rights. As of the date of this report we have executed leases in Arizona, Colorado, New Mexico, Texas, Wyoming and Utah. These leases give us similar access and privileges as described above, however with some important differences. Although 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 hydro carbons, including, for example, petroleum, retained by the lessor. The lease terms are for five 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. Royalty payments must be made to the lessor in event that we extract uranium ore from the properties. Royalty payments vary based on a sliding scale tied to the price of uranium. All royalties are based on the gross sales revenue less certain charges and fees.

We have the following gross and net acre mineral property interests in states indicated below under lease:

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

We plan to conduct exploration programs on these properties with the objective of determining the existence of any economic concentrations of uranium.

Since inception we have not established any proven or probable reserves on our mineral property interests.

On October 11, 2005, we entered into a Mineral Asset Option Agreement (the "Option") with Brad A. Moore giving us the option to acquire certain uranium leases from Mr. Moore in the State of Texas. In consideration for the Option we have paid Mr. Moore a cash payment of $50,000 and issued 1,000,000 shares of our restricted common stock. The Option, which was exercised, required the further issuance of 2,000,000 restricted shares of common stock in varying share installments over the three, six month intervals following the effective date of the Option Agreement (October 11, 2005). A further payment of $150,000 was paid under the Option on February 1, 2006. Title to the properties transferred upon payment of all remaining stock required under the Option. During the Option term we had the right as operator to conduct or otherwise direct all the exploration on the properties to be acquired. As of this date all cash consideration and share issuances required pursuant to the terms of the Option have been completed.

On May 1, 2007, we entered into a joint venture with Neutron Energy Inc. ("NEI"), a Wyoming corporation, in connection with the exploration of a property covering approximately 6,700 acres located in Cibola County, New Mexico, for uranium resources. In connection with the joint venture, Cibola Resources LLC, a limited liability company under the laws of the State of Delaware, was formed to undertake the exploration activities contemplated by the parties. NEI acquired the mining lease to the property from La Merced del Pueblo de Cebolleta ("Cebolleta"), a private entity that has the authority over the natural resources of the property, pursuant to a letter agreement between Cebolleta and NEI dated January 27, 2007, and has contributed the lease to Cibola Resources. In connection with the acquisition of the lease, NEI has made cash payments to Cebolleta of $5,000,000 to date. The Company has reimbursed an aggregate of $2,450,000 to NEI to date. As a result, NEI and the Company held a 51% and 49% interest, respectively, in Cibola Resources.

On April 12, 2010, the Company received a cash payment in the amount of $11,000,000 from NEI for the sale of our 49% interest in the Cibola Resources LLC joint venture.

Arizona

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

Other claims staked by us (Dry Mountain) in Arizona were staked on known uranium occurrences as shown on Arizona State publication, "Occurrences of Uranium in Miscellaneous Sedimentary Formations, Diatremes and Pipes and Veins". Additionally, these claims were previously drilled by companies including Homestake Mining Co., Uranerz Energy Corp. and Noranda, Inc. in the 1970's uranium boom. Our management has confirmed prior claim ownership as verified with the US Department of Interior - BLM. In addition, ground surveys completed by us have located various previous drill locations and radioactive anomalies as evidenced in ground and drill cuttings.

On November 1, 2007, we entered into a binding letter Agreement to Purchase Assets with Melvin O. Stairs, Jr. ("Mr. Stairs"), for a mineral exploration claim and related database information located in Maricopa County, Arizona. Under the terms of the agreement, the Company will pay total consideration of $1,200,000 including i) a $10,000 deposit

upon execution (paid), ii) installments of $95,000 cash on January 10, 2008 (paid) and August 15, 2008, and iii) installments totaling $100,000 on January 10 and August 15 of each year for the period from January 10, 2009 through August 15, 2013. Additionally, the Company has granted the seller security interest on the acquired assets until the agreement is paid in full. On August 25, 2008, we entered into an amendment agreement pursuant to which the total consideration payable was reduced to $300,000 as follows: i) a $10,000 deposit upon execution (paid), ii) installments of $95,000 cash on January 10, 2008 (paid) and $57,000 cash (paid) and $38,000 by way of issuance of 19,000 restricted common shares of the Company at a deemed price of $2.00 per share on August 15, 2008.

On January 25, 2010, the Company and Mr. Stairs agreed to amend the August 25, 2008 Amending Agreement. We agreed to pay Mr. Stairs a further and final non-refundable Purchase Price Payment in the aggregate amount equivalent to $65,000 payable in the following manner; i) the initial $30,000 of the Purchase Price Payment by way of cash (paid); and ii) the final balance of U.S. $35,000 of this Purchase Price Payment by way of the issuance 10,448 fully paid and non-assessable restricted common shares at deemed issuance price of U.S. $3.35 per Share (issued).

We confirm that as of this date our Arizona located claims and leases contain no uranium reserves and require extensive exploration by us.

The following provides information relating to such claims:

Colorado

Claims and leases acquired by us in Colorado have historical production tonnages and grades published in the Colorado Geological Survey, Bulletin 40 - "Radioactive Mineral Occurrences of Colorado". Also, our geological staff has evaluated a portion of the claims currently owned by us. We confirm that at the current date, our Colorado located claims contain no uranium reserves and require extensive exploration by us.

The following provides information relating to such claims:

New Mexico

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

Our Laguna Trend Project consists of approximately 800 acres of lode claims on Bureau of Land Management land in northwestern New Mexico. The claim block is on-trend and several miles northeast of the historically-producing St. Anthony, Jackpile Paguate, and L-Bar uranium deposits, mined by Anaconda Minerals and Sohio. Northeast of the Company's claim block is Kerr McGee's (now Anadarko Petroleum's) uranium deposit, Rio Puerco, and Conoco's Bernabe uranium deposit. Both of these deposits are yet to be developed.

Acquisition of the Laguna Trend claim block by Uranium Energy was driven by intense analysis of the Morrison Nuclear database, which includes drilling data indicating significant uranium mineralization in the Westwater Canyon Member of the Morrison Formation. This property was most recently held by Kerr-McGee.

Red Basin consists of claims in the Datil Basin of Catron County. The project area was previously staked by Kerr-McGee with the Cretaceous de Baca Formation as the target.

Grants Ridge is a Todilto Formation target in the Grants Uranium District and is currently under option by Uran Ltd. of Perth, Australia.

We confirm that at the current date, our New Mexico located claims contain no uranium reserves and require extensive exploration by us.

Texas

We currently own twelve lease plays located in the South Texas uranium trend. The location and acquisition of these lease plays are based on historical information contained within our extensive database, as well as current, ongoing geologic analyses by our exploration staff.

The following provides information relating to all of our leased properties in the South Texas Uranium Trend:

Utah

Our Crain Lease was the subject of prior exploration drilling conducted by Pioneer-Uravan, Inc. and Truchas Limited in the 1970s to search for uranium indications. We have acquired gamma drill log interpretation worksheets from work previously conducted by Pioneer-Uravan, Inc. In addition, drill hole location maps have been obtained from work conducted for Pioneer-Uravan, Inc. and Truchas Limited. Further assay reports on core samples from exploration drilling previously conducted by Pioneer-Uravan, Inc., as verified by that company's commissioned assay report, have also been obtained, as well as certain drill indicated uranium findings that provide the basis for preliminary mineralization information as previously conducted and defined in a Truchas Limited summary and report (1979). The Montezuma Canyon leases are State of Utah leases on trend with known mineralization. As at this date our Utah located claims contain no uranium reserves that we have independently verified, and require extensive exploration by us.

The following provides information relating to such claims and leases:

Wyoming

Our five Wyoming uranium mineral property areas total 3,675.37 acres. Wyoming led the nation's uranium production in 2006 with 4,100,000 pounds of U_3O_8.

The Granite Mountain Thrust ("GMT") property includes 610.80 acres of mining claims north of, and adjacent to, the Rio Tinto (Kennecott) uranium property, which has been drilled extensively since the 1960s by several entities. Our GMT property geology host rock is 2,000 to 3,000 feet thick in the early Eocene Age Battle Springs Formation - partly equivalent to the Wasatch and Wind River formations in other Wyoming Basins. We have assessed previous seismic exploration shot line data and confirmed Battle Springs Formation projections to the GMT area. The property is situated approximately eight miles east of the Crooks Gap uranium mining district, which produced about 10,000,000 pounds of U

3O8 from 1953 through 1982 by open pit mining.

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

Situated in the Lower Eocene Wasatch formation of the southwest Powder River Basin is our Powder River Basin LO-Herma uranium property. The exploration data was acquired from H. Brenniman as a part of the Pioneer Nuclear, Inc., package in 2006. The 29 mining claims total 591.57 acres and are contiguous to the Uranium One (formerly Energy Metals Corp.) property.

Our DL, 1,275.00 acre, property is being assessed by using Pioneer Nuclear, Inc., 1970 uranium exploration data from the H. Brenniman database.

We confirm that at the current date, our Wyoming located claims contain no uranium reserves and require extensive exploration by us.

Exploration Work Programs

Our Vice President of Exploration, Clyde Yancey, a Certified Professional Geologist, based on historical data previously outlined and our own work product, has developed exploration programs unique to each state and claim block with the intent of proving or disproving the existence of uranium on these prospects. The exploration plans for Arizona, New Mexico, Colorado, Utah and Wyoming will be instituted once our Palangana property in Texas is placed into production and we see an increase in the price of uranium. Therefore, for the current term, these exploration properties are all on hold. Exploration and land acquisition in the South Texas Uranium Trend will continue in order to support our near term production facilities.

South Texas Leases

During 2009 and 2010, our exploration group has focused its attention on regional studies within the trend, establishing additional mineralization at Palangana, and assessing our newly acquired leases acquired from the South Texas Mining Venture acquisition. The work at Palangana has focused on an extensive re-mapping of the entire geologic system responsible for the deposition of uranium mineralization at the project. Based on some of the newly interpreted data, a limited drilling program has been carried out down-dip of the Palangana Salt Dome structure. Also, we were able to acquire the data base that covers our Salvo project. This data base is currently being evaluated, and it is expected that a drilling program will be developed as a result of this evaluation.

Our operational business plan calls for the acquisition of further uranium exploration properties in Texas as exploration analyses dictate.

Competition

We operate in a highly competitive industry, competing with other mining and exploration companies, and institutional and individual investors, which are actively seeking uranium minerals exploration properties throughout the world together with the equipment, labor and materials required to exploit such properties. Many of our competitors have financial resources, staff and facilities substantially greater than ours. The principal area of competition is encountered in the financial ability to cost effectively acquire prime minerals exploration prospects and then exploit such prospects. Competition for the acquisition of uranium minerals exploration properties is intense, with many properties available in a competitive bidding process in which we may lack technological information or expertise available to other bidders. Therefore, we may not be successful in acquiring, exploring and developing profitable properties in the face of this competition. No assurance can be given that a sufficient number of suitable uranium minerals exploration properties will be available for acquisition, exploration and development.

Minerals Exploration Regulation

Our minerals 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. Minerals exploration 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 may impose substantial costs on us and will subject us to significant potential liabilities. Changes in these regulations could require us to expend significant resources to comply with new laws or regulations or changes to current requirements and could have a material adverse effect on our business operations.

Exploration and production activities are subject to certain environmental regulations which may prevent or delay the commencement or continuance of our operations. In general, our exploration and production activities are subject to certain federal, state and local laws and regulations relating to environmental quality and pollution control. Such laws and regulations increase the costs of these activities and may prevent or delay the commencement or continuance of a given operation. Compliance with these laws and regulations has not had a material effect on our operations or financial condition to date. Specifically, we are subject to legislation regarding emissions into the environment, water discharges and storage and disposition of hazardous wastes. In addition, legislation has been enacted which requires well and facility sites to be abandoned and reclaimed to the satisfaction of state authorities. However, such laws and regulations are frequently changed and we are unable to predict the ultimate cost of compliance. Generally, environmental requirements do not appear to affect us any differently or to any greater or lesser extent than other companies in the industry and our current operations have not expanded to a point where either compliance or cost of compliance with environmental regulation is a significant issue for us. Costs have been incurred to date with respect to compliance with environmental laws, primarily relating to the posting of a performance bond, and costs are only expected to increase with the increasing scale and scope of exploration operations, especially with the advent of Phase II exploration costs.

Minerals exploration 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. Minerals exploration 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. Minerals exploration 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 drilling methods and equipment.

Various permits from government bodies are required for drilling operations to be conducted; no assurance can be given that such permits will be received. Environmental standards imposed by federal, state, 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 causing 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. As of the date of this annual report, other than with respect to the posting of a performance bond, we have not been required to spend material amounts on compliance with environmental regulations. However, we may be required to do so in future and this may affect our ability to expand or maintain our operations. Environmental regulation is discussed in further detail in the following section.

Environmental Regulation

Our activities will be subject to existing federal, state and local laws and regulations governing environmental quality and pollution control. Our operations will be subject to stringent environmental regulation by state and federal authorities including the Environmental Protection Agency ("EPA"). Such regulation can increase the cost of such activities. In most instances, the regulatory requirements relate to water and air pollution control measures.

Waste Disposal

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

CERCLA

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

Air Emissions

Our operations are subject to local, state and federal regulations for the control of emissions of air pollution. Major sources of air pollutants are subject to more stringent, federally imposed permitting requirements. Administrative enforcement actions for failure to comply strictly with air pollution regulations or permits are generally resolved by payment of monetary fines and correction of any identified deficiencies. Alternatively, regulatory agencies could require us to forego construction, modification or operation of certain air emission sources.

Clean Water Act

The Clean Water Act ("CWA") imposes restrictions and strict controls regarding the discharge of wastes, including mineral processing wastes, into waters of the United States, a term broadly defined. Permits must be obtained to discharge pollutants into federal waters. The CWA provides for civil, criminal and administrative penalties for unauthorized discharges of hazardous substances and other pollutants. It imposes substantial potential liability for the costs of removal or remediation associated with discharges of oil or hazardous substances. State laws governing discharges to water also provide varying civil, criminal and administrative penalties and impose liabilities in the case of a discharge of petroleum or it derivatives, or other hazardous substances, into state waters. In addition, the EPA has promulgated regulations that may require us to obtain permits to discharge storm water runoff. In the event of an unauthorized discharge of wastes, we may be liable for penalties and costs. Management believes that we are in substantial compliance with current applicable environmental laws and regulations.

Research and Development Activities

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

Employees

Amir Adnani is our President and Chief Executive Officer, Harry Anthony is our Chief Operating Officer and Pat Obara is our Chief Financial Officer. These individuals are primarily responsible for all our day-to-day operations. Other services are provided by outsourcing and consultant and special purpose contracts. We currently employ approximately 62 persons on a full time basis and contract with approximately 6 individuals on a full time basis for ongoing services provided to the Company.

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 annual 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 activities and our assessment of the commercial viability of our mineral properties.

We will need to raise additional financing to complete further exploration of our mineral properties. Furthermore, if the costs of our planned exploration 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 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 are in the exploration stage and we have no revenue from operations and we are experiencing significant negative cash flow. Accordingly, the only other sources of funds presently available to us are through the sale of equity. We presently believe that debt financing will not be an alternative to us as all of our properties are in

the exploration stage. 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 activities and our assessment of the commercial viability of our mineral properties.

As our mineral properties do not contain any reserves or any known body of economic mineralization, 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.

Our properties do not contain reserves in accordance with the definitions adopted by the SEC and there is no assurance that any exploration programs that we carry out will establish reserves. All of our mineral properties are in the exploration stage as opposed to the development stage and have no known body of economic mineralization. The known mineralization at these projects has not yet been determined to be economic ore, and may never be determined to be economic. We plan to conduct further exploration activities on our mineral properties, which future exploration may include the completion of feasibility studies necessary to evaluate whether a commercial mineable orebody exists on any of our mineral properties. There is a substantial risk that these exploration activities will not result in discoveries of commercially recoverable quantities of ore. Any determination that our properties contain commercially recoverable quantities of ore may not be reached until such time that final comprehensive feasibility studies have been concluded that establish that a potential mine is likely to be economic. There is a substantial risk that any preliminary or final feasibility studies carried out by us will not result in a positive determination that our mineral properties can be commercially developed.

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.

We are an exploration stage company and have not as yet established any reserves on our properties. 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 any mineralized material in sufficient quantities on any of 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, and we must be considered to be in the exploration stage. Further, we have been dependent on sales of our equity securities and debt financing to meet our cash requirements. We have incurred losses totaling $68,382,133 from May 16, 2003 (inception) to July 31, 2010. 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; or (iii) 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 new entrant into the uranium mineral exploration 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 and exploring 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 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, if applicable, mining could cause personal injury or death, environmental damage, delays in mining, monetary losses and possible legal liability.

We are not currently engaged in mining operations because we are in the exploration phase and have not yet any proved uranium reserves. The Company's exploration 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 or against 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 industry is highly competitive and there is no assurance that we will be successful in acquiring mineral exploration properties or leases.

The uranium exploration 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 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; 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 and 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 and development and future potential uranium mining operations are or will be 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.

Future potential uranium mining operations and current 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.

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 the date of this annual report, we have 60,846,787 shares of common stock issued and outstanding, of which 12,428,598 shares are restricted securities as that term is defined in Rule 144 under the Securities Act. Although the Securities Act and Rule 144 place certain prohibitions on the sale of restricted securities, restricted securities may be sold into the public market under certain conditions. Further, as of the date of this annual report, there are an aggregate of 9,050,000 stock options outstanding and an aggregate of 5,231,882 share purchase warrants outstanding.

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 is 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 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 reduces 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 annual report that are not residents of the United States.

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

There are no assurances if and when a particular mineral property of the Company can enter into production. The amount 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.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

We own 32.19 acres of real estate located in Goliad County, Texas. The Goliad property and our other mineral property interests are described in detail in Item 1 "Business" above.

Our registered office is located at 500 N. Shoreline Blvd., Suite 800N, Corpus Christi, Texas 78471.

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

a. we currently have a month to month lease at $925 per month for our Goliad project office at 138 South Market Street, Goliad, Texas 77963. There is no lease commitment and rent and expenses are paid on a month to month basis;

b. we currently have a month to month lease at $740 per month for our Texas exploration office at 100 East Kleberg Street, Suite 310, Kingsville, Texas 78364. There is no lease commitment and rent and expenses are paid on a month to month basis;

c. we currently have a month to month lease at $2,598 per month for our New Mexico exploration office at 6100 Indian School NE, Suite 225, Albuquerque, New Mexico 87110. There is no lease commitment and rent and expenses are paid on a month to month basis; and

d. we rent office space at 1111 West Hasting Street, Suite 320, Vancouver, B.C., Canada V6E 2J3, for our corporate administration office. There is no lease commitment and rent and expenses are paid on a month to month basis.

ITEM 3. LEGAL PROCEEDINGS

We are not a party to any material legal proceedings nor are we aware of any legal proceedings pending or threatened against us or our properties.

ITEM 4. (REMOVED AND RESERVED)

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

Market for Common Equity

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

	NYSE AMEX	
Quarter Ended	High Bid	Low Bid
July 2010	$3.30	$2.11
April 2010	$3.90	$2.84
January 2010	$3.90	$2.61
October 2009	$4.16	$2.10
July 2009	$3.45	$1.10
April 2009	$1.45	$0.30
January 2009	$0.80	$0.16
October 2008	$2.21	$0.44

The last reported sales price for our shares on the NYSE Amex Equities exchange on October 12, 2010 was $3.83 per share. As of October 12, 2010, we had 112 shareholders of record.

Dividend Policy

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

Securities Authorized For Issuance Under Compensation Plans

We have two equity compensation plans, the Uranium Energy Corp. 2006 Stock Incentive Plan (the "2006 Plan") and the Uranium Energy Corp. 2009 Stock Incentive Plan (the "2009 Plan"). The table set forth below presents information relating to our equity compensation plans as of the date of this annual report:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding column (a))
Equity Compensation Plans to be Approved by Security Holders (2006 and 2009 Stock Incentive Plans)	9,050,000	$1.64	1,845,114
Equity Compensation Plans Not Approved by Security Holders	500,000[1]	$1.00	Nil

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

2006 Stock Incentive Plan

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

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

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

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

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

2009 Stock Incentive Plan

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

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

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

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

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

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

As of the date of this annual report, there are an aggregate of 9,050,000 stock options granted and outstanding.

Common Stock Purchase Warrants

As of the date of this annual report, there are an aggregate of 5,231,882 common stock purchase warrants issued and outstanding.

Recent Sales of Unregistered Securities

We issued the following unregistered equity securities during our fourth quarter ended July 31, 2010. All other issuances of unregistered securities during our fiscal year ended July 31, 2010 were previously disclosed in filings with the SEC:

Effective December 21, 2009, we entered into a consulting services agreement. In accordance with the terms of the agreement, on May 13, 2010 we issued 1,648 shares of our restricted common stock at deemed issuance price of $3.24 per share, and on June 15, 2010 we issued a further 1,648 shares of our restricted common stock at a deemed issuance price of $2.99 per share. In each case the shares were issued under an exemption from the registration requirements of the Securities Act pursuant to Rule 506 of Regulation D and/or Section 4(2) of the Securities Act.

Effective December 21, 2009, we entered into a consulting services agreement. In accordance with the terms of the agreement, on May 13, 2010 we issued 5,000 shares of our restricted common stock at deemed issuance price of $3.24 per share, and on June 15, 2010 we issued a further 5,000 shares of our restricted common stock at a deemed issuance price of $2.99 per share. In each case the shares were issued under an exemption from the registration requirements of the Securities Act pursuant to Rule 506 of Regulation D and/or Section 4(2) of the Securities Act.

Effective March 1, 2010, we entered into a consulting services agreement. In accordance with the terms of the agreement, on May 17, 2010 we issued 8,000 shares of our restricted common stock at deemed issuance price of $3.72 per share, on June 17, 2010 we issued a further 8,000 shares of our restricted common stock at deemed issuance price of $3.72 per share, and on July 19, 2010 we issued a further 8,000 shares of our restricted common stock at a deemed issuance price of $3.72 per share. In each case the shares were issued under an exemption from the registration requirements of the Securities Act pursuant to Regulation S and/or Section 4(2) of the Securities Act.

Effective December 30, 2009, we entered into a consulting services agreement. In accordance with the terms of the agreement, on May 26, 2010 we issued 2,180 shares of our restricted common stock at a deemed issuance price of $3.67 per share. The shares were issued under an exemption from the registration requirements of the Securities Act pursuant to Rule 506 of Regulation D and/or Section 4(2) of the Securities Act.

Effective December 29, 2009, we entered into a consulting services agreement. In accordance with the terms of the agreement, on May 27, 2010 we issued 2,725 shares of our restricted common stock at deemed issuance price of $3.67 per share, on June 28, 2010 we issued a further 2,725 shares of our restricted common stock at deemed issuance price of $3.67 per share, and on July 27, 2010 we issued a further 2,725 shares of our restricted common stock at a deemed issuance price of $3.67 per share. In each case the shares were issued under an exemption from the registration requirements of the Securities Act pursuant to Rule 506 of Regulation D and/or Section 4(2) of the Securities Act.

Effective May 17, 2010, we entered into a consulting services agreement. In accordance with the terms of the agreement, on June 21, 2010 we issued 5,000 shares of our restricted common stock at a deemed issuance price of $3.09 per share. The shares were issued under an exemption from the registration requirements of the Securities Act pursuant to Regulation S and/or Section 4(2) of the Securities Act.

Effective May 25, 2010, we entered into a consulting services agreement. In accordance with the terms of the agreement, on June 21, 2010 we issued 6,000 shares of our restricted common stock at a deemed issuance price of $2.50 per share. The shares were issued under an exemption from the registration requirements of the Securities Act pursuant to Rule 506 of Regulation D and/or Section 4(2) of the Securities Act.

Effective June 14, 2010, we entered into a consulting services agreement. In accordance with the terms of the agreement, on July 6, 2010 we issued 2,000 shares of our restricted common stock at deemed issuance price of $2.85 per share, and on July 30, 2010 we issued a further 2,000 shares of our restricted common stock at a deemed issuance price of $2.85 per share. In each case the shares were issued under an exemption from the registration requirements of the Securities Act pursuant to Rule 506 of Regulation D and/or Section 4(2) of the Securities Act.

Effective September 1, 2009, we entered into a consulting services agreement. In accordance with the terms of the agreement, on July 9, 2010 we issued 7,000 shares of our restricted common stock at a deemed issuance price of $1.50

per share. The shares were issued under an exemption from the registration requirements of the Securities Act pursuant to Regulation S and/or Section 4(2) of the Securities Act.

Comparative Stock Performance

Our shares of common stock commenced trading on the OTC Bulletin Board on December 5, 2005, with the first trade in our common stock occurring on February 17, 2006. Our shares of common stock were subsequently listed for trading on the NYSE Amex Equities Exchange on September 28, 2007. The graph below compares the cumulative total stockholder return on our common stock for the period from February 17, 2006 to July 31, 2006 and for the years ended July 31, 2007 through to July 31, 2010, with the cumulative total return on the shares of common stock of General Moly, Inc. and Uranerz Energy Corp. over the same periods (assuming an investment of $100 in our common stock, General Moly, Inc. and Uranerz Energy Corp. on February 17, 2006, and the reinvestment of all dividends, if any).

ITEM 6. SELECTED FINANCIAL DATA

The following selected financial data has been derived from and should be read in conjunction with (i) our audited financial statements as at and for the years ended July 31, 2010, 2009 and 2008, as at and for the seven months ended July 31, 2007, and as at and for the year ended December 31, 2006, together with the notes to these financial statements, and (ii) the sections of this annual report entitled "Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations".

On June 29, 2007, our board of directors approved the change of our fiscal year end from December 31 to July 31. On October 29, 2007, we filed a Transition Report on Form 10-KSB for the fiscal period ended July 31, 2007, as

subsequently amended, with the SEC and commenced a new reporting period.

We were incorporated under the laws of the State of Nevada on May 16, 2003. During 2004, we changed our business operations focus from precious metals exploration in the State of Nevada to the exploration for economic reserves of uranium throughout the United States. Since then, we have been acquiring mineral property interests in the United States. In addition, we restated our audited financial statements for the fiscal period ended July 31, 2007 to include the re-evaluation of impairment analysis performed at each respective period. Accordingly, the financial information presented below may not be comparable from period to period.

Balance Sheet Data

As at July 31,				As at December 31,
2010	2009	2008	2007	2006

Statement of Operations Data

Fiscal Years Ended July 31,			Seven Months Ended July 31,	Fiscal Year Ended December 31,
2010	2009	2008	2007	2006

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

The following discussion should be read in conjunction with (i) our audited financial statements as at the years ended July 31, 2010 and 2009, and for each of the years in the three year period ended July 31, 2010 and the related notes; and (ii) the section of this annual report entitled "Business" that appear elsewhere in this annual report. The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed below and elsewhere in this annual report, particularly in the section entitled "Risk Factors". Our financial statements are stated in United States Dollars and are prepared in accordance with United States Generally Accepted Accounting Principles.

Plan of Operations

Our plan of operations for the next twelve months is to continue with the exploration and development of our mineral properties. Our planned geological exploration programs are described in detail in this annual report under "Business". As well, the reclamation activities at Mt. Lucas are expected to be complete within the next twelve months. The minor

reclamation activities at Hobson, which will be placed in a disposal well, are also expected to be complete within fiscal 2011. Mining activities at our Palangana site are expected to commence by the end of 2010 with the ore being transported to and processed at our Hobson processing facility.

Our planned exploration expenditures for the next twelve months on our mineral properties, together with amounts due to maintain our interest in these claims, are summarized as follows:

Name of Property	Planned Exploration Expenditures	Amounts of Claims Maintenance Due	Amount of Property Payment Due
Goliad*	$Nil	$49,578	$Nil

*An amount of approximately $250,000 has been budgeted for additional surveys and studies as may be required by the respective approval authorities. At this time it has not been determined whether or not the Company will be required to draw upon the budgeted funds.

Name of Property	Planned Exploration Expenditures	Amounts of Claims Maintenance Due	Planned Development Expenditures
La Palangana	$125,000	$347,971	$5,491,039

In addition, we will incur general and administrative expenses throughout the year that we anticipate will consist primarily of professional fees for the audit and legal work relating to our regulatory filings throughout the year, as well as transfer agent fees, management fees, investor relations and general office expenses.

We had cash in the amount of $21,067,662 and a working capital surplus in the amount of $16,243,838 as of July 31, 2010. We anticipate that existing cash resources will be sufficient to carry out our 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 we may not earn any positive cash flow revenues in the foreseeable future. We believe that debt financing will not be an alternative for funding additional phases of exploration as we do not wish to encumber any of our tangible assets to secure any debt financing. 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 exploration programs. In the absence of such financing, we will not be able to continue exploration of our mineral claims. Even if we are successful in obtaining equity financing to fund our exploration programs, there is no assurance that we will obtain the funding necessary to pursue any advanced exploration of our mineral claims following the completion of preliminary exploration. If we do not continue to obtain additional financing, we may be forced to abandon our properties and our plan of operations.

We may consider entering into a joint venture arrangement to provide the required funding to pursue drilling and advanced exploration of 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 exploration of our mineral claims. If we entered into a joint venture arrangement, we would likely have to assign a percentage of our interest in our mineral claims to the joint venture partner.

Our exploration plans will be continually evaluated and modified as exploration results become available. Modifications to our plans will be based on many factors, including: results of exploration, assessment of data, weather conditions, exploration costs, the price of uranium and available capital. Further, the extent of our exploration programs that we undertake will be dependent upon the amount of financing available to us.

Results of Operations

We are an exploration stage company and have not generated any revenue to date. The following table sets forth selected financial information relating to our company for the periods indicated:

	Fiscal Years Ended July 31,		
	2010	2009	2008
Consulting fees	$635,243	$220,332	$522,718
Depreciation, amortization and accretion	794,504	526,251	372,886
General and administrative	5,087,238	3,768,042	5,726,145
Impairment loss on mineral properties	43,600	1,223,038	247,830
Interest and finance charges	517,273	-	55,334
Management fees	1,251,853	744,684	791,695
Mineral property expenditures	6,438,714	4,046,265	6,574,898
Professional fees	633,332	680,111	739,853
Stock based compensation	7,029,390	1,739,604	3,808,770
Operating loss	(22,431,147)	(12,948,327)	(18,840,129)
Other items	(581,603)	64,758	227,715
Loss before discontinued operations	(23,012,750)	(12,883,569)	(18,612,414
Discontinued operations	8,534,081	(620,007)	(428,539)
Deferred tax expense	-	-	(195,171)
Net loss	$(14,478,669)	$(13,503,576)	$(19,236,124)

We have been funding our initial operations by way of private placements. We expect we will require additional capital to meet our long term operating requirements. We expect to raise additional capital primarily through the sale of equity securities.

Year Ended July 31, 2010 Compared to Year Ended July 31, 2009

We are an exploration stage company and net production revenues during the years ended July 31, 2010 and 2009 were $Nil. Our net loss for the year ended July 31, 2010 was $14,478,669 compared to a net loss of $13,503,576 during the year ended July 31, 2009.

Operating expenses incurred during the year ended July 31, 2010 increased to $22,431,147 from $12,948,327 over the year ended July 31, 2009. The increase is primarily due to the expansion of our operations as market conditions improved and the acquisition of the STMV Joint Venture which resulted in an additional $5,752,588 in operating expenses during the year ended July 31, 2010 compared to Nil for the prior year. Significant expenditures and changes are outlined as follows:

- Consulting fees increased to $635,243 during the year ended July 31, 2010 from $220,332 during the year ended July 31, 2009. Consultants are engaged for administrative functions, investor relations and technical and geological work relating to permitting, exploration and development of our near-term production projects. All areas of the aforementioned experienced increased activity due to improved market conditions.

- Depreciation, amortization and accretion increased to $794,504 during the year ended July 31, 20010 from $526,251 during the year ended July 31, 2009 due primarily to additional charges on assets relating to the STMV acquisition including accretion of asset retirement obligations.

- General and administrative costs increased to $5,087,238 during the year ended July 31, 2010 from $3,768,042 during the year ended July 31, 2009. The increases are due to the expansion of our operations as a result of the acquisition of the STMV Joint Venture, specifically with respect to investor relations, office administration, travel and insurance.

- Impairment loss on mineral properties decreased to $43,600 during the year ended July 31, 2010 from $1,223,038 during the year ended July 31, 2009. During the year, the Company did not renew three property leases due to results received during our exploration of these properties.

- Interest and finance charges increased to $517,273 during the year ended July 31, 20010 from $Nil during the year ended July 31, 2009. During the year ended July 31, 2010, we realized an expense of the fair value on the issuance of warrants as penalties pursuant to private placement agreements.

- Management fees increased to $1,251,853 during the year ended July 31, 2010 from $744,684 during the year ended July 31, 2009. The increase resulted from the reinstatement of director's and officer's fees which were curtailed during fiscal 2009 and management bonuses.

- Mineral property expenditures increased to $6,438,714 during the year ended July 31, 2010 from $4,046,265 during the year ended July 31, 2009 due to the commencement of exploration and development of the Palangana project which includes consultants relating to technical and geological work in addition to professional fees for ongoing permitting of the Goliad project.

- Professional fees nominally decreased to $633,332 during the year ended July 31, 2010 from $680,111 during the year ended July 31, 2009, which reflects a general decrease in the reliance of external professionals. The purpose of the external professionals relates to legal fees, audit fees, tax preparation fees and SOX documentation fees.

- Stock based compensation increased to $7,029,390 during the year ended July 31, 2010 from $1,739,604 during the year ended July 31, 2009. The current and prior year expense consists of the fair value of option grants earned during the period to consultants, management and employees.

Interest and other income decreased to $54,472 during the year ended July 31, 2010 from $64,758 during the year ended July 31, 2009 due to lower investment rates during the current period.

We incurred $636,075 in transaction costs relating to the STMV Acquisition during the year ended July 31, 2010 compared to $Nil during the same period ended July 31, 2009. On December 18, 2009, we completed the acquisition of a 100% ownership interest in STMV.

Our loss before continuing operations during the year ended July 31, 2010 was $23,012,750 or $0.39 per share compared to $12,883,569 or $0.27 per share during the same period ended July 31, 2009.

We realized an $8,534,081 gain on the sale of assets during the year ended July 31, 2010, which is reported as income from discontinued operations. During the year ended July 31, 2009, we incurred $620,007 in mineral property expenditures relating to the assets sold during the current period, which is reported as loss from discontinued operations. Effective March 30, 2010, Neutron exercised its option to acquire our 49% interest in Cibola Resources, LLC, and on April 12, 2010, completed the acquisition for a cash payment of $11,000,000. Our income from discontinued operations during the year ended July 31, 2010 was $8,534,081 or $0.14 per share compared to a loss of $620,007 or $0.01 per share during the same period ended July 31, 2009.

Our net loss during the year ended July 31, 2010 was $14,478,669 or $0.39 per share compared to a net loss of $13,503,576 or $0.29 per share during the same period ended July 31, 2009. The weighted average number of shares outstanding was 59,017,166 for the year ended July 31, 2010 compared to 47,358,056 for the same period ended July 31, 2009.

Year Ended July 31, 2009 Compared to Year Ended July 31, 2008

We are an exploration stage company and net production revenues during the years ended July 31, 2009 and 2008 were $Nil. Our net loss for the year ended July 31, 2009 was $13,503,576 compared to a net loss of $19,236,124 during the year ended July 31, 2008.

Operating expenses incurred during the year ended July 31, 2009 decreased to $12,948,327 from $18,840,129 over the year ended July 31, 2008. The decrease is primarily due to a reduction in some of our exploration activities, operations and personnel, including salary reductions, over the prior period as we implemented a cost reduction program during difficult economic conditions. Significant expenditures and changes are outlined as follows:

- Consulting fees decreased to $220,332 during the year ended July 31, 2009 from $522,718 during the year ended July 31, 2008 due primarily to a reduction in the reliance on third party service providers as we reduced some of our operations during difficult economic conditions.

- Depreciation and amortization increased to $526,251 during the year ended July 31, 2009 from $372,886 during the year ended July 31, 2008 due to significant investments in property and equipment and databases during prior periods that were not subject to amortization throughout the comparable period.

- General and administrative costs decreased to $3,768,042 during the year ended July 31, 2009 from $5,726,145 during the year ended July 31, 2008 due to the general reduction in some of our operations and personnel, including salary reductions, in the current period as compared to the prior period.

- Impairment loss on mineral properties increased to $1,223,038 during the year ended July 31, 2009 from $247,830 during the year ended July 31, 2008. During the year, we opted not to renew certain mineral claims and leases in the States of Arizona, New Mexico and Texas, and decided to terminate the Holley Option. Accordingly, an impairment loss was recorded to reflect the changes in valuation.

- Interest and finance charges decreased to $Nil during the year ended July 31, 2009 from $55,334 during the year ended July 31, 2008. Interest and finance charges consist of the fair value of warrant issuances, resulting from delays in S-1 Registration Statements becoming effective during the prior period.

- Management fees decreased to $744,684 during the year ended July 31, 2009 from $791,695 during the year ended July 31, 2008 due to a 20% reduction in executive compensation applicable to all officers and directors during a portion of the current period.

- Mineral property expenditures decreased to $4,046,265 during the year ended July 31, 2009 from $6,574,898 during the year ended July 31, 2008 due to the reduction in some of our exploration activities over the prior period during difficult economic conditions.

- Professional fees decreased to $680,111 during the year ended July 31, 2009 from $739,853 during the year ended July 31, 2008 due primarily to variations in audit, review and counsel fees over the prior period based on the volume of business operations and development.

- Stock based compensation decreased to $1,739,604 during the year ended July 31, 2009 from $3,808,770 during the year ended July 31, 2008. The current and prior year expense consists of the fair value of option grants earned during the period. Additionally, the current period expense includes the incremental expense incurred from option grants that were repriced during the year.

Interest and other income decreased to $64,758 during the year ended July 31, 2009 from $227,715 during the year ended July 31, 2008 due to significantly lower investment rates during the current period. A $47,548 gain on the sale of marketable securities was realized during the year ended July 31, 2008 from the sale of investments. There were no investment related transactions during the current period. A $14,370 loss on sale of assets was recorded during 2009 from a charge realized on the disposal of property and equipment.

Deferred tax expense decreased to $Nil during the year ended July 31, 2009 from $195,171 during the fiscal year ended July 31, 2008. The deferred tax expense was calculated on the estimated unrealized gain on available-for-sale securities in prior fiscal periods which was reflected in other comprehensive income.

Our net loss during the year ended July 31, 2009 was $13,503,576 or ($0.29) per share, compared to a net loss of $19,236,124 or ($0.49) per share during the year ended July 31, 2008. The weighted average number of shares outstanding was 47,358,056 for the year ended July 31, 2009 compared to 39,397,704 for the year ended July 31, 2008.

Year Ended July 31, 2008 Compared to Seven Months Ended July 31, 2007

We are an exploration stage company and net production revenues during the year ended July 31, 2008 and seven months ended July 31, 2007 were $Nil. Our net loss for the year ended July 31, 2008 was $19,236,124 compared to a net loss of $8,044,743 during the seven months ended July 31, 2007.

Operating expenses incurred during the year ended July 31, 2008 increased to $18,840,129 from $8,489,901 over the seven months ended July 31, 2007. The increase is primarily due to the expansion of current operations and the

corresponding change in administration and exploration costs associated with the increased acquisition and development of our uranium properties and related infrastructure. Significant expenditures and changes are outlined as follows:

- Consulting fees increased to $522,718 during the year ended July 31, 2008 from $253,026 during the seven months ended July 31, 2007 due primarily to the longer reporting period, and an increased reliance on third party service providers as we expand our operations.

- Consulting fees - stock based decreased to $463,125 during the year ended July 31, 2008 from $704,058 during the seven months ended July 31, 2007. The current and prior period expense consists of the fair value of option and stock grants earned during the period.

- Depreciation and amortization increased to $372,886 during the year ended July 31, 2008 from $84,140 during the seven months ended July 31, 2007 due to the longer reporting period, and significant investments in property and equipment and databases during the current and prior periods.

- General and administrative costs increased to $5,726,145 during the year ended July 31, 2008 from $2,246,054 during the seven months ended July 31, 2007 due to the longer reporting period, and a general expansion of operations and personnel in the current period as compared to the prior period, and more significant marketing activities in the current period.

- Impairment loss on mineral properties increased to $247,830 during the year ended July 31, 2008 from $51,390 during the seven months ended July 31, 2007. In August 2008 we opted not to renew certain mineral claims with the Bureau of Land Management in the States of New Mexico and Wyoming. Accordingly, an impairment loss was recorded as of July 31, 2008 to reflect the change in valuation based on subsequent events. In the prior fiscal period, an impairment loss was recorded on the Jebsen AB project following unfavorable results from the exploration.

- Interest and finance charges decreased to $55,334 during the year ended July 31, 2008 from $116,396 during the seven months ended July 31, 2007. Interest and finance charges consist of the fair value of warrant issuances, resulting from delays in S-1 Registration Statements becoming effective.

- Management fees increased to $791,695 during the year ended July 31, 2008 from $302,697 during the seven months ended July 31, 2007 due primarily to the longer reporting period, and increases in executive compensation over the prior year.

- Management fees - stock based increased to $2,019,250 during the year ended July 31, 2008 from $1,774,500 during the seven months ended July 31, 2007. The current and prior period expense consists of the fair value of option grants earned during the period.

- Mineral property expenditures increased to $6,574,898 during the year ended July 31, 2008 from $2,404,202 during the seven months ended July 31, 2007 due to the longer reporting period, and the expansion of exploration activities over the prior period, primarily in the Goliad project.

- Professional fees increased to $739,853 during the year ended July 31, 2008 from $317,225 during the seven months ended July 31, 2007 due primarily to the longer reporting period, and increases in audit and review costs in addition to increases in counsel fees associated with the growth in our operations.

- Wages and benefits - stock based increased to $1,326,395 during the year ended July 31, 2008 from $236,213 during the seven months ended July 31, 2007. The current and prior year expense consists of the fair value of option grants earned during the period.

Interest and other income decreased to $169,812 during the year ended July 31, 2008 from $319,824 during the seven months ended July 31, 2007 due to higher cash balances maintained during the prior period. A $47,548 gain on the sale of marketable securities was realized during the year ended July 31, 2008 from the sale of investments. There were no investment related transactions during the prior period.

Deferred tax expense increased to $195,171 during the year ended July 31, 2008 from a deferred tax benefit of $195,171 during the seven months ended July 31, 2007. The deferred tax benefit was calculated on the estimated unrealized gain on available-for-sale securities in the prior fiscal period which was reflected in other comprehensive income.

Our net loss during the year ended July 31, 2008 was $19,236,124 or ($0.49) per share, compared to a net loss of $8,044,743 or ($0.22) per share during the seven months ended July 31, 2007. The weighted average number of shares outstanding was 39,397,704 for the year ended July 31, 2008 compared to 36,389,384 for the seven months ended July 31, 2007.

Liquidity and Capital Resources

Cash Flows from Operating Activities

We have not generated positive cash flows from operating activities. Net cash used in operating activities during the year ended July 31, 2010 was $5,038,108 compared to $10,001,218 during the year ended July 31, 2009. Significant operating expenditures during the current period included mineral property expenditures, general and administrative costs, management fees and professional fees. In addition, the Company spent $1,368,684 in settlement of asset retirement obligations.

Net cash used in operating activities during the year ended July 31, 2009 was $10,001,218 compared to $14,259,956 during the year ended July 31, 2008. Significant operating expenditures during the current period included mineral property expenditures, and general and administrative costs.

Net cash used in operating activities during the year ended July 31, 2008 was $14,259,956 compared to $5,328,362 during the seven months ended July 31, 2007. Significant operating expenditures during the current period included mineral property expenditures, and general and administrative costs.

Cash Flows from Investing Activities

Net cash provided by investing activities during the year ended July 31, 2010 was $9,192,088 compared to $44,226 in the year ended July 31, 2009. During the year ended July 31, 2010, we received $11,000,000 on the sale of our 49% interest in Cibola Resources, LLC, spent $1,080,000 as the cash component of the STMV acquisition and spent $1,368,684 in settlement of assets retirement obligation.

Net cash provided by investing activities during the year ended July 31, 2009 was $44,226 compared to net cash used in investing activities of $3,432,556 in the year ended July 31, 2008. Significant investing expenditures during 2008 included mineral property acquisitions, including a $980,000 payment related to the Cibola Resources LLC

agreement, a $500,000 payment for the Tronox database acquisition, payments totaling $200,000 relating to the F-33 agreement, and $779,149 in purchases of equipment.

Net cash used in investing activities during the year ended July 31, 2008 was $3,432,556 compared to $2,882,481 in the seven months ended July 31, 2007. Significant investing expenditures during the current period included mineral property acquisitions, including a $980,000 payment related to the Cibola Resources LLC agreement, a $500,000 payment for the Tronox database acquisition, payments totaling $200,000 relating to the F-33 agreement, and $779,149 in purchases of equipment.

Cash Flows from Financing Activities

Net cash provided by financing activities during the year ended July 31, 2010 was $1,182,120 compared to $21,085,317 during the year ended July 31, 2009. During the current period, we received net proceeds of $1,144,760 from the exercise of stock options and warrants and the sale of our common stock.

Net cash provided by financing activities during the year ended July 31, 2009 was $21,085,317 compared to $21,746,377 during the year ended July 31, 2008. During the fiscal 2009 period, we received net proceeds of $21,035,379 primarily from the sale of our common stock pursuant to private placements.

Net cash provided by financing activities during the year ended July 31, 2008 was $21,746,377 compared to $3,712,919 during the seven months ended July 31, 2007. During the current period, we received net proceeds of $21,637,396 primarily from the sale of our common stock pursuant to private placements.

We expect that working capital requirements will continue to be funded through a combination of our existing funds and further issuances of securities. Our working capital requirements are expected to increase in line with the growth of our business.

Discontinued Operations

Net cash relating to discontinued operation that was used in operating activities during the year ended July 31, 2010 was $Nil compared to $620,007 in the same period ended July 31, 2009. Since inception, net cash relating to discontinued operation that was used in operating activities through July 31, 2010 was $1,129,846, no change from July 31, 2009.

Net cash relating to discontinued operations that was provided by investing activities during the year ended July 31, 2010 was $11,000,000 compared to $Nil in the same period ended July 31, 2009. Since inception, net cash relating to discontinued operations that was provided by investing activities through July 31, 2010 was $8,534,081 compared to net cash used in investing activities through July 31, 2009 of $2,465,919.

Stock Options and Warrants

As at July 31, 2010, we had 6,986,250 stock options and 5,231,882 share purchase warrants outstanding. The outstanding stock options have a weighted average exercise price of $1.41 per share and the outstanding warrants have a weighted average exercise price of $2.90 per share. Accordingly, as at July 31, 2010, the outstanding options and warrants represented a total of 12,218,132 shares issuable for proceeds of approximately $25,023,000 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.

Plan of Operation and Funding

Our existing working capital is expected to be adequate to fund our operations over the next twelve months. We have no lines of credit or other bank financing arrangements. Generally, we have financed operations to date through the proceeds of the private placement of equity and debt instruments. In connection with our business plan, management anticipates additional increases in operating expenses and capital expenditures relating to: (i) uranium exploration operating activities; (ii) possible future reserve definition; (iii) possible future mining initiatives on current and future properties; and (iv) possible future property acquisitions. We intend to finance these expenses with further issuances of securities, and debt issuances. We expect we will need to raise additional capital to meet long-term operating requirements. Additional issuances of equity or convertible debt securities will result in dilution to our current shareholders. Further, such securities might have rights, preferences or privileges senior to our common stock. Additional financing may not be available upon acceptable terms, or at all. If adequate funds are not available or are not available on acceptable terms, we may not be able to take advantage of prospective new business endeavors or opportunities, which could significantly and materially restrict our business operations.

Going Concern

We commenced operations on May 16, 2003 and have not realized any significant revenues since inception. As at July 31, 2010 we have working capital of $16,243,838 and an accumulated deficit of $68,382,133. Although existing cash resources are currently expected to provide sufficient funds through the upcoming year, the capital expenditures required to achieve planned principal operations may be substantial. Our continuation as a going concern for a period of longer than the upcoming year is dependent upon our ability to obtain necessary financing. We are in the exploration stage of our mineral property development and to date have not yet established any proven mineral reserves on our existing properties. Our continued operations and the recoverability of the carrying value of our assets are ultimately dependent upon our ability to achieve profitable operations. To date, we have completed private placements and received funding through the exercise of stock options and share purchase warrants for net proceeds of $68,622,731 from the issuance of shares of our common stock.

Material Commitments

We are committed to pay our key executives a total of approximately $639,000 per year for management services.

The Company is currently leasing office premises in New Mexico, Texas and Vancouver, B.C., Canada with total monthly payments of $16,500. All office lease agreements are on a month to month basis with the exception of the Corpus Christi office lease which expires in August 2012.

The following sets forth our contractual obligations in tabular form as at July 31, 2010:

Purchase of Significant Equipment

We may acquire significant equipment as may be deemed required to conduct and continue ordinary course of business in fiscal 2011.

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.

Mineral Property Costs

We are primarily engaged in the acquisition, exploration and development of mineral properties.

Mineral property acquisition costs are initially capitalized when incurred. At the end of each fiscal quarter, the Company assesses the carrying costs for impairment under ASC 360, *Property, Plant, and Equipment*. If proven and probable reserves are established for a property and it has been determined that a mineral property can be economically developed, costs will be amortized using the units-of-production method over the estimated life of the reserve.

Mineral property exploration and development costs are expensed as incurred until the establishment of economically viable reserves.

As of the date of this annual report, we have yet to establish proven or probable reserves on any of our mineral properties.

Databases

Costs related to internally developed databases are expensed as incurred. Costs of acquired mineral property databases are capitalized upon acquisition. Mineral property data bases are tested for impairment whenever events or changes indicate the carrying value amount may not be recoverable. An impairment loss is recognized if it is determined that the carrying amount is not recoverable and exceeds fair value. Mineral property databases are amortized over five years using the straight-line method, which is the period over which management believes the asset will contribute to the Company's cash flows.

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. 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 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 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

Effective August 1, 2009, we adopted ASC 805, *Business Combinations*. Under ASC 805, an acquiring entity will be required to recognize all the assets acquired and liabilities assumed in a transaction at the acquisition-date fair value with limited exceptions. ASC 805 changes the accounting treatment and disclosure for certain specific items in a business combination. Under the new guidance, business acquisitions are accounted for under the "acquisition method", compared to the "purchase method" mandated previously. ASC 805 applies prospectively to business

combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The more significant changes to our accounting for business combinations that will result from applying the acquisition method include: (i) the definition of a business is broadened to include some development stage entities, and therefore more acquisitions may be accounted for as business combinations rather than asset acquisitions; (ii) the measurement date for equity interests issued by the acquirer is the acquisition date instead of a few days before and after terms are agreed to and announced which may significantly change the amount recorded for the acquired business if share prices differ from the agreement and announcement date to the acquisition date; (iii) all future adjustments to income tax estimates will be recorded to income tax expense, whereas under the previous requirements, certain changes in income tax estimates were recorded to goodwill; (iv) acquisition related costs of the acquirer, including investment banking fees, legal fees, accounting fees, valuation fees and other professional or consulting fees will be expensed as incurred, whereas under the previous guidance these costs were capitalized as part of the business combination; (v) the assets acquired and liabilities assumed as part of a business combination, whether full, partial or step acquisition, result in all assets and liabilities recorded at 100% of fair value, whereas under the previous requirements only the controlling interest's portion is recorded at fair value; (vi) recognition of a bargain purchase gain when the fair value of the identifiable assets exceeds the purchase price, whereas under the previous guidance, the net book value of the identifiable assets would have been adjusted downward; and (vii) the non-controlling interest will be recorded at its share of fair value of net assets acquired, including its share of goodwill, whereas under previous guidance the non-controlling interest is recorded at its share of the carrying value of net assets acquired with no goodwill being allocated. The adoption of ASC 805 resulted in certain differences to the recording of the purchase equation compared to how it would have been recorded under previous guidance. Transaction costs of $636,075 have been expensed rather than capitalized into the purchase equation. In addition, the assessment of the measurement date may have been different and therefore have caused a different valuation of the consideration.

Effective August 1, 2009, we adopted ASC 810, *Consolidation*. ASC 810 establishes new accounting and reporting standards for the non-controlling interest in a subsidiary and for the deconsolidation of a subsidiary. ASC 810 is effective for fiscal years beginning on or after December 15, 2008. The adoption of ASC 810 did not have a material impact on the consolidated financial position, results of operations or cash flows.

Effective August 1, 2009, we adopted ASC 815, *Derivatives and Hedging*. ASC 815 requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of gains and losses on derivative instruments, disclosures about credit-risk-related contingent features in derivative agreements, disclosures by sellers of credit derivatives, including credit derivatives embedded in a hybrid instrument, and additional disclosure about the current status of the payment/performance risk of a guarantee. This statement is effective for financial statements issued for fiscal years beginning after November 15, 2008. The adoption of ASC 815 did not have a material impact on the consolidated financial position, results of operations or cash flows.

Effective August 1, 2009, we adopted ASC 350-30, *Intangibles - Goodwill and Other, General Intangibles Other than Goodwill* (formerly FAS 142-3). ASC 350-30 amends the factors that should be considered in developing the renewal or extension assumptions used to determine the useful life of a recognized intangible asset under ASC 350, *Intangibles - Goodwill and Other.* ASC 350-30 also requires expanded disclosure regarding the determination of intangible asset useful lives. ASC 350-30 is effective for fiscal years beginning after December 15, 2008. Earlier adoption was not permitted. The adoption of ASC 350-30 did not a material impact on the consolidated financial position, results of operations or cash flows.

Effective August 1, 2009, we adopted ASC 470-20, *Debt, Debt with Conversion and Other Options* (formerly APB Opinion No. 14-1). ASC 470-20 requires cash settled convertible debt to be separated into debt and equity components at issuance and a value to be assigned to each. The value assigned to the debt component is the estimated fair value, as of the issuance date, of a similar bond without the conversion feature. The difference between the bond

cash proceeds and this estimated fair value is recorded as a debt discount and amortized to interest expense over the life of the bond. ASC 470-20 is effective for fiscal years beginning after December 15, 2008. The adoption of ASC 470-20 did not have a material impact on the consolidated financial position, results of operations or cash flows.

Effective August 1, 2009, we adopted ASC 260-10, *Earnings per Share, General* (formerly EITF 03-6-1). ASC 260-10 addresses whether instruments granted in share-based payment transactions are participating securities prior to vesting and, therefore, need to be included in the earnings allocation in computing earnings per share under the two-class method as described in ASC 260, *Earnings per Share*. Under the guidance in ASC 260-10, unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and shall be included in the computation of earnings per share pursuant to the two-class method. ASC 260-10 is effective for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. All prior-period earnings per share amounts presented are adjusted retrospectively. The adoption of ASC 260-10 did not have a material impact on the consolidated financial position, results of operations or cash flows.

Effective August 1, 2009, we adopted ASC 815-40, *Derivatives and Hedging, Contracts in Entity's Own Equity* (formerly EITF 07-5). ASC 815-40 provides guidance for determining whether an equity-linked financial instrument (or embedded feature) is indexed to an entity's own stock. ASC 815-40 applies to any freestanding financial instrument or embedded feature that has all of the characteristics of a derivative or freestanding instrument that is potentially settled in an entity's own stock (with the exception of share-based payment awards within the scope of ASC 718). To meet the definition of "indexed to own stock," an instrument's contingent exercise provisions must not be based on (a) an observable market, other than the market for the issuer's stock (if applicable), or (b) an observable index, other than an index calculated or measured solely by reference to the issuer's own operations, and the variables that could affect the settlement amount must be inputs to the fair value of a "fixed-for-fixed" forward or option on equity shares. ASC 815-40 is effective for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. The adoption of ASC 815-40 did not have a material impact on the consolidated financial position, results of operations or cash flows.

Effective August 1, 2009, we adopted ASC 855, Subsequent Events. ASC 855 establishes general standards of accounting for and disclosures of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. It requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date. ASC 855 is effective for interim financial periods ending after June 15, 2009. The adoption of ASC 855 did not have a material impact on our consolidated financial statements.

In February 2010, the FASB issued ASU 2010-09, which amends ASC 855 to remove the requirement for an SEC filer to disclose a date in both issued and revised financial statements. Revised financial statements include financial statements revised as a result of either correction of an error or retrospective application of GAAP. All of the amendments in ASU 2010-09 are effective upon issuance of the final ASU, except for the use of the issued date for conduit debt obligors. That amendment is effective for interim or annual periods ending after June 15, 2010. The adoption of ASU 2010-09 did not have a material impact on the Company's consolidated financial statements.

Recent Accounting Pronouncements

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 will be effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. The Company does not expect the adoption of ASU 2009-06 to have a material impact on the consolidated financial statements.

In June 2009, the FASB issued ASU 2009-17 which amends the FASB Accounting Standards Codification for the issuance of FASB Statement No. 167, Amendments to FASB Interpretation No. 46(R). The amendments in this Accounting Standards Update replace the quantitative-based risks and rewards calculation for determining which reporting entity, if any, has a controlling financial interest in a variable interest entity with an approach focused on identifying which reporting entity has the power to direct the activities of a variable interest entity that most significantly impact the entity's economic performance and (1) the obligation to absorb losses of the entity or (2) the right to receive benefits from the entity. An approach that is expected to be primarily qualitative will be more effective for identifying which reporting entity has a controlling financial interest in a variable interest entity. The amendments in this Update also require additional disclosures about a reporting entity's involvement in variable interest entities, which will enhance the information provided to users of financial statements. The standard will be effective for the years beginning after November 19, 2009 and for interim periods within those fiscal years. The Company does not expect the adoption of ASU 2009-17 to 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 Company does not expect that this guidance will have a material impact on the consolidated financial statements.

ITEM 7A. 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 significant 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.

ITEM 8. FINANCIAL STATEMENTS

URANIUM ENERGY CORP.
(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

JULY 31, 2010

Reports of Independent Registered Public Accounting Firms

Consolidated Balance Sheets

Consolidated Statements of Operations

Consolidated Statements of Stockholders' Equity

Consolidated Statements of Cash Flows

Notes to the Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Uranium Energy Corp.

We have audited the accompanying consolidated balance sheets of Uranium Energy Corp. as of July 31, 2010 and 2009, and the related statements of operations, stockholders equity, and cash flows for the years ended July 31, 2010, July 31, 2009 and July 31, 2008. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Uranium Energy Corp. as at July 31, 2010 and 2009, and the results of its operations and its cash

flows for the years ended July 31, 2010, July 31, 2009 and July 31, 2008, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the consolidated financial statements, the Company adopted the guidance issued in Financial Accounting Standards Board ("FASB") Statement No. 141(R), "Business Combinations" (codified in FASB Accounting Standards Codification Topic 805, "Business Combinations") on August 1, 2009.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of July 31, 2010, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated October 12, 2010 expressed an unqualified opinion thereon.

Ernst & Young LLP

Vancouver, Canada
October 12, 2010

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Uranium Energy Corp

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We have audited Uranium Energy Corp.'s internal control over financial reporting as of July 31, 2010, based on criteria established in Internal Control--Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Uranium Energy Corp.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

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

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly

reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

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

In our opinion, Uranium Energy Corp. maintained, in all material respects, effective internal control over financial reporting as of July 31, 2010, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Uranium Energy Corp. as of July 31, 2010 and 2009, and the related statements of operations, stockholders equity, and cash flows for the years ended July 31, 2010, July 31, 2009 and July 31, 2008 and our report dated October 12, 2010 expressed an unqualified opinion thereon.

Ernst & Young LLP

Vancouver, British Columbia

October 12, 2010

URANIUM ENERGY CORP.

(An Exploration Stage Company)

CONSOLIDATED BALANCE SHEETS

COMMITMENTS AND CONTINGENCIES

(Note 14)
SUBSEQUENT EVENTS (Note 16)

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

URANIUM ENERGY CORP.

(An Exploration Stage Company)

CONSOLIDATED STATEMENTS OF OPERATIONS

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

URANIUM ENERGY CORP.

(An Exploration Stage Company)

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FROM MAY 16, 2003 (INCEPTION) TO JULY 31, 2010

URANIUM ENERGY CORP.

(An Exploration Stage Company)

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
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URANIUM ENERGY CORP.

(An Exploration Stage Company)

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FROM MAY 16, 2003 (INCEPTION) TO JULY 31, 2010

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URANIUM ENERGY CORP.

(An Exploration Stage Company)

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FROM MAY 16, 2003 (INCEPTION) TO JULY 31, 2010

All share amounts have been restated to reflect the 2:1 reverse stock split effective January 24, 2005 and the 1.5:1 forward stock split effective February 28, 2006.

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

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URANIUM ENERGY CORP.

(An Exploration Stage Company)

CONSOLIDATED STATEMENTS OF CASH FLOWS

SUPPLEMENTAL CASH FLOW INFORMATION AND
NONCASH INVESTING AND FINANCING ACTIVITIES

(Note 15)

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

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URANIUM ENERGY CORP.

(An Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JULY 31, 2010

NOTE 1: NATURE OF OPERATIONS

Uranium Energy Corp. (the "Company") was incorporated on May 16, 2003 in the State of Nevada. The Company owns a 100% interest in UEC Resources Ltd. ("UEC Resources"), a private company incorporated in the province of British Columbia, Canada on December 21, 2007. On December 18, 2009, the Company 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., a Texas limited liability partnership in the exploration stage of its mineral property development which has not established any proven mineral reserves on its existing properties. Additionally, on December 18, 2009 the Company contemporaneously acquired certain assets and liabilities from a third party including the remaining 1% interest in STMV.

Since November 1, 2004, the Company has acquired mineral leases or entered into joint venture agreements, directly or by way of option, for the purposes of exploring for economic deposits of uranium in the States of Arizona, Colorado, New Mexico, Texas, Utah, and Wyoming. As at July 31, 2010, the Company has interests in approximately 43,960 net acres of mineral properties which have been purchased, staked or leased.

The Company commenced operations on May 16, 2003 and has not realized any significant revenues since inception. As at July 31, 2010, the Company has working capital of $16,243,838 and an accumulated deficit of $68,382,133. Although existing cash resources are currently expected to provide sufficient funds through the upcoming year, the capital expenditures required to achieve planned principal operations may be substantial. The continuation of the Company as a going concern for a period of longer than the upcoming year is dependent upon the ability of the Company to obtain necessary financing to continue operations. The Company is in the exploration stage of its mineral property development and to date has not yet established any proven mineral reserves on its existing properties. The continued operations of the Company and the recoverability of the carrying value of its assets are ultimately dependent upon the ability of the Company to achieve profitable operations. To date, the Company has completed private placements and received funding through the exercise of stock options and share purchase warrants for net proceeds of $68,622,731 from the issuance of shares of the Company's common stock.

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 accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements include the accounts of Uranium Energy Corp. and its wholly-owned subsidiaries, UEC Resources Ltd., URN Texas GP, LLC, URN South Texas Project, Ltd. and 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 United States generally accepted accounting principles 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 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 databases. 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.

Mineral Property Costs

The Company is primarily engaged in the acquisition, exploration and development of mineral properties.

Mineral property acquisition costs are initially capitalized as tangible assets when purchased. The Company assesses the carrying costs for impairment when indicators of impairment exist. If proven and probable reserves are established for a property and it has been determined that a mineral property can be economically developed, costs will be amortized using the units-of-production method over the estimated life of the reserve.

Mineral property exploration and development costs are expensed as incurred until the establishment of economically viable reserves.

As of the date of these financial statements, the Company has yet to establish proven or probable reserves on any of its mineral properties.

Databases

Costs related to internally developed databases are expensed as incurred. Costs of acquired mineral property databases are capitalized upon acquisition. Mineral property databases are tested for impairment whenever events or changes

indicate the carrying value amount may not be recoverable. An impairment loss is recognized if it is determined that the carrying amount is not recoverable and exceeds fair value. Mineral property databases are amortized over five years using the straight-line method, which is the period over which management believes the asset will contribute to the Company's cash flows. Databases have been reclassified within 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. 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. Management has determined that the Company is not exposed to significant credit risk.

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 reflects the potential dilution of securities that could share in the earnings (loss) of the Company. The common shares potentially issuable on conversion of outstanding convertible debentures and exercise of 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 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. As at July 31, 2010, 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 and Equipment

Property and equipment are recorded at cost and are amortized using the straight-line method over their estimated useful lives at the following rates:

Computer equipment	3 years
Exploration equipment	5 years
Furniture and fixtures	5 years
Leasehold improvements	Term of lease
Vehicles	5 years

The Hobson uranium processing facility acquired pursuant to the STMV Acquisition is being prepared for use with the Company's Goliad and Palangana projects, and therefore not currently subject to amortization (refer to Note 4).

Recently Adopted Accounting Policies

Effective August 1, 2009, the Company adopted ASC 805, *Business Combinations* (formerly SFAS No. 141R, "Business Combinations"). Under ASC 805, an acquiring entity will be required to recognize all the assets acquired and liabilities assumed in a transaction at the acquisition-date fair value with limited exceptions. ASC 805 changes the accounting treatment and disclosure for certain specific items in a business combination. Under the new guidance, business acquisitions are accounted for under the "acquisition method", compared to the "purchase method" mandated previously. ASC 805 applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The more significant changes to the Company's accounting for business combinations that will result from applying the acquisition method include: (i) the definition of a business is broadened to include some development stage entities, and therefore more acquisitions may be accounted for as business combinations rather than asset acquisitions; (ii) the measurement date for equity interests issued by the acquirer is the acquisition date instead of a few days before and after terms are agreed to and announced which may significantly change the amount recorded for the acquired business if share prices differ from the agreement and announcement date to the acquisition date; (iii) all future adjustments to income tax estimates will be recorded to income tax expense, whereas under the previous requirements, certain changes in income tax estimates were recorded to goodwill; (iv) acquisition related costs of the acquirer, including investment banking fees, legal fees, accounting fees, valuation fees and other professional or consulting fees will be expensed as incurred, whereas under the previous guidance these costs were capitalized as part of the business combination; (v) the assets

acquired and liabilities assumed as part of a business combination, whether full, partial or step acquisition, result in all assets and liabilities recorded at 100% of fair value, whereas under the previous requirements only the controlling interest's portion is recorded at fair value; (vi) recognition of a bargain purchase gain when the fair value of the identifiable assets exceeds the purchase price, whereas under the previous guidance, the net book value of the identifiable assets would have been adjusted downward; and (vii) the non-controlling interest will be recorded at its share of fair value of net assets acquired, including its share of goodwill, whereas under previous guidance the non-controlling interest is recorded at its share of the carrying value of net assets acquired with no goodwill being allocated. The adoption of ASC 805 resulted in certain differences to the recording of the purchase equation compared to how it would have been recorded under previous guidance. Transaction costs of $636,075 have been expensed rather than capitalized into the purchase equation. In addition, the assessment of the measurement date may have been different and therefore have caused a different valuation of the consideration.

Effective August 1, 2009, the Company adopted ASC 810, *Consolidation* (formerly SFAS No. 160, "Non-controlling Interests in Consolidated Financial Statements - An Amendment of ARB No. 51"). ASC 810 establishes new accounting and reporting standards for the non-controlling interest in a subsidiary and for the deconsolidation of a subsidiary. The adoption of ASC 810 did not have a material impact on the consolidated financial position, results of operations or cash flows.

Effective August 1, 2009, the Company adopted ASC 815, *Derivatives and Hedging* (formerly SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities"). ASC 815 requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of gains and losses on derivative instruments, disclosures about credit-risk-related contingent features in derivative agreements, disclosures by sellers of credit derivatives, including credit derivatives embedded in a hybrid instrument, and additional disclosure about the current status of the payment/performance risk of a guarantee. The adoption of ASC 815 did not have a material impact on the consolidated financial position, results of operations or cash flows.

Effective August 1, 2009, the Company adopted ASC 350-30, *Intangibles - Goodwill and Other, General Intangibles Other than Goodwill* (formerly FAS 142-3, "Determination of Useful Life of Intangible Assets"). ASC 350-30 amends the factors that should be considered in developing the renewal or extension assumptions used to determine the useful life of a recognized intangible asset under ASC 350, *Intangibles - Goodwill and Other*. ASC 350-30 also requires expanded disclosure regarding the determination of intangible asset useful lives. The adoption of ASC 350-30 did not a material impact on the consolidated financial position, results of operations or cash flows.

Effective August 1, 2009, the Company adopted ASC 470-20, *Debt, Debt with Conversion and Other Options* (formerly APB Opinion No. 14-1, "Accounting for Convertible Debt Instruments that may be Settled in Cash upon Conversion (Including Partial Cash Settlement)"). ASC 470-20 requires cash settled convertible debt to be separated into debt and equity components at issuance and a value to be assigned to each. The value assigned to the debt component is the estimated fair value, as of the issuance date, of a similar bond without the conversion feature. The difference between the bond cash proceeds and this estimated fair value is recorded as a debt discount and amortized

to interest expense over the life of the bond. The adoption of ASC 470-20 did not have a material impact on the consolidated financial position, results of operations or cash flows.

Effective August 1, 2009, the Company adopted ASC 260-10, *Earnings per Share, General* (formerly EITF 03-6-1, "Determining Whether Instruments Granted in Share-Based Payment Transactions are Participating Securities"). ASC 260-10 addresses whether instruments granted in share-based payment transactions are participating securities prior to vesting and, therefore, need to be included in the earnings allocation in computing earnings per share under the two-class method as described in ASC 260, *Earnings per Share*. Under the guidance in ASC 260-10, unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and shall be included in the computation of earnings per share pursuant to the two-class method. The adoption of ASC 260-10 did not have a material impact on the consolidated financial position, results of operations or cash flows.

Effective August 1, 2009, the Company adopted ASC 815-40, *Derivatives and Hedging, Contracts in Entity's Own Equity* (formerly EITF 07-5, "Determining Whether an Instrument (or Embedded Feature) is Indexed to an Entity's Own Stock"). ASC 815-40 provides guidance for determining whether an equity-linked financial instrument (or embedded feature) is indexed to an entity's own stock. ASC 815-40 applies to any freestanding financial instrument or embedded feature that has all of the characteristics of a derivative or freestanding instrument that is potentially settled in an entity's own stock (with the exception of share-based payment awards within the scope of ASC 718). To meet the definition of "indexed to own stock," an instrument's contingent exercise provisions must not be based on (a) an observable market, other than the market for the issuer's stock (if applicable), or (b) an observable index, other than an index calculated or measured solely by reference to the issuer's own operations, and the variables that could affect the settlement amount must be inputs to the fair value of a "fixed-for-fixed" forward or option on equity shares. The adoption of ASC 815-40 did not have a material impact on the consolidated financial position, results of operations or cash flows.

Effective August 1, 2009, the Company adopted ASC 855, *Subsequent Events*. ASC 855 establishes general standards of accounting for and disclosures of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. It requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date. ASC 855 is effective for interim financial periods ending after June 15, 2009. The adoption of ASC 855 did not have a material impact on the Company's consolidated financial statements.

In February 2010, the FASB issued ASU 2010-09, which amends ASC 855 to remove the requirement for and SEC filer to disclose a date in both issued and revised financial statements. Revised financial statements include financial statements revised as a result of either correction of an error or retrospective application of GAAP. All of the amendments in ASU 2010-09 are effective upon issuance of the final ASU, except for the use of the issued date for conduit debt obligors. That amendment is effective for interim or annual periods ending after June 15, 2010. The adoption of ASU 2010-09 did not have a material impact on the Company's consolidated financial statements.

Recent Accounting Pronouncements

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 Company does not expect the adoption of ASU 2009-06 to have a material impact on the consolidated financial statements.

In June 2009, the FASB issued ASU 2009-17 which amends the FASB Accounting Standards Codification for the issuance of FASB Statement No. 167, Amendments to FASB Interpretation No. 46(R). The amendments in this Accounting Standards Update replace the quantitative-based risks and rewards calculation for determining which reporting entity, if any, has a controlling financial interest in a variable interest entity with an approach focused on identifying which reporting entity has the power to direct the activities of a variable interest entity that most significantly impact the entity's economic performance and (1) the obligation to absorb losses of the entity or (2) the right to receive benefits from the entity. An approach that is expected to be primarily qualitative will be more effective for identifying which reporting entity has a controlling financial interest in a variable interest entity. The amendments in this Update also require additional disclosures about a reporting entity's involvement in variable interest entities, which will enhance the information provided to users of financial statements. The standard is effective for the years beginning after November 19, 2009 and for interim periods within those fiscal years. The Company does not expect the adoption of ASU 2009-17 to 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 Company does not expect that this guidance will have a material impact on the consolidated financial statements.

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NOTE 3: 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. During the year ended July 31, 2010 the Company deposited $233,275 to be held in trust for the Texas Commission on Environmental Quality ("TCEQ") in conjunction with the STMV Acquisition. Additionally, an amount of $2,497,000 held in trust for the TCEQ was assigned to the Company as a component of the STMV Acquisition (refer to Note 4). Reclamation

deposits totaling $11,034 are held in trust for the States of Arizona and Wyoming collectively.

NOTE 4: ACQUISITIONS

On December 18, 2009, the Company completed the acquisition of a 100% ownership interest in STMV, from each of URN Resources Inc. ("URN"), a subsidiary of Uranium One Inc., and Everest Exploration, Inc. ("Everest").

The Company purchased from URN, all of the outstanding securities of URN Texas GP, LLC and URN South Texas Project, Ltd., the 99% joint venture partner of STMV, in exchange for 2,500,000 shares of restricted common stock of the Company. The shares issued to URN are subject to a registration rights agreement which restricts the number of shares that can be sold over a 240-day period following the closing date. Under the terms of the registration rights agreement, URN may sell up to 1/6 of the registerable securities during the first 90 days following the closing date, and an additional 1/6 each subsequent 30 day period.

The Company contemporaneously acquired certain assets and liabilities of Everest including Everest's 1% interest in STMV, Everest's agreement to cancel its prior royalty interest applicable to STMV and Everest's agreement to allow the Company to continue to rent or lease certain equipment being used in connection with the same. The liabilities assumed as part of the Everest transaction consisted of reclamation obligations for the Tex-1 and Mount Lucas Uranium Projects, which are depleted past producing mining sites located in Texas. The consideration for the Everest net assets was:

i. 200,000 shares of restricted common stock of the Company;

ii. a cash payment of $1,000,000;

iii. a further cash payment of any funds remaining from the proposed $2,200,000 of reclamation funds devoted to the reclamation of the Tex-1 and Mount Lucas Uranium Projects, subsequent to the successful completion of the reclamation work; and

iv. the entering into of two agreements with Everest principals providing for cash payments aggregating $80,000 and stock issuances for an aggregate of 110,000 restricted shares of the Company's common stock valued at $389,400, of which 55,000 have been issued to date and 55,000 ($194,700) has been recorded as share issuance obligations. The fair value of the shares and cash has been included as consideration of the transaction and is not considered compensation costs for services.

The Company has determined that these transactions are related and together ("the STMV Acquisition") represents a business combination with the Company identified as the acquirer. The functional currency of this operation is the United States dollar. The common shares of the Company have been valued at $3.54 per share, the average share price of the Company as traded on December 18th, 2009, the acquisition date.

The tables below present the purchase cost and the allocation of the purchase price with respect to the valuation of individual asset groups and determination of tax values of the assets and liabilities acquired. For the purposes of these consolidated financial statements, the purchase consideration has been allocated to the fair value of assets acquired and liabilities assumed, based on management's best estimates and all available information at the time of the STMV Acquisition.

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No amount is expected to be refunded for reclamation funds for the Tex-1 and Mount Lucas uranium projects as total costs are estimated to exceed $2,200,000.

The revenues and expenses from the STMV Acquisition have been included in the Company's consolidated statements of income from December 18, 2009 through July 31, 2010. The STMV Acquisition increased operating expenses for the period from December 18, 2009 to July 31, 2010 by approximately $5.8 million, of which $391,061 was recorded as stock based compensation. Additionally, the Company has incurred $636,075 in transaction related costs for the year ended July 31, 2010.

If the business combination had taken place at August 1, 2008, the revenues would be $Nil for all periods and the net loss would be $19,491,767 and $25,089,191 for the years ended July 31, 2009 and 2010 respectively (unaudited).

NOTE 5: AVAILABLE-FOR-SALE SECURITIES

Available-for-sale securities consist of shares in a publicly traded uranium exploration companies listed on the TSX Venture and Australian Stock Exchanges. During the year ended July 31, 2010, the Company accumulated an unrealized gain of $4,848 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. Based on the following inputs at July 31, 2010, the fair values of the Company's available-for-sale securities are:

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NOTE 6: MINERAL RIGHTS AND PROPERTIES

Uranium Exploration

Since November 1, 2004, the Company has been acquiring mineral leases for the purpose of exploring for economic deposits of uranium in the states of Arizona, Colorado, New Mexico, Texas, Utah, and Wyoming.

As of July 31, 2010, a total of 50,253 gross acres (43,960 net mineral acres) of mineral properties have been staked, leased or optioned pursuant to agreements by the Company in the States of Arizona, Colorado, New Mexico, Texas, Utah, and Wyoming for the purposes of uranium exploration for a net total cost of $13,674,400 including $8,249,750 representing the fair value of non-cash compensation and $3,911,800 representing the fair value allocation of Palangana as a component of the STMV Acquisition. These leases are subject to varying royalty interests, some of which are indexed to the sale price of uranium. As of July 31, 2010, total yearly recurring maintenance payments of approximately $612,000 are required to maintain existing mineral leases.

Hobson Processing Facility

On December 18, 2009, the Company completed the STMV Acquisition which included the Hobson Processing Facility ("Hobson"). Hobson is located about 100 miles northwest of Corpus Christi in Karnes County, Texas. Hobson was originally licensed and constructed in 1978, and was subsequently refurbished and expanded to a drying and packaging capacity of 2,500,000 pounds of U_3O_8 per year in Q3 2008. Hobson's capacity can be doubled with the installation of a second and larger vacuum dryer.

The facility at Hobson is designed to process uranium-loaded resins from satellite facilities to a final product commonly known as yellowcake or U_3O_8. By utilizing the Hobson facility as a central processing site, the Company's near-term plan is to have Goliad, and potentially Nichols and Palangana, in-situ recovery ("ISR") production processed at Hobson rather than to construct a new processing plant at Goliad. The Company's Goliad and Nichols projects are located 40 miles east and 5 miles southwest of Hobson, respectively.

Palangana Project

On December 18, 2009, the Company acquired Palangana through its acquisition of STMV (refer to Note 4). Palangana had an estimated fair value of $3,911,800 at the time of acquisition. The Palangana Project is a prior-producing, ISR project located in the South Texas uranium belt. The 2,500 hectare (6,200 acre) property is

located approximately 100 miles south of the Hobson processing facility.

Goliad Project

On October 11, 2005, the Company entered into a mineral asset option agreement (the "Moore Option") granting the Company the option to acquire certain mineral property leases in the State of Texas for total consideration of $200,000 and 3,000,000 post-split restricted common shares at a fair value of $0.33 per share. In consideration for the Moore Option and its partial exercise over the option term, the Company has made cash payments totaling $200,000 and issued 3,000,000 post-split shares of restricted common stock. Upon completion of the terms of the Moore Option, title to the leases were transferred to the Company.

Acquisition costs for the Moore Option total $8,407,500 as of July 31, 2010 and include the following: (i) cash payments of $200,000, (ii) 750,000 restricted common shares issued on October 11, 2005 with a fair value of $250,000, (iii) 500,000 restricted common shares issued on April 10, 2006 with a fair value of $1,150,000, (iv) 250,000 restricted common shares issued on September 28, 2006 with a fair value of $462,500, (v) 750,000 restricted common shares issued on October 10, 2006 with a fair value of $975,000, and (vi) 750,000 restricted common shares issued on April 11, 2007 with a fair value of $5,370,000. Additionally, the Company has incurred $281,627 in other mineral right and property acquisition charges on the Goliad project, for a cumulative cost of $8,689,127 as of July 31, 2010.

Cibola Resources LLC

On April 27, 2007, with a reference date of April 26, 2007, the Company entered into a joint venture with Neutron Energy Inc. ("NEI"), a Wyoming corporation, in connection with the exploration of a property covering 6,717 acres located in Cibola County, New Mexico (the "Property") for uranium resources. In connection with the joint venture, Cibola Resources LLC ("Cibola"), a limited liability company under the laws of the State of Delaware, was formed to undertake the exploration activities as contemplated by the parties.

On November 5, 2009, as amended December 29, 2009, the Company entered into an option agreement with Neutron, granting Neutron the exclusive option (the "Option") to purchase and acquire its 49% interest in Cibola Resources, LLC for a cash payment of $11,000,000. The terms of the agreement required Neutron to provide written notice of its intention to exercise the Option by March 31, 2010 with closing completed by April 12, 2010. Neutron was also required to fund the joint venture's obligations for the months of August 2009 through to March 2010.

Effective March 30, 2010, Neutron exercised its option to acquire the Company's 49% interest in Cibola Resources, LLC for a cash payment of $11,000,000. As at March 30, 2010, the Company had capitalized mineral property acquisitions of $2,465,919 net of amortization (July 31, 2009 - $2,469,595), relating to Cibola Resources, LLC and accordingly, recorded an $8,534,081 gain on the sale of assets which is reported as discontinued operations.

New River Project

Effective November 1, 2007, the Company entered into a letter agreement to purchase assets, whereby the Company acquired certain mineral exploration claims located in Maricopa County, Arizona, together with database records containing material information regarding the certain mineral claims. On August 25, 2008, the Company entered into an agreement amending the underlying purchase agreement. Under the terms of the amending agreement, the Company will pay an aggregate sum of $300,000, of which $88,000 may be paid with the issuance of restricted common stock.

On January 25, 2010, the Company agreed to amend the August 25, 2008 Amending Agreement. The Company agreed to pay a further and final non-refundable Purchase Price Payment in the aggregate amount equivalent to $65,000 payable in the following manner; i) the initial $30,000 of the Purchase Price Payment by way of cash (paid); and ii) the final balance of $35,000 of this Purchase Price Payment by way of the issuance 10,448 fully paid and non-assessable restricted common shares at deemed issuance price of U.S. $3.35 per Share (issued).

At July 31, 2010, the Company has made cumulative payments of $265,000 consisting of $192,000 in cash and the issuance of 29,448 restricted common shares. At the time of issuance, these restricted common shares had a fair value of $42,250, resulting in capitalized total charges of $234,250.

Additionally, the Company has incurred $23,000 in other mineral right and property acquisition charges on the New River project, for a cumulative cost of $257,250 as at July 31 2010.

F-33 Acquisition and Uran Joint Venture (Todilto)

On November 13, 2007, the Company entered into an agreement to acquire certain mineral property leases located in Cibola County, New Mexico for total consideration of $400,000. Under the terms of the agreement, the Company paid an initial deposit of $100,000 upon closing with the remaining balance due in three installments of $100,000 due on March 31, 2008 (paid), December 31, 2008, and December 31, 2009. At the Company's option, the final two installments may be paid in stock, based on the average trading price of its common stock over the 10 days immediately preceding the due date. On December 12, 2008, the Company entered into an agreement amending the aforementioned underlying agreement to acquire mineral leases to the following: $5,000 on or before December 31, 2008 (paid) and $45,000 on or before December 31, 2009 (paid).

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 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 of 2009 in accordance with terms of the Agreement. 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 (received); (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 5 year option period; (c) completing a feasibility study; and (d) issuing and delivering an initial 1,000,000 Uran ordinary shares to the Company (received) plus issue a further 750,000 shares per year over the next 3 years for total aggregate issuance of 3,250,000 Uran ordinary shares. Uran can withdraw from the Agreement after expenditures of $250,000.

Additionally, the Company has incurred $91,203 in other mineral right and property acquisition charges on the Todilto project, for a cumulative cost of $341,203 as at July 31, 2010. Pursuant to the Uran joint venture agreement, the Company received a cash payment of $75,000 and 1,000,000 ordinary shares of Uran Limited with a fair value of $17,600 on the date of receipt during fiscal 2009. During fiscal 2010, the Company received an additional 750,000 shares with an estimated fair value of $13,509 on the date of receipt. Accordingly, cumulative acquisition costs have been reduced by $106,109 as of July 31, 2010.

Holley Option

On March 28, 2007 the Company entered into a letter option agreement (the "Holley Option") granting the Company the option to acquire certain mineral property leases, which are located in the States of Colorado, New Mexico, and Utah, together with certain historical database records for total consideration of $1,594,690. During the year ended July 31, 2009, the Company decided to terminate the Holley Option. Accordingly, $1,176,748 in mineral rights and properties were written down.

Mineral rights and properties acquisition costs consist of the following:

Through July 31, 2010, the Company has recorded an impairment loss of $1,570,108 (July 31, 2009 - $1,526,508) on cumulative acquisition costs of $15,444,508 (July 31, 2009 - $13,672,137).

Mineral property exploration costs on a regional basis are as follows:

Year Ended July	Year Ended July	Year Ended July	For the Period From May

31, 2010	31, 2009	31, 2008	16, 2003 (inception) to July 31, 2010

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NOTE 7: DATABASES

Database acquisition costs consist of the following:

NOTE 8: LAND USE AGREEMENTS

Land use acquisition costs, including right of way and easement agreements consist of the following:

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NOTE 9: PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment acquisition costs consist of the following:

NOTE 10: DUE TO RELATED PARTIES AND RELATED PARTY TRANSACTIONS

During the year ended July 31, 2010, the Company had transactions with certain officers and directors of the Company as follows:

a. incurred $1,251,853 (2009 - $744,684, 2008 - $791,695) in management fees paid to directors and officers during the period, of which $77,141 (2009 - $39,781) is outstanding as at July 31, 2010 and reported as due to related parties;

b. incurred $1,986,564 (2009 - $262,500, 2008 - $2,019,250) in stock based compensation for the incremental fair value of options granted to directors and officers; and

c. incurred $151,797 (2009 - $108,873, 2008 - $186,986) in general and administrative costs paid to companies controlled by a direct family member of a current officer.

d. on August 28, 2009, the Company entered into a non-arms length consulting agreement with a company controlled and/or managed by a director. Under the terms of the agreement, the Company issued as fully paid and non-assessable, 300,000 restricted common shares. The $777,000 fair value of the issuance was recorded as stock-based consulting fees.

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 arms length consideration payable for similar services or transfers.

NOTE 11: ASSET RETIREMENT OBLIGATIONS

The Company's asset retirement obligations ("ARO") in regards to the Hobson facility, the Palangana, Mt. Lucas and Tex-1 projects relates to site restoration (refer to Note 4).

July 31, 2010	July 31, 2009

Actual retirement costs will be recorded against the ARO when incurred. Any difference between the recorded ARO and the actual retirement costs incurred will be recorded as a gain or loss in the period of settlement

NOTE 12: CAPITAL STOCK

Capital Stock

The Company's capital stock as at July 31, 2010 was 750,000,000 authorized common shares, with a par value of $0.001 per share.

2010 Share Transactions

On August 28, 2009, the Company issued 300,000 restricted common shares pursuant to a consulting agreement. At the time of issuance, the shares had a value of $2.59 per share and $777,000 was recorded as stock based consulting fees.

On December 18, 2009, the Company issued 2,500,000 restricted common shares pursuant to the securities purchase agreement component of the STMV Acquisition. Additionally, on December 18, 2009, the Company issued 200,000 restricted common shares pursuant to the asset purchase agreement component and 55,000 restricted common shares pursuant to the consulting service agreements component of the STMV Acquisition (refer to Note 4). In accordance with the terms of the consulting service agreements, the Company is obligated to issue an additional 55,000 shares of restricted common stock which has been recorded as a stock issuance obligation. At the time of issuance the total aggregate amount of shares pursuant to the STMV Acquisition had a value of $3.54 per share and $9,947,400 was recorded as stock based acquisition costs.

On February 8, 2010, the Company issued 10,448 restricted common shares pursuant to an asset purchase agreement. At the time of issuance, the shares had a value of $3.08 per share and $32,180 was recorded as stock-based mineral rights and property acquisitions.

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On January 6, 2010, the Company issued 55,136 restricted common shares pursuant to a year-end bonus plan. At the time of issuance the shares had a fair value of $3.66 per share and $201,798 was recorded as stock based consulting, management fees and wages.

During the year ended July 31, 2010, the Company issued 578,632 restricted common shares pursuant to various service agreements. At the time of the issuances, the shares had values ranging from $2.17 to $3.72 per share, and a cumulative total of $840,085 was recorded as stock based consulting fees.

During the year ended July 31, 2010, the Company issued 928,391 shares for net proceeds of $452,026 pursuant to the exercise of 946,750 common stock options of which 114,750 options were exercised on a forfeiture basis resulting in 96,391 net shares being issued. Additionally, a total of 223,461 warrants were exercised for aggregate proceeds of $692,729.

2009 Share Transactions

On October 23, 2008, the Company issued 19,000 fully vested restricted common shares pursuant to an asset purchase agreement (refer to Note 6). At the time of issuance, the shares had a value of $0.53 per share and $10,070 was recorded as stock-based mineral rights and properties acquisitions.

On December 5, 2008, the Company issued 25,000 fully vested restricted common shares pursuant to a land use agreement. At the time of issuance, the shares had a value of $0.21 per share and $5,250 was recorded as stock-based land use agreements.

On June 26, 2009, the Company completed a private placement in the aggregate amount of 9,299,834 Units at a subscription price of $2.40 for gross proceeds to the Company of $22,319,602. Each Unit is comprised of one common share and one half of one transferable share purchase warrant of the Company. Each whole warrant entitles the holder to purchase an additional common share of the Company for a period of two years from the date of issuance at an exercise price of $3.10 per share. The Company agreed to file the Registration Statement with the SEC within 10 calendar days following the Closing Date, and to cause the Registration Statement to be declared effective by the SEC within two months from the Closing Date herein. The Registration Statement was declared effective on August 20, 2009.

During the year ended July 31, 2009, the Company issued 302,528 restricted common shares pursuant to various service agreements. At the time of the issuances, the shares had values ranging from $0.47 to $3.14 per share, and a cumulative total of $497,976 was recorded as stock based consulting fees.

During the year ended July 31, 2009, a total of 217,500 common stock options were exercised for proceeds of $79,573.

2008 Share Transactions

On December 12, 2007, the Company completed a private placement in the amount of 1,800,000 Units at a subscription price of $3.75 for gross proceeds to the Company of $6,750,000. Each Unit is comprised of one common share and one non-transferable share purchase warrant of the Company. Each warrant entitles the holder to purchase

an additional common share of the Company for a period of one year from the date of issuance at an exercise price of $4.25 per share.

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. As of July 31, 2008, 1,755,060 additional warrants could be issuable as liquidated damages through the three year period expiring December 12, 2010.

On May 22, 2008, the Company issued 11,500 restricted common shares pursuant to a right of way and easement agreement. At the time of issuance, the shares had a value of $2.48 per share and $28,520 was recorded as a stock-based asset acquisition to be amortized over the term of the agreement.

On July 7, 2008 and July 18, 2008, the Company completed private placements in the aggregate amount of 6,476,916 Units at a subscription price of $2.40 for gross proceeds to the Company of $15,544,600. Each Unit is comprised of one common share and one half of one non-transferable share purchase warrant of the Company. Each whole warrant entitles the holder to purchase an additional common share of the Company for a period of one year from the date of issuance at an exercise price of $3.10 per share.

The July 7, 2008 and July 18, 2008 private placements included a registration rights agreement, requiring a registration statement respecting the investors' securities within the Company declared effective by the SEC by September 25, 2008. 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 two years from the original date of issuance. If the Company fails to maintain the effectiveness of the registration statement for the two 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. As of July 31, 2008, 3,419,812 additional warrants could be issuable as liquidated damages through the two year period expiring July 7, 2010 and July 18, 2010.

During the year ended July 31, 2008, the Company issued 40,000 restricted common shares and recorded an obligation to issue 7.500 restricted common share pursuant to various service agreements. At the time of the issuances, the shares had values ranging from $2.06 to $4.46 per share, and a cumulative total of $134,600 was recorded as stock based consulting fees.

During the year ended July 31, 2008, 48,235 common share purchase warrants were exercised for total proceeds of $137,755 and 330,000 common stock options were exercised for total proceeds of $206,590.

Share Purchase Warrants

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 is 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 exercise price of $4.25, 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%. As at July 31, 2010, 337,400 additional warrants could be issuable as liquidated damages through the three year period expiring December 12, 2010.

The July 7, 2008 and July 18, 2008 private placements included a registration rights agreement, requiring a registration statement respecting the investors' securities within the Company declared effective by the SEC by September 25, 2008. 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 two years from the original date of issuance. If the Company fails to maintain the effectiveness of the registration statement for the two 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 July 2008 private placement is no longer effective. On March 1, 2010, the Company issued 155,446 warrants to 45 of its

existing security holders as liquidated damages pursuant to the terms of registration rights agreements between the Company and such security holders. The $371,516 fair value of these warrants was recorded as finance charges and estimated using the Black-Scholes option pricing model with an exercise price of $3.10, 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%. As at July 31, 2010 no additional warrants could be issuable as liquidated damages through the two year period expiring July 7, 2010 and July 18, 2010.

On July 23, 2009 the Company issued 50,000 warrants at an exercise price of $1.95 per share pursuant to two land use agreements. The term of these warrants is five years. The fair value of these warrants at the date of grant was estimated using the Black-Scholes option pricing model with an expected life of 5 years, a risk free interest rate of 1.08%, a dividend yield of 0%, and an expected volatility of 117%. Accordingly, $117,000 was recorded as stock based land use agreements.

A summary of the Company's common share purchase warrants as of July 31, 2010 and changes during the period is presented below:

The aggregate intrinsic value ("AIV") under the provisions of ASC 718 of the 500,000 compensation warrants previously issued to consultants as at July 31, 2010 was estimated at $885,000.

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 shares. 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 its 2009 Stock Incentive Plan whereby, the number of common shares available for issuance under the Plan was increased from 5,000,000 shares to 7,000,000 shares.

On November 7, 2008 a total of 240,000 stock options were granted to consultants and an employee at an exercise price of $0.95 per share. The term of these options is ten years. The $57,600 fair value of these options was estimated using the Black-Scholes option pricing model with an expected life of 5 years, a risk free interest rate of 0.28%, a

dividend yield of 0%, and an expected volatility of 105.16%. Unvested stock options issued to consultants are revalued at each reporting period.

On January 14, 2009 a total of 20,000 stock options were granted to a consultant at an exercise price of $0.45 per share. The term of these options is ten years. The $7,400 fair value of these options was estimated using the Black-Scholes option pricing model with an expected life of 5 years, a risk free interest rate of 0.10%, a dividend yield of 0%, and an expected volatility of 136.59%. Unvested stock options issued to consultants are revalued at each reporting period.

On November 1, 2008, December 19, 2008 and January 14, 2009 the Company approved the repricing of certain stock options issued to consultants, management and employees. On November 1, 2008 options with exercise prices ranging from $2.35 to $5.70 per share were repriced to $0.95 per share. The fair value of the repricing was estimated using the Black-Scholes option pricing model with an expected life ranging from 3.2 to 4.6 years, a risk free interest rate of 0.24%, a dividend yield of 0%, and an expected volatility of 105%. On December 19, 2008 options with exercise prices ranging from $0.95 to $3.80 per share were repriced to $0.45 per share. The fair value of the repricing was estimated using the Black-Scholes option pricing model with an expected life ranging from 2.9 to 4.9 years, a risk free interest rate of 0.11%, a dividend yield of 0%, and an expected volatility of 117%. On January 14, 2009 options with an exercise price of $0.95 per share were repriced to $0.45 per share. The fair value of the repricing was estimated using the Black-Scholes option pricing model with an expected life of 4.8 years, a risk free interest rate of 0.10%, a dividend yield of 0%, and an expected volatility of 137%.

On February 5, 2009 a total of 50,000 stock options were granted to a consultant at an exercise price of $0.46 per share. The term of these options is ten years. The $18,500 fair value of these options was estimated using the Black-Scholes option pricing model with an expected life of 5 years, a risk free interest rate of 0.23%, a dividend yield of 0%, and an expected volatility of 113.08%. Unvested stock options issued to consultants are revalued at each reporting period.

On March 30, 2009 a total of 25,000 stock options were granted to a consultant at an exercise price of $0.56 per share. The term of these options is ten years. The $10,750 fair value of these options was estimated using the Black-Scholes option pricing model with an expected life of 5 years, a risk free interest rate of 0.16%, a dividend yield of 0%, and an expected volatility of 107.02%. Unvested stock options issued to consultants are revalued at each reporting period.

On May 8, 2009 a total of 155,000 stock options were granted to consultants, management and employees at an exercise price of $1.50 per share. The term of these options is ten years. The $190,650 fair value of these options was estimated using the Black-Scholes option pricing model with an expected life of 5 years, a risk free interest rate of 0.17%, a dividend yield of 0%, and an expected volatility of 119.53%. Unvested stock options issued to consultants are revalued at each reporting period.

On August 26, 2009, a total of 1,852,500 stock options were granted to consultants, management and employees at an exercise price of $2.40 per share. The term of these options is ten years. The $3,630,900 fair value of these options was estimated using the Black-Scholes option pricing model with an expected life of 5 years, a risk free interest rate of 1.06%, a dividend yield of 0%, and an expected volatility of 117.80%. Unvested stock options issued to consultants are revalued at each reporting period.

On August 27, 2009, a total of 100,000 stock options were granted to a consultant at an exercise price of $2.49 per share. The term of these options is ten years. The $203,000 fair value of these options was estimated using the Black-Scholes option pricing model with an expected life of 5 years, a risk free interest rate of 1.22%, a dividend yield of 0%, and an expected volatility of 106.85%. Unvested stock options issued to consultants are revalued at each reporting period.

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On September 9, 2009, a total of 50,000 stock options were granted to a consultant at an exercise price of $2.82 per share. The term of these options is ten years. The $121,000 fair value of these options was estimated using the Black-Scholes option pricing model with an expected life of 5 years, a risk free interest rate of 0.93%, a dividend yield of 0%, and an expected volatility of 118.15%. Unvested stock options issued to consultants are revalued at each reporting period.

On September 29, 2009, a total of 50,000 stock options were granted to a consultant at an exercise price of $2.94 per share. The term of these options is ten years. The $116,500 fair value of these options was estimated using the Black-Scholes option pricing model with an expected life of 5 years, a risk free interest rate of 1.00%, a dividend yield of 0%, and an expected volatility of 111.66%. Unvested stock options issued to consultants are revalued at each reporting period.

On December 30, 2009, a total of 260,000 stock options were granted to employees at an exercise price of $3.67 per share. The term of these options is ten years. The $758,021 fair value of these options was estimated using the Black-Scholes option pricing model with an expected life of 5 years, a risk free interest rate of 2.61%, a dividend yield of 0%, and an expected volatility of 109.79%.

On January 28, 2010, a total of 75,000 stock options were granted to a consultant at an exercise price of $2.94 per share. The term of these options is ten years. The $175,516 fair value of these options was estimated using the Black-Scholes option pricing model with an expected life of 5 years, a risk free interest rate of 2.41%, a dividend yield of 0%, and an expected volatility of 108.69%.

On February 18, 2010, a total of 100,000 stock options were granted to a consultant at an exercise price of $3.75 per share. The term of these options is ten years. The $295,335 fair value of these options was estimated using the Black-Scholes option pricing model with an expected life of 5 years, a risk free interest rate of 2.46%, a dividend yield of 0%, and an expected volatility of 108.27%.

On March 1, 2010, a total of 20,000 stock options were granted to an employee at an exercise price of $3.72 per share. The term of these options is ten years. The $58,382 fair value of these options was estimated using the Black-Scholes option pricing model with an expected life of 5 years, a risk free interest rate of 2.28%, a dividend yield of 0%, and an expected volatility of 107.81%.

On April 1, 2010, a total of 20,000 stock options were granted to an employee at an exercise price of $3.22 per share. The term of these options is ten years. The $50,397 fair value of these options was estimated using the Black-Scholes option pricing model with an expected life of 5 years, a risk free interest rate of 2.59%, a dividend yield of 0%, and an expected volatility of 106.86%.

On May 7, 2010, a total of 215,000 stock options were granted to consultants, and employees at an exercise price of $2.75 per share. The term of these options is ten years. The $458,088 fair value of these options was estimated using the Black-Scholes option pricing model with an expected life of 5 years, a risk free interest rate of 2.17%, a dividend

yield of 0%, and an expected volatility of 105.56%.

On May 21, 2010, a total of 30,000 stock options were granted to an employee at an exercise price of $2.67 per share. The term of these options is ten years. The $61,960 fair value of these options was estimated using the Black-Scholes option pricing model with an expected life of 5 years, a risk free interest rate of 2.02%, a dividend yield of 0%, and an expected volatility of 105.47%.

On June 14, 2010, a total of 100,000 stock options were granted to a consultant at an exercise price of $2.85 per share. The term of these options is ten years. The $219,803 fair value of these options was estimated using the Black-Scholes option pricing model with an expected life of 5 years, a risk free interest rate of 2.07%, a dividend yield of 0%, and an expected volatility of 104.86%.

On June 28, 2010, a total of 25,000 stock options were granted to a consultant at an exercise price of $2.52 per share. The term of these options is ten years. The $48,418 fair value of these options was estimated using the Black-Scholes option pricing model with an expected life of 5 years, a risk free interest rate of 1.83%, a dividend yield of 0%, and an expected volatility of 104.56%.

A summary of the Company's stock options as of July 31, 2010 and changes during the period is presented below:

The AIV under the provisions of ASC 718 of all outstanding options at July 31, 2010 was estimated at $10,080,333. Additionally, the AIV of options exercised during the year ended July 31, 2010 was estimated at $2,694,960.

A summary of options outstanding and exercisable as at July 31, 2010:

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Stock Based Compensation

A summary of stock based compensation expense for the year ended July 31, 2010:

Year Ended July 31, 2010	Year Ended July 31, 2009	Year Ended July 31, 2008	For the Period From May 16, 2003 (inception) to July 31, 2010

NOTE 13: INCOME TAXES

As of July 31, 2010, the Company had United States and Canadian net operating loss carry forwards of approximately $29.2 million and CDN $3.3 million, respectively, that may be available to reduce future years' taxable income. These carry forwards will begin to expire, if not utilized, commencing in 2023. Future tax benefits which may arise as a result of these losses have not been recognized in these financial statements, as their realization is determined not likely to occur and accordingly, the Company has recorded a valuation allowance for the deferred tax asset relating to these tax loss carry forwards.

The Company's policy is to accrue any interest and penalties related to unrecognized tax benefits in its provision for income taxes. Additionally, FIN 48 requires that a company recognize in its financial statements the impact of a tax position that is more likely than not to be sustained upon examination based on the technical merits of the position. The Company has incurred taxable losses for all tax years since inception and accordingly, no provision for taxes has been recorded for the current or any prior fiscal year.

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

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

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

Year Ended July 31, 2010	Year Ended July 31, 2009	Year Ended July 31, 2008

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

The Company's deferred tax assets are as follows:

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

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The Company's United States net operating loss carryforwards expire as follows:

July 31, 2023	$ 24,132
July 31, 2024	71,997
July 31, 2025	351,073
July 31, 2026	5,448,706
July 31, 2027	3,480,580
July 31, 2028	7,783,647
July 31, 2029	7,087,416
July 31, 2030	5,005,415
	$ 29,252,966

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

The Company's Canadian net operating loss carryforwards in Canadian dollars expire as follows:

July 31, 2028	$ 221,937
July 31, 2029	400,663
July 31, 2030	2,661,203
	$ 3,283,803

NOTE 14: COMMITMENTS AND CONTINGENCIES

The Company is currently leasing office premises in New Mexico, Texas and Vancouver, B.C., Canada with total monthly payments of $16,500. All office lease 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 lease and purchase payments over the next five years are as follows:

July 31, 2011	$ 237,670
July 31, 2012	118,208
July 31, 2013	8,764
	$ 364,642

The Company is committed to pay its key executives a total of approximately $639,000 per year for management services.

NOTE 15: SUPPLEMENTAL CASH FLOW INFORMATION AND NON-CASH INVESTING AND FINANCING ACTIVITIES

On December 18, 2009, the Company issued 2,500,000 fully vested restricted common shares pursuant to the securities purchase agreement component of the STMV Acquisition. Additionally, on December 18, 2009, the Company issued 200,000 restricted common shares pursuant to the asset purchase agreement component and 55,000 restricted common shares pursuant to the consulting service agreements components of the STMV Acquisition (refer to Note 4). In accordance with the terms of the consulting service agreements, the Company is obligated to issue an additional 55,000 shares of restricted common stock which has been recorded as a stock issuance obligation. At the time of issuance the aggregate amount of shares pursuant to the STMV Acquisition had a value of $3.54 per share and $9,947,400 was recorded as stock based acquisition costs.

On February 8, 2010, the Company issued 10,448 restricted common shares pursuant to an asset purchase agreement. At the time of issuance, the shares had a value of $3.08 per share and $32,180 was recorded as stock-based mineral rights and property acquisitions.

Other non-cash adjustments consist of the following:

NOTE 16: SUBSEQUENT EVENTS

As at October 12, 2010, the Company does not have any material subsequent events to report.

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

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

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

Management's Report on Internal Control Over Financial Reporting

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

As of July 31, 2010, management assessed the effectiveness of the Company's internal control over financial reporting based on the criteria for effective internal control over financial reporting established in Internal Control -Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") and SEC guidance on conducting such assessments. Based on that evaluation, they concluded that, as at July 31, 2010 such internal controls and procedures were effective.

The independent registered public accounting firm that audited the financial statements has issued an attestation report internal control over financial reporting which has been included in the financial statements.

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

Changes in Internal Controls

There have been no other changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the fourth fiscal quarter for the fiscal year ended July 31, 2010 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

Not applicable.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

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

Name	Age	Position with the Company
Amir Adnani	32	President, Chief Executive Officer, Principal Executive Officer and a director
Alan P. Lindsay	60	Chairman and a director
Harry L. Anthony	63	Chief Operating Officer and a director
Pat Obara	54	Secretary, Treasurer, Chief Financial Officer and Principal Accounting Officer
Ivan Obolensky	85	Director
Erik Essiger	45	Director
Vincent Della Volpe	68	Director
Mark Katsumata	44	Director

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

Alan P. Lindsay

. Mr. Lindsay a co-founder of Uranium Energy Corp. has served as Chairman of the Company since December 2005. He is also a founder of MIV Therapeutics Inc. ("MIVT") and from 2000 to present has been the Chairman of MIVT where he also served as President and CEO until January 2008. MIVT is a publicly traded bio-medical company recently awarded the prestigious Frost and Sullivan 2005 and 2008 Award for Technology Innovation in the field of Medical Coatings and in 2006 MIVT was appointed to Fortune 500's Top 100 Nanotechnology Companies. Mr. Lindsay was a founder of AZCO Mining and served as chairman, president and CEO of AZCO from 1992 to 2000. The company was listed on the Toronto and American Stock Exchanges. During his tenure at AZCO, the Company sold the Sanchez copper deposit to Phelps Dodge for $55 million and established a joint venture with Phelps Dodge on the Piedras Verdes copper deposit with 2.1 billion pounds of copper reserves. Mr. Lindsay also co-founded Anatolia Minerals Development and New Oroperu Resources, two publicly traded companies with significant gold discoveries. Mr. Lindsay was chairman of TapImmune from December 2005 through July 2009 and helped reorganize the company and arranged for the acquisition of the technology from The University of British Columbia. Mr. Lindsay is a Director of Strategic American Oil Corporation. The Board of Directors has concluded that Mr. Lindsay should serve as a director of our Company given that he is

one of the co-founders of our Company and has been involved with our Company since its inception and also given his business experience with other public companies.

Amir Adnani

. Mr. Adnani is a co-founder of Uranium Energy Corp and has been our President, Chief Executive Officer, Principal Executive Officer and a director since January 24, 2005. Mr. Adnani is an entrepreneur with an extensive background in business development and marketing. In September 2004, he founded and was a director and President of Blender Media Inc., a Vancouver based company that provides strategic marketing and financial communications services to public companies and investors in mineral exploration, mining, and energy sectors. Effective October 1, 2006, Mr. Adnani is no longer a director, officer or shareholder of Blender Media Inc. In June 2001, Mr. Adnani co-founded, and from June 2001 to September 2004, he was a director and officer of Fort Sun Investments Inc, a strategic marketing and financial communications services company for public companies. Mr. Adnani holds a Bachelor of Science degree from the University of British Columbia. Mr. Adnani is not a director or officer of any other U.S. reporting company. The Board of Directors has concluded that Mr. Adnani should serve as a director of our Company given his involvement with our Company since 2005 and his business experience prior to joining our Company.

Harry L. Anthony

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

Pat Obara

. Mr. Obara became our Secretary, Treasurer, Chief Financial Officer and Principal Accounting Officer on August 23, 2006. During the past five years Mr. Obara has worked as a consultant to several private and publicly listed companies providing various consulting services in the areas of corporate finance and administration. From March of 2003 to present Mr. Obara has provided various administrative consulting services to private companies involved in business activities in Asia and North America. Prior to April of 2004 Mr. Obara served as the Chief Financial Officer and a director of two public companies listed on the TSX Venture Exchange. Mr. Obara was involved in the restructuring, organizing and management of these early stage companies which were involved in the resource and technology sectors. Mr. Obara is not a director or officer of any other U.S. reporting company.

Erik Essiger

. Mr. Essiger became a director of our company and a member of our Audit Committee on August 23, 2006. During the past five years Mr. Essiger has been: the Managing Director and the founder of Precisetech GmbH, a corporate finance advisory company focused on international M&A transactions (from October 2004 to present); a member of the Supervisory Board of Corix Capital AG (from December 2003 to present); the Senior Manager, Transaction Services Strategy Group, with PricewaterhouseCoopers AG, heading up the commercial and due diligence practice of that group in Germany which provided services mainly to private equity clients of the firm (from April 2003 to September 2004); and a member of the Executive Board (Vorstand) of MultiMedia Technologies AG, a producer of set-top-boxes and a company operating in the fields of interactive digital television and the streaming media market (from July 2000 to July 2002) Mr. Essiger also has extensive international experience in corporate restructuring; especially in Germany, Russia, Hong Kong and Switzerland; and he was a member of the German-Russian co-operation council. The Board of Directors has concluded that Mr. Essiger should serve as a director given his involvement with our Company since 2006 and his over twenty years of experience in finance.

Ivan Obolensky

. Mr. Obolensky has 40 years experience in the investment banking business as a financial analyst, with specific expertise in the defense aerospace, oil and gas, nuclear power, metals and minerals, publishing and high technology industries. He has been an executive of several investment banks, including Sterling Grace & Co., Jesup, Josephthal & Co., Dominick and Dominick, Inc., Middendorf Colgate, and CB Richard Ellis Mosley Hallgarten. Since November 1990 to date, Mr. Obolensky has been Vice President of Shields & Company, an Investment Bank and Member of the New York Stock Exchange. Ivan Obolensky is a Registered Investment Advisor and a member of the New York Society of Security Analysts. He has made frequent appearances as a guest on CNBC, CNNfn, and Bloomberg TV. Mr. Obolensky is also a member of various foundations and philanthropic organizations, and serves as Chairman and CEO of the Soldiers' Sailors' Marines' and Airmen's Club in New York. He is a graduate of Yale University and a retired Lieutenant (Junior Grade) in the U.S. Naval Air Corps. The Board of Directors has concluded that Mr. Obolensky should serve as a director given his involvement with our Company since 2007 and his over 40 years of experience in finance.

Vincent Della Volpe

. Mr. Della Volpe has served as a professional money manager for over 35 years, including as a senior portfolio manager of pension funds for Honeywell Corporation and senior vice president of the YMCA Retirement fund in New York. Throughout his career Mr. Della Volpe has particularly focused on the management of energy and utility equity portfolios, and he also has experience managing venture capital investments. Mr. Della Volpe holds a Bachelor of Arts in Accounting and an MBA in finance, both from Seton Hall University. Since September 2006, Mr. Della Volpe has served as a director of Gold Canyon Resources, Inc., a junior natural resources company incorporated in British Columbia, Canada, that is listed on the TSX Venture Exchange. Mr. Della Volpe has been retired since March 2003. During the prior 11 years he was employed by the YMCA Retirement Fund. In addition to his position as director of the Company, he has been a director of Gold Canyon Resources since Sept 2006. The Board of Directors has concluded that Mr. Della Volpe should serve as a director given his involvement with our Company since 2007 and his over 35 years of experience in finance.

Mark A. Katsumata.

Mr. Katsumata has served on our Board of Directors and has been the Chairman of our Audit Committee since May 2009. Mr. Katsumata is a consultant for publicly-traded mining companies providing various corporate finance and regulatory compliance services. Over the past 15 years, Mr. Katsumata has served as a Chief Financial Officer and Vice President, Finance for a number of NYSE Amex, TSX and TSX Venture Exchange companies. Most recently, Mr. Katsumata was the Chief Financial Officer of Candente Resource Corp., a TSX listed base and precious metals explorer, and the Chief Financial Officer/Vice President, Finance of each of Denison Mines Corp., a NYSE Amex and TSX listed uranium producer and explorer, and Fortress Minerals Corp., a TSX Venture Exchange listed precious metals explorer. Mr. Katsumata was also an external auditor of publicly-traded mining companies for five years. Mr. Katsumata has an extensive background dealing with U.S. and Canadian accounting and regulatory compliance issues related to mining companies. Mr. Katsumata has been a member of the Certified General Accountants' Association of British Columbia and Canada since 1997. The Board of Directors has concluded that Mr. Katsumata should serve as a director given his business experience and accounting expertise.

Advisory Board

We have also established an Advisory Board currently comprised of Mr. Jon Indall, Dr. John D. Nelson and Mr. Anthony J. Thompson. The purpose of the Advisory Board is to provide support in our search and acquisition of uranium properties, and for the design, permitting and reclamation of our uranium properties.

Jon Indall

, age 58, is a prominent attorney, and an acknowledged expert in representing uranium industry interests in the United States. Mr. Indall currently is and has been a partner at the law firm of Comeau, Maldegen, Templeman & Indall in Santa Fe, New Mexico for over 25 years. Mr. Indall's career in the law and as an authoritative lobbyist spans over 30 years, with specialization in natural resources and environmental law, and with a special focus on the uranium mining industry. Mr. Indall has represented the Uranium Producers of America - a trade association of domestic uranium producers - since its inception in 1985. He drafted and successfully assisted in lobbying Title X of the Energy Policy Act of 1992 which has provided over $500 million of federal reimbursements for costs related to reclamation of uranium and thorium mill tailings sites. He was also instrumental in the revitalization of the UPA in 2005, and has been active in negotiations with the US Department of Energy regarding sales of their excess uranium inventories. In court, Mr. Indall has represented senior mining companies including Homestake Mining, Kerr-McGee, Kennecott Corp, and Pennzoil Corp. He has also represented uranium mining and development companies Cameco, Uranium Resources Inc, United Nuclear Corporation, Strathmore Resources and many others. Mr. Indall received his BA from the University of Kansas,

and his Juris Doctorate from the University of Kansas Law School. He is currently a member of the American Bar Association (Natural Resources Section), the State Bar of New Mexico (Natural Resources Section), and First Judicial District Bar Association.

Dr. John D. Nelson

, age 70 is a professional engineer, with licenses in five states, and a long-term professor of civil engineering at Colorado State University. As a professor, he developed a major geotechnical engineering program for the field of mine tailings management, primarily as it relates to uranium mining, and is an industry expert in this specialized field. Dr. Nelson served as the chairman of the Annual Conference on Tailings and Mine Waste for 20 years. He is the senior author of a primary report, *Long-Term Stability of Uranium Mill Tailings,* prepared for the Nuclear Regulatory Commission (NRC) -- a source document for environmental impact statements in this industry. He also served as a consultant to the NRC, including the review of all uranium tailings management plans for mill licensing applications from 1978 until 1984. Since 1985, he has served as a consulting engineer for the mining industry and has acted as the senior technical engineer for several tailings dam projects including Uravan, Gas Hills, Maybell, and York Canyon. Dr. Nelson received his BSc, MSc and PhD in Civil Engineering from the Illinois Institute of Technology in Chicago. He is Professor Emeritus at Colorado State University.

Anthony J. Thompson

, age 68 has been practicing environmental and occupational health and safety law since the mid-1970's. He is the primary outside counsel to the National Mining Association (NMA) for uranium issues, and he has represented much of the domestic uranium mining and milling industry either as counsel to NMA or as counsel to individual licensees since the late 1970's. He is the prime author of NMA's White Paper entitled "Recommendations for a Coordinated Approach to Regulating the Uranium Recovery Industry." Mr. Thompson received his BA in History from Princeton University and his law degree from the University of Virginia School of Law. He is a member of the American Nuclear Society, the American Bar Association and the Society for Mining, Metallurgy, and Exploration.

Tom Pool, age 69 is recognized as an authoritative analyst for the development of new production facilities, evaluation of strategies, and assessment of production costs. He is proficient with preliminary and detailed feasibility studies for new project development and financing. He is highly experienced with valuations of uranium projects and deposits, and with property brokerage.

Since 1993, Mr. Pool has served as the Chairman of International Nuclear, Inc., based in Golden, Colorado. Over the past 40 years, his career includes senior management roles with prominent uranium organizations including having served as Vice President Engineering of Nuclear Fuels Corporation, Acting Technical Superintendent for the Beverley in-situ leach uranium mine in South Australia, Manager of Uranium Supply for ConverDyn, Internal Consultant for the CONCORD group of companies, Vice President of Marketing with Energy Fuels Nuclear and Vice President of NUEXCO Information Services. Mr. Pool also served as a Director of Intermountain Resources. He has authored more than fifty papers on key aspects of uranium development, production and markets.

Katherine Armstrong,

age 58 is highly knowledgeable regarding the natural resources and environment of the state of Texas. She was appointed to the Texas Parks and Wildlife Commission in 1999 by Governor George W. Bush, and was named chairman in 2001 by Governor Rick Perry. The Texas Parks and Wildlife Department is the country's second-largest wildlife agency. Ms. Armstrong serves on several boards and advisory committees. Earlier she was active with the selection committee for the White House Fellows Program and as vice-chairman of the Dallas Zoological Society. Currently, she is a director of the Texas and Southwestern Cattle Raisers Association and the Texas Wildlife Association. She serves on the advisory board of the Harte Research Institute for Gulf of Mexico Studies at Texas A&M-Corpus Christi, and is a director of the Texas Watershed Management Foundation.

Term of Office

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

Significant Employees

There are no significant employees other than our executive officers.

Audit Committee

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

Mark Katsumata, Vincent Della Volpe and Ivan Obolensky are "independent" directors of the Company as that term is defined in Rule 121 of the NYSE Amex Equities exchange listing standards. The board of directors of the Company has determined that Mark Katsumata qualifies as an audit committee financial expert pursuant to SEC rules.

Family Relationships

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

Involvement in Certain Legal Proceedings

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

1. A petition under the Federal bankruptcy laws or any state insolvency law was filed by or against, or a receiver, fiscal agent or similar officer was appointed by a court for the business or property of such person, or any partnership in which he was a general partner at or within two years before the time of such filing, or any corporation or business association of which he was an executive officer at or within two years before the time of such filing;

2. Such person was convicted in a criminal proceeding or is a named subject of a pending criminal proceeding (excluding traffic violations and other minor offenses);

3. Such person was the subject of any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining him from, or otherwise limiting, the following activities:

i. Acting as a futures commission merchant, introducing broker, commodity trading advisor, commodity pool operator, floor broker, leverage transaction merchant, any other person regulated by the Commodity Futures Trading Commission, or an associated person of any of the foregoing, or as an investment adviser, underwriter, broker or dealer in securities, or as an affiliated person, director or employee of any investment company, bank, savings and loan association or insurance company, or engaging in or continuing any conduct or practice in connection with such activity;

ii. Engaging in any type of business practice; or

iii. Engaging in any activity in connection with the purchase or sale of any security or commodity or in connection with any violation of Federal or State securities laws or Federal commodities laws;

4. Such person was the subject of any order, judgment or decree, not subsequently reversed, suspended or vacated, of any Federal or State authority barring, suspending or otherwise limiting for more than 60 days the right of such person to engage in any activity described in paragraph (3)(i) above, or to be associated with persons engaged in any such activity;

5. Such person was found by a court of competent jurisdiction in a civil action or by the Commission to have violated any Federal or State securities law, and the judgment in such civil action or finding by the Commission has not been subsequently reversed, suspended, or vacated;

6. Such person was found by a court of competent jurisdiction in a civil action or by the Commodity Futures Trading Commission to have violated any Federal commodities law, and the judgment in such civil action or finding by the Commodity Futures Trading Commission has not been subsequently reversed, suspended or vacated;

7. Such person was the subject of, or a party to, any Federal or State judicial or administrative order, judgment, decree, or finding, not subsequently reversed, suspended or vacated, relating to an alleged violation of:

i. Any Federal or State securities or commodities law or regulation; or

ii. Any law or regulation respecting financial institutions or insurance companies including, but not limited to, a temporary or permanent injunction, order of disgorgement or restitution, civil money penalty or temporary or permanent cease-and-desist order, or removal or prohibition order; or

iii. Any law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity; or

8. Such person was the subject of, or a party to, any sanction or order, not subsequently reversed, suspended or vacated, of any self-regulatory organization (as defined in Section 3(a)(26) of the Exchange Act), any registered entity (as defined in Section 1(a)(29) of the Commodity Exchange Act), or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons associated with a member.

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

Code of Business Conduct and Ethics Policy

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

1. honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

2. compliance with applicable governmental laws, rules and regulations;

3. the prompt internal reporting of violations of the code to the appropriate person or persons identified in the code; and

4. accountability for adherence to the code.

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

Compliance with Section 16(a) of the Exchange Act

Section 16(a) of the Exchange Act requires our directors and officers, and the persons who beneficially own more than 10% of our common stock, to file reports of ownership and changes in ownership with the SEC. Copies of all filed reports are required to be furnished to us pursuant to Rule 16a-3 promulgated under the Exchange Act. Based solely on the reports received by us and on the representations of the reporting persons, we believe that these persons have complied with all applicable filing requirements during the year ended July 31, 2010.

ITEM 11. EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

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

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

In determining the compensation for Messrs. Adnani, Anthony and Obara, the Compensation Committee considered compensation paid to other executive officers of other companies within the industry, the executive's performance in meeting goals, and the complexity of the management position and the experience of the person. Of the amount of the compensation paid to the executive officer, the majority of the compensation was in the form of options. The number of options granted was determined in large part due to the financial condition of the Company which currently has no revenues. The Compensation Committee did not have a specific formula to determine the amount of the executive compensation and what portion of such compensation would be in the form of cash and equity securities. Therefore, the determination of an executive salary including the amount of cash and equity securities may be considered arbitrary taking into account the foregoing factors.

Similarly, directors receive cash compensation for their service as such, as well as options. The number of options granted to each director is based on the experience of the director, time spent on Company matters and the compensation paid to other directors of companies in the industry.

The following table sets forth the compensation paid to our Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and those executive officers that earned in excess of $100,000 during the years ended July 31, 2010, 2009, and 2008 (the "Named Executive Officers"):

Summary Compensation Table

ame and incipal osition	Year	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incen-tive Plan Com-pen-sation ($)	Non-Quali-fied De-ferred Com-pen-sation Earn-ings (($)	All Other Com-pen-sation ($)	Total ((3)
mir dnani, esident nd hief xecutive fficer	2010	279,741 (1)	140,000	-	490,000 (2)	-	-	-	909,7
	2009	276,990	-	-	407,500	-	-	-	277,8
	2008	(1)	-	-	(2)	-	-	-	684,4
arry L. nthony, hief perating fficer	2010	258,365 (1)	140,000	-	490,000 (2)	-	-	-	888,3
	2009	218,694	-	-	44,750	-	-	-	263,4
	2008	269,927 (1)	-	-	407,500 (2)	-	-	-	677,4
t Obara, cretary, easurer d Chief nancial fficer	2010	147,774 (1)	56,000	-	294,000 (2)	-	-	-	497,7
	2009	129,529	-	-	26,750	-	-	-	156,2
	2008	142,453 (1)	-	-	203,750 (2)	-	-	-	346,2

(1) These amounts represent fees paid by us to the Named Executive Officers during the past year pursuant to various employment and consulting services agreements, as between us and the Named Executive Officers, which are more particularly described below.

(2) These amounts represent the fair value of these options at the date of grant which was estimated using the Black-Scholes option pricing model. See Note 12 to our financial statements contained herein.

(3) The Company did not record any non-equity incentive compensation plan expense, non-qualified deferred compensation expense or other compensation expense for the Named Executive Officers.

Stock Options Grants

We granted options to purchase shares of our common stock to the Named Executive Officers in the fiscal year ended July 31, 2010 as follows:

Name	Grant Date	Number of Securities Underlying Options	Exercise Price	Grant Date Fair Value of Option
Amir Adnani, President and Chief Executive Officer	August 26, 2009	250,000	$2.40	$490,000
Harry L. Anthony, Chief Operating Officer	August 26, 2009	250,000	$2.40	$490,000
Pat Obara, Chief Financial Officer	August 26, 2009	150,000	$2.40	$294,000

100,000 options and 20,000 options were exercised by Harry Anthony and Pat Obara respectively in the fiscal year ended July 31, 2010.

The following table sets forth information as at July 31, 2010, relating to options that have been granted to the Named Executive Officers:

Outstanding Equity Awards at Fiscal Year End

Option Stock
AwardsAwards

Long Term Incentive Plans

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

Directors Compensation Table

The following table sets forth information relating to compensation paid to our directors in the year ended July 31, 2010:

1. Alan P. Lindsay received monthly fees through July 31, 2010, for the provision of various management consulting services provided by Mr. Lindsay to us on a monthly basis and from time to time.

2. This amount represents the fair value of the shares at the time of issuance. See note 12 to our financial statements contained herein.

(3) This amount represents the fair value of options at the date of grant or repriced during the year, estimated using the Black-Scholes option pricing model. See Note 12 to our financial statements contained herein.

(4) As of July 31, 2010 our directors held options to acquire an aggregate of 3,602,500 shares of our common stock: Alan P. Lindsay 950,000 options, Amir Adnani 927,500 options, Harry L. Anthony 1,000,000 options, Erik Essiger 225,000 options, Ivan Obolensky 150,000 options, Vincent Della Volpe 200,000 options, and Mark Katsumata 150,000 options.

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

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

Erik Essiger, Ivan Obolensky, Vincent Della Volpe and Mark Katsumata are independent directors of the Company. Mr. Essiger serves as Chairman of the Company's Compensation Committee and Mr. Katsumata serves as Chairman of the Company's Audit Committee. The independent directors are retained on a yearly basis for their service and are paid quarterly based on their annual retainer fees, which are as follows:

- Erik Essiger (Euro 20,000 per year);
- Ivan Obolensky (US$20,000 per year);
- Vincent Della Volpe (US$20,000 per year); and
- Mark Katsumata (Cdn$25,000 per year).

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

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

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

Employment and Consulting Agreements

Anthony Executive Services Agreement

On February 15, 2006, our Board of Directors authorized and approved the execution of an employment agreement between us and Harry L. Anthony. On July 1, 2006, our Board of Directors approved an amendment to this agreement, extending the initial term thereunder to July 1, 2008. On July 23, 2009 our Board of Directors approved the entering into a further amended and restated executive services agreement with Mr. Anthony (the "Anthony Agreement") with a term expiring on July 23, 2012. Pursuant to the terms and provisions of the Anthony Agreement: (i) Mr. Anthony shall provide duties to us commensurate with his executive position as our Chief Operating Officer; (ii) we shall pay to Mr. Anthony a monthly fee of $19,167; and (iii) we shall grant to Mr. Anthony incentive stock options to purchase not less than 365,000 shares at an exercise price of not more than $0.33 per share and exercisable for a period of not less than 10 years from the date of grant. The Anthony Agreement is subject to automatic renewal unless either the Company or Mr. Anthony provides written notice not to renew the Anthony Agreement no later than 90 days prior to the end of the then-current term.

Adnani Executive Services Agreement

On July 1, 2006, our Board of Directors authorized and approved an executive services agreement between us and Amir Adnani, as amended by letter agreement dated July 1, 2007, which provided for an initial term expiring July 1, 2009. On July 23, 2009 our Board of Directors approved the entering into a further amended and restated executive services agreement (the "Adnani Agreement") with Amir Adnani Corp. (the "Consultant") with a term expiring on July 23, 2012. Pursuant to the terms and provisions of the Adnani Agreement: (i) through the Consultant, Mr. Adnani shall continue to provide duties to us commensurate with his current executive positions as our President and Chief Executive Officer; (ii) we shall pay to the Consultant a monthly fee of $19,167; and (iii) we shall grant to the Consultant incentive stock options to purchase not less than 365,000 shares at an exercise price of not more than $0.33 per share and exercisable for a period of not less than 10 years from the date of grant. The Adnani Agreement is subject to automatic renewal unless either the Company or Mr. Anthony provides written notice not to renew the Anthony Agreement no later than 90 days prior to the end of the then-current term.

Obara Builders Ltd. Consulting Services Agreement

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

On March 1, 2008, the Compensation Committee ratified the approval of an increase in the monthly service agreement fee for Mr. Obara from CAD $10,000 to CAD $12,500.

Mr. Obara and the Company intend to enter into an amended agreement but such agreement has not yet been finalized. Mr. Obara continues to provide services under the provisions of the original agreement on a month to month basis.

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

The following table sets forth certain information with respect to the beneficial ownership of our common stock by each stockholder known by us to be the beneficial owner of more than 5% of our common stock and by each of our current directors and executive officers. Each person has sole voting and investment power with respect to the shares of common stock, except as otherwise indicated. Beneficial ownership consists of a direct interest in the shares of common stock, except as otherwise indicated. As of October 12, 2010, there were 60,846,787 shares of common stock issued and outstanding.

Name and Address of Beneficial Owner (1)	Amount and Nature of Beneficial Ownership (1)	Percentage of Beneficial Ownership
Directors and Officers:		
Amir Adnani 320 - 1111 West Hastings Street Vancouver, B. C., Canada, V6E 2J3	2,922,801(2)	4.7%
Alan P. Lindsay 2701 - 1500 Hornby Street Vancouver, B. C., Canada, V6Z 2R1	2,346,287(3)	3.8%
Harry L. Anthony P.O. Box 1328 Kingsville, TX, U.S.A., 78364	2,072,500(4)	3.3%
Pat Obara 2791 West 35th Avenue Vancouver, B. C., Canada, V6N 2M1	647,000(5)	1.1%
Erik Essiger P.O. Box 37491, Dubai, UAE	592,500(6)	*
Ivan Obolensky 425 East 79th Street New York, NY, U.S.A., 10021	213,419(7)	*

Name and	Amount and	Percentage

Address of Beneficial Owner	Nature of Beneficial Ownership	of Beneficial Ownership
(1)	(1)	
Vincent Della Volpe 32 Evergreen Drive, Lincoln Park, NJ, U.S.A., 07035	245,000[8]	*
Mark Katsumata 14447 Blackburn Crescent White Rock, B.C., Canada, V4B 3A3	222,339[9]	*

* Less than one percent.

(1)

Under Rule 13d-3, a beneficial owner of a security includes any person who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise has or shares: (i) voting power, which includes the power to vote, or to direct the voting of shares; and (ii) investment power, which includes the power to dispose or direct the disposition of shares. Certain shares may be deemed to be beneficially owned by more than one person (if, for example, persons share the power to vote or the power to dispose of the shares). In addition, shares are deemed to be beneficially owned by a person if the person has the right to acquire the shares (for example, upon exercise of an option) within 60 days of the date as of which the information is provided. In computing the percentage ownership of any person, the amount of shares outstanding is deemed to include the amount of shares beneficially owned by such person (and only such person) by reason of these acquisition rights. As a result, the percentage of outstanding shares of any person as shown in this table does not necessarily reflect the person's actual ownership or voting power with respect to the number of shares of common stock actually outstanding as of the date of this annual report. As of October 12, 2010, there were 60,846,787 shares issued and outstanding.

(2)

This figure includes (i) 1,742,301 shares of common stock, (ii) 3,000 shares of common stock held of record by Amir Adnani's wife, (iii) 1,177,500 stock options to purchase shares of our common stock.

(3)

This figure includes (i) 1,142,787 shares of common stock, (ii) 163,500 shares of common stock held of record by Alan P. Lindsay's wife, (iii) 1,040,000 stock options to purchase shares of our common stock. Mr. Lindsay is the father-in-law of Amir Adnani.

(4)

This figure includes (i) 822,500 shares of common stock, (ii) 1,250,000 stock options to purchase shares of our common stock.

(5)

This figure includes (i) 17,000 shares of common stock, (ii) 630,000 stock options to purchase shares of our common stock.

(6)

This figure includes (i) 300,000 shares of common stock, (ii) 292,500 stock options to purchase shares of our common stock.

(7)

This figure represents (i) 18,419 shares of common stock, and (ii) 195,000 stock options to purchase shares of our common stock.

(8)

This figure represents 245,000 stock options to purchase shares of our common stock.

(9)

This figure includes (i) 4,839 shares of common stock, (ii) 217,500 stock options to purchase shares of our common stock.

(10)

This figure includes (i) 4,214,346 shares of common stock, and (ii) 5,047,500 stock options to purchase shares of our common stock.

(11)

This figure represents 3,137,747 shares of our common stock

(12)

This figure includes (i) 3,800,000 shares of our common stock, and (ii) 1,041,667 share purchase warrants. Anders Malcolm, Managing Director of Vontobel Fund Global New Trend Power, has discretionary voting and investment authority over these shares.

Changes in Control

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

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

Related Party Transactions

During the year ended July 31, 2010, the Company had transactions with certain officers and directors of the Company as follows:

(a) incurred $1,251,853 in management fees and bonuses ($419,741 to Amir Adnani, $398,365 to Harry Anthony, $203,774 to Pat Obara, $101,219 to Alan Lindsay, $46,563 to Erik Essiger, $25,000 to Ivan Obolensky, 30,000 to Vincent Della Volpe, and $24,132 to Mark Katsumata) and recorded $1,986,564 in stock based

compensation for the fair value of options granted to directors and officers or repriced during the period ($490,000 to Amir Adnani, $490,000 to Harry Anthony, $196,000 to Alan Lindsay, $98,000 to Vincent Della Volpe, $294,000 to Pat Obara, $106,853 to Ivan Obolensky, $147,000 to Erik Essiger, and $164,711 to Mark Katsumata);

(b) incurred $151,797 in general and administrative costs paid to companies controlled by a direct family member of a current officer (Mr. Adnani).

During the year ended July 31, 2009, the Company had transactions with certain officers and directors of the Company as follows:

(a) incurred $744,684 in management fees and bonuses ($233,300 to Amir Adnani, $218,694 to Harry Anthony, $129,529 to Pat Obara, $63,554 to Alan Lindsay, $37,181 to Erik Essiger, $27,500 to Ivan Obolensky, $28,000 to Vincent Della Volpe, and $4,252 to Mark Katsumata) and recorded $262,500 in stock based compensation for the fair value of options granted to directors and officers or repriced during the period ($44,750 to Amir Adnani, $44,750 to Harry Anthony, $20,000 to Alan Lindsay, $15,000 to Vincent Della Volpe, $26,750 to Pat Obara, $8,000 to Ivan Obolensky, $11,000 to Erik Essiger, and $92,250 to Mark Katsumata);

(b) incurred $108,873 in general and administrative costs paid to companies controlled by a direct family member of a current officer (Mr. Adnani).

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 arms length consideration payable for similar services or transfers.

Amir Adnani and Alan Lindsay are the founders, and may be considered promoters, of the Company. Mr. Adnani and Mr. Lindsay were issued an aggregate of 1,575,000 shares of our common stock at a price of $0.0013 per share for total proceeds of $2,100 at the time of the organization of the Company. Neither Mr. Adnani nor Mr. Lindsay has received anything of value from the Company in their capacities as promoters of the Company.

Amounts owing to related parties are unsecured, non-interest bearing and without specific terms of repayment.

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

Material Contracts

Anthony Executive Services Agreement

On February 15, 2006, our Board of Directors authorized and approved the execution of an employment agreement between us and Harry L. Anthony. On July 1, 2006, our Board of Directors approved an amendment to this agreement, extending the initial term thereunder to July 1, 2008. On July 23, 2009 our Board of Directors approved the entering into a further amended and restated executive services agreement with Mr. Anthony (the "Anthony Agreement") with a term expiring on July 23, 2012. Pursuant to the terms and provisions of the Anthony Agreement: (i) Mr. Anthony shall provide duties to us commensurate with his executive position as our Chief Operating Officer;

(ii) we shall pay to Mr. Anthony a monthly fee of $19,167; and (iii) we shall grant to Mr. Anthony incentive stock options to purchase not less than 365,000 shares at an exercise price of not more than $0.33 per share and exercisable for a period of not less than 10 years from the date of grant. The Anthony Agreement is subject to automatic renewal unless either the Company or Mr. Anthony provides written notice not to renew the Anthony Agreement no later than 90 days prior to the end of the then-current term.

Adnani Executive Services Agreement

On July 1, 2006, our Board of Directors authorized and approved an executive services agreement between us and Amir Adnani, as amended by letter agreement dated July 1, 2007, which provided for an initial term expiring July 1, 2009. On July 23, 2009 our Board of Directors approved the entering into a further amended and restated executive services agreement (the "Adnani Agreement") with Amir Adnani Corp. (the "Consultant") with a term expiring on July 23, 2012. Pursuant to the terms and provisions of the Adnani Agreement: (i) through the Consultant, Mr. Adnani shall continue to provide duties to us commensurate with his current executive positions as our President and Chief Executive Officer; (ii) we shall pay to the Consultant a monthly fee of $19,167; and (iii) we shall grant to the Consultant incentive stock options to purchase not less than 365,000 shares at an exercise price of not more than $0.33 per share and exercisable for a period of not less than 10 years from the date of grant. The Adnani Agreement is subject to automatic renewal unless either the Company or Mr. Anthony provides written notice not to renew the Anthony Agreement no later than 90 days prior to the end of the then-current term.

Obara Builders Ltd. Consulting Services Agreement

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

On March 1, 2008, the Compensation Committee ratified the approval of an increase in the monthly service agreement fee for Mr. Obara from CAD $10,000 to CAD $12,500.

Mr. Obara and the Company intend to enter into an amended agreement but such agreement has not yet been finalized. Mr. Obara continues to provide services under the provisions of the original agreement on a month to month basis.

Neutron Energy Inc. ("NEI") Agreement

On April 27, 2007, with a reference date of April 26, 2007, the Company entered into a joint venture with Neutron Energy Inc. ("NEI"), a Wyoming corporation, in connection with the exploration of a property covering 6,717 acres located in Cibola County, New Mexico (the "Property") for uranium resources. In connection with the joint venture, Cibola Resources LLC ("Cibola"), a limited liability company under the laws of the State of Delaware, was formed to undertake the exploration activities as contemplated by the parties.

On November 5, 2009, as amended December 29, 2009, the Company entered into an option agreement with Neutron, granting Neutron the exclusive option (the "Option") to purchase and acquire its 49% interest in Cibola Resources, LLC for a cash payment of $11,000,000. The terms of the agreement required Neutron to provide written notice of its intention to exercise the Option by March 31, 2010 with closing completed by April 12, 2010. Neutron was also required to fund the joint venture's obligations for the months of August 2009 through to March 2010.

Effective March 30, 2010, Neutron exercised its option to acquire the Company's 49% interest in Cibola Resources, LLC for a cash payment of $11,000,000. On April 12, 2010 the Company received a cash payment in the amount of $11,000,000 from Neutron Energy Inc. for the sale of its 49% interest in the Cibola Resources LLC joint venture.

Stairs Agreement

Effective November 1, 2007, we entered into a binding letter Agreement to Purchase Assets (the "Agreement") with Melvin O. Stairs, Jr. ("Mr. Stairs"), whereby we acquired from Mr. Stairs an undivided 100% legal, beneficial and registered interest in and to a certain mineral exploration claim represented by permit number 08-111678, which is located at T7N R3E, Section 32, in Maricopa County, Arizona (the "Mineral Claim"), together with a certain database containing various material information respecting the subject Mineral Claim (the Mineral Claim and its database, collectively, the "Assets"). As consideration for acquisition of the Assets, we have agreed to make the following payments (each a "Purchase Price Payment") and the following Mineral Claim maintenance payments (each a "Purchase Price Maintenance Payment") to Mr. Stairs in the following manner at the following times after November 1, 2007 (the "Acceptance Date"):

(a) Purchase Price Payments: pay to the order and direction of Mr. Stairs the following Purchase Price Payments in the aggregate sum of U.S. $1,200,000 in the following manner and at the following times:

(i) an initial and non-refundable Purchase Price Payment of U.S. $10,000 immediately upon the Acceptance Date of the Agreement (paid);

(ii) further non-refundable Purchase Price Payments of U.S. $95,000 on or before January 10, 2008 (paid) and August 15, 2008; and

(iii) further non-refundable Purchase Price Payments of U.S. $100,000 every six months commencing on or before January 10, 2009 and ending August 15, 2013; and

(b) Purchase Price Maintenance Payments: pay, or cause to be paid, all outstanding, existing and future underlying regulatory and governmental fees, payments and assessment work required to keep the Mineral Claim interests comprising the Assets in good standing during the continuance of the Agreement and prior to our satisfaction of the entire Purchase Price consideration and including, without limitation, all permitting costs, transfer fees and any reclamation costs associated in any manner with the Mineral Claim interests comprising the Assets.

Pursuant to the terms of the Agreement, in order to secure the complete and timely payment of our purchase price obligations to Mr. Stairs under the Agreement, we granted a security interest in and to, a lien upon and a right of set-off against our right, title and interest in and to the Assets.

In addition, and pursuant to the terms of the Agreement, at any time prior to the earlier of the payment of the entire Purchase Price by us to Mr. Stairs or the termination of the Agreement for any reason, we have a right of first refusal to acquire all or any portion of any interest in the Agreement or to any mineral property interest which Mr. Stairs may have an interest in at anytime and which Mr. Stairs desires to dispose of (collectively, the "Holding"). If Mr. Stairs receives a bona fide offer to purchase from, or where a sale is solicited by Mr. Stairs, then upon settling the proposed

terms thereof with a third party for the purchase or sale of the Holding, Mr. Stairs shall offer to sell the Holding to us. The offer to sell to us shall be on the same terms and conditions and of equivalent dollar value as those contained in the offer to the third party; provided, however, that should Mr. Stairs and us fail to agree upon a determination of the equivalent dollar value for any such offer, such equivalent dollar value shall be determined by arbitration under the provisions of the Agreement. We shall be entitled to elect, by notice to Mr. Stairs within 30 calendar days from the date of receipt of the offer to sell, to acquire the Holding, on the same terms and conditions as those set forth in the offer to the third party. If we do not exercise its right to acquire the Holding, Mr. Stairs may, for a period of 60 calendar days following the last date upon which we could have made the election, dispose of the Holding, but only on the same terms and conditions as set forth in that offer.

On August 25, 2008 we entered into an amendment agreement pursuant to which the total consideration payable was reduced to $300,000 as follows: i) a $10,000 deposit upon execution (paid), ii) installments of $95,000 cash on January 10, 2008 (paid) and $57,000 cash (paid) and $38,000 by way of issuance of 19,000 restricted common shares of the Company at a deemed price of $2.00 per share (pending regulatory approval) on August 15, 2008 (issued), and a final payment of $50,000 by way of cash, plus $50,000 by way of restricted common shares of the Company at a deemed price based on the average closing price of the shares on the 5 previous days preceding the payment due date of October 31, 2009.

On January 25, 2010, the Company agreed to amend the August 25, 2008 Amending Agreement. The Company agreed to pay a further and final non-refundable Purchase Price Payment in the aggregate amount equivalent to $65,000 payable in the following manner; i) the initial $30,000 of the Purchase Price Payment by way of cash (paid); and ii) the final balance of $35,000 of this Purchase Price Payment by way of the issuance 10,448 fully paid and non-assessable restricted common shares at deemed issuance price of U.S. $3.35 per Share (issued).

F-33 Acquisition

On November 13, 2007, we entered into an agreement to acquire certain mineral property leases located in Cibola County, New Mexico for total consideration of $400,000. Under the terms of the agreement, we paid an initial deposit of $100,000 upon closing with the remaining balance due in three installments of $100,000 due on March 31, 2008 (paid), December 31, 2008, and December 31, 2009. On December 12, 2008 we entered into an agreement amending the aforementioned underlying agreement to acquire mineral leases to the following: 1) $5,000 on or before December 31, 2008 (paid) and $45,000 on or before December 31, 2009 (paid). All amounts were paid with cash.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Ernst & Young LLP serve as our independent registered public accounting firm and audited our financial statements for the fiscal years ended July 31, 2010 and 2009. Aggregate fees for professional services rendered to us by our auditors for our last two years are set forth below:

	Year Ended July 31, 2010	Year Ended July 31, 2009
Audit Fees	$ 170,383	$ 183,975
Audit-Related Fees	555	3,559
Tax Fees	21,337	30,198

Total	$ 192,275	$ 217,732

Audit Fees.

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

Audit-Related Fees.

Our auditors provided audit-related services to us in connection with the review of other regulatory filings.

Tax Fees.

Our auditors did not provide tax preparation services.

Pre-Approval of Services by the Independent Auditor

The Audit Committee is responsible for the pre-approval of audit and permitted non-audit services to be performed by the Company's independent auditor, Ernst & Young LLP. The Audit Committee will, on an annual basis, consider and, if appropriate, approve the provision of audit and non-audit services by Ernst & Young LLP. Thereafter, the Audit Committee will, as necessary, consider and, if appropriate, approve the provision of additional audit and non-audit services by Ernst & Young LLP which are not encompassed by the Audit Committee's annual pre-approval and are not prohibited by law. The Audit Committee has delegated to the Chair of the Audit Committee the authority to pre-approve, on a case-by-case basis, non-audit services to be performed by Ernst & Young LLP. The Audit Committee has approved all of the audit and permitted non-audit services performed by Ernst & Young LLP in the year ended July 31, 2010.

ITEM 15. EXHIBITS

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

Exhibit Number	Description of Exhibit
3.1	Articles of Incorporation, as amended(1)
3.1.1	Certificate of Amendment to Articles of Incorporation(2)
3.2	Bylaws(1)
3.3	Audit Committee Charter(1)
3.4	Ethics Charter(1)
10.1	Consulting Agreement between Uranium Energy Corp. and Randall Reneau(3)
10.2	Mineral Asset Option Agreement(3)
10.3	Agreement and Addendum between Harry A. Moore Trust and Uranium Energy Corp.(4)

10.4	Financial Consulting Services Agreement between Uranium Energy Corp. and International Market Trend AG(5)

10.5	Harry A. Moore Trust Agreement(5)
10.6	Amending Agreement to Employment Agreement between Uranium Energy Corp. and Harry Anthony(6)
10.7	Consulting Services and Right of First Refusal Agreement between Uranium Energy Corp. and Jim Knupke(5)
10.8	Corporate Relations Consulting Services Agreement between Uranium Energy Corp. and Michael Baybak and Corp. Inc.(5)
10.9	Corporate Finance Consulting Services Agreement between Uranium Energy Corp. and Eurotrade Management Group Ltd.(5)
10.10	Executive Services Agreement between Uranium Energy Corp. and Amir Adnani(6)
10.11	Reneau Services Agreement between Uranium Energy Corp. and Randall Reneau(6)
10.12	Uranium Mining Lease among Uranium Energy Corp., John G. Jebsen and John Triantis(7)
10.13	Consulting Agreement dated February 1, 2007 between the Company and Epoch Financial Group Inc. (12)
10.14	Web Services Agreement dated March 21, 2007 between the Company and Market Pathways Financial Relations Inc.(12)
10.15	Letter Option Agreement dated March 28, 2007 between the Company and Betty, Fred and Marty Holley(12)
10.16	Consulting Agreement dated March 29, 2007 between the Company and EuroXchange Consulting Ltd.(12)
10.17	Database Agreement dated April 4, 2007 between the Company and Paul Pierce(12)
10.18	Letter Agreement between La Merced del Pueblo de Cebolleta and Neutron Energy, Inc.(11)
10.19	Limited Liability Company Members' Agreement of Cibola Resources LLC between Neutron Energy, Inc. and Uranium Energy Corp.(11)
10.20	Limited Liability Company Members' Agreement of Cibola Resources LLC between Neutron Energy, Inc. and Uranium Energy Corp.(11)
10.21	Agency Agreement between Uranium Energy Corp. and National Bank Financial Inc., RBC Dominion Securities Inc. and Canaccord Capital Corporation dated December 12, 2007

(17)

10.22	Registration Rights Agreement dated December 12, 2007 between Uranium Energy Corp. and National Bank Financial Inc.

(17)

10.23	Form of Subscription Agreement between Uranium Energy Corp. and certain selling stockholders

(17)

10.24	Form of Warrant Certificate

(17)

10.25	Form of Registration Rights Agreement between Uranium Energy Corp. and the subscribers

	of the July 2008 Units
	(18)
10.26	Form of Subscription Agreement between Uranium Energy Corp. and the subscribers of the July 2008 Units
	(18)
10.27	Form of Warrant Certificate provided by Uranium Energy Corp. to the subscribers of the July 2008 Units
	(18)
10.28	Consulting Services Agreement between Uranium Energy Corp. and Obara Builders Ltd. (14)
10.29	Amendment and Extension to Executive Services Agreement between Uranium Energy Corp. and Amir Adnani (15)
10.30	Agreement to Purchase Assets between the Uranium Energy Corp. and Melvin O. Stairs, Jr. (16)
10.31	2005 Stock Option Plan of Uranium Energy Corp.(8)
10.32	Amended 2005 Stock Option Plan(9)
10.33	2006 Stock Incentive Plan of Uranium Energy Corp.(10)
10.34	Option and Joint Venture Letter Agreement between Uran Limited and the Company dated January 14, 2009(19)
10.35	Variation Agreement between Uran Limited and the Company dated May 28, 2009(20)
10.36	Mineral Property Option and Joint Venture Agreement between the Company and Strategic Resources Inc.(21)
10.37	Further Amended and Restated Executive Services Agreement with Amir Adnani Corp. dated July 23, 2009(22)
10.38	Further Amended and Restated Executive Services Agreement with Harry L. Anthony dated July 23, 2009(22)
10.39	Form of Warrant Certificate (23)
10.40	2009 Stock Incentive Plan(24)

10.41	Further Amended and Restated Executive Services Agreement between the Company and Amir Adnani Corp. dated July 23, 2009(25)
10.42	Further Amended and Restated Executive Services Agreement between the Company and Harry L. Anthony dated July 23, 2009(25)
10.43	Uranium Mining Lease dated October 6, 2004 (Property ID 80601) (26)
10.44	Uranium Mining Lease dated August 24, 2005 (Property ID 80602) (26)
10.45	Uranium Mining Lease dated August 24, 2005 (Property ID 80603) (26)
10.46	Uranium Mining Lease dated October 6, 2004 (Property ID 80604) (26)
10.47	Uranium Mining Lease dated November 2, 2005 (Property ID 80605) (26)
10.48	Uranium Mining Lease dated November 2, 2005 (Property ID 80606) (26)
10.49	Uranium Mining Lease dated December 19, 2005 (Property ID 80607) (26)

10.50	Uranium Mining Lease dated December 20, 2005 (Property IDs 80608 and 80609) (26)
10.51	Uranium Mining Lease dated December 20, 2005 (Property IDs 80610 and 80611) (26)
10.52	Uranium Mining Lease dated March 20, 2006 (Property ID 80612) (26)
10.53	Uranium Mining Lease dated March 20, 2006 (Property ID 80613) (26)
10.54	Uranium Mining Lease dated April 9, 2007 (Property ID 80614) (26)
10.55	Uranium Mining Lease dated April 23, 2007 (Property ID 80615) (26)
10.56	Uranium Mining Lease dated May 17, 2007 (Property ID 80616) (26)
10.57	Uranium Mining Lease dated May 29, 2007 (Property ID 80617) (26)
10.58	Uranium Mining Lease dated June 20, 2007 (Property ID 80618) (26)
10.59	Uranium Mining Lease dated August 27, 2007 (Property ID 80619) (26)
10.60	Uranium Mining Lease dated July 17, 2007 (Property ID 80621) (26)
10.61	Uranium Mining Lease dated September 25, 2007 (Property ID 80620) (26)
10.62	Uranium Mining Lease dated February 22, 2008 (Property ID 80622) (26)
10.63	Uranium Mining Lease dated June 12, 2008 (Property ID 80623) (26)

10.64	Securities Purchase Agreement between URN Resources Inc. and Uranium Energy Corp. dated October 13, 2009 (27)
10.65	Letter Agreement with Everest Exploration Inc. dated October 13, 2009 (27)
10.66	Option Agreement with Neutron Energy, Inc. dated November 5, 2009 (28)
10.67	Asset Purchase Agreement among each of Everest Exploration, Inc., Everest Resource Company, James T. Clark and Thomas M. Crain, Jr. (29)
10.68	First Amendment of Option Agreement between Uranium Energy Corp. and Neutron Energy, Inc., dated December 29, 2009 (30)
10.69	Executive Services Agreement between Uranium Energy Corp. and Harry L. Anthony, dated February 22, 2010 (31)
23.1	Consent of Independent Auditors, Ernst & Young, LLP, filed herewith as an exhibit
31.1	Certification of Chief Executive Officer pursuant to Securities Exchange Act of 1934 Rule 13a-14(a) or 15d-14(a) , filed herewith as an exhibit
31.2	Certification of Chief Financial Officer pursuant to Securities Exchange Act of 1934 Rule 13a-14(a) or 15d-14(a) , filed herewith as an exhibit
32.1	Certification of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, filed herewith as an exhibit

(1) Incorporated by reference to our Registration Statement on Form SB-2 filed with the SEC on August 4, 2005.

(2) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on February 9, 2006.

(3) Incorporated by reference to the amendment to our Registration Statement on Form SB-2 filed with the SEC on November 9, 2005.

(4) Incorporated by reference to our Current Report on Form 8-K as filed with the SEC on December 21, 2005.

(5) Incorporated by reference to our Annual Report on Form 10-KSB for the year ended December 31, 2005 filed with the SEC on April 13, 2006.

(6) Incorporated by reference to our Registration Statement on Form SB-2 filed with the SEC on October 4, 2006.

(7) Incorporated by reference to our Quarterly Report on Form 10-QSB filed with the SEC on August 21, 2006.

(8) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on December 21, 2005.

(9) Incorporated by reference to our Quarterly Report on Form 10-QSB filed with the SEC on May 15, 2006.

(10) Incorporated by reference to our Quarterly Report on Form 10-QSB filed with the SEC on November 20, 2006.

(11) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on May 4, 2007.

(12) Incorporated by reference to our Registration Statement on Form SB-2/A filed with the SEC on May 14, 2007.

(13) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on June 13, 2007.

(14) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on October 9, 2007.

(15) Incorporated by reference to our Annual Report on Form 10-KSB filed with the SEC on October 29, 2007.

(16) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on November 6, 2007.

(17) Incorporated by reference to our Registration Statement on Form S-1 filed with the SEC on February 12, 2008.

(18) Incorporated by reference to our Registration Statement on Form S-1 filed with the SEC on July 29, 2008.

(19) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on January 16, 2009.

(20) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on May 28, 2009.

(21) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on June 9, 2009.

(22) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on July 23, 2009.

(23) Incorporated by reference to our Registration Statement on Form S-3 filed with the SEC on July 14, 2009.

(24) Incorporated by reference to our Registration Statement on Form S-8 filed with the SEC on October 1, 2009.

(25) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on July 27, 2009.

(26) Incorporated by reference to our Annual Report on Form 10-K/A filed with the SEC on April 21, 2010.

(27) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on October 19, 2009.

(28) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on November 12, 2009.

(29) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on November 27, 2009.

(30) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on December 30, 2009.

(31) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on February 23, 2010.

SIGNATURES

Pursuant to the requirements of Section 13 and 15 (d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

U R A N I U M ENERGY CORP.

By: */s/ Amir Adnani*
Amir Adnani
President, Chief Executive Officer and a director
Date: October 12, 2010.

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

By: */s/ Amir Adnani*
Amir Adnani
President, Chief Executive Officer and a director
Date: October 12, 2010.

By: */s/ Pat Obara*
Pat Obara

Secretary, Treasurer and Chief Financial Officer
Date: October

12, 2010.

By: */s/ Alan P. Lindsay*
Alan P. Lindsay
Chairman and a director
Date: October

12, 2010.

By: */s/ Harry L. Anthony*
Harry L. Anthony
Chief Operating Officer and a director
Date: October

12, 2010.

By: */s/ Ivan Obolensky*
Ivan Obolensky
A director
Date: October

12, 2010.

By: */s/ Erik Essiger*
Erik Essiger
A director
Date: October

12, 2010.

By: */s/ Vincent Della Volpe*
Vincent Della Volpe
A director
Date: October

12, 2010.

By: */s/ Mark Katsumata*
Mark Katsumata
A director
Date: October

12, 2010.