URANIUM ENERGY CORP
Form 10-Q
March 17, 2010

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

[X] Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended **January 31, 2010**

or

[ ] Transition Report Pursuant to Section13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from _____ to _____

Commission File Number: **001-33706**

URANIUM ENERGY CORP.

(Exact name of registrant as specified in its charter)

NEVADA	98-0399476
(State or other jurisdiction of incorporation of organization)	(I.R.S. Employer Identification No.)
500 N. Shoreline Blvd., Suite 800N, Corpus Christi, Texas	78471
(Address of principal executive offices)	(Zip Code)

(512) 828-6980

(Registrant's telephone number, including area code)

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

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

Yes £ No £

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

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: **60,368,729 shares of common stock outstanding as of March 16, 2010.**

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URANIUM ENERGY CORP.

(An Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JANUARY 31, 2010 (Unaudited)

NOTE 1: NATURE OF OPERATIONS

Uranium Energy Corp. (the "Company") was incorporated on May 16, 2003 in the State of Nevada. The Company owns a 100% interest in UEC Resources Ltd. ("UEC Resources"), a private company incorporated in the province of British Columbia, Canada on December 21, 2007. On December 18, 2009, the Company purchased all of the outstanding securities of URN Texas GP, LLC and URN South Texas Project, Ltd., the 99% joint venture partner of the South Texas Mining Venture, L.L.P. ("STMV"), a Texas limited liability partnership in the exploration stage of its mineral property development which has not established any proven mineral reserves on its existing properties. Additionally, on December 18, 2009 the Company contemporaneously acquired certain assets and liabilities from a third party including the remaining 1% interest in STMV.

Since November 1, 2004, the Company has acquired mineral leases and entered into joint venture agreements, directly or by way of option, for the purposes of exploring for economic deposits of uranium in the States of Arizona, Colorado, New Mexico, Texas, Utah, and Wyoming. As at January 31, 2010, the Company has interests in approximately 53,590 net acres of mineral properties which have been staked, leased or optioned.

The Company commenced operations on May 16, 2003 and has not realized any significant revenues since inception. As at January 31, 2010, the Company has working capital of $17,226,080 and an accumulated deficit of $64,581,873. Although existing cash resources are currently expected to provide sufficient funds through the upcoming year, the capital expenditures required to achieve planned principal operations may be substantial. The continuation of the Company as a going concern for a period of longer than the upcoming year is dependent upon the ability of the Company to obtain necessary financing to continue operations. The Company is in the exploration stage of its mineral property development and to date has not yet established any proven mineral reserves on its existing properties. The continued operations of the Company and the recoverability of the carrying value of its assets are ultimately dependent upon the ability of the Company to achieve profitable operations. To date, the Company has completed private placements and received funding through the exercise of stock options and share purchase warrants for net proceeds of $67,737,584 from the issuance of shares of the Company's common stock.

Unaudited Interim Consolidated Financial Statements

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information. They may not include all information and footnotes required by United States generally accepted accounting principles for complete financial statements, however, except as disclosed herein, there have been no material changes in the information disclosed in the notes to the audited consolidated financial statements for the year ended July 31, 2009 included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission. The interim unaudited consolidated financial statements should be read in conjunction with those consolidated financial statements included in the Form 10-K. In the opinion of management, all adjustments considered necessary for a fair presentation, consisting solely of normal recurring adjustments, have been made. Operating results for the six months ended January 31, 2010 are not necessarily indicative of the results that may be expected for the year ending July 31, 2010.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

These consolidated financial statements are presented in United States dollars and have been prepared in accordance with accounting principles generally accepted in the United States of America.

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

Accounting Standards Codification

The *Accounting Standards Codification* (ASC) has become the source of authoritative U.S. generally accepted accounting principles ("GAAP"). The ASC only changes the referencing of financial accounting standards and does not change or alter existing GAAP.

Cash and Cash Equivalents

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

Use of Estimates

The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and revenues and expenses during the period reported. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. Significant areas requiring management's estimates and assumptions are determining the fair value of transactions involving common stock, valuation and impairment losses on mineral property acquisitions, valuation of stock-based compensation, and valuation of available-for-sale securities. Other areas requiring estimates include allocations of expenditures to resource property interests, depreciation of property and equipment, and amortization of databases. Actual results could differ from those estimates.

Fair Value Measurements

In September 2006, the FASB issued ASC 820, *Fair Value Measurements and Disclosures*. The objective of ASC 820 is to increase consistency and comparability in fair value measurements and to expand disclosures about fair value measurements. ASC 820 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. ASC 820 applies under other accounting pronouncements that require or permit fair value measurements and does not require any new fair value measurements. The provisions of ASC 820 are effective for fair value measurements made in fiscal years beginning after November 15, 2007. The adoption of ASC 820 did not have a material effect on the Company's financial statements.

Mineral Property Costs

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

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

Mineral property exploration costs are expensed as incurred.

As of the date of these financial statements, the Company has not established any proven or probable reserves on its mineral properties and incurred only acquisition and exploration costs.

Databases

Costs related to internally developed databases are expensed as incurred. Costs of acquired mineral property databases are capitalized upon acquisition. Mineral property databases are tested for impairment whenever events or changes indicate the carrying value amount may not be recoverable. An impairment loss is recognized if it is determined that the carrying amount is not recoverable and exceeds fair value. Mineral property databases are amortized over five years using the straight-line method. Databases have been reclassified within Mineral Rights and Properties on the balance sheet.

Restoration and Remediation Costs (Asset Retirement Obligations)

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

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

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

On a quarterly basis the Company updates cost estimates, and other assumptions used in the valuation of asset retirement obligations at each of its mineral properties to reflect new events, changes in circumstances and any new information that is available. Changes in these costs have a corresponding impact on the fair value of asset retirement obligations. During the six months ended January 31, 2010 the Company recorded $3,245,412 as an estimate of the asset retirement obligations at its various properties pursuant to the STMV acquisition (refer to Note 3).

Impairment of Long-Lived Assets

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

Financial Instruments

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

Loss per Common Share

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

Foreign Currency Translation

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

Income Taxes

The Company follows the liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax balances. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to the taxable income in the years in which those differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment. The Company recognizes deferred taxes on unrealized gains directly within other comprehensive income, and concurrently releases part of the valuation allowance resulting in nil impact within other comprehensive income or on the balance sheet. As at January 31, 2010, the Company had net operating loss carry forwards; however, due to the uncertainty of realization, the Company has provided a full valuation allowance for the potential deferred tax assets resulting from these loss carry forwards.

Stock-Based Compensation

On January 1, 2006, the Company adopted ASC 718, *Compensation - Stock Compensation*, which addresses the accounting for stock-based payment transactions, requiring such transactions to be accounted for using the fair value method. Awards of shares for property or services are recorded at the more readily measurable of the fair value of the stock and the fair value of the service. The Company uses the Black-Scholes option-pricing model to determine the grant date fair-value of stock-based awards under ASC 718. The fair value is recorded in income depending on the terms and conditions of the award, and the nature of the relationship of the recipient of the award to the Company. The Company records the grant date fair value in income in line with the period over which it was earned. For employees and management this is typically considered to be the vesting period of the award. For consultants the fair value of the award is recorded in income over the term of the service period, and unvested amounts are revalued at each reporting period over the service period. The Company estimates the expected forfeitures and updates the valuation accordingly.

Property and Equipment

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

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

The Hobson uranium processing facility acquired pursuant to the STMV Acquisition is currently not operating and therefore not subject to amortization (refer to Note 3).

Recently Adopted Accounting Policies

Effective August 1, 2009, the Company adopted ASC 805, *Business Combinations* (formerly SFAS No. 141R, "Business Combinations"). Under ASC 805, an acquiring entity will be required to recognize all the assets acquired and liabilities assumed in a transaction at the acquisition-date fair value with limited exceptions. ASC 805 changes the accounting treatment and disclosure for certain specific items in a business combination. Under the new guidance, business acquisitions are accounted for under the "acquisition method", compared to the "purchase method" mandated previously. ASC 805 applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The more significant changes to the Company's accounting for business combinations that will result from applying the acquisition method include: (i) the definition of a business is broadened to include some development stage entities, and therefore more acquisitions may be accounted for as business combinations rather than asset acquisitions; (ii) the measurement date for equity interests issued by the acquirer is the acquisition date instead of a few days before and after terms are agreed to and announced which may significantly change the amount recorded for the acquired business if share prices differ from the agreement and announcement date to the acquisition date; (iii) all future adjustments to income tax estimates will be recorded to income tax expense, whereas under the previous requirements, certain changes in income tax estimates were recorded to goodwill; (iv) acquisition related costs of the acquirer, including investment banking fees, legal fees, accounting fees, valuation fees and other professional or consulting fees will be expensed as incurred, whereas under the previous guidance these costs were capitalized as part of the business combination; (v) the assets acquired and liabilities assumed as part of a business combination, whether full, partial or step acquisition, result in all assets and liabilities recorded at 100% of fair value, whereas under the previous requirements only the controlling interest's portion is recorded at fair value; (vi) recognition of a bargain purchase gain when the fair value of the identifiable assets exceeds the purchase price, whereas under the previous guidance, the net book value of the identifiable assets would have been adjusted downward; and (vii) the non-controlling interest will be recorded at its share of fair value of net assets acquired, including its share of goodwill, whereas under previous guidance the non-controlling interest is recorded at its share of the carrying value of net assets acquired with no goodwill being allocated.

Effective August 1, 2009, the Company adopted ASC 810, *Consolidation* (formerly SFAS No. 160, "Non-controlling Interests in Consolidated Financial Statements - An Amendment of ARB No. 51"). ASC 810 establishes new accounting and reporting standards for the non-controlling interest in a subsidiary and for the deconsolidation of a subsidiary. ASC 810 is effective for fiscal years beginning on or after December 15, 2008. The adoption of ASC 810 did not have a material impact on the consolidated financial position, results of operations or cash flows.

Effective August 1, 2009, the Company adopted ASC 815, *Derivatives and Hedging* (formerly SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities"). ASC 815 requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of gains and losses on derivative instruments, disclosures about credit-risk-related contingent features in derivative agreements, disclosures by sellers of credit derivatives, including credit derivatives embedded in a hybrid instrument, and additional disclosure about the current status of the payment/performance risk of a guarantee. This statement is effective for financial statements issued for fiscal years beginning after November 15, 2008. The adoption of this pronouncement did not have a material impact on the consolidated financial position, results of operations or cash flows.

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

Effective August 1, 2009, the Company adopted ASC 470-20, *Debt, Debt with Conversion and Other Options* (formerly APB Opinion No. 14-1, "Accounting for Convertible Debt Instruments that may be Settled in Cash upon Conversion (Including Partial Cash Settlement)"). ASC 470-20 requires cash settled convertible debt to be separated into debt and equity components at issuance and a value to be assigned to each. The value assigned to the debt component is the estimated fair value, as of the issuance date, of a similar bond without the conversion feature. The difference between the bond cash proceeds and this estimated fair value is recorded as a debt discount and amortized to interest expense over the life of the bond. ASC 470-20 is effective for fiscal years beginning after December 15, 2008. The adoption of ASC 470-20 did not have a material impact on the consolidated financial position, results of operations or cash flows.

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

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

Effective August 1, 2009, the Company adopted ASC 855, *Subsequent Events*. ASC 855 establishes general standards of accounting for and disclosures of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. It requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date. ASC 855 is effective for interim financial periods ending after June 15, 2009. The adoption of ASC 855 did not affect the Company's consolidated financial statements. See Note 13 Subsequent Events for this disclosure.

NOTE 3:

ACQUISITIONS

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

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

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

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

ii. a cash payment of $1,000,000 to be used, in part, for reclamation work to be performed by Everest for the Tex-1 and Mount Lucas Uranium Projects;

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

iv. the entering into of two agreements with Everest principals providing for cash payments aggregating $80,000 and stock issuances for an aggregate of 110,000 restricted shares of the Company's common stock. The fair value of the shares and cash has been included as consideration of the transaction and is not considered compensation costs for services.

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

The tables below present the purchase cost and the allocation of the purchase price based on our preliminary estimates with respect to the valuation of individual asset groups and determination of tax values of the assets and liabilities acquired. For the purposes of these consolidated financial statements, the purchase consideration has been allocated to the fair value of assets acquired and liabilities assumed, based on management's best estimates and all available information at the time of the STMV Acquisition. The final purchase price allocation may differ in material respects from the amounts presented below and will be finalized in 2010.

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

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he revenues and expenses from the STMV Acquisition have been included in the Company's consolidated statements of income from December 18, 2009 through January 31, 2010. The STMV Acquisition increased operating expenses for the period from December 18, 2009 to January 31, 2010 by approximately $727,503, of which $223,863 was recorded as stock based compensation. Additionally, the Company has incurred $514,204 in transaction related costs for the six months ended January 31, 2010 and total transaction related costs are estimated to be $635,000.

If the business combination had taken place at August 1, 2008, the revenue would be $Nil for all periods and the net loss would be $4,624,991 and $11,849,693 for the three and six months ended January 31, 2010 respectively, and $8,573,197 and $17,197,437 for the three and six months ended January 31, 2009 respectively.

NOTE 4: AVAILABLE-FOR-SALE SECURITIES

Available-for-sale securities consisted of shares in publicly traded uranium exploration companies listed on the TSX Venture and Australian Stock Exchanges. As at January 31, 2010, the Company has recorded an unrealized gain of $

41,350 on available-for-sale securities which is recognized in accumulated other comprehensive income.

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

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

This hierarchy requires the Company to minimize the use of unobservable inputs and to use observable market data, if available, when estimating fair value. The fair value of the Company's available-for-sale securities using the following inputs at January 31, 2010 is as follows:

NOTE 5: MINERAL RIGHTS AND PROPERTIES

Uranium Exploration

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

As at January 31, 2010, the Company has interests in 63,204 gross acres (53,590 net mineral acres) of mineral properties that have been staked, leased or optioned pursuant to agreements by the Company in the States of Arizona, Colorado, New Mexico, Texas, Utah, and Wyoming for the purposes of uranium exploration for a total cost of $16,229,329 including $8,217,570 representing the fair value of non-cash compensation and $3,991,800 representing the fair value allocation of La Palangana as a component of the STMV Acquisition. The totals include 3,291 net acres (6,717 gross acres leased by Cibola Resources LLC of which the Company holds a 49% interest). These leases are subject to varying royalty interests, some of which are indexed to the sale price of uranium. As at January 31, 2010, total yearly recurring maintenance payments of approximately $754,600 are required to maintain existing mineral leases.

Hobson Processing Facility

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

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

La Palangana Project

On December 18, 2009, the Company acquired La Palangana ("Palangana") through its acquisition of STMV (refer to Note 3). Palangana had an estimated fair value of $3,991,800 at the time of acquisition. The Palangana Project is a prior-producing, ISR project located in the South Texas uranium belt. The 2,500 hectare (6,200 acre) property is located approximately 100 miles south of the Hobson processing facility.

Goliad Project

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

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

Cibola Resources LLC

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

NEI acquired a ten year mining lease (the "Lease") to the Property from La Merced del Pueblo de Cebolleta ("Cebolleta"), a private entity that has the authority over the natural resources of the Property, pursuant to a Mining Lease and Agreement between Cebolleta and NEI effective April 6, 2007 (the "Mining Lease Agreement"), and has contributed the Lease to Cibola. Terms of the Lease provide for:

a. initial payments of $3,000,000 (paid by NEI, of which 49% was reimbursed to NEI by the Company);

b. an additional cash payment of $2,000,000 six months from the effective date of the Lease ($980,000 paid, being the Company's 49% portion);

c. every year after April 6, 2007 until uranium production begins, an advance royalty of $500,000 (to be deducted from any royalties paid in that same year);

d. a recoverable reserve payment of $1 per pound of recoverable uranium reserves upon the completion of a feasibility study by an independent mining engineering firm, which will be reduced by all prior payments as described in clause (a) through (c) above;

e. a production royalty of between 4.50% and 8.0% depending upon the sale price of uranium; and

f. the funding of a $30,000 per year scholarship program.

The Company has reimbursed an aggregate of $2,450,000 to NEI (49%) of the capital invested to date. As a result, NEI and the Company hold a 51% and 49% interest, respectively, in Cibola and the Company is obligated to pay 49% of all future commitments under the terms of the Lease. Additionally, the Company has paid or accrued $1,166,596 in exploration costs on behalf of Cibola for a cumulative contribution of $3,616,596.

On November 5, 2009, the Company entered into an option agreement with Neutron Energy, Inc. ("Neutron"), a Nevada corporation, granting Neutron the exclusive option (the "Option") to purchase and acquire its 49% interest in Cibola Resources, LLC for a cash payment of US$11,000,000. In order to exercise its Option, Neutron must give the Company written notice of its intention to exercise the Option by December 31, 2009. If Neutron does not provide the Company with such written notice of exercise by such date, the Option shall terminate and the Option Agreement shall be of no further force or effect. On December 29, 2009, the Company and Neutron entered into a First Amendment of Option Agreement (the "Amendment") to amend certain provisions of an existing agreement dated November 5, 2009. The Amendment amends the original agreement as follows:

a. Section 1.2 of the original agreement has been amended to extend the date by which Neutron must provide written notice to the Company of Neutron's intention to exercise the Option from December 31, 2009 to March 31, 2010;

b. Article 2 of the original agreement has been amended to extend the date by which the closing of the transfer of the Option Property must occur (if Neutron exercises the Option) from January 10, 2010 to April 12, 2010; and

c. Section 4.17 of the original agreement has been amended to read as follows: "Neutron shall fund the LLC's obligations for the months of August of 2009 through March of 2010. Regardless of whether Neutron exercises the Option or Closing occurs, Neutron releases and discharges UEC from all liability with respect to such obligations. If Neutron does not exercise the Option, or if closing does not occur, the ownership interest of UEC shall not be diluted as a result of Neutron's funding of UEC's obligations for the months of August of 2009 through March of 2010 and Neutron's release and discharge of UEC from all liability with respect to such obligations."

New River Project

Effective November 1, 2007, the Company entered into a letter agreement to purchase assets, whereby the Company acquired certain mineral exploration claims located in Maricopa County, Arizona, together with database records containing material information regarding the certain mineral claims. On August 25, 2008, the Company entered into an agreement amending the underlying purchase agreement. Under the terms of the amending agreement, the Company will pay an aggregate sum of $300,000, of which $88,000 may be paid with the issuance of restricted common stock. At January 31, 2010, the Company has made cumulative payments of $230,000 consisting of $192,000 in cash and the issuance of 19,000 restricted common shares. At the time of issuance, these restricted common shares had a fair value of $10,070, resulting in capitalized total charges of $202,070.

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

Additionally, the Company has incurred $23,000 in other mineral right and property acquisition charges on the New River project, for a cumulative cost of $225,070 as at January 31, 2010.

F-33 Acquisition and Uran Joint Venture (Todilto)

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

On January, 14, 2009, the Company entered into an option and joint venture agreement (the "Agreement") with Uran Limited ("Uran") of Perth, Australia, in connection with the proposed exploration and development of certain tenements comprising the Company's "Grants Ridge" uranium project located in New Mexico. The Agreement was subject to Uran's satisfactory completion of due diligence work on the Grants Ridge project which was completed in February of 2009 in accordance with terms of the Agreement. Upon completion of the following terms of the Agreement, Uran can earn a 65% interest in the Grants Ridge project by: (a) making an initial cash payment of $75,000 (received); (b) incurring project exploration expenditures of $100,000 in year one, $200,000 in year two, $300,000 in year three, $400,000 in year four and $500,000 in year five, for total aggregate exploration expenditures of $1,500,000 over the 5 year option period; (c) completing a feasibility study; and (d) issuing and delivering an initial 1,000,000 Uran ordinary shares to the Company (received) plus issue a further 750,000 shares staged over the next 3 years for total aggregate issuance of 3,250,000 Uran ordinary shares. Uran can withdraw from the Agreement after expenditures of $250,000.

Additionally, the Company has incurred $91,203 in other mineral right and property acquisition charges on the Todilto project, for a cumulative cost of $218,603 as at January 31, 2010. Pursuant to the Uran joint venture agreement, the Company received a cash payment of $75,000 and 1,000,000 ordinary shares of Uran Limited with a fair value of $17,600 on the date of receipt. Accordingly, cumulative acquisition costs have been reduced by $92,600 as of January 31, 2010.

Holley Option

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

Mineral rights and properties acquisition costs consist of the following:

As at January 31, 2010, the Company has recorded impairment charges of $1,526,508 (July 31, 2009 - $1,526,508) on cumulative acquisition costs of $17,755,837 (July 31, 2009 - $13,672,137).

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

NOTE 6: PROPERTY, PLANT AND EQUIPMENT

Property and equipment consist of the following:

NOTE 7: RECLAMATION DEPOSITS

Reclamation deposits includes interest and non-interest bearing deposits issued in the States of Arizona, Texas and Wyoming pursuant to exploration, production and reclamation activities in the respective states. During the six months ended January 31, 2010 the Company deposited $233,275 to be held in trust for the Texas Commission on Environment Quality ("TCEQ") in conjunction with the STMV Acquisition. Additionally, an amount of $2,497,000 held in trust for the TCEQ was assigned to the Company as a component of the STMV Acquisition (refer to Note 3).

NOTE 8: DUE TO RELATED PARTIES AND RELATED PARTY TRANSACTIONS

During the six months ended January 31, 2010, the Company had transactions with certain officers and directors of the Company as follows:

a. incurred $

838,061 in management fees paid to directors and officers during the period;

- incurred $

1,986,564 in stock based compensation for the incremental fair value of shares and options granted to directors and officers that were earned during the period;

- incurred $

69,996 in general and administrative costs paid to a company controlled by a direct family member of a current officer; and

- on August 28, 2009, the Company entered into a non-arms length consulting agreement with a company controlled and/or managed by an independent director. Under the terms of the agreement, the Company issued as fully paid and non-assessable, 300,000 restricted common shares. The $777,000 fair value of the issuance was recorded as stock-based consulting fees. The services that were provided are separate and apart from the time and effort that the independent director provides to the Company on an ongoing basis as an independent director.

At January 31, 2010, a balance of $128,991 consisting of outstanding management fees and expense reimbursements is reported as due to related parties. All related party transactions involving provision of services or tangible assets were recorded at the exchange amount, which is the value established and agreed to by the related parties.

NOTE 9: ASSET RETIREMENT OBLIGATIONS

The Company's asset retirement obligations ("ARO") in regards to the Hobson facility, the La Palangana, Mt. Lucas and Tex-1 projects relates to site restoration (refer to Note 3).

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

NOTE 10: CAPITAL STOCK

Capital Stock

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

2010 Share Transactions

On August 28, 2009, the Company issued 300,000 fully vested restricted common shares pursuant to consulting agreement (refer to Note 8). At the time of issuance, the shares had a value of $2.59 per share and $777,000 was recorded as stock based consulting fees.

On December 18, 2009, the Company issued 2,500,000 fully vested restricted common shares pursuant to the securities purchase agreement component of the STMV Acquisition. Additionally, on December 18, 2009, the Company issued 200,000 restricted common shares pursuant to the asset purchase agreement component and 55,000 restricted common shares pursuant to the consulting service agreements components of the STMV Acquisition (refer to Note 3). In accordance with the terms of the consulting service agreements, the Company is obligated to issue an additional 55,000 shares of restricted common stock which has been recorded as a stock issuance obligation. At the time of issuance the aggregate amount of shares pursuant to the STMV Acquisition had a value of $3.54 per share and $9,947,400 was recorded as stock based acquisition costs.

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

During the six months ending January 31, 2010 the Company issued 154,724 fully vested restricted common shares pursuant to various service agreements. At the time of the issuances, the shares had a value ranging from $2.40 to $3.72 per share, and a cumulative total of $467,160 was recorded as stock based consulting fees.

During the six months ended January 31, 2010, the Company issued 544,539 shares for net proceeds of $247,213 pursuant to the exercise of 549,500 common stock options of which 40,000 options were exercised on a forfeiture basis resulting in 35,039 net shares being issued. Additionally, during the six months ended January 31, 2010 a total of 4,000 warrants were exercised for proceeds of $12,400.

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Share Purchase Warrants

The December 12, 2007 private placement included a registration rights agreement, requiring a registration statement respecting the investors' securities within the Company declared effective by the SEC within four months from the original date of issuance by the Company of the securities underlying the original subscription agreements. Under the terms of the registration rights agreement, the Company shall use its reasonable best efforts to maintain the effectiveness of the registration statement for a period of not less than three years from the original date of issuance. If the Company fails to maintain the effectiveness of the registration statement for the three year period, additional warrants could be issuable as liquidated damages. Any additional warrant issuance is provided for under the terms of the registration rights agreement whereby 1/100 of an additional warrant was issuable to each such investor for each $1.00 in aggregate subscription price funds paid by the investor to the Company under the private placement and in respect of each 30 day period (or partial period thereof) of delay of the aforementioned registration statement effectiveness. As at January 31, 2010, 742,220 additional warrants could be issuable as liquidated damages through the three year period expiring December 12, 2010.

The July 7, 2008 and July 18, 2008 private placements included a registration rights agreement, requiring a registration statement respecting the investors' securities within the Company declared effective by the SEC by September 25, 2008. Under the terms of the registration rights agreement, the Company shall use its reasonable best efforts to maintain the effectiveness of the registration statement for a period of not less than two years from the original date of issuance. If the Company fails to maintain the effectiveness of the registration statement for the two year period, additional warrants could be issuable as liquidated damages. Any additional warrant issuance is provided for under the terms of the registration rights agreement whereby 1/100 of an additional warrant was issuable to each such investor for each $1.00 in aggregate subscription price funds paid by the investor to the Company under the private placement and in respect of each 30 day period (or partial period thereof) of delay of the aforementioned registration statement effectiveness. As at January 31, 2010, 932,676 additional warrants could be issuable as liquidated damages through the two year period expiring July 7, 2010 and July 18, 2010.

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

The aggregate intrinsic value ("AIV") under the provisions of ASC 718 of the 500,000 compensation warrants previously issued to consultants as at January 31, 2010 was estimated at $1,005,000.

Stock Options

On December 19, 2005, the Board of Directors of the Company ratified, approved and adopted a Stock Option Plan for the Company in the amount of 5,000,000 options. On April 10, 2006, the Company amended its 2005 Stock

Option Plan whereby, subject to adjustment from time to time as provided in Article 11.1, the number of common shares available for issuance under the Plan was increased from 5,000,000 shares to 7,500,000 shares. On October 10, 2006, the Company ratified the 2006 Stock Incentive Plan whereby, subject to adjustment from time to time as provided in Article 18.1, the number of common shares available for issuance under the Plan was increased to 10,000,000 shares. On July 23, 2009, the Company's shareholders approved the adoption of its 2009 Stock Incentive Plan in the amount of 5,000,000 shares.

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

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

On August 27, 2009, a total of 100,000 stock options were granted to a consultant at an exercise price of $2.49 per share. The term of these options is ten years. The $203,000 fair value of these options was estimated using the Black-Scholes option pricing model with an expected life of 5 years, a risk free interest rate of 1.04%, a dividend yield of 0%, and an expected volatility of 117.80%. Unvested stock options issued to consultants are revalued at each reporting period.

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

On September 29, 2009, a total of 50,000 stock options were granted to a consultant at an exercise price of $2.94 per share. The term of these options is ten years. The $116,500 fair value of these options was estimated using the

Black-Scholes option pricing model with an expected life of 5 years, a risk free interest rate of 1.00%, a dividend yield of 0%, and an expected volatility of 111.66%. Unvested stock options issued to consultants are revalued at each reporting period.

On December 30, 2009, a total of 260,000 stock options were granted to employees at an exercise price of $3.67 per share. The term of these options is ten years. The $898,045 fair value of these options was estimated using the Black-Scholes option pricing model with an expected life of 5 years, a risk free interest rate of 2.61%, a dividend yield of 0%, and an expected volatility of 109.79%.

On January 28, 2010, a total of 75,000 stock options were granted to a consultant at an exercise price of $2.94 per share. The term of these options is ten years. The $207,019 fair value of these options was estimated using the Black-Scholes option pricing model with an expected life of 5 years, a risk free interest rate of 2.41%, a dividend yield of 0%, and an expected volatility of 108.69%.

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

The AIV under the provisions of ASC 718 of all outstanding options as at January 31, 2010 was estimated at $12,667,743. The AIV of options exercised during the six months ended January 31, 2010 was estimated at $1,607,168.

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

Stock Based Compensation

A summary of stock based compensation expense for the six months ended January 31, 2010:

NOTE 11: COMMITMENTS AND CONTINGENCIES

The Company is currently renting or leasing office premises in New Mexico, Texas and Vancouver, B.C., Canada with total monthly payments of $

15,975. All office lease agreements are on a month to month basis with the exception of the Corpus Christi office lease which expires in August, 2012.

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

The Company is committed to pay its key executives a total of approximately $646,000 per year for management services.

NOTE 12: SUPPLEMENTAL CASH FLOW INFORMATION AND NONCASH INVESTING AND FINANCING ACTIVITIES

Other non-cash adjustments consist of the following:

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NOTE 13: SUBSEQUENT EVENTS

On March 1, 2010, the Company issued 67,480 warrants to 47 of its existing security holders as liquidated damages pursuant to the terms of registration rights agreements between the Company and such security holders. Each such warrant is exercisable to purchase one share of the Company's common stock at a price of $4.25 per share, expiring on March 1, 2012. The Company issued these warrants pursuant to registration rights agreements that formed part of its December 2007 private placement of units to such security holders, in which the Company agreed to keep the registration statement with respect to such December 2007 private placement securities effective for a period of three years; if the Company failed to do so, it agreed to issue to such security holders, each month until the situation is cured and in accordance with the terms of the registration rights agreements, one-hundredth of a warrant to acquire shares of the Company's common stock for each $1.00 in aggregate funds paid by such security holders for its securities issued in the December 2007 private placement. The original registration statement relating to the securities issued in the December 2007 private placement is no longer effective. Accordingly, on March, 1, 2010 the Company issued these 67,480 warrants for no additional consideration, although it will receive proceeds if any of these warrants are exercised.

On March 1, 2010, the Company issued 155,446 warrants to 45 of its existing security holders as liquidated damages pursuant to the terms of registration rights agreements between the Company and such security holders. Each such warrant is exercisable to purchase one share of the Company's common stock at a price of $3.10 per share, expiring on

March 1, 2012. The Company issued these warrants pursuant to registration rights agreements that formed part of its July 2008 private placement of units to such security holders, in which the Company agreed to keep the registration statement with respect to such July 2008 private placement securities effective for a period of two years; if the Company failed to do so, it agreed to issue to such security holders, each month until the situation is cured and in accordance with the terms of the registration rights agreements, one-hundredth of a warrant to acquire shares of the Company's common stock for each $1.00 in aggregate funds paid by such security holders for its securities issued in the July 2008 private placement. The original registration statement relating to the securities issued in the July 2008 private placement is no longer effective. Accordingly, on March, 1, 2010 the Company issued these 155,446 warrants for no additional consideration, although it will receive proceeds if any of these warrants are exercised.

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

FORWARD-LOOKING STATEMENTS

This Form 10-Q for the quarterly period ended January 31, 2010 contains forward-looking statements that involve risks and uncertainties. Forward-looking statements in this document include, among others, statements regarding our capital needs, business plans and expectations. Such forward-looking statements involve assumptions, risks and uncertainties regarding, among others, the success of our business plan, availability of funds, government regulations, operating costs, our ability to achieve significant revenues, our business model and products and other factors. Any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may", "will", "should", "expect", "plan", "intend", "anticipate", "believe", "estimate", "predict", "potential" or "continue", the negative of such terms or other comparable terminology. In evaluating these statements, you should consider various factors, including the assumptions, risks and uncertainties set forth in reports and other documents we have filed with or furnished to the SEC, including, without limitation, our Form 10-K for the period ended July 31, 2009. These factors or any of them may cause our actual results to differ materially from any forward-looking statement made in this document. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding future events, our actual results will likely vary, sometimes materially, from any estimates, predictions, projections, assumptions or other future performance suggested herein. The forward-looking statements in this document are made as of the date of this document and we do not intend or undertake to update any of the forward-looking statements to conform these statements to actual results, except as required by applicable law, including the securities laws of the United States.

OVERVIEW

As used in this Quarterly Report: (i) the terms "we", "us", "our", "Uranium Energy" and the "Company" mean Uranium Energy Corp. and its wholly owned subsidiary, UEC Resources Ltd., unless the context otherwise requires; (ii) "SEC" refers to the Securities and Exchange Commission; (iii) "Securities Act" refers to the Securities Act of 1933, as amended; (iv) "Exchange Act" refers to the Securities Exchange Act of 1934, as amended; and (v) all dollar amounts refer to United States dollars unless otherwise indicated.

The following discussion of our plan of operations, results of operations and financial condition as at and for the six months ended January 31, 2010 should be read in conjunction with our unaudited interim consolidated financial statements and related notes for the six months ended January 31, 2010 included in this Quarterly Report, as well as our Annual Report on Form 10-K for the year ended July 31, 2009.

Corporate Organization

Our company was incorporated under the laws of the State of Nevada on May 16, 2003 under the name "Carlin Gold Inc." During 2004, we changed our business operations and focus from precious metals exploration in the State of Nevada to the exploration for economic reserves of uranium throughout the United States. On January 24, 2005, we filed an amendment to our Articles of Incorporation changing our name to "Uranium Energy Corp.". On December 31, 2007, we incorporated a wholly-owned subsidiary under the laws of the Province of British Columbia, Canada, UEC Resources Ltd.

On January 24, 2005, we completed a reverse stock split of our shares of common stock on the basis of one share for each two outstanding shares. Effective February 28, 2006, we completed a forward split of our shares of common stock on the basis of 1.5 shares for each outstanding share to increase liquidity for our shares of common stock. Effective February 28, 2006, we amended our Articles of Incorporation with the Nevada Secretary of State increasing our authorized capital stock from 75,000,000 shares of common stock, with a $0.001 par value, to 750,000,000 shares of common stock with a similar par value.

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

On December 18, 2009, we purchased all of the outstanding securities of URN Texas GP, LLC and URN South Texas Project, Ltd., the 99% joint venture partner of the South Texas Mining Venture, L.L.P. ("STMV"). Additionally, on December 18, 2009 we contemporaneously acquired certain assets and liabilities from a third party including the remaining 1% interest in STMV.

Our principal offices are located at 500 North Shoreline, Ste. 800N, Corpus Christi, Texas, USA, 78471, our telephone number is (512) 828-6980, and our web site address is www.uraniumenergy.com.

General

We are a natural resource exploration and development company engaged in the exploration and development of properties that may contain uranium minerals in the United States. Our strategy is to acquire properties that are thought to contain economic quantities of uranium ore and have undergone some degree of uranium exploration but have not yet been mined.

As of the date of this Quarterly Report, we have interests in uranium exploration mineral properties totaling 63,204 gross acres (53,590 net mineral acres) of properties that have been leased, staked or optioned which we intend to explore for economic deposits of uranium. These properties are subject to varying net royalty interests. The totals include 3,291 net acres (6,717 gross acres) leased by Cibola Resources LLC in which the Company holds a 49% interest. Many of these properties have been the subject of historical exploration by other mining companies. We believe that our properties are prospective for mineral exploration based on either prior exploration conducted by other companies, or management information and work products derived from various reports, maps, radioactive rock samples, exploratory drill logs, state organization reports, consultants, geological study, and other exploratory information.

Our principal mineral properties are the Goliad project in Goliad County, Texas, the La Palangana project in Duval County, Texas and the Cibola Resources LLC, Cebolleta joint venture project in Cibola County, New Mexico.

The acreage and location of our mineral properties are summarized as follows:

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

We use our database of exploration data in order to target additional exploration properties for acquisition. For the remainder of the 2010 fiscal year, we may acquire further acres of mineral properties consisting of claim blocks located in, but not limited to the states of Arizona, Colorado, New Mexico, Texas, Utah and Wyoming. Our ability to complete these acquisitions will be subject to obtaining sufficient financing and being able to conclude agreements with the property owners on terms that are acceptable to us. These potential acquisition properties have not yet been specifically identified.

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

Business Combination

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

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

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

i. 200,000 shares of our restricted common stock;

ii. a cash payment of $1,000,000 to be used, in part, for reclamation work to be performed by Everest for the Tex-1 and Mount Lucas Uranium Projects;

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

iv. the entering into of two agreements with Everest principals providing for cash payments aggregating $80,000 and stock issuances for an aggregate of 110,000 restricted shares of our common stock. The fair value of the shares and cash has been included as consideration of the transaction and is not considered compensation costs for services.

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

The tables below present the purchase cost and the allocation of the purchase price based on our preliminary estimates with respect to the valuation of individual asset groups and determination of tax values of the assets and liabilities acquired. For financial statement purposes, the purchase consideration has been allocated to the fair value of assets acquired and liabilities assumed, based on management's best estimates and all available information at the time of the STMV Acquisition. The final purchase price allocation may differ in material respects from the amounts presented below and will be finalized in 2010.

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

The revenues and expenses from the STMV Acquisition have been included in our consolidated statements of income from December 18, 2009 through January 31, 2010. The STMV Acquisition increased operating expenses for the period from December 18, 2009 to January 31, 2010 by approximately $727,503, of which $223,863 was recorded as stock based compensation. Additionally, we have incurred $514,204 in transaction related costs for the six months ended January 31, 2010 and total transaction related costs are estimated to be $635,000.

If the business combination had taken place at August 1, 2008, the revenue would be $Nil for all periods and the net loss would be $4,624,991 and $11,849,693 for the three and six months ended January 31, 2010 respectively, and $8,573,197 and $17,197,437 for the three and six months ended January 31, 2009 respectively.

Hobson Processing Facility

The Hobson facility is located about 100 miles northwest of Corpus Christi in Karnes County, Texas. Hobson was originally licensed and constructed in 1978, and was subsequently totally refurbished and expanded to a drying and packaging capacity of 2,500,000 pounds of U_3O_8 per year in Q3 2008.

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

Our Mineral Exploration Properties

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

In the States of Arizona, New Mexico, Texas and Utah, we are participating in our mineral properties by way of property lease directly from the owners of the land/mineral rights. These leases give us similar access and privileges as described above, however with some important differences. Although, in most cases we will have access to the surface, the mineral rights below surface are restricted to uranium and associated fissionable minerals only, with any other minerals and hydro carbons, including, for example, petroleum, retained by the lessor. The lease terms are for five years, and include five-year renewal periods. After the expiration of the second five-year term, the leases will be either held by production or the leases will be terminated. These leases are subject to varying royalty interests, some of which are indexed to the sale price of uranium at the time of production. Royalty payments must be made to the lessor in the event that we extract uranium ore from the properties. All royalties are based on the gross sales revenue less certain charges and fees.

These properties do not have any indicated or inferred minerals or reserves. We plan to conduct exploration programs on these properties with the intent to prove or disprove the existence of economic concentrations of uranium. Since inception, we have not established any proven or probable reserves on our mineral property interests.

Recent Exploration Activities

Goliad

Our company successfully completed the planned 2007 two-phase drilling program which consisted of support to the ongoing environmental permitting, coring for agitation leach studies, and an exploration program designed to explore additional acreage acquired during our company's 2006-2007 leasing program. All 2007 drilling at the Goliad Project was carried out under our approved Texas Railroad Commission Exploration Permit No. 123 dated February 3, 2006. The Permit is being extended on an on-going basis as required.

The 2008-2009 exploratory program at the Goliad Project consisted of evaluating previous drilling efforts and adding to the geologic model of the mineralization system.

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

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

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

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

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

(d) the economic impact study and the ecological study have been completed;

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

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

(g) installed monitor wells and baseline wells in the first production area. These wells are used to establish baseline restoration values that are key to groundwater restoration once mining has ceased;

(h) completed a deep disposal well study that would facilitate the installation of two deep disposal wells that are necessary for removal of the mining process waste water;

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

(j) Texas Parks and Wildlife have reviewed our proposal mine plan and have concluded that no significant impact to wildlife;

(k) The Corp of Army Engineers have also received our mine plan and have determined that it will not have any adverse impacts to area wetlands; and

(l) received an air exemption permit from TCEQ that approves our facility as a zero emissions processing facility.

All of the above information was submitted with the Mine Permit Application, Production Area Authorization, Class I Deep Disposal well Application and Radioactive Materials License. TCEQ issued a Final Draft Permit for the Mine Permit application and Production Area Authorization. These two permits are currently going through a procedural administrative hearing process, that is facilitated by TCEQ. The TCEQ also has also issued a Final Draft Permit on the proposed two deep disposal wells. TCEQ has issued a first response for additional information in response to the submitted Radioactive Material License that was submitted in December 2008.

On March 4, 20008, we issued a news release entitled "Uranium Energy Corp. Reports Independent NI 43-101 Resource Estimate at Goliad Project." This news release is attached as Exhibit 99.1 to our Current Report on Form 8-K as filed with the SEC on March 4, 2008.

As described in more detail in the news release, we received an updated technical report (the "Technical Report") in accordance with the provisions of National Instrument 43-101, Standards of Disclosure for Mineral Projects ("NI

43-101"), of the Canadian Securities Administrators for our Goliad Project located in Goliad County, Texas. The complete Technical Report has been filed under our company's profile on the Canadian Securities Administrators public disclosure website, at www.sedar.com. The Technical Report is authored by Thomas A. Carothers, P.Geo., a qualified person as defined in NI 43-101, who has over 30 years of uranium experience, substantially in the South Texas Uranium trend. His experience includes working directly for two operating ISR mining companies in South Texas, US Steel and Tenneco Uranium, during the 1970s and 1980s.

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

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

La Palangana

The Palangana Project is a prior-producing, ISR project located in the South Texas uranium belt. The 2,500-hectare (6,200-acre) property is located approximately 100 miles south of the Hobson processing facility. Over 4,000 historic holes were drilled at the Palangana Project by previous operators including Union Carbide Corporation ("UCC"), Chevron and Uranium One. UCC produced uranium at the Palangana Project in the mid to late 1970's using ISR methods.

The geology at Palangana is characterized by the occurrence of a Gulf Coast piercement salt dome. This dome is approximately 2 miles in diameter and is overlain by Pliocene sediments of the Goliad Formation. Previous operators of the Palangana Project focused their historic exploration and resource development on mineralization overlying and surrounding the faulted dome margins. The current Resource Estimates are primarily located east of the faulted dome margins, in paleochannels within the Goliad Formation. Exploration of these newly developed mineralized trends is ongoing.

The TCEQ has granted a Radioactive Materials License for the Palangana ISR Uranium Project located in Duval County, Texas. The Palangana project has now obtained all the permits needed to proceed with development and has fully and successfully completed the state permitting process at all levels.

On February 23, 2010, we issued a news release entitled "Uranium Energy Corp. Reports Independent NI 43-101 Resource Estimate for the Company's Palangana ISR Project in South Texas." This news release is attached as Exhibit 99.1 to our Current Report on Form 8-K filed with the SEC on February 24, 2010.

As described in more detail in the news release, we received an updated technical report (the "Technical Report") in accordance with the provisions of National Instrument 43-101, Standards of Disclosure for Mineral Projects ("NI 43-101"), of the Canadian Securities Administrators for our Palangana Project located in Duval County, Texas. The complete Technical Report was filed under our company's profile on the Canadian Securities Administrators public disclosure website, at www.sedar.com, on February 24, 2010. The Technical Report is authored by SRK Consulting U.S. Inc., an international mining consulting firm with headquarters in Denver, Colorado.

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

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

PLAN OF OPERATIONS

Our plan of operations for the next twelve months is to continue with the exploration of our mineral properties. We have identified a number of low grade projects that we believe we can fast-track to production by conducting a number of different exploration and permitting activities at the same time, particularly in the State of Texas. Currently, most of our exploration activity is focused in the State of Texas.

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

Name of Property	Planned Exploration Expenditures	Amounts of Claims Maintenance Due	Amount of Property Payment Due
Goliad*	$Nil(1)	$11,698	$Nil
Palangana	$681,000(2)	$326,000	$Nil

(1) An amount of approximately $400,000 has been budgeted for legal representation, expert testimonies, consultant fees and miscellaneous expenses related to the contested case hearings for the permitting and licensing process of the Goliad Project. It has not been determined whether or not we will be required to draw upon all of the budgeted funds.

(2) In February 2010, we initiated a 215 hole drilling program on six exploration zones at Palangana with the objective to further define and to expand the uranium mineralization in these zones.

The following sets forth information relating to all fees and other payments required to be made by us in the next twelve months:

Mining Claims	Lease Maintenance Payments	Other Agreement Fees	Mining Development Programs
$Nil (Cibola JV Payment)	$245,000 (Cibola JV Advance Royalty Payment)	$14,700 (Cibola JV Scholarship Contribution)	$800,000*

* Proposed expenditures for the Cebolleta project include confirmation drilling, mine permitting, data construction and 3-D modeling.

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

At January 31, 2010, we had $18,045,435 in cash and working capital of $17,226,080. We anticipate that existing cash resources will be sufficient to carry out our exploration programs and current plan of operations for the next twelve months. In the event we require additional financing to pursue our plan of operations for the next 12 months, there can be no assurance that such financing will be available on terms favorable to us or at all.

Beyond the next twelve months, we may be required to obtain additional financing in order to continue our plan of operations as we anticipate that we will not earn any revenues in the foreseeable future. We believe that debt financing will not be an alternative for funding additional phases of exploration as we do not have tangible assets to secure any debt financing. We anticipate that additional funding will be in the form of equity financing from the sale of our common stock. We do not have any financing arranged and we cannot provide investors with any assurance that we will be able to raise sufficient funding from the sale of our common stock to fund our exploration programs. In the absence of such financing, we will not be able to continue exploration of our mineral claims. Even if we are successful in obtaining equity financing to fund our exploration programs, there is no assurance that we will obtain the funding necessary to pursue any advanced exploration of our mineral claims following the completion of preliminary exploration. If we do not continue to obtain additional financing, we may be forced to abandon our properties and our plan of operations.

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

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

RESULTS OF OPERATIONS

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

Three Months Ended January 31, 2010 Compared to Three Months Ended January 31, 2009

Net production revenues during the three months ended January 31, 2010 and 2009 were $Nil. Our net loss for the three months ended January 31, 2010 was $4,440,682 compared to a net loss of $2,811,037 during three months ended January 31, 2009.

Operating expenses incurred during the three months ended January 31, 2010 increased to $4,213,688 from $2,819,863 over the same period ended January 31, 2009. Significant expenditures and changes are outlined as follows:

- Consulting fees increased to $162,224 during the three months ended January 31, 2010 from $57,854 during the same period ended January 31, 2009. The change is due to an increased reliance on third party service providers in the current period as we expanded our operations as market conditions improved, and the resumption of ordinary course of business which was previously curtailed during the prior period.

- Consulting fees - stock based increased to $714,232 during the three months ended January 31, 2010 from $68,311 during the same period ended January 31, 2009. The current and prior period expense consists of the fair value of option and stock grants earned during the period.

- Depreciation and amortization increased to $167,100 during the three months ended January 31, 2010 from $132,421 during the same period ended January 31, 2009, due primarily to additional charges on assets relating to the STMV Acquisition.

- General and administrative costs increased to $1,054,658 during the three months ended January 31, 2010 from $707,520 during the same period ended January 31, 2009. The increase is due to the expansion of our operations as market conditions improved, additional business development activities, and the resumption of ordinary course of business which was previously curtailed during the prior period.

- Management fees increased to $636,689 during the three months ended January 31, 2010 from $232,679 during the same period ended January 31, 2009. The current period expense includes additional board and committee fees not in effect in the prior period, year-end bonus payments that were not paid or accrued in the prior period, and the resumption of ordinary course of business which was previously curtailed during the prior period.

- Management fees - stock based decreased to $26,564 during the three months ended January 31, 2010 from $170,250 during the same period ended January 31, 2009. The current and prior period expense consists of the fair value of option and stock grants earned during the period.

- Mineral property expenditures decreased to $722,467 during the three months ended January 31, 2010 from $1,124,116 during the same period ended January 31, 2009. The change is due primarily to a shift in our focus from the exploration phase to the permitting phase on the Goliad project.

- Professional fees increased to $97,840 during the three months ended January 31, 2010 from $53,711 during the same period ended January 31, 2009, resulting primarily from increases in legal services relating to our corporate and business development activities which expanded as market conditions improved.

- Reclamation costs increased to $160,872 during the three months ended January 31, 2010 from $Nil during the same period ended January 31, 2009. The change is due to costs associated with the retirement obligations included in the STMV Acquisition.

- Wages and benefits - stock based increased to $471,042 during the three months ended January 31, 2010 from $232,059 during the same period ended January 31, 2009. The current and prior period expense consists of the fair value of option grants earned during the period.

We incurred $234,942 in transaction costs relating to the STMV Acquisition during the three months ended January 31, 2010 compared to $Nil during the same period ended January31, 2009. On December 18, 2009, we completed the acquisition of a 100% ownership interest in STMV.

Our net loss during the three months ended January 31, 2010 was $4,440,682 or ($0.08) per share compared to a net loss of $2,811,037 or ($0.06) per share during the same period ended January 31, 2009. The weighted average number of shares outstanding was 58,412,690 for the three months ended January 31, 2010 compared to 46,398,228 for the same period ended January 31, 2009.

Transactions with Officers and Directors

Of the $4,448,630 incurred as operating expenses during the three months ended January 31, 2010 an aggregate of $636,689 was incurred payable to certain officers and directors and recorded as management fees, and $26,564 was recorded as the fair value of option and stock grants earned by officers and directors and reported as stock-based management fees. At January 31, 2010 a balance of $128,991 is owing to some of our officers.

Six Months Ended January 31, 2010 Compared to Six Months Ended January 31, 2009

Net production revenues during the six months ended January 31, 2010 and 2009 were $Nil. Our net loss for the six months ended January 31, 2010 was $10,678,409 compared to a net loss of $6,528,123 during six months ended January 31, 2009.

Operating expenses incurred during the six months ended January 31, 2010 increased to $10,191,432 from $6,576,613 over the same period ended January 31, 2009. Significant expenditures and changes are outlined as follows:

- Consulting fees increased to $232,096 during the six months ended January 31, 2010 from $118,540 during the same period ended January 31, 2009. The change is due to an increased reliance on third party service providers in the current period as we expanded our operations as market conditions improved, and the resumption of ordinary course of business which was previously curtailed during a portion of the prior period.

- Consulting fees - stock based increased to $2,183,628 during the six months ended January 31, 2010 from $79,715 during the same period ended January 31, 2009. The current and prior period expense consists of the fair value of option and stock grants earned during the period.

- Depreciation and amortization increased to $304,284 during the six months ended January 31, 2010 from $264,414 during the same period ended January 31, 2009, due primarily to additional charges on assets relating to the STMV Acquisition.

- General and administrative costs increased to $1,989,850 during the six months ended January 31, 2010 from $1,751,376 during the same period ended January 31, 2009. The increase is due to the expansion of our operations as market conditions improved, additional business development activities, and the resumption of ordinary course of business which was previously curtailed during a portion of the prior period.

- Management fees increased to $838,061 during the six months ended January 31, 2010 from $449,564 during the same period ended January 31, 2009. The current period expense includes additional board and committee fees not in effect in the prior period, year-end bonus payments that were not paid or accrued in the prior period, and the resumption of ordinary course of business which was previously curtailed during a portion of the prior period.

- Management fees - stock based increased to $1,986,564 during the six months ended January 31, 2010 from $170,250 during the same period ended January 31, 2009. The current and prior period expense consists of the fair value of option and stock grants earned during the period.

- Mineral property expenditures decreased to $1,343,188 during the six months ended January 31, 2010 from $2,938,301 during the same period ended January 31, 2009. The change is due to a shift in our focus from the exploration phase to the permitting phase on the Goliad project.

- Reclamation costs increased to $160,872 during the six months ended January 31, 2010 from $Nil during the same period ended January 31, 2009. The change is due to costs associated with the retirement obligations included in the STMV Acquisition.

- Wages and benefits - stock based increased to $855,573 during the six months ended January 31, 2010 from $470,864 during the same period ended January 31, 2009. The current and prior period expense consists of the fair value of option and stock grants earned during the period.

Interest income decreased to $18,465 during the six months ended January 31, 2010 from $48,490 during the six months ended January 31, 2009, due to significantly lower investment rates during the current period.

We incurred $514,204 in transaction costs relating to the STMV Acquisition during the six months ended January 31, 2010 compared to $Nil during the same period ended January31, 2009. On December 18, 2009, we completed the acquisition of a 100% ownership interest in STMV.

Our net loss during the six months ended January 31, 2010 was $10,678,409 or ($0.19) per share compared to a net loss of $6,528,123 or ($0.14) per share during the same period ended January 31, 2009. The weighted average number of shares outstanding was 57,486,936 for the six months ended January 31, 2010 compared to 46,372,367 for the same period ended January 31, 2009.

Transactions with Officers and Directors

Of the $10,191,432 incurred as operating expenses during the six months ended January 31, 2010 an aggregate of $838,061 was incurred payable to certain officers and directors and recorded as management fees, and $1,986,564 was recorded as the fair value of option and stock grants earned by officers and directors and reported as stock-based management fees. At January 31, 2010, a balance of $128,991 is owing to some of our officers.

Additionally, on August 28, 2009 we entered into a non-arms length consulting agreement with a company controlled and/or managed by one of our independent directors. Under the terms of the agreement, we issued as fully paid and non-assessable, 300,000 restricted common shares with a fair value of $777,000 that was reported as stock-based consulting. The services that were provided are separate and apart from the time and effort that the independent director provides to us on an ongoing basis as an independent director.

LIQUIDITY AND CAPITAL RESOURCES

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

At January 31, 2010, we had $18,045,435 in cash and working capital of $17,226,080. Generally, we have financed our operations through proceeds from the private placement of equity securities and debt instruments and the exercise of stock options and warrants. We used $6,220,208 net cash during the six months ended January 31, 2010 compared to $5,654,918 net cash used during the same period ended January 31, 2009.

Operating Activities

Net cash used in operating activities during the six months ended January 31, 2010 was $5,138,200 compared to $5,756,515 during the same period ended January 31, 2009. Significant operating expenditures during the current period included mineral property expenditures, general and administrative costs, management fees and professional fees.

Financing Activities

Net cash provided by financing activities during the six months ended January 31, 2010 was $348,823 compared to $63,193 during the same period ended January 31, 2009. During the current period, we received net proceeds of $259,613 from the exercise of stock options and warrants.

Investing Activities

Net cash used in investing activities during the six months ended January 31, 2010 was $1,430,831 compared to $38,404 net cash provided by investing activities in the same period ended January 31, 2009. During the current period, we spent $1,080,000 as the cash component of the STMV acquisition.

Stock Options and Warrants

As at January 31, 2010, we had 7,033,500 stock options and 8,536,815 share purchase warrants outstanding. The outstanding stock options have a weighted average exercise price of $1.25 per share and the outstanding warrants have a weighted average exercise price of $3.00 per share. Accordingly, as at January 31, 2010, the outstanding options and warrants represented a total of 15,570,315 shares issuable for proceeds of approximately $34,402,000 if these options and warrants were exercised in full. The exercise of these options and warrants is at the discretion of the holders and, accordingly, there is no assurance that any of these options or warrants will be exercised.

Going Concern

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

We commenced operations on May 16, 2003, and have not realized any significant revenues since inception. As at January 31, 2010, we have working capital of $17,226,080 and an accumulated deficit of $64,581,873. Existing cash resources are currently expected to provide sufficient funds through the upcoming year. The continuation of the Company as a going concern for greater than 12 months is dependent upon the ability of the Company to obtain necessary financing to continue operations. We are in the exploration stage of our mineral property development and to date have not yet established any known mineral reserves on any of our existing properties. Our continued operations and the recoverability of the carrying value of our assets are ultimately dependent upon our ability to achieve profitable operations. To date we have completed private placements and exercised stock options and warrants for net proceeds of $67,737,584 from the issuance of shares of our common stock.

Material Commitments

Cibola Resources LLC

On April 27, 2007, we entered into a joint venture (the "Joint Venture") with Neutron Energy Inc., a Wyoming corporation ("NEI") in connection with exploration of property covering 6,717 acres located in Cibola County, New Mexico (the "Property") for uranium resources. In connection with the Joint Venture, Cibola Resources LLC, a Delaware limited liability company ("Cibola"), was formed for purposes of undertaking exploration activities contemplated by the Joint Venture.

On April 6, 2007, NEI and La Merced del Pueblo de Cebolleta, a private entity that has authority over the natural resources of the Property ("Cebolleta"), entered into a mining lease agreement (the "Mining Lease Agreement"), pursuant to which NEI acquired the mining lease to the Property from Cebolleta (the "Lease") for cash payments of $3,000,000. As of June 30, 2007, we have reimbursed NEI an aggregate of $1,470,000. As a result, we have a 49% equity interest in Cibola and NEI has a 51% equity interest in Cibola, respectively. NEI contributed the Lease to Cibola Resources LLC.

Under terms of a Letter Agreement (the "Letter Agreement") between Cebolleta and NEI, further payments to the order and direction of Cebolleta are required as follows:

a. $2,000,000 six months from the effective date of the Letter Agreement (paid $980,000, being the Company's portion);

b. $500,000 representing an advanced royalty, every 12 months from the effective date of the Letter Agreement until uranium production begins (to be deducted from any royalties paid in that same year);

c. $1.00 per pound upon an independent mining engineering firm's completion of a feasibility study, and all prior payments made to Cebolleta will be credited to the recoverable reserve payment;

d. 4.50% to 8.00% production royalty payments depending upon the uranium sale price; and

e. $30,000 per year towards a scholarship fund.

We are required to contribute 49% of the aforementioned payments in order to retain our interest in the Joint Venture. Through the date of this Quarterly Report, the Company has paid $2,450,000 in acquisition costs, $36,750 in database acquisition costs, and an additional $1,166,596 in exploration costs on behalf of Cibola for a cumulative contribution of $3,616,596.

On November 5, 2009, we entered into an option agreement with Neutron Energy, Inc. ("Neutron"), a Nevada corporation, granting Neutron the exclusive option (the "Option") to purchase and acquire our 49% interest in Cibola Resources, LLC for a cash payment of US$11,000,000. In order to exercise its Option, Neutron must give us written notice of its intention to exercise the Option by December 31, 2009. If Neutron does not provide us with such written notice of exercise by such date, the Option shall terminate and the Option Agreement shall be of no further force or effect. On December 29, 2009, the Company and Neutron entered into a First Amendment of Option Agreement (the "Amendment") to amend certain provisions of an existing agreement dated November 5, 2009. The Amendment amends the original agreement as follows:

a. the original agreement has been amended to extend the date by which Neutron must provide written notice to the Company of Neutron's intention to exercise the Option from December 31, 2009 to March 31, 2010;

b. the original agreement has been amended to extend the date by which the closing of the transfer of the Option Property must occur (if Neutron exercises the Option) from January 10, 2010 to April 12, 2010; and

c. the original agreement has been amended to read as follows: "Neutron shall fund the LLC's obligations for the months of August of 2009 through March of 2010. Regardless of whether Neutron exercises the Option or Closing occurs, Neutron releases and discharges UEC from all liability with respect to such obligations. If Neutron does not exercise the Option, or if closing does not occur, the ownership interest of UEC shall not be diluted as a result of Neutron's funding of UEC's obligations for the months of August of 2009 through March of 2010 and Neutron's release and discharge of UEC from all liability with respect to such obligations."

New River Project Acquisition

On November 1, 2007 we entered into a binding letter Agreement to Purchase Assets with Melvin O. Stairs, Jr. ("Mr. Stairs") for a mineral exploration claim and related database information located in Maricopa County, Arizona. On August 25, 2008 we entered into an agreement amending the underlying Agreement to Purchase Assets. Under the terms of the Amending Agreement, the Company will pay total consideration of $300,000 including i) a $10,000 deposit upon execution (paid), ii) an installment of $95,000 cash on January 10, 2008 (paid), iii) an installment of $95,000 on August 25, 2008 consisting of $57,000 cash (paid) and the issuance of 19,000 fully paid and non-assessable restricted common shares (issued), and iv) a further installment totaling $100,000 on or before October 31, 2009 consisting of $50,000 cash and the $50,000 balance by way of issuance of an aggregate number of fully paid and non-assessable restricted common shares at a deemed issuance price calculated as the previous five-day trading average immediately prior to October 31, 2009. Additionally, we have granted Mr. Stairs security interest on the acquired assets until the agreement is paid in full. On January 25, 2010, the Company and Mr. Stairs agreed to amend the August 25, 2008 Amending Agreement. We agreed to pay Mr. Stairs a further and final non-refundable Purchase Price Payment in the aggregate amount equivalent to $65,000 payable in the following manner; i) the initial $30,000 of the Purchase Price Payment by way of cash (paid); and ii) the final balance of U.S. $35,000 of this Purchase Price Payment by way of the issuance 10,448 fully paid and non-assessable restricted common shares at deemed issuance price of U.S. $3.35 per Share (issued).

F-33 Acquisition

On November 13, 2007, we entered into an agreement to acquire certain mineral property leases located in Cibola County, New Mexico for total consideration of $400,000. Under the terms of the agreement, we paid an initial deposit of $100,000 upon closing with the remaining balance due in three installments of $100,000 due on March 31, 2008 (paid), December 31, 2008, and December 31, 2009. At our option, the final two installments may be paid in stock, based on the average trading price of our common stock over the 10 days immediately preceding the due date. On December 12, 2008 we entered into an agreement amending the aforementioned underlying agreement to acquire mineral leases to the following: 1) $5,000 on or before December 31, 2008 (paid) and $45,000 on or before December 31, 2009 (paid).

Management Fees

We are committed to pay our key executives a total of approximately $646,000 per year for management services.

Office Leases

We are currently leasing office premises in New Mexico, Texas and Vancouver, Canada, for monthly payments totaling $15,975. All office lease agreements are on a month to month basis with the exception of the Corpus Christi office lease which expires in August, 2012.

Off-Balance Sheet Arrangements

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

Critical Accounting Policies

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

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

Accounting Standards Codification

The *Accounting Standards Codification* (ASC) has become the source of authoritative U.S. generally accepted accounting principles ("GAAP"). The ASC only changes the referencing of financial accounting standards and does not change or alter existing GAAP.

Mineral Property Costs

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

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

Mineral property exploration costs are expensed as incurred.

As of the date of this Quarterly Report, we have not established any proven or probable reserves on our mineral properties and incurred only acquisition and exploration costs.

Databases

Costs related to internally developed databases are expensed as incurred. Costs of acquired mineral property databases are capitalized upon acquisition. Mineral property databases are tested for impairment whenever events or changes indicate the carrying value amount may not be recoverable. An impairment loss is recognized if it is determined that the carrying amount is not recoverable and exceeds fair value. Mineral property databases are amortized over five years using the straight-line method.

Restoration and Remediation Costs (Asset Retirement Obligations)

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

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

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

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

Impairment of Long-Lived Assets

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

Financial Instruments

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

Stock-Based Compensation

On January 1, 2006, we adopted ASC 718, *Compensation - Stock Compensation*, which addresses the accounting for stock-based payment transactions, requiring such transactions to be accounted for using the fair value method. We use the Black-Scholes option-pricing model to determine the grant date fair-value of stock-based awards under ASC 718. The fair value is recorded in income depending on the terms and conditions of the award, and the nature of the relationship of the recipient of the award to us. We record the grant date fair value in income in line with the period over which it was earned. For employees and management this is typically considered to be the vesting period of the award. For consultants the fair value of the award is recorded in income over the term of the service period, and unvested amounts are revalued at each reporting period over the service period. We estimate the expected forfeitures and update the valuation accordingly.

Recently Adopted Accounting Policies

Effective August 1, 2009, we adopted ASC 805, *Business Combinations*. Under ASC 805, an acquiring entity will be required to recognize all the assets acquired and liabilities assumed in a transaction at the acquisition-date fair value with limited exceptions. ASC 805 changes the accounting treatment and disclosure for certain specific items in a business combination. Under the new guidance, business acquisitions are accounted for under the "acquisition method", compared to the "purchase method" mandated previously. ASC 805 applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The more significant changes to our accounting for business combinations that will result from applying the acquisition method include: (i) the definition of a business is broadened to include some development stage entities, and therefore more acquisitions may be accounted for as business combinations rather than asset acquisitions; (ii) the measurement date for equity interests issued by the acquirer is the acquisition date instead of a few days before and after terms are agree to and announced which may significantly change the amount recorded for the acquired business if share prices differ from the agreement and announcement date to the acquisition date; (iii) all future adjustments to income tax estimates will be recorded to income tax expense, whereas under the previous requirements, certain changes in income tax estimates were recorded to goodwill; (iv) acquisition related costs of the acquirer, including investment banking fees, legal fees, accounting fees, valuation fees and other professional or consulting fees will be expensed as incurred, whereas under the previous guidance these costs were capitalized as part of the business combination; (v) the assets acquired and liabilities assumed as part of a business combination, whether full, partial or step acquisition, result in all assets and liabilities recorded at 100% of fair value, whereas under the previous requirements only the controlling interest's portion is recorded at fair value; (vi) recognition of a bargain purchase gain when the fair value of the identifiable assets exceeds the purchase price, whereas under the previous guidance, the net book value of the identifiable assets would have been adjusted downward; and (vii) the non-controlling interest will be recorded at its share of fair value of net assets acquired, including its share of goodwill, whereas under previous guidance the non-controlling interest is recorded at its share of the carrying value of net assets acquired with no goodwill being allocated.

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

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

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

Effective August 1, 2009, we adopted ASC 470-20, *Debt, Debt with Conversion and Other Options* (formerly APB Opinion No. 14-1). ASC 470-20 requires cash settled convertible debt to be separated into debt and equity components at issuance and a value to be assigned to each. The value assigned to the debt component is the estimated fair value, as of the issuance date, of a similar bond without the conversion feature. The difference between the bond cash proceeds and this estimated fair value is recorded as a debt discount and amortized to interest expense over the life of the bond. ASC 470-20 is effective for fiscal years beginning after December 15, 2008. The adoption of ASC 470-20 did not have a material impact on the consolidated financial position, results of operations or cash flows.

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

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

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk

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

Our functional currency is the United States dollar. However, a significant portion of our business is transacted in other currencies (the Canadian dollar). As a result, we are subject to exposure from movements in foreign currency exchange rates. We do not use derivative financial instruments for speculative trading purposes, nor do we hedge our foreign currency exposure to manage our foreign currency fluctuation risk.

Item 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 of these controls and procedures required by paragraph (b) of Rules 13a-15 and 15d-15 under the Exchange Act, 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 are effective.

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

Changes in Internal Controls

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended January 31, 2010, 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, no director, officer, affiliate or beneficial owner of more than 5% of our common stock is (i) a party adverse to us in any legal proceeding, or (ii) has an adverse interest to us in any legal proceeding. Management is not aware of any other legal proceedings pending or that have been threatened against us or our properties.

Item 1A. Risk Factors

There have been no material changes from the risk factors as previously disclosed in our Annual Report on Form 10-K for the year ended July 31, 2009, which was filed with the SEC on October 15, 2009.

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

Consulting Services Agreements

Effective July 6, 2009, we entered into a consulting services agreement. In accordance with the terms of the agreement, on November 20, 2009 we issued 1,380 shares of our restricted common stock at deemed issuance price of $2.90 per share pursuant to Rule 506 of Regulation D and/or Section 4(2) of the Securities Act.

Effective August 17, 2009, we entered into a consulting services agreement. In accordance with the terms of the agreement, on November 10, 2009 we issued 9,500 shares of our restricted common stock, and on December 2, 2009 we issued 9,500 shares of our restricted common stock pursuant to Rule 506 of Regulation D and/or Section 4(2) of the Securities Act.

Effective September 1, 2009, we entered into a consulting services agreement. In accordance with the terms of the agreement, on November 10, 2009 we issued 2,500 shares of our common stock, on December 2, 2009 we issued 2,500 shares of our common stock, and on January 5, 2010 we issued 2,500 shares of our common stock pursuant to Rule 506 of Regulation D and/or Section 4(2) of the Securities Act.

Effective September 1, 2009, we entered into a consulting services agreement. In accordance with the terms of the agreement, on January 12, 2010 we issued 7,000 shares of our restricted common stock at a deemed issuance price of $1.50 per share pursuant to Regulation S and/or Section 4(2) of the Securities Act.

Effective November 9, 2009, we entered into a consulting services agreement. In accordance with the terms of the agreement, on November 30, 2009 we issued 10,000 shares of our restricted common stock, and on December 29, 2009 we issued 10,000 shares of our restricted common stock, in each case at deemed issuance price of $3.03 per share and pursuant to Regulation S and/or Section 4(2) of the Securities Act.

Effective December 21, 2009, we entered into a consulting services agreement. In accordance with the terms of the agreement, on January 14, 2010 we issued 5,000 shares of our restricted common stock, and on February 15, 2010 we issued 5,000 shares of our restricted common stock pursuant to Rule 506 of Regulation D and/or Section 4(2) of the Securities Act.

Effective December 21, 2009, we entered into a consulting services agreement. In accordance with the terms of the agreement, on January 14, 2010 we issued 1,648 shares of our common stock, and on February 15, 2010 we issued 1,648 shares of our common stock pursuant to Rule 506 of Regulation D and/or Section 4(2) of the Securities Act.

Effective December 29, 2009, we entered into a consulting services agreement. In accordance with the terms of the agreement, on January 27, 2010 we issued 2,725 shares of our restricted common stock at a deemed issuance price of $3.67 per share pursuant to Rule 506 of Regulation D and/or Section 4(2) of the Securities Act.

Effective December 30, 2009, we entered into a consulting services agreement. In accordance with the terms of the agreement, on February 3, 2010 we issued 1,090 shares of our restricted common stock at a deemed issuance price of $3.67 per share pursuant to Rule 506 of Regulation D and/or Section 4(2) of the Securities Act.

Effective January 25, 2010, we entered into a consulting services agreement. In accordance with the terms of the agreement, on February 12, 2010 we issued 1,083 shares of our restricted common stock at a deemed issuance price of $3.19 per share pursuant to Regulation S and/or Section 4(2) of the Securities Act.

Asset Purchase Agreement

Effective November 1, 2007 we entered into a binding letter Agreement to Purchase Assets, on August 25, 2008 we entered into an agreement amending the underlying Agreement to Purchase Assets, and on January 25, 2010 we entered into an agreement further amending the underlying Agree to Purchase Assets. In accordance with the terms of the further amending agreement, on February 8, 2010 we issued 10,448 shares of our restricted common stock pursuant to Rule 506 of Regulation D and/or Section 4(2) of the Securities Act of 1933, as amended.

Stock Bonuses

Effective November 27, 2009, we approved a year-end bonus plan. In accordance with the bonus plan, on January 6, 2010 we issued an aggregate of 55,136 shares of our restricted common stock to eighteen individuals who are directors, officers, employees or consultants for our Company. We relied on an exemption from registration provided by (i) Rule 506 of Regulation D and or Section 4(2) of the Securities Act with respect to the issuance of shares to 13 of such individuals and (ii) Regulation S and or Section 4(2) of the Securities Act with respect to the issuance of shares to the remaining five individuals.

Penalty Warrants

On March 1, 2010, we issued 67,480 warrants to 47 of our existing security holders as liquidated damages pursuant to the terms of registration rights agreements between us and such security holders. Each such warrant is exercisable to purchase one share of our common stock at a price of $4.25 per share, expiring on March 1, 2012. We issued these warrants pursuant to registration rights agreements that formed part of our December 2007 private placement of units to such security holders, in which we agreed to keep the registration statement with respect to such December 2007 private placement securities effective for a period of three years; if we failed to do so, we agreed to issue to such security holders, each month until the situation is cured and in accordance with the terms of the registration rights agreements, one-hundredth of a warrant to acquire shares of our common stock for each $1.00 in aggregate funds paid by such security holders for our securities issued in the December 2007 private placement. The original registration statement relating to the securities issued in the December 2007 private placement is no longer effective. Accordingly, on March, 1, 2010 we issued these 67,480 warrants for no additional consideration, although we will receive proceeds if any of these warrants are exercised. We relied on an exemption from registration under the Securities Act provided by Rule 506 of Regulation D in connection with the issuance of these warrants.

On March 1, 2010, we issued 155,446 warrants to 45 of our existing security holders as liquidated damages pursuant to the terms of registration rights agreements between us and such security holders. Each such warrant is exercisable to purchase one share of our common stock at a price of $3.10 per share, expiring on March 1, 2012. We issued these warrants pursuant to registration rights agreements that formed part of our July 2008 private placement of units to such security holders, in which we agreed to keep the registration statement with respect to such July 2008 private placement securities effective for a period of two years; if we failed to do so, we agreed to issue to such security holders, each month until the situation is cured and in accordance with the terms of the registration rights agreements, one-hundredth of a warrant to acquire shares of our common stock for each $1.00 in aggregate funds paid by such security holders for our securities issued in the July 2008 private placement. The original registration statement relating to the securities issued in the July 2008 private placement is no longer effective. Accordingly, on March, 1, 2010 we issued these 155,446 warrants for no additional consideration, although we will receive proceeds if any of these warrants are exercised. We relied on an exemption from registration under the Securities Act provided by Rule 506 of Regulation D in connection with the issuance of these warrants.

Item 3. Defaults Upon Senior Securities

None.

Item 4. (Removed and Reserved)

Not applicable.

Item 5. Other Information

None.

Item 6.

Exhibits

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

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

SIGNATURES

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

URANIUM ENERGY CORP.

/s/ "Amir Adnani"

Amir Adnani

President, Chief Executive Officer and Principal Executive Officer
Date: March 16, 2010

/s/ "Pat Obara"

Pat Obara

Secretary, Treasurer and Chief Financial Officer
Date: March 16, 2010