

URANIUM ENERGY CORP
Form 10-Q
June 10, 2013

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

FORM 10-Q

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

For the quarterly period ended **April 30, 2013**

or

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

For the transition period from _____ to _____

Commission File Number: **001-33706**

URANIUM ENERGY CORP.

(Exact name of registrant as specified in its charter)

NEVADA

(State or other jurisdiction of incorporation of
organization)

98-0399476

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

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

(Address of principal executive offices)

V6E 2J3

(Zip Code)

(604) 682-9775

(Registrant's telephone number, including area code)

N/A

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

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

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T

Edgar Filing: URANIUM ENERGY CORP - Form 10-Q

(§232.405 of this chapter) during the preceding 12 months (or such shorter period that the registrant was required to submit and post such files).

Yes No

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

Large accelerated filer

Accelerated filer

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

Smaller reporting company

Edgar Filing: URANIUM ENERGY CORP - Form 10-Q

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

85,510,046 shares of common stock outstanding as of June 5, 2013.

URANIUM ENERGY CORP.

TABLE OF CONTENTS

<u>PART I FINANCIAL INFORMATION</u>	4
<u>Item 1. Financial Statements</u>	4
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	23
<u>Item 3. Quantitative and Qualitative Disclosures about Market Risk</u>	30
<u>Item 4. Controls and Procedures</u>	30
<u>PART II OTHER INFORMATION</u>	31
<u>Item 1. Legal Proceedings</u>	31
<u>Item 1A. Risk Factors</u>	33
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	40
<u>Item 3. Defaults Upon Senior Securities</u>	40
<u>Item 4. Mine Safety Disclosures</u>	40
<u>Item 5. Other Information</u>	40
<u>Item 6. Exhibits</u>	40
<u>SIGNATURES</u>	41

PART I FINANCIAL INFORMATION

Item 1. Financial Statements

URANIUM ENERGY CORP.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED APRIL 30, 2013

(Unaudited)

URANIUM ENERGY CORP.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	Notes	April 30, 2013	July 31, 2012
CURRENT ASSETS			
Cash and cash equivalents		\$ 8,980,541	\$ 25,015,284
Available-for-sale securities	3	37,580	41,973
Accounts and interest receivable		69,255	273,584
Inventories	4	1,237,161	1,876,100
Prepaid expenses and deposits		889,714	717,260
		11,214,251	27,924,201
MINERAL RIGHTS AND PROPERTIES	5	42,197,119	42,594,920
PROPERTY, PLANT AND EQUIPMENT	6	8,475,716	9,081,234
RECLAMATION DEPOSITS	7	6,040,159	5,543,040
		\$ 67,927,245	\$ 85,143,395
CURRENT LIABILITIES			
Accounts payable and accrued liabilities		\$ 3,510,117	\$ 5,271,158
Due to related parties	8	25,292	47,443
Current portion of asset retirement obligations	9	53,299	133,298
		3,588,708	5,451,899
DEFERRED INCOME TAX LIABILITIES		791,939	791,939
ASSET RETIREMENT OBLIGATIONS	9	3,563,197	2,979,076
		7,943,844	9,222,914
STOCKHOLDERS' EQUITY			
Capital stock			
Common stock \$0.001 par value: 750,000,000 shares authorized, 85,501,259 shares issued and outstanding (July 31, 2012 - 84,975,155)	10	85,503	84,975
Additional paid-in capital		197,339,544	196,486,881
Share issuance obligation		194,700	194,700
Accumulated deficit		(137,609,826)	(120,823,948)
Accumulated other comprehensive income		(26,520)	(22,127)
		59,983,401	75,920,481
		\$ 67,927,245	\$ 85,143,395
COMMITMENTS AND CONTINGENCIES			
	13		

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

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

	Notes	Three Months Ended April 30,		Nine Months 3
		2013	2012	2013
SALES		\$ 2,789,325	\$ -	\$ 7,046,325
COST OF SALES		2,271,267	-	6,225,661
GROSS PROFIT		518,058	-	820,664
EXPENSES				
Mineral property expenditures	5	1,827,147	4,011,989	8,109,696
General and administrative	8, 10	2,244,682	3,763,968	8,277,283
Depreciation, amortization and accretion	5, 6, 9	344,980	314,648	1,216,563
		4,416,809	8,090,605	17,603,542
LOSS BEFORE OTHER ITEMS		(3,898,751)	(8,090,605)	(16,782,878)
OTHER ITEMS				
Interest income		6,318	18,601	30,550
Interest expense		(5,020)	(32,372)	(16,319)
Gain (loss) on disposition of assets		(714)	-	4,249
Loss on fair value of convertible debentures		-	(1,242)	-
Loss on settlement of convertible debentures		-	(134,805)	-
Gain on settlement of accounts payable	5	-	16,072	10,909
Loss on settlement of asset retirement obligations	9	(1,878)	-	(32,389)
		(1,294)	(133,746)	(3,000)
NET LOSS FOR THE PERIOD		(3,900,045)	(8,224,351)	(16,785,878)
OTHER COMPREHENSIVE LOSS, NET OF INCOME TAXES		(234)	(982)	(4,393)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		\$ (3,900,279)	\$ (8,225,333)	\$ (16,790,271)
NET LOSS PER SHARE, BASIC AND DILUTED		\$ (0.05)	\$ (0.10)	\$ (0.20)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING, BASIC AND DILUTED		85,496,171	78,443,518	85,318,871

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

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

	Notes	Nine Months Ended April 30,	
		2013	2012
CASH (USED IN) PROVIDED BY:			
OPERATING ACTIVITIES			
Net loss for the period		\$ (16,785,878)	\$ (20,329,907)
Adjustments to reconcile net loss to net cash from operating activities			
Stock-based compensation	10	809,627	2,734,675
Depletion, depreciation, amortization and accretion		2,064,954	1,526,110
(Gain) loss on disposition of assets		(4,249)	501
Loss on fair value of convertible debentures		-	49,681
Loss on settlement of convertible debentures		-	312,207
Gain on settlement of accounts payable	5	(10,909)	(144,285)
Loss on settlement of asset retirement obligations	9	32,389	-
Changes in operating assets and liabilities			
Accounts and interest receivable		204,329	(88,508)
Inventories	4	638,939	(1,505,455)
Prepaid expenses and deposits		(172,454)	(317,349)
Accounts payable and accrued liabilities		(1,800,132)	(150,510)
Settlement of asset retirement obligations	9	(112,388)	(737,130)
NET CASH FLOWS USED IN OPERATING ACTIVITIES		(15,135,772)	(18,649,970)
FINANCING ACTIVITIES			
Issuance of shares for cash		43,564	21,499,668
Settlement of convertible debentures		-	(1,370,486)
Due to related parties	8	(22,151)	2,089
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		21,413	20,131,271
INVESTING ACTIVITIES			
Investment in mineral rights and properties		(271,833)	(4,139,357)
Purchase of property, plant and equipment		(156,432)	(947,560)
Proceeds from disposition of assets		5,000	-
Reclamation deposits		(497,119)	(917,836)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(920,384)	(6,004,753)
NET CASH FLOWS		(16,034,743)	(4,523,452)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		25,015,284	30,724,051
CASH AND CASH EQUIVALENTS, END OF PERIOD		\$ 8,980,541	\$ 26,200,599

SUPPLEMENTAL CASH FLOW INFORMATION

12

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

URANIUM ENERGY CORP.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

	Common Stock		Additional Paid-in	Share Issuance	Accu
	Shares	Amount	Capital	Obligation	D
Balance, July 31, 2012	84,975,155	\$ 84,975	\$ 196,486,881	\$ 194,700	\$ (120)
Common stock					
Issued for exercise of stock options and warrants	451,104	452	43,112	-	-
Issued for Yuty Settlement Agreement	75,000	76	190,424	-	-
Stock-based compensation					
Options issued for consulting services	-	-	258,109	-	-
Options issued for wages and benefits	-	-	361,018	-	-
Net loss for the period	-	-	-	-	(16)
Unrealized loss on available-for-sale securities	-	-	-	-	-
Balance, April 30, 2013	85,501,259	\$ 85,503	\$ 197,339,544	\$ 194,700	\$ (137)

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

URANIUM ENERGY CORP.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
April 30, 2013
(Unaudited)

NOTE 1: NATURE OF OPERATIONS

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

The Company realized revenue from uranium sales during the nine months ended April 30, 2013, however, it has a history of operating losses and significant negative cash flow since inception. Planned principal operations have commenced and existing cash resources along with forecasted uranium sales and available sources of financing are expected to provide sufficient funds for the next twelve months. However, future capital expenditures of the Company may be substantial and its continuation as a going concern for a period longer than twelve months will be dependent upon the Company's ability to obtain adequate financing. Historically, the Company has been reliant primarily on equity financing from the sale of its common shares and this reliance is expected to continue for the foreseeable future. Furthermore, the continued operations of the Company, including the recoverability of the carrying values of its assets, are dependent ultimately on the Company's ability to achieve and maintain profitability and positive cash flow from its operations. At April 30, 2013, the Company had working capital of \$7.6 million and an accumulated deficit of \$137.6 million.

NOTE 2: BASIS OF PRESENTATION

The accompanying unaudited interim condensed consolidated financial statements are presented in U.S. dollars and have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP) for interim financial information. Accordingly, they do not include all of the information and footnotes required under U.S. GAAP for complete financial statements. These unaudited interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended July 31, 2012. In the opinion of management, all adjustments of a normal recurring nature and considered necessary for a fair presentation have been made. Operating results for the nine months ended April 30, 2013 are not necessarily indicative of the results that may be expected for the fiscal year ending July 31, 2013.

NOTE 3: AVAILABLE-FOR-SALE SECURITIES

Available-for-sale securities consist of shares in publicly-traded uranium exploration companies listed on the TSX Venture Exchange and Australian Stock Exchange. During the three and nine months ended April 30, 2013, the Company recorded an unrealized loss of \$234 and \$4,393 (three and nine months ended April 30, 2012: \$982 and \$15,167), respectively, in accumulated other comprehensive loss relating to available-for-sale securities.

At April 30, 2013, the fair value of the Company's available-for-sale securities is as follows:

Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
---	--	--

Available-for-Sale Securities

Strategic Resources Inc.	\$	3,871	\$	-	\$	-
Kaboko Mining Limited		33,709		-		-
	\$	37,580	\$	-	\$	-

10

URANIUM ENERGY CORP.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
April 30, 2013
(Unaudited)

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

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

NOTE 4: INVENTORIES

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

	April 30, 2013	July 31, 2012
Supplies	\$ 140,672	\$ 32,489
Work-in-progress	83,435	250,951
Finished goods - uranium concentrates	1,013,054	1,592,660
	\$ 1,237,161	\$ 1,876,100

At April 30, 2013, the total non-cash component of inventory was \$252,528 (July 31, 2012: \$319,024).

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

At April 30, 2013, the Company had mineral rights in the States of Arizona, Colorado, New Mexico, Texas and Wyoming and in the Republic of Paraguay. These mineral rights were acquired through staking and purchase, lease or option agreements and are subject to varying royalty interests, some of which are indexed to the sale price of uranium. At April 30, 2013, annual maintenance payments of approximately \$1,186,000 are required to maintain these mineral rights.

URANIUM ENERGY CORP.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
April 30, 2013
(Unaudited)

Mineral rights and property acquisition costs consist of the following:

	April 30, 2013	July 31, 2012
Mineral Rights and Properties, Unproven		
Palangana Mine	\$ 7,045,457	\$ 6,610,453
Goliad Project	8,689,127	8,689,127
Burke Hollow Project	1,313,250	1,313,250
Channen Project	428,164	428,164
Salvo Project	363,645	363,645
Nichols Project	154,774	154,774
Welder Project	182,500	-
Anderson Project	9,154,268	9,154,268
Workman Creek Project	1,287,158	1,187,158
Los Cuatros Project	257,250	257,250
Slick Rock Project	163,213	163,213
Todilto Project	166,720	166,720
Yuty Project	11,947,144	11,947,144
Coronel Oviedo Project	1,133,412	1,133,412
Other Property Acquisitions	881,453	857,119
	43,167,535	42,425,697
Accumulated Depletion	(1,932,227)	(1,057,495)
	41,235,308	41,368,202
Databases		
	2,345,038	2,345,038
Accumulated Amortization	(1,626,129)	(1,374,484)
	718,909	970,554
Land Use Agreements		
	390,155	375,155
Accumulated Amortization	(147,253)	(118,991)
	242,902	256,164
	\$ 42,197,119	\$ 42,594,920

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

URANIUM ENERGY CORP.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
April 30, 2013
(Unaudited)

Mineral property expenditures incurred by major projects during the three and nine months ended April 30, 2013 and 2012 are as follows:

	Three Months Ended April 30,		Nine Months Ended April 30,	
	2013	2012	2013	2012
Mineral Property Expenditures				
Palangana Mine	\$ 756,414	\$ 1,465,673	\$ 3,724,668	\$ 5,833,106
Goliad Project	145,390	91,654	369,375	398,632
Burke Hollow Project	572,578	-	1,894,411	-
Channen Project	29,983	-	805,791	-
Salvo Project	4,723	415,566	22,749	969,065
Nichols Project	-	-	13,635	150,000
Anderson Project	-	185,497	74,924	339,390
Workman Creek Project	-	40,346	32,640	47,735
Slick Rock Project	29,910	3,477	116,762	17,196
Yuty Project	26,831	588,548	134,791	588,548
Coronel Oviedo Project	88,210	923,263	433,802	1,829,126
Other Mineral Property Expenditures	173,108	297,965	486,148	734,482
	\$ 1,827,147	\$ 4,011,989	\$ 8,109,696	\$ 10,907,280

During the three and nine months ended April 30, 2013 and 2012, the Company did not incur any impairment charges.

Welder Project

During the nine months ended April 30, 2013, the Company entered into a mining lease and surface use agreement granting the Company exclusive right to explore, develop and mine for uranium in the Welder Project, a 1,825-acre property located in the Bee County, Texas. The consideration paid by the Company was \$182,500 in cash, which was capitalized as mineral rights and properties on the Company's consolidated balance sheets.

Workman Creek Project

Pursuant to a Property Acquisition Agreement dated November 7, 2011, as amended on November 25, 2011, and effective November 30, 2011, the Company acquired from Cooper Minerals, Inc. (Cooper) an undivided 100% interest in the Workman Creek Project located in Gila County, Arizona. The Workman Creek Project is subject to a 3.0% net smelter revenue royalty requiring an annual advance royalty of \$100,000.

During the nine months ended April 30, 2013, the advance royalty of \$100,000 for calendar year 2012 was capitalized as mineral rights and properties on the Company's consolidated balance sheets.

Yuty Project

The Company acquired the Yuty Project located in southeastern Paraguay in March 2012 through the acquisition of Cue Resources Ltd. (Cue).

During the nine months ended April 30, 2013, the Company made cash payments totaling \$42,850 as full settlements of a total \$53,759 in accounts payable and accrued liabilities assumed from Cue, resulting in the recognition of a gain on settlement of accounts payable of \$10,909.

Pursuant to a Settlement and Release Agreement dated and effective August 7, 2012 (the Settlement Agreement), the Company renegotiated certain acquisition and royalty agreement terms previously agreed to between Cue and the original property vendors of the Yuty Project. The Settlement Agreement confirms an overriding royalty payable to the property vendors of \$0.21 for each pound of uranium produced from the Yuty Project, and supersedes all prior agreements entered into between Cue and the property vendors. As consideration for the Settlement Agreement, the Company paid \$50,000 in cash and issued 75,000 restricted shares with fair value of \$190,500.

URANIUM ENERGY CORP.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
April 30, 2013
(Unaudited)

NOTE 6: PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

	April 30, 2013			July 31, 2012		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Hobson Processing Facility	\$ 6,671,959	\$ (376,817)	\$ 6,295,142	\$ 6,671,959	\$ (258,068)	\$ 6,413,891
Mining Equipment	2,315,697	(1,122,513)	1,193,184	2,182,251	(811,016)	1,371,235
Vehicles	1,852,764	(1,273,618)	579,146	1,841,119	(1,063,240)	777,879
Computer Equipment	643,759	(470,600)	173,159	636,240	(378,651)	257,589
Furniture and Fixtures	193,013	(133,900)	59,113	193,013	(108,531)	84,482
Land	175,144	-	175,144	175,144	-	175,144
Leasehold Improvements	9,970	(9,142)	828	9,970	(8,956)	1,014
	\$ 11,862,306	\$ (3,386,590)	\$ 8,475,716	\$ 11,709,696	\$ (2,628,462)	\$ 9,081,234

NOTE 7: RECLAMATION DEPOSITS

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

	April 30, 2013		July 31, 2012	
Palangana Mine	\$	3,627,562	\$	3,135,380
Hobson Processing Facility		1,910,494		1,910,494
Mount Lucas		472,823		472,823
Arizona		15,000		15,000
Wyoming		814		813
		6,026,693		5,534,510
Interest		13,466		8,530
	\$	6,040,159	\$	5,543,040

During the nine months ended April 30, 2013, the Company paid an additional \$492,182 as a reclamation deposit relating to the Palangana Mine's Production Authorization Area 3.

NOTE 8: RELATED PARTY TRANSACTIONS

During the three and nine months ended April 30, 2013, the Company had transactions with certain officers and directors of the Company as follows:

- Incurred \$42,409 and \$126,323 (three and nine months ended April 30, 2012: \$39,455 and \$90,315) in general and administrative costs paid to a company controlled by a direct family member of a current officer; and

- Incurred \$9,000 and \$27,000 (three and nine months ended April 30, 2012: \$Nil) in consulting fees paid to a company controlled by a current director of the Company.

During the nine months ended April 30, 2012, the Company incurred \$131,176 in consulting fees paid to a company controlled by a former director of the Company.

URANIUM ENERGY CORP.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
April 30, 2013
(Unaudited)

At April 30, 2013, amounts due to related parties totaled \$25,292 (July 31, 2012: \$47,443). These amounts are unsecured, non-interest bearing and due on demand.

NOTE 9: ASSET RETIREMENT OBLIGATIONS

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

	April 30, 2013	July 31, 2012
Opening balance	\$ 3,112,374	\$ 3,027,803
Additions of asset retirement obligations	435,004	567,069
Liabilities settled with cash	(79,999)	(619,772)
Accretion	149,117	137,274
	3,616,496	3,112,374
Less: current portion of asset retirement obligations	(53,299)	(133,298)
Long-term asset retirement obligations	\$ 3,563,197	\$ 2,979,076

	April 30, 2013	July 31, 2012
Undiscounted amount of estimated cash flows	\$ 4,106,195	\$ 3,662,233
Payable in years	1.8 to 6.8	2.5 to 7.5
Inflation rate	1.56% to 2.43%	1.56% to 2.43%
Discount rate	5.00% to 10.50%	5.00% to 10.50%

During the three and nine months ended April 30, 2013, the Company settled asset retirement obligations of \$26,575 and \$79,999 with cash payments totaling \$28,453 and \$112,388, respectively. As a result, a loss on settlement of asset retirement obligations of \$1,878 and \$32,389 was recorded on the condensed consolidated statements of operations.

During the three and nine months ended April 30, 2012, the Company settled asset retirement obligations of \$278,210 and \$737,130 with cash. No loss on settlement of assets retirement obligations was recorded.

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

Undiscounted estimated cash flow for the next five years	
July 31, 2013	\$ 53,299
July 31, 2014	640,714
July 31, 2015	623,964
July 31, 2016	598,202
July 31, 2017	-
Remaining balance	2,190,016
	\$ 4,106,195

URANIUM ENERGY CORP.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
April 30, 2013
(Unaudited)

NOTE 10: CAPITAL STOCK**Capital Stock**

At April 30, 2013, the Company's capital stock was 750,000,000 authorized common shares with a par value of \$0.001 per share.

Share Transactions

Period / Description	Common Shares Issued	Value per Share		Issuance Value
		Low	High	
Balance, July 31, 2012	84,975,155			
Options Exercised ⁽¹⁾	193,000	\$ 0.33	\$ 0.45	\$ 39,748
Yuty Settlement Agreement	75,000	2.54	2.54	190,500
Balance, October 31, 2012	85,243,155			
Options Exercised ⁽²⁾	252,298	\$ 0.33	\$ 0.45	\$ 1,900
Balance, January 31, 2013	85,495,453			
Options Exercised	5,806	\$ 0.33	\$ 0.33	\$ 1,916
Balance, April 30, 2013	85,501,259			

(1) 118,750 options were exercised on a cashless basis resulting in 100,000 net shares issued.

(2) 287,866 options were exercised on a cashless basis resulting in 246,598 net shares issued.

Share Purchase Warrants

A continuity schedule of outstanding and exercisable share purchase warrants for the underlying common shares at April 30, 2013, and the changes during the period, is presented below:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)
Balance, July 31, 2012	1,558,812	\$ 4.95	1.45
Expired	(888,687)	6.76	-
Balance, January 31, 2013	670,125	\$ 2.56	2.46
Expired	(8,572)	9.30	-
Balance, April 30, 2013	661,553	\$ 2.47	2.25

Stock Options

At April 30, 2013, the Company had two Stock Option Plans as follows:

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

URANIUM ENERGY CORP.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
April 30, 2013
(Unaudited)

A summary of stock option grants under the Company's Stock Option Plans, including their fair values calculated using the Black Scholes pricing model, for the three and nine months ended April 30, 2013 is presented below:

Date / Period	Options Issued	Exercise Price	Term (Years)	Fair Value	Expected Life (Years)	Risk-Free Interest Rate	Dividend Yield	Expected Volatility
January 15, 2013	130,000	\$ 2.41	10	\$ 179,608	4	0.55%	0.00%	71.13%
Three and nine months ended April 30, 2013	130,000			\$ 179,608				

The weighted average grant date fair value per stock option granted during the three and nine months ended April 30, 2013 was \$1.38.

A continuity schedule of outstanding stock options for the underlying common shares at April 30, 2013, and the changes during the three and nine month periods, is presented below:

	Number of Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)
Balance, July 31, 2012	9,559,271	\$ 1.95	6.52
Exercised	(211,750)	0.37	3.99
Balance, October 31, 2012	9,347,521	\$ 1.99	6.33
Issued	130,000	2.41	10.00
Exercised	(293,566)	0.37	3.23
Forfeited	(93,000)	2.80	8.27
Expired	(38,773)	3.59	-
Balance, January 31, 2013	9,052,182	\$ 2.03	6.23
Exercised	(5,806)	0.33	2.67
Forfeited	(92,500)	2.78	7.58
Balance, April 30, 2013	8,953,876	\$ 2.03	5.96

Effective March 30, 2012, in connection with the acquisition of Cue and in exchange for equivalent Cue securities, the Company issued stock options to purchase 48,748 common shares and broker options to purchase 38,773 common shares. These stock options and broker options were not issued pursuant to and are not subject to the terms and conditions of the Company's Stock Option Plans. During the nine months ended April 30, 2013, broker options to purchase 38,773 common shares expired without exercise. At April 30, 2013, stock options to purchase 48,748 common shares remained outstanding and are included in the above continuity schedule of outstanding stock options.

The aggregate intrinsic value under the provisions of ASC 718 of all outstanding options at April 30, 2013 was estimated at \$3,147,769 (vested: \$3,147,769 and unvested: \$Nil).

As at April 30, 2013, unrecognized compensation cost related to non-vested stock options granted under the Company's Stock Option Plans was \$263,474, which is expected to be recognized over 1.32 years.

URANIUM ENERGY CORP.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
April 30, 2013
(Unaudited)

A summary of options outstanding and exercisable at April 30, 2013 is presented below:

Range of Exercise Prices	Options Outstanding		Options Exercisable	
	Outstanding at April 30, 2013	Weighted Average Exercise Price	Exercisable at April 30, 2013	Weighted Average Exercise Price
\$0.33 to \$0.70	2,723,878	\$ 0.41	2,723,878	\$ 0.41
\$0.71 to \$2.45	3,826,250	2.37	3,676,250	2.37
\$2.46 to \$23.08	2,403,748	3.30	2,167,084	3.32
	8,953,876	\$ 2.03	8,567,212	\$ 1.99

Stock-Based Compensation

A summary of stock-based compensation expense for the three and nine months ended April 30, 2013 and 2012 is presented below:

	Three Months Ended April 30,		Nine Months Ended April 30,	
	2013	2012	2013	2012
Stock-Based Consulting Fees				
Common stock issued for Yuty Settlement Agreement	- \$	- \$	190,500 \$	-
Common stock issued for consulting services	-	104,774	-	167,374
Options issued to consultants	(12,379)	135,032	258,109	711,249
	(12,379)	239,806	448,609	878,623
Stock-Based Management Fees				
Options issued to management	-	-	-	834,219
	-	-	-	834,219
Stock-Based Wages and Benefits				
Options issued to employees	92,566	182,543	361,018	1,021,833
	92,566	182,543	361,018	1,021,833
Stock-based compensation charged to inventory	(10,229)	(22,979)	(52,318)	(153,993)
	\$ 69,958	\$ 399,370	\$ 757,309	\$ 2,580,682

URANIUM ENERGY CORP.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
April 30, 2013
(Unaudited)

NOTE 11: SEGMENTED INFORMATION

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

As at April 30, 2013, long-term assets located in the U.S. were \$43,559,023, or 77% of the Company's total long-term assets of \$56,712,994. During the three and nine months ended April 30, 2013, the Company completed uranium concentrates sales of 70,000 pounds and 170,000 pounds, respectively, to one customer in the U.S., comprising all of the Company's external revenue source.

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

Balance Sheet Items	April 30, 2013					
	Texas	United States Arizona	Other States	Canada	Paraguay	Total
Mineral Rights and Properties	\$ 17,322,593	\$ 10,712,052	\$ 1,081,919	\$ -	\$ 13,080,555	\$ 42,197,119
Property, Plant and Equipment	8,368,243	6,914	27,143	36,539	36,877	8,475,716
Reclamation Deposits	6,024,345	15,000	814	-	-	6,040,159
Total Long-Term Assets	\$ 31,715,181	\$ 10,733,966	\$ 1,109,876	\$ 36,539	\$ 13,117,432	\$ 56,712,994

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

URANIUM ENERGY CORP.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
April 30, 2013
(Unaudited)

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

Statement of Operations	Three months ended April 30, 2013					
	Texas	United States Arizona	Other States	Canada	Paraguay	Total
Sales	\$ 2,789,325	\$ -	\$ -	\$ -	\$ -	\$ 2,789,325
Cost of sales	2,271,267	-	-	-	-	2,271,267
Gross profit	518,058	-	-	-	-	518,058
Mineral property expenditures	1,595,302	505	116,299	-	115,041	1,827,147
General and administrative	1,160,988	31,478	38,742	1,015,870	(2,396)	2,244,682
Depreciation, amortization and accretion	324,844	758	6,950	9,458	2,970	344,980
Other (income) and expenses	(3,642)	5,020	-	(80)	(4)	1,294
Net loss for the period	\$ (2,559,434)	\$ (37,761)	\$ (161,991)	\$ (1,025,248)	\$ (115,611)	\$ (3,900,045)

Statement of Operations	Three months ended April 30, 2012					
	Texas	United States Arizona	Other States	Canada	Paraguay	Total
Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cost of sales	-	-	-	-	-	-
Gross profit	-	-	-	-	-	-
Mineral property expenditures	2,191,220	238,586	70,372	-	1,511,811	4,011,989
General and administrative	2,578,447	46,141	54,406	1,073,986	10,988	3,763,968
Depreciation, amortization and accretion	294,078	758	7,252	9,734	2,826	314,648
Other (income) and expenses	(6,369)	142,152	-	(1,947)	(90)	133,746
Net loss for the period	\$ (5,057,376)	\$ (427,637)	\$ (132,030)	\$ (1,081,773)	\$ (1,525,535)	\$ (8,224,351)

Statement of Operations	Nine months ended April 30, 2013				
	Texas	United States Arizona	Other States	Canada	Paraguay

Edgar Filing: URANIUM ENERGY CORP - Form 10-Q

Sales	\$ 7,046,325	\$ -	\$ -	\$ -	\$ -	\$ 7,046,325
Cost of sales	6,225,661	-	-	-	-	6,225,661
Gross profit	820,664	-	-	-	-	820,664
Mineral property expenditures	7,049,924	126,655	364,524	-	568,593	8,109,696
General and administrative	4,610,551	106,266	127,265	3,432,314	887	8,277,283
Depreciation, amortization and accretion	1,146,764	2,275	26,819	31,820	8,885	1,216,563
Other (income) and expenses	(2,352)	16,319	-	(43)	(10,924)	3,000
Net loss for the period	\$ (11,984,223)	\$ (251,515)	\$ (518,608)	\$ (3,464,091)	\$ (567,441)	\$ (16,785,878)

Statement of Operations	Nine months ended April 30, 2012					Total
	Texas	United States Arizona	Other States	Canada	Paraguay	
Sales	\$ 6,240,000	\$ -	\$ -	\$ -	\$ -	\$ 6,240,000
Cost of sales	3,160,854	-	-	-	-	3,160,854
Gross profit	3,079,146	-	-	-	-	3,079,146
Mineral property expenditures	7,913,401	425,289	150,916	-	2,417,674	10,907,280
General and administrative	7,794,338	246,301	276,475	3,020,492	31,611	11,369,217
Depreciation, amortization and accretion	869,522	1,011	19,551	39,467	5,573	935,124
Other (income) and expenses	(40,844)	239,781	-	(1,446)	(59)	197,432
Net loss for the period	\$ (13,457,271)	\$ (912,382)	\$ (446,942)	\$ (3,058,513)	\$ (2,454,799)	\$ (20,329,907)

URANIUM ENERGY CORP.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
April 30, 2013
(Unaudited)

NOTE 12: SUPPLEMENTAL CASH FLOW INFORMATION

During the nine months ended April 30, 2013, the Company issued 75,000 restricted shares with a fair value of \$190,500 in connection with the Settlement Agreement relating to the Yuty Project.

NOTE 13: COMMITMENTS AND CONTINGENCIES

The Company is renting or leasing various office or storage space located in the United States, Canada and Paraguay with total monthly payments of \$23,989. Office lease agreements expire between July 2013 to July 2015 for the United States and Canada. The Company also has various consulting agreements which will expire in less than one year.

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

July 31, 2013	\$	101,817
July 31, 2014		201,643
July 31, 2015		137,949
	\$	441,409

The Company is committed to pay its key executives a total of \$800,922 per year for management services.

A lease option agreement on the Channen Project granting the Company the exclusive right to explore for uranium and enter into a mining lease and surface use agreement is subject to minimum exploration expenditures totaling \$1.75 million over a two-year period ending December 31, 2013. The Company has fulfilled its minimum exploration expenditure commitment for the first year.

The Company entered into a multi-year uranium sales contract in June 2011, as amended in January 2012, requiring the delivery of a total 320,000 pounds of U₃O₈ by the Company over a three-year period starting in August 2011. The sales price will be based on published market price indicators at the time of delivery. During the year ended July 31, 2012, the Company fulfilled its first-year delivery obligations through the sale of 120,000 pounds of uranium concentrates. During the nine months ended April 30, 2013, the Company completed three sales totaling 170,000 pounds of uranium concentrates, meeting its second-year delivery obligation in full and third-year delivery obligations in part under this contract.

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

claims under this lawsuit. Any potential judgment against the Company and awarded to the claimant is expected to be immaterial.

On or about May 25, 2012, the Company filed a lawsuit in the State of Texas, in the 94th Judicial District Court for Nueces County, against Everest, Everest Resource Company, Thomas M. Crain, Jr. and James T. Clark (collectively, the Everest Group) for an unspecified amount of damages as a result of claimed material breaches of their representations, warranties and covenants under the Purchase Agreement. On or about June 19, 2012, the Company received notification of a counterclaim filed by the Everest Group disputing the Company s claims and asserting certain claims for an unspecified amount of damages as a result of claimed material breaches of the Company s representations, warranties and covenants under the Purchase Agreement. The Company intends to vigorously defend against any and all claims under this lawsuit. Any potential judgment against the Company and awarded to the claimant is expected to be immaterial.

URANIUM ENERGY CORP.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
April 30, 2013
(Unaudited)

On or about April 3, 2012, the Company received notification of a lawsuit filed in the State of Arizona, in the Superior Court for the County of Yavapai, by certain Petitioners (the Plaintiffs) against a group of defendants, including the Company and former management and board members of Concentric. The lawsuit asserts certain claims relating to the Plaintiffs' equity investments in Concentric, including allegations that the former management and board members of Concentric engaged in various wrongful acts prior to and/or in conjunction with the merger of Concentric. The lawsuit further alleges that the Company is contractually liable for liquidated damages arising from a pre-merger transaction which the Company previously acknowledged and recorded as an accrued liability. In August 2012, the Company paid the liquidated damages portion of the lawsuit in full by a cash payment of \$149,194 to the Plaintiffs. The Company intends to vigorously defend against any and all remaining claims asserted under this lawsuit. Any potential judgment against the Company and awarded to the claimant is expected to be immaterial.

On or about May 17, 2012, the Company received notification of a lawsuit filed in the State of Texas, in the 229th District Court of Duval County, by an employee of a contractor hired by the Company against a group of defendants, including the Company and the contractor, for unspecified damages as a result of injuries suffered by the plaintiff while on the Company's premises. A settlement was reached through a Settlement and Release Agreement executed on April 24, 2013 and this lawsuit was dismissed on May 6, 2013.

On or about February 27, 2013, the Company received notification of a lawsuit filed in the State of Texas, in the County Court at Law No. 3, Nueces County, by certain claimants against the Company and a prior employee of the Company, for unspecified damages as a result of alleged injuries suffered by the claimants as a result of a traffic accident involving a Company vehicle. The Company intends to vigorously defend against any and all claims under this lawsuit. Any potential judgment against the Company and awarded to the claimants is expected to be immaterial.

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

The following management's discussion and analysis of the Company's financial condition and results of operations contain forward-looking statements that involve risks, uncertainties and assumptions including, among others, statements regarding our capital needs, business plans and expectations. In evaluating these statements, you should consider various factors including the risks, uncertainties and assumptions set forth in reports and other documents we have filed with or furnished to the SEC, including, without limitation, this Form 10-Q filing for the three and nine months ended April 30, 2013 and the Company's Form 10-K filing for the fiscal year ended July 31, 2012 including the consolidated financial statements and related notes contained therein. These factors, or any one of them, may cause our actual results to differ materially from any forward-looking statement made in this document. Refer to Item 1A. Risk Factors under Part II - Other Information .

MINERAL RIGHTS AND PROPERTIES

The following is a summary of significant activities by project for the nine months ended April 30, 2013:

Texas: Palangana Mine

Production at PAA-1 and 2 continued, including recompletion activities on existing production wells to increase production output. Upon completion of wellfield construction and receipt of all permits, production at PAA-3 commenced in December 2012.

At PAA-4, all monitor wells were sampled for baseline parameters and a pumping test was completed. The PAA-4 application was prepared concurrent with a technical report for the pumping test and submitted to the Texas Commission on Environmental Quality (TCEQ) in May 2013.

At PAA-5, environmental and permitting efforts are continuing.

Texas: Goliad Project

The Goliad Project is now fully permitted. In December 2012, the US Environmental Protection Agency concurred with the TCEQ issuance of the Aquifer Exemption permit. A three-phase electrical power system for the entire project and a large caliche site pad for the main plant complex and disposal well have been constructed. Procurement of long-lead items for processing equipment and supplies for the construction of the satellite facility and wellfield has been initiated.

Texas: Salvo Project

Historic and recent UEC drilling results are being reviewed for future exploration/delineation activities in the Salvo Project in order to fully identify the extent of the mineralized zones.

Texas: Burke Hollow Project

An additional 151 exploration and delineation holes totaling 66,785 feet of drilling were completed at the Burke Hollow Project, concentrating on expanding and further defining the Goliad 180' and 370' trends. In December 2012, two core holes were drilled, with core samples from the Goliad 180' and 370' trends analyzed by Energy Labs in Casper, Wyoming. These core holes were cased and completed as baseline monitor wells for the two ore-bearing trends. Core analyses confirmed the results of PFN logging, indicating an overall strong positive disequilibrium factor. Two bottle roll leach tests from core samples of the Goliad 180' trend were also completed by Energy Labs which yielded high uranium recoveries.

Twenty-two additional regional baseline monitor wells for a total of twenty-four wells are currently planned for installation for the four upper Goliad trends discovered to date. Of particular interest are the results including PFN assay logging obtained from one such well drilled two miles east from the initial exploration area, where thick, ore-quality mineralization was intercepted.

An NI 43-101 technical report was completed in February 2013 to detail the extensive geologic mapping and historic and recent drilling results to date, including plans for future exploration of two target areas which remain lightly explored.

With respect to permitting, the preoperational sampling program commenced in December 2012 and will carry on throughout the 2013 calendar year. Drilling of regional baseline monitor wells began in February 2013 and is expected to be completed by June 2013. A drainage study of the proposed license boundary was completed in January 2013 and encompasses the first three production areas. The Mine Area and Radioactive Material License applications will be developed throughout the remainder of 2013.

Texas: Channen Project

Forty-three exploration holes averaging 915 feet in depth were drilled at Channen Project, totaling 39,340 feet of drilling. Fourteen widely-spaced exploration holes drilled on a 6,400 grid revealed that at least two lower Goliad sub-rolls lying between 700 feet to 860 feet in depth exist on the property. Closer spaced delineation holes reveal that the overall trend length known to date is over two miles. These drilling results are being reviewed for future exploration/delineation activities in the Channen Project in order to fully identify the extent of the mineralized zones.

Arizona: Anderson Project

Historic and recent drilling results are being reviewed for future exploration/delineation activities in the Anderson Project. Permitting plans are also being developed.

Colorado: Slick Rock Project

An NI 43-101 technical report was completed in February 2013 to detail the extensive geologic mapping and historic and recent drilling results to date. Based upon the uranium and vanadium resources identified in this report, a Preliminary Economic Assessment was commenced for completion expected in June 2013.

Paraguay: Yuty and Coronel Oviedo Projects

Historic and recent drilling results are being reviewed for future exploration/delineation drilling at both the Yuty and Coronel Oviedo Projects. A radon extraction survey is being completed at the Coronel Oviedo Project along the western basin margins, following up on historic airborne radiometric anomalies and outcrop sampling results that indicate a potential for shallow uranium mineralization.

RESULT OF OPERATIONS

General

For the three and nine months ended April 30, 2013, the Company recorded a net loss of \$3,900,045 (\$0.05 per share) and \$16,785,878 (\$0.20 per share), respectively. For the three and nine months ended April 30, 2012, the Company recorded a net loss of \$8,224,351 (\$0.10 per share) and \$20,329,907 (\$0.27 per share), respectively.

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

Sales and Cost of Sales

During the nine months ended April 30, 2013, the Company completed three sales of uranium concentrates totaling 170,000 pounds, meeting its second-year delivery obligations in full and third-year delivery obligations in part under

the terms of an existing offtake agreement.

For the three and nine months ended April 30, 2013, sales of uranium concentrates totaled 70,000 and 170,000 pounds, respectively. Over the same periods, total sales revenue was \$2,789,325 and \$7,046,325 and cost of sales was \$2,271,267 and \$6,225,661, generating a gross profit of \$518,058 and \$820,664, respectively.

Edgar Filing: URANIUM ENERGY CORP - Form 10-Q

For the nine months ended April 30, 2012, sales of uranium concentrates totaled 120,000 pounds. Over the same period, total sales revenue was \$6,240,000, and cost of sales was \$3,160,854, generating a gross profit of \$3,079,146. There were no sales of uranium concentrates during the three months ended April 30, 2012.

For the nine months ended April 30, 2013, the significant decrease in gross profit was due to a combination of lower selling prices realized and higher cost of sales incurred. The average realized selling price per pound of uranium concentrates sold for the nine months ended April 30, 2013 was \$41.45 compared to \$52.00 for the nine months ended April 30, 2012.

Cost of sales for the nine months ended April 30, 2013 increased significantly to \$6,225,661, an increase of \$3,064,807 compared to \$3,160,854 for the nine months ended April 30, 2012. In addition to the effects on cost of sales of an additional 50,000 pounds of uranium concentrates sold during the current period as compared to the same period last year, higher cost of sales per pound of uranium concentrates sold of \$36.62 for the current period compared to \$26.34 for the same period last year was the primary reason for this overall increase. Continued recompletion activities conducted on existing production wells and the increased costs of operating a greater number of production wells in general have been contributing factors. Cost of sales for uranium concentrates is determined using the average cost per pound in inventory at the end of the month prior to the month in which the sale occurs, plus royalty obligations and other direct selling costs.

Expenses

For the three and nine months ended April 30, 2013, total expenses incurred by the Company were \$4,416,809 and \$17,603,542 (three and nine months ended April 30, 2012: \$8,090,605 and \$23,211,621), respectively.

Mineral property expenditures during the three and nine months ended April 30, 2013 were \$1,827,147 and \$8,109,696 (three and nine months ended April 30, 2012: \$4,011,989 and \$10,907,280), respectively. These amounts include expenditures relating to property maintenance, exploration and development activities including permitting and all other non-production related activities on the Company's uranium projects. As disclosed under Risk Factors, the Company has not established proven and probable reserves through the completion of feasibility studies for any of its mineral properties in accordance with SEC Industry Guide 7. Accordingly, all expenditures relating to exploration and development activities are expensed as incurred.

The following table is a summary of the mineral property expenditures incurred on the Company's projects during the three and nine months ended April 30, 2013 and 2012:

	Three Months Ended April		Nine Months Ended April 30,	
	2013	2012	2013	2012
Mineral Property Expenditures				
Palangana Mine	\$ 756,414	\$ 1,465,673	\$ 3,724,668	\$ 5,833,106
Goliad Project	145,390	91,654	369,375	398,632
Burke Hollow Project	572,578	-	1,894,411	-
Channen Project	29,983	-	805,791	-
Salvo Project	4,723	415,566	22,749	969,065
Nichols Project	-	-	13,635	150,000
Anderson Project	-	185,497	74,924	339,390
Workman Creek Project	-	40,346	32,640	47,735
Slick Rock Project	29,910	3,477	116,762	17,196
Yuty Project	26,831	588,548	134,791	588,548
Coronel Oviedo Project	88,210	923,263	433,802	1,829,126
Other Mineral Property Expenditures	173,108	297,965	486,148	734,482

\$ 1,827,147 \$ 4,011,989 \$ 8,109,696 \$ 10,907,280

General and administrative expenses during the three and nine months ended April 30, 2013 were \$2,244,682 and \$8,277,283 (three and nine months ended April 30, 2012: \$3,763,968 and \$11,369,217), respectively.

For the three and nine months ended April 30, 2013, general and administrative expenses were comprised, respectively, of salaries, management and consulting fees of \$790,197 and \$3,086,825 (three and nine months ended April 30, 2012: \$669,838 and \$3,148,009); office, investor relations, communications and travel of \$1,075,429 and \$3,503,054 (three and nine months ended April 30, 2012: \$2,294,005 and \$4,610,224); stock-based compensation of \$69,958 and \$757,309 (three and nine months ended April 30, 2012: \$399,370 and \$2,580,682); and professional fees of \$309,098 and \$930,095 (three and nine months ended April 30, 2012: \$400,755 and \$1,030,302). General and administrative expenses have decreased significantly overall due primarily to a reduction in stock-based compensation as a result of fewer stock options granted and reductions in office, investor relations, communications and travel expenses.

Depreciation, amortization and accretion during the three and nine months ended April 30, 2013 were \$344,980 and \$1,216,563 (three and nine months ended April 30, 2012: \$314,648 and \$935,124), respectively. Depreciation, amortization and accretion include depreciation and amortization of long-term assets acquired in the normal course of operations and accretion of asset retirement obligations. The increase was due primarily to an allocation increase of the depreciation and amortization relating to the Palangana Mine and the Hobson Facility as calculated on a normal production capacity basis.

Production and Inventories

During the three and nine months ended April 30, 2013, the Palangana Mine produced 69,000 and 146,000 pounds of uranium concentrates while the Hobson Facility processed 71,000 and 154,000 pounds of uranium concentrates. During the three and nine months ended April 30, 2012, the Palangana Mine produced 34,000 and 139,000 pounds of uranium concentrates while the Hobson Facility processed 37,000 and 148,000 pounds of uranium concentrates.

At April 30, 2013, the total value of inventories was \$1,237,161 of which \$1,013,054 (82%) represents the value of finished goods-uranium concentrates, \$83,435 (7%) represents the value of work-in-progress and \$140,672 (11%) represents the value of supplies. The cash component of the total value of inventories was \$984,633, and the non-cash component of the total value of inventory was \$252,528.

At July 31, 2012, the total value of inventories were \$1,876,100, of which \$1,592,660 (85%) represents the value of finished goods-uranium concentrates, \$250,951 (13%) represents the value of work-in-progress and \$32,489 (2%) represents the value of supplies. The cash component of the total value of inventories was \$1,557,076, and the non-cash component of the total value of inventory was \$319,024.

At April 30, 2013, the Company had available for sale a total of 37,000 pounds of uranium concentrates (July 31, 2012: 53,000 pounds).

SUMMARY OF QUARTERLY RESULTS

	30-Apr-13	For the Quarters Ended		
		31-Jan-13	31-Oct-12	31-Jul-12
Sales	\$ 2,789,325	\$ 2,103,750	\$ 2,153,250	\$ 7,517,400
Gross profit	518,058	12,465	290,141	2,566,214
Net loss	(3,900,045)	(5,588,210)	(7,297,623)	(4,753,814)
Total comprehensive loss	(3,900,279)	(5,591,888)	(7,298,104)	(4,791,400)
Basic and diluted loss per share	(0.05)	(0.06)	(0.09)	(0.06)
Total assets	67,927,245	72,188,198	76,682,464	85,143,395

	30-Apr-12	For the Quarters Ended		
		31-Jan-12	31-Oct-11	31-Jul-11
Sales	\$ -	\$ 3,120,000	\$ 3,120,000	\$ -
Gross profit	-	1,379,232	1,699,914	-
Net loss	(8,224,351)	(6,547,244)	(5,558,311)	(5,563,510)
Total comprehensive loss	(8,225,333)	(6,546,976)	(5,572,764)	(5,639,301)
Basic and diluted loss per share	(0.10)	(0.09)	(0.07)	(0.06)
Total assets	88,258,690	62,967,078	68,652,813	65,390,985

LIQUIDITY AND CAPITAL RESOURCES

	April 30, 2013	July 31, 2012
Cash and cash equivalents	\$ 8,980,541	\$ 25,015,284
Working capital	7,625,543	22,472,302
Total assets	67,927,245	85,143,395
Total liabilities	7,943,844	9,222,914
Shareholders' equity	59,983,401	75,920,481

At April 30, 2013, the Company had \$8,980,541 in cash and cash equivalents and working capital of \$7,625,543. Net cash decreased by \$16,034,743 during the nine months ended April 30, 2013 compared to \$4,523,452 during the nine months ended April 30, 2012.

Operating Activities

Net cash used in operating activities during the nine months ended April 30, 2013 was \$15,135,772 (nine months ended April 30, 2012: \$18,649,970). Significant operating expenditures include production costs, mineral property expenditures and general and administrative expenses. During the nine months ended April 30, 2013, the Company incurred expenditures totaling \$112,388 (nine months ended April 30, 2012: \$737,130) for cash settlement of asset retirement obligations and made a cash payment of \$149,194 to settle certain obligations relating to liquidated damages assumed as part of the acquisition of Concentric Energy Corp. (nine months ended April 30, 2012: \$Nil).

Financing Activities

Net cash provided by financing activities during the nine months ended April 30, 2013 was \$21,413 (nine months ended April 30, 2012: \$20,131,271) resulting from cash provided by the issuance of common shares of \$43,564 from the exercise of stock options (nine months ended April 30, 2012: \$21,499,668 from the issuance of common shares for an equity financing), offset by cash used in payments to related parties of \$22,151 (nine months ended April 30, 2012: cash received from related parties of \$2,089). During the nine months ended April 30, 2012, cash paid for settlement of convertible debentures totaled \$1,370,486.

Investing Activities

Net cash used in investing activities during the nine months ended April 30, 2013 was \$920,384 (nine months ended April 30, 2012: \$6,004,753), resulting primarily from the acquisition of mineral rights and properties of \$271,833 (nine months ended April 30, 2012: \$4,139,357), purchase of property, plant and equipment of \$156,432 (nine months ended April 30, 2012: \$947,560) and an increase in reclamation deposits of \$497,119 (nine months ended April 30, 2012: \$917,836).

Stock Options and Warrants

At April 30, 2013, the Company had stock options outstanding to purchase 8,953,876 shares and share purchase warrants outstanding to purchase 661,553 shares. The outstanding stock options have a weighted average exercise price of \$2.03 per share and the outstanding warrants have a weighted average exercise price of \$2.47 per share. At April 30, 2013, outstanding stock options and warrants totaled 9,615,429 shares issuable for gross proceeds of approximately \$19,752,000 should these options and warrants be exercised in full. At April 30, 2013, outstanding in-the-money stock options and warrants totaled 3,358,878 shares issuable for gross proceeds of approximately \$1,783,000 should these options and warrants be exercised in full. The exercise of these stock options and warrants is at the discretion of the respective holders and there is no assurance that any of these stock options or warrants will be exercised in the future.

TRANSACTIONS WITH OFFICERS AND DIRECTORS

During the three and nine months ended April 30, 2013, the Company had transactions with certain officers and directors of the Company as follows:

- Incurred \$42,409 and \$126,323 (three and nine months ended April 30, 2012: \$39,455 and \$90,315) in general and administrative costs paid to a company controlled by a direct family member of a current officer; and
- Incurred \$9,000 and \$27,000 (three and nine months ended April 30, 2012: \$Nil) in consulting fees paid to a company controlled by a current director of the Company.

During the nine months ended April 30, 2012, the Company incurred \$131,176 in consulting fees paid to a company controlled by a former director of the Company.

At April 30, 2013, amounts due to related parties totaled \$25,292 (July 31, 2012: \$47,443). These amounts are unsecured, non-interest bearing and due on demand.

PLAN OF OPERATIONS

Our primary plan of operations for the next twelve months is to expand production at the Palangana Mine, continue development of the Goliad Project towards production and continue with the exploration of our mineral projects. During the nine months ended April 30, 2013, the Company received final authorization for initiating production at the Goliad Project.

At April 30, 2013, the Company had \$9.0 million in cash and cash equivalents and working capital of \$7.6 million. The Company realized revenue from the sale of uranium concentrates during the nine months ended April 30, 2013 and during the fiscal year ended July 31, 2012, however, it has a history of operating losses and significant negative cash flow since inception. Planned principal operations have commenced and existing cash resources along with forecasted uranium sales and available sources of financing are expected to provide sufficient funds to carry out our plan of operations for the next twelve months. The Company's continuation as a going concern for a period longer than twelve months will be dependent upon the Company's ability to obtain adequate financing, as future capital

expenditures of the Company are expected to be substantial. It is anticipated that additional financing will be in the form of equity financing from the sale of the Company's common stock, or other appropriate methods. We cannot provide any assurance that we will be able to generate sufficient financing from the sale of our common stock or other capital raising options to fund our plan of operations and intended growth. In the absence of such financing, we may not be able to continue exploration or development of our mineral rights, possibly leading to their abandonment. Other options would include entering into joint venture arrangements to continue advancing the Company's mineral projects, which would depend entirely on finding a suitable third party willing to enter into such an arrangement, typically involving an assignment of a percentage interest in the mineral project.

The continued operations of the Company, including the recoverability of the carrying values of its assets, are dependent ultimately on the Company's ability to achieve and maintain profitability and positive cash flow from its operations.

MATERIAL COMMITMENTS

Material commitments of the Company since the filing of the Form 10-K for the fiscal year ended July 31, 2012 changed by the following:

- Fixed contract commitments for office space have decreased by \$30,000 during the nine months ended April 30, 2013; and
- Commitments for consulting agreements have decreased by \$80,000 as a result of terminating, entering into and renewing existing consulting agreements.

OFF-BALANCE SHEET ARRANGEMENTS

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

CRITICAL ACCOUNTING POLICIES

The Company's critical accounting policies are disclosed in Note 2: Summary of Significant Accounting Policies of the Notes to the Consolidated Financial Statements in our Annual Report filed on Form 10-K for the fiscal year ended July 31, 2012.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

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

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

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

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

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

Changes in Internal Controls

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during our fiscal quarter ended April 30, 2013, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION

Item 1. Legal Proceedings

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

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

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

On or about April 3, 2012, the Company received notification of a lawsuit filed in the State of Arizona, in the Superior Court for the County of Yavapai, by certain Petitioners (the Plaintiffs) against a group of defendants, including the Company and former management and board members of Concentric. The lawsuit asserts certain claims relating to the Plaintiffs' equity investments in Concentric, including allegations that the former management and board members of Concentric engaged in various wrongful acts prior to and/or in conjunction with the merger of Concentric. The lawsuit further alleges that the Company is contractually liable for liquidated damages arising from a pre-merger transaction which the Company previously acknowledged and recorded as an accrued liability. In August 2012, the Company paid the liquidated damages portion of the lawsuit in full by a cash payment of \$149,194 to the Plaintiffs. The Company intends to vigorously defend against any and all remaining claims asserted under this lawsuit. Any potential judgment against the Company and awarded to the claimant is expected to be immaterial.

On or about May 17, 2012, the Company received notification of a lawsuit filed in the State of Texas, in the 229th District Court of Duval County, by an employee of a contractor hired by the Company against a group of defendants, including the Company and the contractor, for unspecified damages as a result of injuries suffered by the plaintiff while on the Company's premises. A settlement was reached through a Settlement and Release Agreement executed

on April 24, 2013 and this lawsuit was dismissed on May 6, 2013.

On or about February 27, 2013, the Company received notification of a lawsuit filed in the State of Texas, in the County Court at Law No. 3, Nueces County, by certain claimants against the Company and a prior employee of the Company, for unspecified damages as a result of alleged injuries suffered by the claimants as a result of a traffic accident involving a Company vehicle. The Company intends to vigorously defend against any and all claims under this lawsuit. Any potential judgment against the Company and awarded to the claimants is expected to be immaterial.

On December 4, 2012, the U.S. Environmental Protection Agency (the EPA) concurred with the TCEQ issuance of an Aquifer Exemption permit with respect to the Company's Goliad Project. With the receipt of this concurrence, the final authorization required for production, the Goliad Project achieved fully-permitted status. On January 18, 2013, a group of petitioners filed a Petition for Review with the Court of Appeals for the Fifth Circuit in the United States (the Court) to appeal the EPA's decision. On March 5, 2013, a motion filed by the Company to intervene in this matter was granted by the Court. The Company believes that the pending appeal is without merit and is continuing forward as planned towards production at its fully-permitted Goliad Project.

Item 1A. Risk Factors

*In addition to the information contained in our Form 10-K Annual Report for the fiscal year ended July 31, 2012 and this Form 10-Q Quarterly Report, the following list of material risks and uncertainties should be carefully reviewed by our stockholders and any potential investors in evaluating our Company, our business and the market value of our common stock. Any one of these risks and uncertainties has the potential to cause material adverse effects on our business, prospects, financial condition and operating results which could cause actual results to differ materially from any forward-looking statements expressed by us and a significant decrease in the market price of our common stock. Refer to *Forward-Looking Statements* as disclosed in our Form 10-K Annual Report for the fiscal year ended July 31, 2012.*

There is no assurance that we will be successful in preventing the material adverse effect that any of the following risks and uncertainties may cause, or that these potential risks and uncertainties are a complete list of the risks and uncertainties facing us. Furthermore, there may be additional risks and uncertainties that we are presently unaware of, or presently consider immaterial, that may become material in the future and have a material adverse effect on us. You could lose all or a significant portion of your investment due to any of these risks and uncertainties.

Risks Related to our Company and Business

Evaluating our future performance may be difficult since we have a limited financial and operating history, with significant negative cash flow and net losses to date. Furthermore, the success of the Company will depend ultimately on our ability to achieve and maintain profitability from our mining operations.

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

The Company has a history of significant negative cash flow and accumulated deficit since its inception to April 30, 2013 of \$137.6 million. Although we generated revenue of \$13.8 million from sales of uranium concentrates during the year ended July 31, 2012 and \$7.0 million for the nine months ended April 30, 2013, we do not expect to achieve profitability or develop positive cash flow from operations in the near term. Historically, we have been reliant primarily on equity financings to fund our ongoing operations and we expect this reliance to continue for the foreseeable future.

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

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

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

uranium projects. Without such additional financing, we will be required to curtail or abandon any one or all of these activities.

Historically, we have relied on equity financing as our primary source of financing. Our ongoing reliance on equity financing and its availability whenever such additional financing is required will be dependent on many factors, including but not limited to general market conditions and the market value of our common stock. We may also be required to seek other forms of financing such as joint ventures, debt financing or other arrangements. We also filed 33 a Form S-3 Shelf Registration Statement that became effective September 2, 2011 which provides for the offer and sale of certain securities of the Company from time to time, at its discretion, up to an aggregate public offering of \$50 million (of which approximately \$22.5 million was sold in our public offering that closed on April 10, 2012). However, there is no assurance that we will be successful in securing any form of additional financing when required and on terms favorable to us.

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

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

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

Whether an ore body contains commercially recoverable uranium depends on many factors including, without limitation: (i) the particular attributes of the deposit such as size, grade and proximity to infrastructure; (ii) the market price of uranium, which may be volatile; and (iii) government regulations and regulatory requirements including, without limitation, those relating to environmental protection, permitting and land use, taxes, land tenure and transportation. We have neither established nor have plans on establishing proven and probable reserves through the completion of feasibility studies in accordance with SEC Industry Guide 7 on our mineral projects on which we are currently utilizing or planning on utilizing in-situ recovery mining.

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

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

If we become subject to liability, we may not be able or may elect not to insure against such risk due to high insurance premiums or other reasons. Where coverage is available and not prohibitively expensive relative to the perceived risk, we will maintain insurance against such risk, subject to exclusions and limitations. However, we cannot provide any assurance that such insurance will continue to be available at reasonable premiums or that such insurance will be adequate to cover any resulting liability.

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

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

or the inability to define reserves which can be mined economically.

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

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

We have limited production and sales history.

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

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

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

From time to time, we examine opportunities to acquire additional mining assets and businesses. Any acquisition that we may choose to complete may be of a significant size, may change the scale of our business and operations, and may expose us to new geographic, political, operating, financial and geological risks. Our success in our acquisition activities depends on our ability to identify suitable acquisition candidates, negotiate acceptable terms for any such acquisition, and integrate the acquired operations successfully with those of our Company. Any acquisitions would be accompanied by risks which could have a material adverse effect on our business. For example, there may be a significant change in commodity prices after we have committed to complete the transaction and established the purchase price or exchange ratio; a material ore body may prove to be below expectations; we may have difficulty integrating and assimilating the operations and personnel of any acquired companies, realizing anticipated synergies and maximizing the financial and strategic position of the combined enterprise, and maintaining uniform standards, policies and controls across the organization; the integration of the acquired business or assets may disrupt our ongoing business and our relationships with employees, customers, suppliers and contractors; and the acquired business or assets may have unknown liabilities which may be significant. In the event that we choose to raise debt capital to finance any such acquisition, our leverage will be increased. If we choose to use equity as consideration for such acquisition, existing shareholders may suffer dilution. Alternatively, we may choose to finance any such

acquisition with our existing resources. There can be no assurance that we would be successful in overcoming these risks or any other problems encountered in connection with such acquisitions.

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

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

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

Uranium exploration and development programs and mining operations are subject to stringent environmental protection laws and regulations at the federal, state, and local levels. These laws and regulations, which include permitting and reclamation requirements, regulate emissions, water storage and discharges and disposal of hazardous wastes. Uranium mining operations are also subject to laws and regulations which seek to maintain health and safety standards by regulating the design and use of mining methods. Various permits from governmental and regulatory bodies are required for mining to commence or continue, and no assurance can be provided that required permits will be received in a timely manner.

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

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

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

Our exploration and mining activities are dependent upon the grant of appropriate authorizations, licences, permits and consents, as well as continuation of these authorizations, licences, permits and consents already granted, which may be granted for a defined period of time, or may not be granted or may be withdrawn or made subject to limitations. There can be no assurance that all necessary authorizations, licences, permits and consents will be granted to us, or that authorizations, licences, permits and consents already granted will not be withdrawn or made subject to limitations.

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

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

Furthermore, the growth of the nuclear and uranium industries is dependent on continuing and growing public support of nuclear power as a source of electricity generation.

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

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

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

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

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

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

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

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

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

Due to the nature of our business, we may be subject to legal proceedings.

Due to the nature of our business, we may be subject to numerous regulatory investigations, civil claims, lawsuits and other proceedings in the ordinary course of our business. The results of these legal proceedings cannot be predicted with certainty due to the uncertainty inherent in litigation, the difficulty of predicting decisions of regulators, judges and juries and the possibility that decisions may be reversed on appeal. There can be no assurances that these matters will not have a material adverse effect on our business and/or financial position.

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

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

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

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

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

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

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

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

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

Management's evaluation on the effectiveness of disclosure controls and procedures is designed to ensure that information required for disclosure in our public filings is recorded, processed, summarized and reported on a timely basis to our senior management, as appropriate, to allow timely decisions regarding required disclosure. Management's report on internal control over financial reporting is designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use and transactions are properly recorded and reported. Any system of controls, no matter how well designed and operated, is based in part upon certain assumptions designed to obtain reasonable, and not absolute, assurance as to its reliability and effectiveness.

Risks Related to the Company's Common Stock

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

On September 28, 2007, our common stock commenced trading on the NYSE MKT Equities Exchange (formerly known as the American Stock Exchange and the NYSE Amex Equities Exchange) and prior to that, traded on the OTC Bulletin Board. The global stock markets have experienced significant and increased volatility, especially over the last few years. Although this volatility is often unrelated to specific company performance, it can have an adverse effect on the market price of our common stock. Historically, the market price of our common stock has fluctuated significantly, and may continue to do so in the future.

In addition to the volatility associated with general economic trends and market conditions, the market price of our common stock could decline significantly due to the impact of any one or more events, including, but not limited to, the following: (i) volatility in the uranium market; (ii) occurrence of a major nuclear incident; (iii) changes in the outlook for the nuclear power and uranium industries; (iv) failure to meet market expectations on our exploration, development or production activities, including abandonment of key uranium projects; (v) sales of a large number of our common stock held by certain stockholders including institutions and insiders; (vi) downward revisions to estimates on us by securities analysts; (vii) removal from market indices; (viii) legal claims brought forth against us; and (ix) introduction of technological innovations by competitors or in competing technologies.

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

During the recent past, the global markets have been impacted by the effects of mass sub-prime mortgage defaults and liquidity problems of the asset-backed commercial paper market, which have resulted in a number of large financial institutions requiring government bailouts or filing for bankruptcy. The effects of these past events and any similar events in the future may continue to or further affect the global markets, which may directly affect the market price of our common stock and our accessibility for additional financing.

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

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

Issuances of our common stock for additional financing, mergers and acquisitions and for other reasons may result in significant dilution to our existing stockholders, including a reduction in the proportionate ownership and voting power and a decrease in the market price of our common stock. We also filed a Form S-3 Shelf Registration Statement that became effective September 2, 2011 which provides for the offer and sale of certain securities of the Company from time to time, at its discretion, up to an aggregate public offering of \$50 million of which approximately \$22.5 million has been utilized.

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

We did not issue any equity securities during our fiscal quarter ended April 30, 2013 that were not registered under the Securities Act of 1933, as amended.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Pursuant to Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the Dodd-Frank Act), issuers that are operators, or that have a subsidiary that is an operator, of a coal or other mine in the United States, and that is subject to regulation by the Federal Mine Safety and Health Administration under the Mine Safety and Health Act of 1977 (Mine Safety Act), are required to disclose in their periodic reports filed with the SEC information regarding specified health and safety violations, orders and citations, related assessments and legal actions, and mining-related fatalities. During the quarter ended April 30, 2013, the Company s Palangana project was not subject to regulation by the Federal Mine Safety and Health Administration under the Mine Safety Act.

Item 5. Other Information

None.

Item 6. Exhibits

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

Exhibit Description of Exhibit

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

SIGNATURES

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

URANIUM ENERGY CORP.

/s/ Amir Adnani

Amir Adnani

President, Chief Executive Officer and Principal Executive Officer

Date: June 5, 2013

/s/ Mark Katsumata

Mark Katsumata

Secretary, Treasurer and Chief Financial Officer

Date: June 5, 2013