

URANIUM ENERGY CORP  
Form 10-K  
October 14, 2016

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended **July 31, 2016**

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

**Commission file number: 001-33706**

**URANIUM ENERGY CORP.**

(Exact name of registrant as specified in its charter)

**Nevada**

(State or other jurisdiction of incorporation or **98-0399476**  
(I.R.S. Employer Identification No.)  
organization)

**1030 West Georgia Street, Suite 1830, Vancouver, British Columbia, Canada V6E 2Y3**

(Address of principal executive offices)

**(604) 682-9775**

(Registrant's telephone number, including area code)

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

Title of each class:	Name of each exchange on which registered:
<b><u>Common Stock, Par Value \$0.001 per share</u></b>	<b><u>NYSE MKT</u></b>

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

**N/A**  
(Title of class)

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

Yes ☐ No ☒

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

Yes ☐ No ☒

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

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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

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

☐ Large accelerated filer ☒ Accelerated filer

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

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold as of the last business day of the registrant's most recently completed second fiscal quarter (\$0.96 on January 29, 2016) was approximately \$93,011,000.

The registrant had 117,388,052 shares of common stock outstanding as of October 10, 2016.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Form 10-K Annual Report and any documents incorporated herein by reference (the “Annual Report”) include statements and information about our strategy, objectives, plans and expectations for the future that are not statements or information of historical fact. These statements and information are considered to be forward-looking statements, or forward-looking information, within the meaning of and under the protection provided by the safe harbor provision for forward-looking statements as contained in the Private Securities Litigation Reform Act of 1995 and similar Canadian securities laws.

Forward-looking statements, and any estimates and assumptions upon which they are based, are made in good faith and reflect our views and expectations for the future as of the date of this Annual Report, which can change significantly. Furthermore, forward-looking statements are subject to known and unknown risks and uncertainties which may cause actual results, performance, achievements or events to be materially different from any future results, performance, achievements or events implied, suggested or expressed by such forward-looking statements. Accordingly, forward-looking statements in this Annual Report should not be unduly relied upon.

Forward-looking statements may be based on a number of material estimates and assumptions, of which any one or more may prove to be incorrect. Forward-looking statements may be identifiable by terminology concerning the future, such as “anticipate”, “believe”, “continue”, “could”, “estimate”, “expect”, “forecast”, “intend”, “goal”, “likely”, “may”, “plan”, “predict”, “potential”, “project”, “should”, “schedule”, “strategy”, “target”, “will” or “would”, and similar expressions thereof including the negative use of such terminology. Examples in this Annual Report include, but are not limited to, such forward-looking statements reflecting or pertaining to:

- our overall strategy, objectives, plans and expectations for the fiscal year ended July 31, 2016 (“Fiscal 2016”) and beyond;
- our expectations for worldwide nuclear power generation and future uranium supply and demand, including long-term market prices for  $U_3O_8$ ;
- our belief and expectations of in-situ recovery mining for our uranium projects, where applicable;
- our estimation of mineralized materials, which are based on certain estimates and assumptions, and the economics of future production for our uranium projects including the Palangana Mine;
- our plans and expectations including anticipated expenditures relating to exploration, pre-extraction, extraction and reclamation activities for our uranium projects including the Palangana Mine;
- our ability to obtain, maintain and amend, within a reasonable period of time, required rights, permits and licenses from landowners, governments and regulatory authorities;
- our ability to obtain adequate additional financing including access to the equity and credit markets;
- our ability to remain in compliance with the terms of our indebtedness; and
- our belief and expectations including the possible impact of any legal proceedings or regulatory actions against the Company.

Forward-looking statements, and any estimates and assumptions upon which they are based, are made as of the date of this Annual Report, and we do not intend or undertake to revise, update or supplement any forward-looking statements to reflect actual results, future events or changes in estimates and assumptions or other factors affecting such forward-looking statements, except as required by applicable securities laws. Should one or more forward-looking statements be revised, updated or supplemented, no inference should be made that we will revise, update or supplement any other forward looking statements.

Forward-looking statements are subject to known and unknown risks and uncertainties. As discussed in more detail under Item 1A. Risk Factors, we have identified a number of material risks and uncertainties which reflect our outlook and conditions known to us as of the date of this Annual Report, including but not limited to the following:

- our limited financial and operating history;
- our need for additional financing;
- our ability to service our indebtedness;
- our limited uranium extraction and sales history;
- our operations are inherently subject to numerous significant risks and uncertainties, many beyond our control;

· our exploration activities on our mineral properties may not result in commercially recoverable quantities of uranium;  
· limits to our insurance coverage;  
· the level of government regulation, including environmental regulation;  
· changes in governmental regulation and administrative practices;  
· nuclear incidents;  
· the marketability of uranium concentrates;  
· the competitive environment in which we operate;  
· our dependence on key personnel; and  
· conflicts of interest of our directors and officers.

Any one of the foregoing material risks and uncertainties has the potential to cause actual results, performance, achievements or events to be materially different from any future results, performance, achievements or events implied, suggested or expressed by any forward-looking statements made by us or by persons acting on our behalf. Furthermore, there is no assurance that we will be successful in preventing the material adverse effects that any one or more of these material risks and uncertainties may cause on our business, prospects, financial condition and operating results, or that the foregoing list represents a complete list of the material risks and uncertainties facing us. There may be additional risks and uncertainties of a material nature that, as of the date of this Annual Report, we are unaware of or that we consider immaterial that may become material in the future, any one or more of which may result in a material adverse effect on us.

Forward-looking statements made by us or by persons acting on our behalf are expressly qualified in their entirety by the foregoing cautionary information.

## REFERENCES

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

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## PART I

### Item 1. Business

#### **Corporate Organization**

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

On December 31, 2007, we incorporated a wholly-owned subsidiary, UEC Resources Ltd., under the laws of the Province of British Columbia, Canada. Effective December 18, 2009, we acquired a 100% interest in the South Texas Mining Venture, L.L.P., a Texas limited liability partnership, from each of URN Resources Inc., a subsidiary of Uranium One Inc., and Everest Exploration, Inc. On September 3, 2010, we incorporated a wholly-owned subsidiary, UEC Paraguay Corp., under the laws of the State of Nevada. Effective May 24, 2011, we acquired a 100% in interest in Piedra Rica Mining S.A., a private company incorporated in Paraguay. Effective September 9, 2011, we acquired a 100% interest in Concentric Energy Corp., a private company incorporated in the State of Nevada. Effective March 30, 2012, we acquired a 100% interest in Cue Resources Ltd., a formerly publicly-traded company incorporated in the Province of British Columbia, Canada. Effective March 4, 2016, we acquired 100% interest in JDL Resources Inc., a private company incorporated in Cayman Islands.

Our principal offices are located at 500 North Shoreline Boulevard, Suite 800N, Corpus Christi, Texas 78401 and 1030 West Georgia Street, Suite 1830, Vancouver, British Columbia, Canada V6E 2Y3.

#### **General Business**

We are engaged in uranium mining and related activities, including exploration, pre-extraction, extraction and processing, on uranium projects located in the United States and Paraguay. We utilize in-situ recovery (“ISR”) mining where possible which we believe, when compared to conventional open pit or underground mining, requires lower capital and operating expenditures with a shorter lead time to extraction and a reduced impact on the environment. We do not expect, however, to utilize ISR mining for all of our mineral rights in which case we would expect to rely on conventional open pit and/or underground mining techniques. We have one uranium mine located in the State of Texas, the Palangana Mine, which utilizes ISR mining and commenced extraction of uranium oxide (“ $U_3O_8$ ”), or yellowcake, in November 2010. We have one uranium processing facility located in the State of Texas, the Hobson Processing Facility, which processes material from the Palangana Mine into drums of  $U_3O_8$ , our only sales product and source of revenue, for shipping to a third-party storage and sales facility. Since commencement of uranium extraction from the Palangana Mine in November 2010 to July 31, 2015, the Hobson Processing Facility has processed 578,000 pounds of  $U_3O_8$ . At July 31, 2016, we had no uranium supply or “off-take” agreements in place.

Our fully-licensed and 100%-owned Hobson Processing Facility forms the basis for our regional operating strategy in the State of Texas, specifically the South Texas Uranium Belt where we utilize ISR mining. We utilize a “hub-and-spoke” strategy whereby the Hobson Processing Facility acts as the central processing site (the “hub”) for our Palangana Mine and future satellite uranium mining activities, such as our Burke Hollow and Goliad Projects, located within the South Texas Uranium Belt (the “spokes”). The Hobson Processing Facility has a physical capacity to process uranium-loaded resins up to a total of two million pounds of  $U_3O_8$  annually and is licensed to process up to one million pounds of  $U_3O_8$  annually.

At July 31, 2016, we hold certain mineral rights in various stages in the States of Arizona, Colorado, New Mexico, Texas and Wyoming and in the Republic of Paraguay, many of which are located in historically successful mining areas and have been the subject of past exploration and pre-extraction activities by other mining companies. We do not expect, however, to utilize ISR mining for all of our mineral rights in which case we would expect to rely on conventional open pit and/or underground mining techniques.

Our operating and strategic framework is based on expanding our uranium extraction activities, which includes advancing certain uranium projects with established mineralized materials towards uranium extraction, and establishing additional mineralized materials on our existing uranium projects or through acquisition of additional uranium projects.

During Fiscal 2016, uranium extraction at Production Area Authorizations (“PAA”) 1, 2 and 3 of the Palangana Mine continued to operate at a reduced pace since implementing our strategic plan in September 2013, to align our operations to a weak uranium market in a challenging post-Fukushima environment. This strategy has included the deferral of major pre-extraction expenditures and remaining in a state of operational readiness in anticipation of a recovery in uranium prices.

During Fiscal 2016, the Company:

- entered into a second amended and restated credit agreement (the “Second Amended and Restated Agreement”) with its lenders and extended the \$20,000,000 senior secured credit facility by deferring required principal payments to February 1, 2019 and by extending the maturity date to January 1, 2020;
- completed a registered offering of 12,364,704 units at a price of \$0.85 per unit for gross proceeds of \$10,510,000;
- completed an asset acquisition through the issuance of 1,333,560 restricted common shares and the payment of \$50,000 in cash;
- continued to advance development of PAA 4 of the Palangana Mine;
- continued to advance exploration and permitting activities at the Burke Hollow Project;
- continued permitting work at the Anderson Project;
- appointed former United States Energy Secretary Spencer Abraham as Executive Chairman of the Company’s Board of Directors; and
- appointed Pat Obara as the Company’s Chief Financial Officer.

## Uranium Industry Background

With the world’s population exceeding seven billion people and growing, the need for electricity is rising and is an important driver for the projected long term increase in nuclear power generation and uranium demand. The world’s current operating fleet of nuclear power plants, in addition to the global growth in new reactors under construction and those planned, is testimony to the confidence in nuclear power to provide safe, economical, reliable carbon free energy as part of an overall energy supply mix. As of August 10, 2016, World Nuclear Association (“WNA”) data shows 445 reactors operable worldwide with 61 new reactors under construction, 170 reactors planned or on order and another 339 proposed. Translated into global uranium demand, Ux Consulting Company (“UxC”), a uranium market information source, projects base demand to increase from about 182 million pounds in 2016 to 190 million pounds in 2020 and about 210 million pounds by 2025.

Nuclear generation in the United States remained stable in 2015, producing about 797 billion kilowatt-hours, accounting for 19.5% of the country's total electrical generation as reported by the Nuclear Energy Institute. As of August 2016, the operating U.S. reactor fleet stands at 100 reactors, with four new commercial reactors in various stages of construction (Vogtle 3 and 4 in Georgia and Summer 2 and 3 in South Carolina). A new reactor, Watts Bar 2 in Tennessee has just been completed and is now in commercial operation. In addition, the U.S. Nuclear Regulatory Commission has another 10 new reactor applications that are active. The U.S. remains the world's largest consumer of uranium with annual requirements of about 50 million pounds of  $U_3O_8$ . The U.S. Energy Information Administration ("EIA") reported domestic production totaled 3.3 million pounds in 2015, down 32% from 4.9 million pounds in 2014. This amounts to about 7% of U.S. reactor requirements in 2015 and highlights the U.S. dependency on foreign sources of uranium supply.

Uranium production around the planet increased about 9% in 2015 from 145 to 158 million pounds of  $U_3O_8$ . The lion's share of this new production came from the long anticipated and much delayed Cigar Lake project that was just beginning to ramp up in 2014. About 130 million pounds, or 83%, of the globe's production came from Africa, Australia, Canada and Kazakhstan (UxC data). Kazakhstan remained the world's largest producer, with about 62 million pounds produced or about 40% of the world's total production. The projects in these areas are primarily controlled by five major producers, although some of these mines involve joint ventures with other entities. Many of the projects in various production areas are subject to heightened geopolitical and other risks. In choosing a long term supplier in this highly concentrated industry, these are important considerations for a utility relying on a secure uranium supply source to fuel their reactor needs.

Japan's March 11, 2011 earthquake and subsequent tsunami causing the Fukushima Daiichi accident has had a substantial impact on the nuclear fuel markets and resulted in a short term oversupply situation. As this oversupply has persisted in the nuclear fuel market during 2015, prices have remained under pressure. Uranium spot market prices have fallen over 64% from a March 1, 2011 pre-Fukushima price of \$70.00 per pound to an 11 year low at \$25.00 per pound in mid-July of 2016. Spot prices were up slightly off the low at around \$26 per pound at the end of August 2016, a price well below almost all producers cost of production. Long-term contract (base price escalated) prices have also weakened and were published at \$38 per pound in July 2016 after dropping from the pre-Fukushima level of \$73 per pound. Since Fukushima, the spot and long-term contract price drops have resulted in the deferral or cancellation of several large uranium projects, removing 178 million pounds of supply that was projected to be online in the years 2014 to 2016, and another 58 million pounds in 2020 (UxC data).

Most recently, the world's largest uranium producer announced plans to shutter its U.S. operations that will remove about 2 million pounds per year of U.S. production. Additionally, many longer term high priced contracts are falling out of producer portfolios and will not be replaced at current market prices, likely forcing the suspension of higher cost production. We believe this trend is likely to continue absent a substantial and sustained increase in market price. Production cuts, project deferrals and cancellations further exacerbate the growing longer term gap between production and consumption and are likely to increase the prospects for an eventual strong rebound in uranium prices.

While Japan's return to nuclear power post Fukushima has been slower than expected, it's still progressing with an ultimate goal of producing 20 to 22% of their electrical generation requirements from nuclear power. A total of 25 reactors have applied to the Nuclear Regulatory Authority ("NRA") for restart. To date, the NRA has approved seven reactors to resume commercial operations, of which three reactors have restarted, with Sendai 1 and 2 as well as Ikata 3 all operating smoothly.

World base case demand was about 194 million pounds in 2015, exceeding the 158 million pounds of total production by about 36 million pounds. The gap between "Existing" production and consumption is projected to be near 20 million pounds per year in 2020, and increasing further to about 48 million pounds in 2023 (UxC Uranium Market Outlook Q2-2016). While projections show some of the gap could be partially filled with new production, there is question whether or not "Planned and Potential" production comes on line in accordance with expectations. So far, the difference between primary production and reactor demand is being filled with secondary market sources. This includes the U.S. Department of Energy ("DOE") excess uranium inventories, enrichment underfeeding and tails re-enrichment programs as well as Russian stockpiles. Some progress has been made to curtail the amount of uranium that the DOE has been placing into the market, but their continued release of price insensitive material has had a clear, adverse material impact on market prices. While no definitive agreement has been reached, there are legislative and other efforts underway to limit or halt the material DOE is placing into the market.

Ultimately, the forces of supply and demand will dictate the direction of future uranium pricing. The EIA reported that U.S. supplier inventories have decreased each year over the past four years with another drop in 2015 of 19% from 2014 levels. In past reports, UxC has noted "To the extent that fewer inventories are being held by suppliers, they are

likely to be less aggressive selling material and thus pushing price lower.” Also in another recently issued report UxC stated “the market is transitioning from being inventory driven to being production driven.” Most planned projects have costs well above \$50 per pound and many industry executives and analysts, including J.P. Morgan; have stated a minimum acceptable price to encourage new hard-rock conventional production is above \$75 per pound.

The global growth in nuclear power is impressive, resulting in a near 40% growth rate in uranium consumption from 2016 through 2030. For this past year, the International Energy Agency reported that the “global addition to nuclear capacity in 2015 was 10.2 gigawatts, the highest growth in 25 years.” Much of this growth is coming from countries like China which plans to have over 97 gigawatt electrical (“GWe”) of nuclear generation in place by 2025. As of August 2016, China had 34 reactors that were operable with about 31 GWe of capacity. Other countries like India and Russia also have robust nuclear power expansion plans. These countries are embarking on sovereign-backed uranium acquisition programs, building inventory stockpiles for their future requirements. This also includes substantial long term contracting with Western suppliers and taking controlling interests in primary mine production capacity. In addition, Russia and China are aggressively pursuing programs to sell their reactors around the globe. In most cases the sales agreements contain turnkey provisions, including uranium supply as a component of the reactor package that will require far more uranium than they currently produce.

In the United States, future growth in nuclear generation is likely to emerge from clean-air initiatives, like the Environmental Protection Agency’s Clean Power Plan that mandates the U.S. utility industry reduce carbon emissions 32% by 2030. New U.S. reactor builds are a clear choice in meeting environmental goals and requirements with reliable clean air energy. Currently, about 60% of the U.S. carbon free electricity is generated from nuclear power. While there have been five U.S. nuclear plant closings in recent years and announcements of future closings for nine additional reactors, there is reasonable question if this will continue. Most of the U.S. reactors with potential to close are in merchant markets where they are forced to compete with heavily subsidized windpower, and what is currently cheap gas fired generation. However, gas fired generation is not environmentally friendly and producing CO<sub>2</sub> emissions that are expected to surpass that produced by coal this year. This is not consistent with clean air initiatives and should cause some States to revisit their plans to meet EPA mandates. The recent New York State Clean Energy Standard (“CES”) will keep New York nuclear units operational, avoiding costly pollution. As a result of this program, the FitzPatrick Plant that had previously planned to close will now continue operation. We believe other States will likely follow the CES template and keep their nuclear plants contributing to a clean energy supply mix.

In total, the cumulative amount of global uncommitted demand over the next five years is 262 million pounds. This represents an 18% increase over the five year forward uncommitted demand evident in 2015. Older contracts are winding down from the previous contracting cycle and as a matter of practice, utilities typically contract for their open needs two to four years in advance of the requirement. As utilities return to the spot, mid and long term markets, the more recent inventory driven market is likely to wane and a production driven market should emerge. In summary, we believe supply and demand fundamentals have significant potential to force uranium prices upward. We believe the global climate-change push for carbon reduction, and critical air pollution concerns, like those in China, likely leaves nuclear power as the primary alternative for emission-free, base load, 24-7 generation.

### **In-Situ Recovery (ISR) Mining**

We utilize or plan on utilizing in-situ recovery or ISR uranium mining for our South Texas projects including the Palangana Mine and will continue to utilize ISR mining whenever such alternative is available to conventional

mining. When compared to conventional mining, ISR mining requires lower capital expenditures and has a reduced impact on the environment, as well as a shorter lead time to uranium recovery.

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

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



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

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

#### *Hobson Processing Facility*

The Hobson Processing Facility is located in Karnes County, Texas, about 100 miles northwest of Corpus Christi. It was originally licensed and constructed in 1978, serving as the hub for several satellite mining projects until 1996, and completely refurbished in 2008. On December 18, 2009, we acquired the Hobson Processing Facility as part of the acquisition of South Texas Mining Venture, L.L.P.

With a physical capacity to process uranium-loaded resins up to a total of two million pounds of  $U_3O_8$  annually and licensed to process up to one million pounds of  $U_3O_8$  annually, our fully-licensed and 100%-owned Hobson Processing Facility forms the basis for our “hub-and-spoke” strategy in the State of Texas, specifically the South Texas Uranium Belt where we utilize ISR mining.

#### *Palangana Mine*

We hold various mining lease and surface use agreements generally having an initial five-year term with extension provisions, granting us the exclusive right to explore, develop and mine for uranium at the Palangana Mine, a 7,094-acre property located in Duval County, Texas, approximately 100 miles south of the Hobson Processing Facility. These agreements are subject to certain royalty and overriding royalty interests indexed to the sale price of uranium.

On December 18, 2009, we acquired the Palangana Mine as part of the acquisition of South Texas Mining Venture, L.L.P. In November 2010, the Palangana Mine commenced uranium extraction utilizing ISR mining and in January 2011, the Hobson Processing Facility began processing resins received from the Palangana Mine.

### **Material Relationships Including Long-Term Delivery Contracts**

We entered into a multi-year uranium sales contract in June 2011, as amended in January 2012, requiring the delivery of a total 320,000 pounds of  $U_3O_8$  by us over a three-year period starting in August 2011. The sales price was based on published market price indicators at the time of delivery. During the year ended July 31, 2012 and 2013 (“Fiscal 2012” and “Fiscal 2013”), a total of 290,000 pounds of  $U_3O_8$  were sold under this contract and during Fiscal 2014, the remaining delivery commitment of 30,000 pounds under this contract was cancelled at no cost to the Company. At July 31, 2016, we had no uranium supply or “off-take” agreements in place.

Given that there are up to approximately 60 different companies as potential buyers in the uranium market, we are not substantially dependent upon any single customer to purchase the uranium extracted by us.

### **Seasonality**

The timing of our uranium concentrate sales is dependent upon factors such as extraction results from our mining activities, cash requirements, contractual requirements and perception of the uranium market. As a result, our sales are neither tied to nor dependent upon any particular season. In addition, our ability to extract and process uranium does not change on a seasonal basis. Over the past ten years, uranium prices have tended to decline during the calendar third quarter before rebounding during the fourth quarter, but there does not appear to be a strong correlation.

## Mineral Rights

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

In Arizona, Colorado, New Mexico and Wyoming, our mineral rights are held either exclusively or through a combination of federal mining claims and state and private mineral leases. Remediation of the property is required in accordance with regulatory standards, which may include the posting of reclamation bonds. Our federal mining claims consist of both unpatented lode and placer mining claims registered with the U.S. Bureau of Land Management (“BLM”) and the appropriate counties. These claims provide for all mineral rights including surface access rights for an indefinite period. Annual maintenance requirements include BLM claim fees of \$155 per claim due on September 1. Our state mineral leases are registered with the applicable state. These leases provide for all mineral rights including surface access rights, subject to a production royalty of 5% in Wyoming, ranging from a five-year term in Arizona to a ten-year term in Wyoming. Annual maintenance requirements include lease fees of \$1 and \$2 per acre and minimum exploration expenditure requirements of \$10 and \$20 per acre in Arizona. Our private mineral leases are negotiated directly with the owners of the land/mineral/surface rights with varying terms. These leases provide for uranium and certain other specified mineral rights only including surface access rights, subject to production royalties, for an initial term of five years and renewal for a second five-year term.

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

### *Burke Hollow Project*

We hold various mining lease and surface use agreements having an initial five-year term with extension provisions, granting us the exclusive right to explore, develop and mine for uranium at the Burke Hollow Project, a 19,335-acre property located in Bee County, Texas, subject to certain royalty interests indexed to the sale price of uranium.

*Goliad Project*

We hold various mining lease and surface use agreements having an initial five-year term with extension provisions, granting us the exclusive right to explore, develop and mine for uranium at the Goliad Project, a 1,139-acre property located in Goliad County, Texas, subject to certain royalty interests indexed to the sale price of uranium.

*Longhorn Project*

We hold various mining lease and surface use agreements having an initial five-year term with extension provisions, granting us the exclusive right to explore, develop and mine for uranium at the Longhorn Project, a 651-acre property located in Live Oak County, Texas, subject to certain royalty interests indexed to the sale price of uranium.

*Salvo Project*

We hold various mining lease and surface use agreements having an initial five-year term with extension provisions, granting us the exclusive right to explore, develop and mine for uranium at the Salvo Project, a 1,847-acre property located in Bee County, Texas, subject to certain royalty interests indexed to the sale price of uranium.

*Nichols Project*

We hold a mining lease and surface use agreement having an initial five-year term with extension provisions, granting us the exclusive right to explore, develop and mine for uranium at the Nichols Project, a 909-acre property located in Karnes County, Texas, subject to certain royalty interests indexed to the sale price of uranium.

*Anderson Project*

We hold an undivided 100% interest in contiguous mineral lode claims and state leases in the Anderson Project, a 8,268-acre property located in Yavapai County, Arizona.

*Workman Creek Project*

We hold an undivided 100% interest in contiguous mineral lode claims in the Workman Creek Project, a 4,036-acre property located in Gila County, Arizona, subject to a 3.0% net smelter royalty requiring an annual advance royalty payment of \$50,000 for 2016 and 2017, and \$100,000 thereafter.

*Los Cuatros Project*

We hold an undivided 100% interest in a state lease in the Los Cuatros Project, a 640-acre property located in Maricopa County, Arizona.

*Slick Rock Project*

We hold an undivided 100% interest in contiguous mineral lode claims in the Slick Rock Project, a 5,333-acre property located in San Miguel County, Colorado. Certain claims of the Slick Rock Project are subject to a 1.0% or 3.0% net smelter royalty, the latter requiring an annual advance royalty payment of \$30,000 beginning in November 2017.

*Yuty Project, Paraguay*

We hold an undivided 100% interest in one exploitation concession in the Yuty Project, a 289,680-acre property located in Paraguay, subject to an overriding royalty payable of \$0.21 for each pound of uranium produced from the property.

*Coronel Oviedo Project, Paraguay*

We hold an undivided 100% interest in one exploration permit in the Coronel Oviedo Project, a 464,548-acre property located in Paraguay, subject to a 1.5% gross overriding royalty over which we have an exclusive right and option at any time to acquire 0.5% for \$166,667 and a right of first refusal to acquire all or any portion of the remaining 1.0%.

**Environmental Regulation**

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

In Texas, surface extraction and exploration for uranium is regulated by the RCT, while in-situ uranium extraction is regulated by the TCEQ. An exploration permit is the initial permit granted by the RCT that authorizes exploration drilling activities inside an approved area. This permit authorizes specific drilling and plugging activities requiring documentation for each borehole drilled. All documentation is submitted to the RCT on a monthly basis and each borehole drilled under the exploration permit is inspected by an RCT inspector to ensure compliance. At July 31, 2016, the Company held one exploration permit in each of Bee, Duval, Goliad and Live Oak Counties.

Before in-situ uranium extraction can begin in Texas, a number of permits must be granted by the TCEQ.

A Mine Area Permit application is required for submission to the TCEQ to establish a specific permit area boundary, aquifer exemption boundary and the mineral zones of interests or production zones. The application also includes a financial surety plan to ensure funding for all plugging and abandonment requirements. Funding for surety is in the form of cash or bonds, including an excess of 15% for contingencies and 10% for overhead, adjusted annually for inflation. At July 31, 2016, the Company held two Mine Area Permits, one for the Palangana Mine and another for the Goliad Project.

A Radioactive Material License (“RML”) application is also required for submission to the TCEQ for authorization to operate a uranium recovery facility. The application includes baseline environmental data for soil, vegetation, surface water and groundwater along with operational sampling frequencies and locations. A Radiation Safety Manual is a key component of the application which defines the environmental health and safety programs and procedures to protect employees and the environment. Another important component of the application is a financial surety mechanism to insure plant and wellfield decommissioning is properly funded and maintained. Surety funding is in the form of cash or bonds and includes an excess of 15% for contingencies and 10% for overhead, adjusted annually for inflation. At July 31, 2016, the Company held RMLs for its Palangana Mine, Goliad Project and the Hobson Processing Facility.

Production Area Authorization applications are also required for submission to the TCEQ to establish specific extraction areas inside the Mine Area Permit boundary. These are typically 30 to 100 acre units that have been delineated and contain producible quantities of uranium. The PAA application includes baseline water quality data that is characteristic of that individual unit, proposes upper control limits for monitor well analysis and also establishes restoration values. The application will also include a financial security plan for wellfield restoration and reclamation which must be funded and in place prior to commencing uranium extraction. At July 31, 2016, the Company held four PAA permits for its Palangana Mine and one for its Goliad Project.

A Class I disposal well permit application is also required for submission to the TCEQ for authorization for deep underground wastewater injection. It is the primary method for disposing of excess fluid from the extraction areas and for reverse osmosis concentrate during the restoration phase. This permit authorizes injection into a specific injection zone within a designated injection interval. The permit requires continuous monitoring of numerous parameters including injection flow rate, injection pressure, annulus pressure and injection/annulus differential pressure. Mechanical integrity testing is required initially and annually to ensure the well is mechanically sound. Surety funding for plugging and abandonment of each well is in the form of cash or bonds, including 15% for contingencies and 10% for overhead, adjusted annually for inflation. At July 31, 2016, the Company held two Class I disposal well permits for the following projects: Hobson Processing Facility, Palangana Satellite Facility, Burke Hollow Project and the Goliad Project.

The federal Safe Drinking Water Act (“SDWA”) creates a regulatory program to protect groundwater and is administered by the EPA. The SDWA allows states to issue underground injection control (“UIC”) permits under two conditions: the state’s program must have been granted primacy and the EPA must have granted an aquifer exemption

upon the state's request. Texas, being a primacy state, is therefore authorized to grant UIC permits and makes the official requests for an aquifer exemption to the EPA. The aquifer exemption request is submitted by the Company to the TCEQ, and once approved, is then submitted by the TCEQ to the EPA for concurrence and final issuance. At July 31, 2016, the Company held an aquifer exemption for the Palangana Mine and an aquifer exemption for the Goliad Project.

#### *Waste Disposal*

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



*Comprehensive Environmental Response, Compensation and Liability Act*

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

*Air Emissions*

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

*Clean Water Act*

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

substantial compliance with current applicable environmental laws and regulations.

## **Competition**

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

## **Research and Development Activities**

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

## **Employees**

Amir Adnani is our President and Chief Executive Officer, and effective October 29, 2015, Pat Obara was appointed our Chief Financial Officer. These individuals are primarily responsible for all our day-to-day operations. Effective September 8, 2014, Scott Melbye was appointed our Executive Vice President. Harry Anthony served as our Chief Operating Officer until his resignation effective September 27, 2013, and now serves as a Senior Advisor to the Company. Other services are provided by outsourcing and consulting and special purpose contracts. As of July 31, 2016, we had 44 persons employed on a full-time basis and two individuals providing services on a contract basis.

## **Available Information**

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

Item 1A. Risk Factors

*In addition to the information contained in this Form 10-K Annual Report, we have identified the following material risks and uncertainties which reflect our outlook and conditions known to us as of the date of this Annual Report. These material risks and uncertainties should be carefully reviewed by our stockholders and any potential investors in evaluating the Company, our business and the market value of our common stock. Furthermore, any one of these material risks and uncertainties has the potential to cause actual results, performance, achievements or events to be materially different from any future results, performance, achievements or events implied, suggested or expressed by any forward-looking statements made by us or by persons acting on our behalf. Refer to “Cautionary Note Regarding Forward-Looking Statements”.*

*There is no assurance that we will be successful in preventing the material adverse effects that any one or more of the following material risks and uncertainties may cause on our business, prospects, financial condition and operating results, which may result in a significant decrease in the market price of our common stock. Furthermore, there is no assurance that these material risks and uncertainties represent a complete list of the material risks and uncertainties facing us. There may be additional risks and uncertainties of a material nature that, as of the date of this Annual Report, we are unaware of or that we consider immaterial that may become material in the future, any one or more of which may result in a material adverse effect on us. You could lose all or a significant portion of your investment due to any one of these material risks and uncertainties.*

**Risks Related to Our Company and Business**

*Evaluating our future performance may be difficult since we have a limited financial and operating history, with significant negative cash flow and accumulated deficit to date. Furthermore, there is no assurance that we will be successful in securing any form of additional financing in the future; therefore substantial doubt exists as to whether our cash resources and/or working capital will be sufficient to enable the Company to continue its operations over the next twelve months. Our long-term success will depend ultimately on our ability to achieve and maintain profitability and to develop positive cash flow from our mining activities.*

As more fully described under Item 1. Business, Uranium Energy Corp. was incorporated under the laws of the State of Nevada on May 16, 2003 and since 2004, we have been engaged in uranium mining and related activities, including exploration, pre-extraction, extraction and processing, on projects located in the United States and Paraguay. In November 2010, we commenced uranium extraction for the first time at the Palangana Mine utilizing ISR and processed those materials at the Hobson Processing Facility into drums of U<sub>3</sub>O<sub>8</sub>, our only sales product and source of revenue. We also hold uranium projects in various stages of exploration and pre-extraction in the States of Arizona, Colorado, New Mexico, Texas and Wyoming and the Republic of Paraguay.

As more fully described under “Liquidity and Capital Resources” of Item 7. Management’s Discussion and Analysis of Financial Condition and Result of Operations, we have a history of significant negative cash flow and net losses, with an accumulated deficit balance of \$209.4 million at July 31, 2016. Historically, we have been reliant primarily on equity financings from the sale of our common stock and, for the year ended July 31, 2014 (“Fiscal 2014”) and Fiscal 2013, on debt financing in order to fund our operations. Although we generated revenues from sales of  $U_3O_8$  during Fiscal 2015, Fiscal 2013 and Fiscal 2012 of \$3.1 million, \$9.0 million and \$13.8 million, respectively, with no revenues from sales of  $U_3O_8$  generated during Fiscal 2016, Fiscal 2014 or for any periods prior to Fiscal 2012, we have yet to achieve profitability or develop positive cash flow from our operations, and we do not expect to achieve profitability or develop positive cash flow from operations in the near term. As a result of our limited financial and operating history, including our significant negative cash flow and net losses to date, it may be difficult to evaluate our future performance.

At July 31, 2016, we had a working capital of \$6.2 million including cash and cash equivalents of \$7.1 million. As the Company does not expect to achieve and maintain profitability in the near term, the continuation of the Company as a going concern is dependent upon our ability to obtain adequate additional financing which we have successfully secured since inception, including those from asset divestitures. However, there is no assurance that we will be successful in securing any form of additional financing in the future and therefore, substantial doubt exists as to whether our cash resources and/or working capital will be sufficient to enable the Company to continue its operations over the next twelve months.

Our reliance on equity and debt financings is expected to continue for the foreseeable future, and their availability whenever such additional financing is required, will be dependent on many factors beyond our control including, but not limited to, the market price of uranium, the continuing public support of nuclear power as a viable source of electrical generation, the volatility in the global financial markets affecting our stock price and the status of the worldwide economy, any one of which may cause significant challenges in our ability to access additional financing, including access to the equity and credit markets. We may also be required to seek other forms of financing, such as asset divestitures or joint venture arrangements to continue advancing our uranium projects which would depend entirely on finding a suitable third party willing to enter into such an arrangement, typically involving an assignment of a percentage interest in the mineral project.

Our long-term success, including the recoverability of the carrying values of our assets and our ability to acquire additional uranium projects and continue with exploration and pre-extraction activities and mining activities on our existing uranium projects, will depend ultimately on our ability to achieve and maintain profitability and positive cash flow from our operations by establishing ore bodies that contain commercially recoverable uranium and to develop these into profitable mining activities. The economic viability of our mining activities, including the expected duration and profitability of the Palangana Mine and of any future satellite ISR mines, such as the Burke Hollow and Goliad Projects, located within the South Texas Uranium Belt, has many risks and uncertainties. These include, but are not limited to: (i) a significant, prolonged decrease in the market price of uranium; (ii) difficulty in marketing and/or selling uranium concentrates; (iii) significantly higher than expected capital costs to construct the mine and/or processing plant; (iv) significantly higher than expected extraction costs; (v) significantly lower than expected uranium extraction; (vi) significant delays, reductions or stoppages of uranium extraction activities; and (vi) the introduction of significantly more stringent regulatory laws and regulations. Our mining activities may change as a result of any one or more of these risks and uncertainties and there is no assurance that any ore body that we extract mineralized materials from will result in achieving and maintaining profitability and developing positive cash flow.

***Our operations are capital intensive, and we will require significant additional financing to acquire additional uranium projects and continue with our exploration and pre-extraction activities on our existing uranium projects.***

Our operations are capital intensive and future capital expenditures are expected to be substantial. We will require significant additional financing to fund our operations, including acquiring additional uranium projects and continuing with our exploration and pre-extraction activities which include assaying, drilling, geological and geochemical analysis and mine construction costs. In the absence of such additional financing we would not be able to fund our operations or continue with our exploration and pre-extraction activities, which may result in delays, curtailment or abandonment of any one or all of our uranium projects.

***If we are unable to service our indebtedness, we may be faced with accelerated repayments or lose the assets securing our indebtedness. Furthermore, restrictive covenants governing our indebtedness may restrict our ability to pursue our business strategies.***

Effective on February 9, 2016, we entered into a Second Amended and Restated Credit Agreement with our Lenders under which we had previously drawn down the maximum \$20 million in principal. The Credit Facility requires monthly interest payments calculated at 8% per annum and other periodic fees, and principal repayments of \$1.67 million per month over a twelve-month period commencing on February 1, 2019. Our ability to continue making these scheduled payments will be dependent on and may change as a result of our financial condition and operating results. Failure to make any one of these scheduled payments will put us in default with the Second Amended Credit Facility which, if not addressed or waived, could require accelerated repayment of our indebtedness and/or enforcement by the Lenders against the Company's assets. Enforcement against our assets would have a material adverse effect on our financial condition and operating results.

Furthermore, the Credit Facility includes restrictive covenants that, among other things, limit our ability to sell our assets or to incur additional indebtedness other than permitted indebtedness, which may restrict our ability to pursue certain business strategies from time to time. If we do not comply with these restrictive covenants, we could be in default which, if not addressed or waived, could require accelerated repayment of our indebtedness and/or enforcement by the Lenders against our assets.

***Our uranium extraction and sales history is limited, with our uranium extraction to date originating from a single uranium mine. Our ability to continue generating revenue is subject to a number of factors, any one or more of which may adversely affect our financial condition and operating results.***

We have a limited history of uranium extraction and generating revenue. In November 2010, we commenced uranium extraction at a single uranium mine, the Palangana Mine, which has been our sole source for the  $U_3O_8$  sold to generate our revenues from sales of  $U_3O_8$  during Fiscal 2015, 2013 and 2012 of \$3.1 million, \$9.0 million and \$13.8 million, respectively, with no revenues from sales of  $U_3O_8$  generated during Fiscal 2016, Fiscal 2014 or for any periods prior to Fiscal 2012.

During Fiscal 2016, uranium extraction at PAA-1, 2 and 3 continued to operate at a reduced pace since implementing our strategic plan in September 2013 to align our operations to a weak uranium commodity market in a challenging post-Fukushima environment. This strategy has included the deferral of major pre-extraction expenditures and remaining in a state of operational readiness in anticipation of a recovery in uranium prices. Our ability to continue generating revenue from the Palangana Mine is subject to a number of factors which include, but are not limited to: (i) a significant, prolonged decrease in the market price of uranium; (ii) difficulty in marketing and/or selling uranium concentrates; (iii) significantly higher than expected capital costs to construct the mine and/or processing plant; (iv) significantly higher than expected extraction costs; (v) significantly lower than expected uranium extraction; (vi) significant delays, reductions or stoppages of uranium extraction activities; and (vii) the introduction of significantly more stringent regulatory laws and regulations. Furthermore, continued mining activities at the Palangana Mine will eventually deplete the Palangana Mine or cause such activities to become uneconomical, and if we are unable to directly acquire or develop existing uranium projects, such as the Burke Hollow and Goliad Projects, into additional uranium mines from which we can commence uranium extraction, it will negatively impact our ability to generate revenues. Any one or more of these occurrences may adversely affect our financial condition and operating results.

***Uranium exploration and pre-extraction programs and mining activities are inherently subject to numerous significant risks and uncertainties, and actual results may differ significantly from expectations or anticipated amounts. Furthermore, exploration programs conducted on our uranium projects may not result in the establishment of ore bodies that contain commercially recoverable uranium.***

Uranium exploration and pre-extraction programs and mining activities are inherently subject to numerous significant risks and uncertainties, with many beyond our control and including, but not limited to: (i) unanticipated ground and water conditions and adverse claims to water rights; (ii) unusual or unexpected geological formations; (iii) metallurgical and other processing problems; (iv) the occurrence of unusual weather or operating conditions and other force majeure events; (v) lower than expected ore grades; (vi) industrial accidents; (vii) delays in the receipt of or failure to receive necessary government permits; (viii) delays in transportation; (ix) availability of contractors and labor; (x) government permit restrictions and regulation restrictions; (xi) unavailability of materials and equipment; and (xii) the failure of equipment or processes to operate in accordance with specifications or expectations. These risks and uncertainties could result in: (i) delays, reductions or stoppages in our mining activities; (ii) increased capital



and/or extraction costs; (iii) damage to, or destruction of, our mineral projects, extraction facilities or other properties; (iv) personal injuries; (v) environmental damage; (vi) monetary losses; and (vii) legal claims.

Success in uranium exploration is dependent on many factors, including, without limitation, the experience and capabilities of a company's management, the availability of geological expertise and the availability of sufficient funds to conduct the exploration program. Even if an exploration program is successful and commercially recoverable uranium is established, it may take a number of years from the initial phases of drilling and identification of the mineralization until extraction is possible, during which time the economic feasibility of extraction may change such that the uranium ceases to be economically recoverable. Uranium exploration is frequently non-productive due, for example, to poor exploration results or the inability to establish ore bodies that contain commercially recoverable uranium, in which case the uranium project may be abandoned and written-off. Furthermore, we will not be able to benefit from our exploration efforts and recover the expenditures that we incur on our exploration programs if we do not establish ore bodies that contain commercially recoverable uranium and develop these uranium projects into profitable mining activities, and there is no assurance that we will be successful in doing so for any of our uranium projects.

Whether an ore body contains commercially recoverable uranium depends on many factors including, without limitation: (i) the particular attributes, including material changes to those attributes, of the ore body such as size, grade, recovery rates and proximity to infrastructure; (ii) the market price of uranium, which may be volatile; and (iii) government regulations and regulatory requirements including, without limitation, those relating to environmental protection, permitting and land use, taxes, land tenure and transportation.

***We have not established proven or probable reserves through the completion of a “final” or “bankable” feasibility study for any of our uranium projects, including the Palangana Mine. Furthermore, we have no plans to establish proven or probable reserves for any of our uranium projects for which we plan on utilizing ISR mining, such as the Palangana Mine. Since we commenced extraction of mineralized materials from the Palangana Mine without having established proven or probable reserves, it may result in our mining activities at the Palangana Mine, and at any future uranium projects for which proven or probable reserves are not established, being inherently riskier than other mining activities for which proven or probable reserves have been established.***

We have established the existence of mineralized materials for certain uranium projects, including the Palangana Mine. We have not established proven or probable reserves, as defined by the SEC under Industry Guide 7, through the completion of a “final” or “bankable” feasibility study for any of our uranium projects, including the Palangana Mine. Furthermore, we have no plans to establish proven or probable reserves for any of our uranium projects for which we plan on utilizing ISR mining, such as the Palangana Mine. Since we commenced uranium extraction at the Palangana Mine without having established proven or probable reserves, there may be greater inherent uncertainty as to whether or not any mineralized material can be economically extracted as originally planned and anticipated. Any mineralized materials established or extracted from the Palangana Mine should not in any way be associated with having established or produced from proven or probable reserves.

***Since we are in the Exploration Stage, pre-production expenditures including those related to pre-extraction activities are expensed as incurred, the effects of which may result in our consolidated financial statements not being directly comparable to the financial statements of companies in the Production Stage.***

Despite the fact that we commenced uranium extraction at the Palangana Mine in November 2010, we remain in the Exploration Stage as defined under Industry Guide 7, and will continue to remain in the Exploration Stage until such time proven or probable reserves have been established, which may never occur. We prepare our consolidated financial statements in accordance with United States generally accepted accounting principles (“U.S. GAAP”) under which acquisition costs of mineral rights are initially capitalized as incurred while pre-production expenditures are expensed as incurred until such time we exit the Exploration Stage. Expenditures relating to exploration activities are expensed as incurred and expenditures relating to pre-extraction activities are expensed as incurred until such time proven or probable reserves are established for that uranium project, after which subsequent expenditures relating to mine development activities for that particular project are capitalized as incurred.

We have neither established nor have any plans to establish proven or probable reserves for our uranium projects for which we plan on utilizing ISR mining, such as the Palangana Mine. Companies in the Production Stage as defined by the SEC under Industry Guide 7, having established proven and probable reserves and exited the Exploration Stage, typically capitalize expenditures relating to ongoing development activities, with corresponding depletion calculated over proven and probable reserves using the units-of-production method and allocated to future reporting periods to inventory and, as that inventory is sold, to cost of goods sold. As we are in the Exploration Stage, it has resulted in us reporting larger losses than if we had been in the Production Stage due to the expensing, instead of capitalization, of

expenditures relating to ongoing mill and mine pre-extraction activities. Additionally, there would be no corresponding amortization allocated to our future reporting periods since those costs would have been expensed previously, resulting in both lower inventory costs and cost of goods sold and results of operations with higher gross profits and lower losses than if we had been in the Production Stage. Any capitalized costs, such as acquisition costs of mineral rights, are depleted over the estimated extraction life using the straight-line method. As a result, our consolidated financial statements may not be directly comparable to the financial statements of companies in the Production Stage.

***Estimated costs of future reclamation obligations may be significantly exceeded by actual costs incurred in the future. Furthermore, only a portion of the financial assurance required for the future reclamation obligations has been funded.***

We are responsible for certain remediation and decommissioning activities in the future primarily for the Hobson Processing Facility and the Palangana Mine, and have recorded a liability of \$3.7 million on our balance sheet at July 31, 2016, to recognize the present value of the estimated costs of such reclamation obligations. Should the actual costs to fulfill these future reclamation obligations materially exceed these estimated costs, it may have an adverse effect on our financial condition and operating results, including not having the financial resources required to fulfill such obligations when required to do so.

During Fiscal 2015, we secured \$5.6 million of surety bonds as an alternate source of financial assurance for the estimated costs of the reclamation obligations of the Hobson Processing Facility and the Palangana Mine, of which we have \$1.7 million funded and held as restricted cash for collateral purposes as required by the surety. We may be required at any time to fund the remaining \$3.9 million or any portion thereof for a number of reasons including, but not limited to, the following: (i) the terms of the surety bonds are amended, such as an increase in collateral requirements; (ii) we are in default with the terms of the surety bonds; (iii) the surety bonds are no longer acceptable as an alternate source of financial assurance by the regulatory authorities; or (iv) the surety encounters financial difficulties. Should any one or more of these events occur in the future, we may not have the financial resources to fund the remaining amount or any portion thereof when required to do so.

***We do not insure against all of the risks we face in our operations.***

In general, where coverage is available and not prohibitively expensive relative to the perceived risk, we will maintain insurance against such risk, subject to exclusions and limitations. We currently maintain insurance against certain risks including securities and general commercial liability claims and certain physical assets used in our operations, subject to exclusions and limitations, however, we do not maintain insurance to cover all of the potential risks and hazards associated with our operations. We may be subject to liability for environmental, pollution or other hazards associated with our exploration, pre-extraction and extraction activities, which we may not be insured against, which may exceed the limits of our insurance coverage or which we may elect not to insure against because of high premiums or other reasons. Furthermore, we cannot provide assurance that any insurance coverage we currently have will continue to be available at reasonable premiums or that such insurance will adequately cover any resulting liability.

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

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

consideration for such acquisition, existing shareholders may suffer dilution. Alternatively, we may choose to finance any such acquisition with our existing resources. There can be no assurance that we would be successful in overcoming these risks or any other problems encountered in connection with such acquisitions.

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

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

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

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

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

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

***We may not be able to obtain, maintain or amend rights, authorizations, licenses, permits or consents required for our operations.***

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

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

The nuclear incident that occurred in Japan in March 2011 had significant and adverse effects on both the nuclear and uranium industries. If another nuclear incident were to occur, it may have further adverse effects for both industries.

Public opinion of nuclear power as a source of electrical generation may be adversely affected, which may cause governments of certain countries to further increase regulation for the nuclear industry, reduce or abandon current reliance on nuclear power or reduce or abandon existing plans for nuclear power expansion. Any one of these occurrences has the potential to reduce current and/or future demand for nuclear power, resulting in lower demand for uranium and lower market prices for uranium, adversely affecting the Company's operations and prospects. Furthermore, the growth of the nuclear and uranium industries is dependent on continuing and growing public support of nuclear power as a viable source of electrical generation.

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

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

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

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

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

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

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

***The title to our mineral property interests may be challenged.***

Although we have taken reasonable measures to ensure proper title to our interests in mineral properties and other assets, there is no guarantee that the title to any of such interests will not be challenged. No assurance can be given that we will be able to secure the grant or the renewal of existing mineral rights and tenures on terms satisfactory to us, or that governments in the jurisdictions in which we operate will not revoke or significantly alter such rights or tenures or that such rights or tenures will not be challenged or impugned by third parties, including local governments,



aboriginal peoples or other claimants. Our mineral properties may be subject to prior unregistered agreements, transfers or claims, and title may be affected by, among other things, undetected defects. A successful challenge to the precise area and location of our claims could result in us being unable to operate on our properties as permitted or being unable to enforce our rights with respect to our properties.

***Due to the nature of our business, we may be subject to legal proceedings which may divert management's time and attention from our business and result in substantial damage awards.***

Due to the nature of our business, we may be subject to numerous regulatory investigations, securities claims, civil claims, lawsuits and other proceedings in the ordinary course of our business including those described under Item 3. Legal Proceedings. The outcome of these lawsuits is uncertain and subject to inherent uncertainties, and the actual costs to be incurred will depend upon many unknown factors. We may be forced to expend significant resources in the defense of these suits, and we may not prevail. Defending against these and other lawsuits in the future may not only require us to incur significant legal fees and expenses, but may become time-consuming for us and detract from our ability to fully focus our internal resources on our business activities. The results of any legal proceeding cannot be predicted with certainty due to the uncertainty inherent in litigation, the difficulty of predicting decisions of regulators, judges and juries and the possibility that decisions may be reversed on appeal. There can be no assurances that these matters will not have a material adverse effect on our business, financial position or operating results.

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

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

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

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

***The laws of the State of Nevada and our Articles of Incorporation may protect our directors and officers from certain types of lawsuits.***

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

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

Several of our directors and officers are nationals and/or residents of countries other than the United States, and all or a substantial portion of such persons' assets are located outside of the United States. As a result, it may be difficult for

investors to effect service of process on such directors and officers, or enforce within the United States any judgments obtained against such directors and officers, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state thereof. Consequently, stockholders may be effectively prevented from pursuing remedies against such directors and officers under United States federal securities laws. In addition, stockholders may not be able to commence an action in a Canadian court predicated upon the civil liability provisions under United States federal securities laws. The foregoing risks also apply to those experts identified in this document that are not residents of the United States.

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

Management's evaluation on the effectiveness of disclosure controls and procedures is designed to ensure that information required for disclosure in our public filings is recorded, processed, summarized and reported on a timely basis to our senior management, as appropriate, to allow timely decisions regarding required disclosure. Management's report on internal control over financial reporting is designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use and transactions are properly recorded and reported. However, any system of controls, no matter how well designed and operated, is based in part upon certain assumptions designed to obtain reasonable, and not absolute, assurance as to its reliability and effectiveness. Any failure to maintain effective disclosure controls and procedures in the future may result in our inability to continue meeting our reporting obligations in a timely manner, qualified audit opinions or restatements of our financial reports, any one of which may affect the market price for our common stock and our ability to access the capital markets.

## **Risks Related to Our Common Stock**

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

On September 28, 2007, our common stock commenced trading on the NYSE MKT (formerly known as the American Stock Exchange and the NYSE Amex Equities Exchange) and prior to that, traded on the OTC Bulletin Board.

The global markets have experienced significant and increased volatility in the past, and have been impacted by the effects of mass sub-prime mortgage defaults and liquidity problems of the asset-backed commercial paper market, resulting in a number of large financial institutions requiring government bailouts or filing for bankruptcy. The effects of these past events and any similar events in the future may continue to or further affect the global markets, which may directly affect the market price of our common stock and our accessibility for additional financing. Although this volatility may be unrelated to specific company performance, it can have an adverse effect on the market price of our shares which, historically, has fluctuated significantly and may continue to do so in the future.

In addition to the volatility associated with general economic trends and market conditions, the market price of our common stock could decline significantly due to the impact of any one or more events, including, but not limited to, the following: (i) volatility in the uranium market; (ii) occurrence of a major nuclear incident such as the events in Fukushima in March 2011; (iii) changes in the outlook for the nuclear power and uranium industries; (iv) failure to meet market expectations on our exploration, pre-extraction or extraction activities, including abandonment of key uranium projects; (v) sales of a large number of our shares held by certain stockholders including institutions and insiders; (vi) downward revisions to previous estimates on us by analysts; (vii) removal from market indices; (viii) legal claims brought forth against us; and (ix) introduction of technological innovations by competitors or in competing technologies.

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

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

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

We are authorized to issue 750,000,000 shares of common stock of which 116,670,457 shares were issued and outstanding as of July 31, 2016. Future issuances for financings, mergers and acquisitions, exercise of stock options and share purchase warrants and for other reasons may result in significant dilution to and be issued at prices substantially below the price paid for our shares held by our existing stockholders. Significant dilution would reduce the proportionate ownership and voting power held by our existing stockholders, and may result in a decrease in the market price of our shares.

We filed a Form S-3 shelf registration statement, which was declared effective on January 10, 2014 (the “2014 Shelf”). This registration statement provides for the public offer and sale of certain securities of the Company from time to time, at our discretion, up to an aggregate offering amount of \$100 million, of which a total of \$35.1 million has been utilized through public offerings as of July 31, 2016.

***We are subject to the Continued Listing Criteria of the NYSE MKT and our failure to satisfy these criteria may result in delisting of our common stock.***

Our common stock is currently listed on the NYSE MKT. In order to maintain this listing, we must maintain certain share prices, financial and share distribution targets, including maintaining a minimum amount of shareholders' equity and a minimum number of public shareholders. In addition to these objective standards, the NYSE MKT may delist the securities of any issuer (i) if, in its opinion, the issuer's financial condition and/or operating results appear unsatisfactory; (ii) if it appears that the extent of public distribution or the aggregate market value of the security has become so reduced as to make continued listing on the NYSE MKT inadvisable; (iii) if the issuer sells or disposes of principal operating assets or ceases to be an operating company; (iv) if an issuer fails to comply with the NYSE MKT's listing requirements; (v) if an issuer's common stock sells at what the NYSE MKT considers a “low selling price” and the issuer fails to correct this via a reverse split of shares after notification by the NYSE MKT; or (vi) if any other event occurs or any condition exists which makes continued listing on the NYSE MKT, in its opinion, inadvisable.

If the NYSE MKT delists our common stock, investors may face material adverse consequences, including, but not limited to, a lack of trading market for our securities, reduced liquidity, decreased analyst coverage of our securities, and an inability for us to obtain additional financing to fund our operations.

Item 1B. Unresolved Staff Comments

Not Applicable

## Item 2. Properties

### **General**

At July 31, 2016, we held mineral rights in uranium projects located in the U.S. States of Arizona, Colorado, New Mexico, Texas and Wyoming and in the Republic of Paraguay by way of federal mining claims, state and private mineral leases and mineral concessions. We also held a wholly-owned uranium processing facility located in the State of Texas, the Hobson Processing Facility, which processes material extracted from the Palangana Mine.

We have not established proven or probable reserves, as defined by the SEC under Industry Guide 7, through the completion of a “final” or “bankable” feasibility study for any of our uranium projects, including the Palangana Mine. Furthermore, we have no plans to establish proven or probable reserves for any of our uranium projects for which we plan on utilizing ISR mining, such as the Palangana Mine.

### **Texas Processing Facility and Projects**

The following map shows the location of our Hobson Processing Facility and main projects in Texas:

## Hobson Processing Facility

### *Property Description and Location*

The Hobson Processing Facility is a fully-licensed and permitted in-situ recovery or ISR uranium processing plant designed to process uranium-loaded resins from satellite ISR mining facilities to the final product,  $U_3O_8$  or yellowcake. The Hobson Processing Facility was originally constructed in 1978 and served as a central processing site for several satellite ISR mining projects until 1996. It was completely refurbished in 2008 and on December 18, 2009, we acquired the Hobson Processing Facility through the acquisition of South Texas Mining Venture, L.L.P.

The Hobson Processing Facility is located in Karnes County, Texas on a 7.286-acre leased tract of land, approximately one mile south of the community of Hobson and about 100 miles northwest of Corpus Christi, Texas. The surface lease of the Hobson Processing Facility is for an initial term of five years commencing May 30, 2007, and thereafter so long as uranium, thorium and other fissionable or spatially associated substances are being processed or refined without cessation of more than five consecutive years.

The Hobson Processing Facility has a physical capacity to process two million pounds of  $U_3O_8$  annually and is licensed to process up to one million pounds of  $U_3O_8$  annually, which provides for the capacity to process uranium-loaded resins from a number of satellite ISR mining facilities in South Texas. We utilize a “hub-and-spoke” strategy whereby the Hobson Processing Facility acts as our central uranium processing site (the “hub”) for the Palangana Mine and for future satellite ISR mines, including our Burke Hollow and Goliad Projects, (the “spokes”) located within the South Texas Uranium Belt.

In January 2011, the Hobson Processing Facility began processing uranium-loaded resins received from the Palangana Mine upon commencement of uranium extraction in November 2010. Since then, the Hobson Processing Facility has processed 578,000 pounds of uranium concentrates. During Fiscal 2016, the Hobson Processing facility was in a status of operational readiness.

### *Uranium Processing System*

Once the uranium-loaded resin from the satellite ISR mining facility is delivered to the Hobson Processing Facility by semi-trailer, the material is transferred and placed in a pressure vessel for elution which involves flushing with a brine solution. The uranium is stripped from the resin in a three-stage elution process and concentrated into a rich eluate



tank, at which point the solution is analyzed for total uranium concentration. After the uranium is eluted from the resin, the resin is washed to remove excess brine solution, transferred back to the trailer and returned to the satellite ISR mining facility to again begin the cycle of capturing uranium from the wellfield, transport to the Hobson Processing Facility and subsequent elution.

The uranium-rich solution remaining at the Hobson Processing Facility after elution is agitated and chemicals are added to precipitate the uranium. In this precipitation process, sulfuric acid is added to reduce the pH to between 2 and 3. Hydrogen peroxide (" $\text{H}_2\text{O}_2$ ") is then added at the rate of 0.2 to 0.5 pounds of  $\text{H}_2\text{O}_2$  per pound of uranium while maintaining the pH of the solution between two and three using sodium hydroxide. Once the precipitation reaction is complete, the solution is allowed to set in order for the uranium to precipitate and settle to the bottom of the tank. The excess overflow is decanted to a storage tank or to the waste disposal system. All waste process solutions from the plant area report to a chemical waste storage tank and waste solutions are pumped to a Class I, non-hazardous, waste disposal well system.

The remaining material, at approximately 3 to 5% solids, is pumped to a filter press where the uranium is separated from the liquid. After the uranium, or yellowcake, has been filtered, fresh water is pumped through to remove the entrained salts, with the resulting liquids pumped to the fresh eluate makeup system or the waste disposal system. From the filter press, the thickened yellowcake, at 50 to 60 percent solids, is transferred to the drying package for drying and drumming. A zero-emissions vacuum dryer removes moisture from the yellowcake and a scrubber system removes these vapors from the dryer and discharges the gases to an exhaust stack. The dried yellowcake is packaged in 55 gallon drums. Each drum is weighed, cleaned, surveyed and analyzed, after which it is transferred to a temporary yellowcake storage area at the Hobson Processing Facility. Once approximately one truckload is accumulated, the drums are then shipped to a third-party storage and sales facility.

Palangana Mine, Duval County, Texas

*Property Description and Location*

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

*Mineral Titles*

At July 31, 2016, there were nine leases covering 6,987 acres at the Palangana Mine. PAA-1 is on the de Hoyos leases while PAA-2, PAA-3 and the Dome trend are on the Palangana Ranch Management, LLC lease. Bordering the east side of the Palangana Ranch Management, LLC lease is the White Bell Ranch lease, comprised of 1,006 acres, which contains the Jemison Fence and Jemison East trends. The fourth major lease is the Garcia/Booth property comprised of 1,278 acres which borders the east side of the De Hoyos property. It contains the NE Garcia and SW Garcia trends.

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

*Accessibility, Climate, Local Resources, Infrastructure and Physiography*

*Topography, Elevation and Vegetation*

Surface elevations at the Palangana Mine range from about 410 feet to 500 feet above sea level.

*Climate and Length of Operating Season*

The region's subtropical climate allows uninterrupted, year-round mining activities. Temperatures during the summer range from 75°F to 95°F, although highs above 100°F are common while winter temperatures range from 45°F to 65°F. Humidity is generally over 85% year-round and commonly exceeds 90% during the summer months. Average annual rainfall is 30 inches.

*Physiography*

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

*Access to Property*

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

*Surface Rights*

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

#### *Local Resources and Infrastructure*

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

#### *Manpower*

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

#### *History Prior to Acquisition by the Company*

Uranium mineralization was discovered during potash exploration drilling of the Palangana Dome's gypsum-anhydrite cap rock in 1952 by Columbia Southern Inc. ("CSI"), a subsidiary of Pittsburgh Plate Glass Corp. CSI conducted active uranium exploration drilling on the property starting in March 1956. Records of CSI's exploration work are unavailable. However, both CSI and the U.S. Atomic Energy Commission estimated underground mineable uranium mineralization. The only known details of the estimation method include a 0.15% eU<sub>3</sub>O<sub>8</sub> cut-off grade, a minimum mining thickness of three feet, and widely spaced drilling on a nominal 200 foot exploration grid. Union Carbide acquired the Palangana property in 1958 and initiated underground mine development. Development work was quickly abandoned due to heavy concentrations of H<sub>2</sub>S gas and Union Carbide dropped the property. Union Carbide reacquired Palangana in 1967 after recognizing that it would be amenable to exploitation by the emerging ISR mining technologies. During the 1960s and 1970s, Union Carbide drilled over 1,000 exploration and development holes and installed over 3,000 injection-extraction holes in a 31-acre lease block.

Union Carbide attempted an ISR operation from 1977 through 1979 using a push/pull injection/recovery system. Ammonia was used as the lixiviate that later caused some environmental issues with groundwater. About 340,000 pounds of  $U_3O_8$  were produced from portions of a 31 acre wellfield area. The extraction pounds indicate a 32% to 34% recovery rate. The push/pull injection/recovery system was later proven to be less productive than well configurations or patterns of injection wells around a recovery well. Further, the wellfield was developed without any apparent regard to the geology of the deposit including disequilibrium. The Union Carbide ISR work was basically conducted at a research level in contrast to the current level of knowledge. The historic extraction area lies on the western side of the dome.

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

### ***Geological Setting***

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

### ***Geological Model***

Uranium mineralization in the South Texas Uranium Belt occurs as sandstone-hosted roll-front deposits. The deposits are strata-bound, elongate, and often, but not necessarily, occur in the classic "C" or truncated "C" roll configuration. They

can be associated with an oxidation front or can be found in a re-reduced condition where an overprint of later reduction from hydrogen sulfide or other hydrocarbon reductant has seeped along faults and fractures. The uranium bearing sandstone units can themselves be separated into several horizons by discontinuous mudstone units, and separate roll-fronts and sub-rolls can occur in the stacked sandstone sequences.

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

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

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

### ***Mineralized Zones and Historical Drilling Results***

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

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

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





*Update to July 31, 2016*

Since commencing uranium extraction at the Palangana Mine in November 2010 to July 31, 2016, the Hobson Processing Facility has processed 578,000 pounds of uranium concentrates extracted directly from the Palangana Mine utilizing ISR methods. A summary by PAA is provided below:

- 1) PAA-1 commenced uranium extraction in November 2010 and remains fully-permitted. With 69 monitor wells already in place prior to our acquisition of the Palangana Mine, we drilled a total of 201 holes for well control facilities and wellfields including injection and extraction wells and infield drilling efforts. During Fiscal 2015 and 2016, no additional infield drilling took place;
- 2) PAA-2 commenced uranium extraction in March 2012 and remains fully-permitted. With 43 monitor wells already in place prior to our acquisition of the Palangana Mine, we drilled a total of 63 holes for well control facilities and wellfields including injection and extraction wells and infield drilling efforts. During Fiscal 2015 and 2016, no additional infield drilling took place;
- 3) PAA-3 commenced uranium extraction in December 2012 and remains fully-permitted. We drilled a total of 345 holes for mineral trend exploration and delineation, monitor wells, well control facilities and wellfields including injection and extraction wells and infield drilling efforts. During Fiscal 2015 and 2016, no additional infield drilling took place;
- 4) PAA-4 permitting was completed and approved in November 2014, including the approval of the aquifer exemption in March 2015. The Mine Area Permit boundary was expanded to 8,722 acres from 6,200 acres to include PAA-4. Wellfield design is being finalized in preparation for installment of the first module inside PAA-4. During Fiscal 2015, we drilled five holes for a total of 214 holes drilled to July 31, 2015 for mineral trend exploration, delineation and monitor wells. All monitor wells were sampled for baseline parameters and a pumping test has been completed; and
- 5) PAA-5 and PAA-6 mine area expansion application was approved in November 2014. We drilled a total of 46 holes at PAA-5 and PAA-6 for mineral trend exploration and delineation and a monitor well. During Fiscal 2015 and 2016, no additional drilling took place.

During Fiscal 2016, we reduced operations at the Palangana Mine to capture residual uranium only. As a result, no  $U_3O_8$  was processed at the Hobson Processing Facility.

During Fiscal 2015, uranium extraction at PAA-1, 2 and 3 operated at a reduced pace since implementing our strategic plan in September 2013 to align our operations to a weak uranium market in a challenging post-Fukushima environment. This strategy has included the deferral of major pre-extraction expenditures and remaining in a state of operational readiness in anticipation of a recovery in uranium prices. As a consequence,  $U_3O_8$  pounds extracted from the Palangana Mine and processed at the Hobson Processing Facility decreased significantly during Fiscal 2015. The Hobson Processing Facility processed finished goods representing 18,000 pounds of  $U_3O_8$  during Fiscal 2015 (Fiscal 2014: 43,000 pounds; Fiscal 2013: 194,000 pounds; Fiscal 2012: 198,000 pounds) extracted solely from the Palangana Mine. Based on the Company's estimate of mineralized materials in PAA 1, 2 and 3 over which an average mining grade of 0.135% has been established, cumulative recovery since the commencement of uranium extraction in

November 2010 to July 31, 2016 was 44% (July 31, 2015: 44%; July 31, 2014: 43%; July 31, 2013: 40%; July 31, 2012: 31%).

The following table summarizes the drill holes completed by the Company from December 18, 2009, the date of the Company's acquisition of STMV, to July 31, 2016:

Trend	Total # DHs	Max. Depth (feet)	Avg. Depth (feet)
PAA-1	201	610	541
PAA-2	63	370	305
PAA-3	345	620	396
PAA-4	214	640	436
PAA-5	40	520	370
SW Garcia	6	620	568
Dome	56	500	355

We have not established proven or probable reserves, as defined by the SEC under Industry Guide 7, through the completion of a “final” or “bankable” feasibility study for the Palangana Mine. Furthermore, we have no plans to establish proven or probable reserves for any of our uranium projects for which we plan on utilizing ISR mining, such as the Palangana Mine. Since we commenced extracting mineralized materials at the Palangana Mine without having established proven and probable reserves, any mineralized materials established or extracted from the Palangana Mine should not in any way be associated with having established or produced from proven or probable reserves.

### **Burke Hollow Project, Bee County, Texas**

#### ***Property Description and Location***

The Burke Hollow Project is comprised of two leases covering 19,335 acres located in Texas near the northeast end of the extensive South Texas Uranium trend. These leases allow for the mining of uranium by ISR methods while utilizing the land surface (with variable conditions) as needed, for mining wells and aboveground facilities for fluid processing and uranium extraction during the mining and groundwater restoration phases of the project. The Burke Hollow Project area is about 18 miles southeast of the town of Beeville, is located on the western side of US 77, and is located northeasterly of US 181 which links with US 59 in Beeville. The nominal center of the Burke Hollow Project lease is located at latitude 28.2638 and longitude -97.5176. Site drilling roads are entirely composed of caliche and gravel, allowing for access for trucks and cars in most weather conditions. Four-wheel drive vehicles may be needed during high rainfall periods.

Virtually all mining in Texas is on private lands with leases negotiated between mining companies and each individual land/mineral owner. The Burke Hollow Project consists of two leases, one lease dated February 21, 2012 comprised of 17,510 acres with Thomson-Barrow Corporation as mineral owner and Burke Hollow Corporation as surface owner, and the other dated December 15, 2012 comprised of 1,825 acres with a separate owner. The leases are paid-up leases for a primary term of five years and allow for an extension term of an additional five years and so long thereafter as uranium or other leased substances are being produced. The leases have various stipulated fees for land surface alterations, such as per well or exploration hole fees (damages). The primary lease stipulation is the royalty payments as a percentage of production. Because the leases are negotiated with a private land and mineral owners and none of the property is located on government land, some of the details of the lease information and terms are considered confidential.

There are no known environmental liabilities associated with the Burke Hollow property. The Company currently has an exploration permit for their work in Bee County from the Texas Railroad Commission.

Prior to any mining activity at the Burke Hollow Project, the Company would be required to obtain a Radioactive Materials License, a large area Underground Injection Control (“UIC”) Mine permit, and a PAA permit for each wellfield developed for mining within the Mine Permit area. In addition, a waste disposal well would, if needed, require a separate UIC Permit. These permits would be issued by Texas regulatory agencies.

The Texas Railroad Commission requires exploration companies to obtain exploration permits before conducting drilling in any area. The permits include standards for the abandonment and remediation of test bore holes. The standards include that ASTM type 1 neat-cement be used in the plugging of test bore holes, the filling and abandonment of mud pits, and the marking of bore holes at the surface. Remediation requirements are sometimes specific to the area of exploration and may include segregation, storage, and re-covering with topsoil, re-grading, and re-vegetation. Potential future environmental liability as a result of the mining must be addressed by the permit holder jointly with the permit granting agency. Most permits now have bonding requirements for ensuring that the restoration of groundwater, the land surface, and any ancillary facility structures or equipment is properly completed. If the Burke Hollow Project reaches economic viability in the future, the Company would need to complete a number of required environmental baseline studies such as cultural resources (including archaeology), socioeconomic impact, and soils mapping. Flora and fauna studies will need to be conducted as will background radiation surveys.

#### ***Accessibility, Climate, Local Resources, Infrastructure and Physiography***

The Burke Hollow Project is situated in the interior portion of the Gulf Coastal Plain physiographic province. The area is characterized by rolling topography with parallel to sub-parallel ridges and valleys. There is about 47 feet of relief at the site with ground surface elevations ranging from a low of 92 feet to a high of 139 feet above mean sea level. The leased property for the Burke Hollow Project is used mostly for petroleum production, ranching, and game management. Access by vehicular traffic is provided from Hwy. 77 into the property by private gravel roads.

The property is in a rural setting in southeastern Bee County. The nearest population centers are Skidmore, approximately 11 miles west, Refugio about 15 miles east, and Beeville approximately 18 miles northwest. While Skidmore and Refugio are relatively small towns, they provide basic needs for food and lodging and some supplies. Beeville is a much larger city and provides a well-developed infrastructure that has resulted from being a regional center to support oil and gas exploration and production. The Burke Hollow Project site area has good accessibility for light to heavy equipment. There is an excellent network of county, state and federal highways that serve the region and the moderate topography with dominantly sandy, well-drained soils provide good construction conditions for building gravel site roads necessary for site access. Water supply in the project area is from private water wells, mostly tapping sands of the upper Goliad Formation. Water needs for potential future pre-extraction activities would be from the same sources.

Bee County has a climate characterized by long, hot summers and cool to warm winters. The moderate temperatures and precipitation result in excellent conditions for developing an ISR mine. The average annual precipitation is about 32 inches with the months from November to March normally the driest and May through October typically having more precipitation due partly to more intense tropical storms. From June through September the normal high temperatures are routinely above 90 degrees Fahrenheit, while the months from December through February are the coolest with average low temperatures below 50 degrees Fahrenheit. Periods of freezing temperatures are generally quite brief and infrequent. Tropical weather from the Gulf of Mexico can occur during the hurricane season and may affect the site area with large rain storms. The infrequent freezing weather and abnormally large rainfalls are the primary conditions that could cause temporary shutdowns at an operating ISR mine. Otherwise there is not a regular non-operating season.

The necessary rights for constructing the needed surface processing facilities are in-place on selected lease agreements. Sufficient electric power is believed to be available in the area, however new lines may be needed to bring additional service to a plant site and well fields. Within a 20 mile radius of the planned Burke Hollow facility there is sufficient population to supply the necessary number of suitable mining personnel.

### ***History***

The earliest historic uranium exploration at the Burke Hollow Project was the drilling of five exploration holes completed on the Welder lease by Nufuels (Mobil) in 1982. Oxidation/reduction interfaces were intercepted in two of the holes and oxidized tails were logged in three of the holes. In 1993, Total Minerals conducted a short reconnaissance exploration drilling program and completed a total of 12 exploration holes of which 11 intersected anomalous gamma ray log signatures indicative of uranium mineralization. The resulting 12 log files include good quality electric logs, with each log file containing a detailed lithological report based on drill hole cuttings prepared by Total Mineral's field geologists who were supervising and monitoring the drilling activity contemporaneously.

All of the boreholes were drilled using contracted truck-mounted drilling rigs. The holes were drilled by conventional rotary drilling methods using drilling mud fluids. All known uranium exploration at the Burke Hollow Project has been conducted with vertical drill holes. Drill cuttings were typically collected from the drilling fluid returns circulating up the annulus of the borehole. These samples were generally taken at five foot intervals and laid out on the ground in consecutive rows of twenty by the drill crew for review and description by a geologist. Upon completion, the holes were logged for gamma ray, self-potential, and resistance by contract logging companies. Century Geophysical was the logging company utilized by both Nufuels and Total Minerals, and Century Geophysical provided primarily digital data. A tool recording down-hole deviation was also utilized for each of the holes drilled.

This description of previous exploration work undertaken at the Burke Hollow Project is based primarily on gamma ray and electric logs, several small maps and cross-sections constructed by Total Minerals.

The historic data package obtained by the Company for a portion of the current Burke Hollow Project area provided the above described information. Based on the very limited number of drill holes, no meaningful resource or reserve determination was made by either Nufuels or Total Minerals. The actual drilling and geophysical logging results however, have been determined to be properly conducted to current industry standards and usable by the Company's exploration staff in their geologic investigation.

The only historic work relating to uranium exploration or mining is the early exploration work done by Nufuels in 1982, and by Total Minerals in 1993 as described above. There has been no known ownership of the Burke Hollow property by a mining company and prior ownership or changes in ownership for the property are not known by the Company or relevant to the project.

## *Geological Setting*

### *Regional Geology*

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

The project area, located about 18 miles southeast of Beeville which is the county seat of Bee County, is situated in the major northeast-southwest trending Goliad Formation of fluvial origin. The Geologic Atlas of Texas, Beeville-Bay City Sheet (Texas Bureau of Economic Geology, Revised 1987) indicates that a thin layer of Pleistocene-aged Lissie Formation overlies the Miocene Goliad Formation. The Lissie Formation unconformably overlies the Goliad Formation, and consists of unconsolidated deposits of sand, silt, and clay, with minor amounts of gravel. The thickness of the Lissie Formation in the project area ranges from approximately 35 feet on the western project edge to a maximum of 70 feet in thickness on the down-dip eastern edge of the project area. The map below shows the surface geology at the Burke Hollow Project.

The Goliad Formation was originally classified as Pliocene in age, but the formation has been reclassified as early Pliocene to middle Miocene after research revealed the presence of indigenous Miocene-aged mega-fossils occurring in upper Goliad sands. The lower Goliad fluvial sands are correlative with down-dip strata containing benthic foraminifera, indicative of a Miocene age (Baskin and Hulbert, 2008, GCAGS Transactions, v. 58, p. 93-101). The Geology of Texas map published by The Bureau of Economic Geology in 1992 classifies the Goliad as Miocene.

Relevant earlier literature described the Goliad Formation as Pliocene-aged, including the Geologic Atlas of Texas, Beeville-Bay City Sheet (Bureau of Econ. Geol, revised 1987), and The Geology of Texas, Volume I (No. 3232, 1932, Texas Bureau of Econ. Geology).

#### *Local and Property Geology*

The uranium-bearing sands of the Goliad Formation at the project site occur beneath a thin layer of Lissie Formation sand, silt, clay, and gravel, which covers most of the project area with a total thickness of approximately 35 feet on the western side to approximately 70 feet thickness on the downdip eastern side of the project. The Goliad Formation underlies the Lissie, and is present at depths ranging from 35 feet to approximately 1,050 feet in depth on the eastern side of the property. The Company has determined that uranium mineralization discovered to date occurs within at least four individual sand units in the Upper Goliad at depths generally ranging from 160 feet to 500 feet, and within two deeper sand units in the Lower Goliad located between 900 feet to 950 feet in depth.

The Goliad sand is one of the principal water-bearing formations in Bee County capable of yielding moderate to large quantities of fresh to slightly saline water in the south half of Bee County, which includes the project area.

The hydrogeological characteristics of the water-bearing Goliad sands at the Burke Hollow Project have not yet been determined, but required hydrogeological tests will determine the hydraulic character of the sands and the confining beds separating the individual sand zones. Information regarding the water-bearing characteristics of the Goliad sands from aquifer tests of a city of Beeville and a City of Refugio supply well (O.C. Dale, et al., 1957) reported an average coefficient of permeability of about 100 gallons per day per square foot. This would be the equivalent coefficient of transmissivity of approximately 2,500 gallons per day per foot for a 25-foot thick sand. It is likely that the uranium bearing mineralized sand zones at the Burke Hollow Project will have similar hydraulic characteristics.

There are at least two northeast-southwest trending faults at the Burke Hollow property that are likely related to the formation of the uranium mineralization. These faults are shown at a depth of approximately 3,500 feet below ground surface based on petroleum industry maps and extend upward into the Goliad Formation. The northwesterly fault is a typical Gulf Coast normal fault, downthrown toward the coast, while the southeastern fault is an antithetic fault downthrown to the northwest, forming a graben structure. The presence of these faults is likely related to the increased mineralization at the site. The faulting has probably served as a conduit for reducing waters/gases migrating from deeper horizons as well as altering the groundwater flow system in the uranium-bearing sands.

#### *Mineralization*



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

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

At the project site the Goliad Formation is located near the surface underlying the Lissie Formation, and extends to depths exceeding 1,050 feet on the eastern side of the property. Uranium mineralization discovered to date occurs in multiple sand/sandstone units that are all below the saturated zone. These are the Goliad Lower A sand, the Goliad Upper B sand, the Goliad Lower B sand and the Goliad D sand. The sands are fluvial-deltaic in origin, and thicken and thin across the project site. Each zone is hydrologically separated by clay or silty clay beds. The uranium deposits discovered to date range from several feet to over 30 feet in thickness. The C-shaped configuration is typically convex in a downdip direction with tails trailing on the updip side.

### *Update to July 31, 2016*

During Fiscal 2016, 49 exploration holes totaling 25,020 feet were drilled at the Burke Hollow Project to depths ranging from a minimum 420 feet to a maximum 640 feet, with an average depth of 511 feet. As of July 31, 2016, a total of 575 exploration holes totaling 271,520 feet have been drilled to depths ranging from a minimum 160 feet to a maximum of 1,100 feet, with an average depth of 472 feet.

At July 31, 2016, a total of 30 regional baseline monitor wells have been installed in order to establish baseline water quality in both the Goliad Lower A and Goliad Lower B sands. With respect to permitting, a preoperational groundwater characterization sampling program from the drilling of the regional baseline monitor wells was completed in February 2014. A drainage study of the proposed license boundary was completed in January 2013 and encompasses the first three production areas. Archeology, socioeconomic and ecology studies for the project were all completed by December 2013. Two Class I disposal well applications were submitted and final permits were issued by the TCEQ in July 2015. The Mine Area, Radioactive Material License and Aquifer Exemption applications have been submitted and are all under technical review by the TCEQ.

An earlier Technical Report dated February 27, 2013 for Burke Hollow was prepared in accordance with the provisions of National Instrument 43-101, Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators ("NI 43-101") by Thomas A. Carothers, P.G., a consulting geologist, and filed by the Company on the public disclosure website of the Canadian Securities Administrators at [www.sedar.com](http://www.sedar.com). An Updated Technical Report dated October 6, 2014 was prepared in accordance with the provisions of NI 43-101 by Andrew W. Kurrus III, P. G., with Clyde L. Yancey, P.G. serving as the Qualified Person. As required by NI 43-101, the Technical Report contains certain disclosure relating to inferred mineral resource estimates and an exploration target for the Company's Burke Hollow Project. Such mineral resources have been estimated in accordance with the definition standards on mineral resources of the Canadian Institute of Mining, Metallurgy and Petroleum referred to in NI 43-101. Inferred mineral resources and exploration targets, while recognized and required by Canadian regulations, are not defined terms under the SEC's Industry Guide 7, and are normally not permitted to be used in reports and registration statements filed with the SEC. Accordingly, we have not reported them in this annual report or otherwise in the United States. Investors are cautioned not to assume that any part or all of the mineral resources in these categories will ever be converted into mineral reserves. These terms have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. In particular, it should be noted that mineral resources, which are not mineral reserves,

do not have demonstrated economic viability. It cannot be assumed that all or any part of measured mineral resources, indicated mineral resources or inferred mineral resources discussed in the Technical Report will ever be upgraded to a higher category. In accordance with Canadian rules, estimates of inferred mineral resources cannot form the basis of feasibility or other economic studies. Investors are cautioned not to assume that any part of the reported inferred mineral resources referred to in the Technical Report are economically or legally mineable. Exploration targets have a greater amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. In particular, it should be noted that exploration targets do not have demonstrated economic viability. It cannot be assumed that all or any part of the exploration target discussed in the Technical Report will ever be upgraded to a higher category, or if additional exploration will result in discovery of an economic mineral resource on the property.

We have not established proven or probable reserves, as defined by the SEC under Industry Guide 7, through the completion of a “final” or “bankable” feasibility study for the Burke Hollow Project. Furthermore, we have no plans to establish proven or probable reserves for any of our uranium projects for which we plan on utilizing ISR mining.

## **Goliad Project, Goliad County, Texas**

### ***Property Description and Location***

The Goliad Project is comprised of 11 leases covering 1,139 acres located in Texas near the northeast end of the extensive South Texas Uranium Trend. The Goliad Project consists of multiple leases that would allow the mining of uranium by ISR methods while utilizing the land surface (with variable conditions) as needed, for mining wells and aboveground facilities for fluid processing and ore capture during the mining and groundwater restoration phases of the project. The Goliad Project area is about 14 miles north of the town of Goliad and is located on the east side of US route 77A/183, a primary highway that intersects with US 59 in Goliad and IH-10 to the north. The approximate center of the project area is 28° 52' 7" N latitude, 97° 20' 36" W longitude. Site drilling roads are mostly gravel based and allow reasonable weather access for trucks and cars. Four-wheel drive vehicles may be needed during high rainfall periods. A location map for the Goliad Project is shown below:

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

At July 31, 2016, we held 11 leases ranging in size from 14 acres to 253 acres, for a total of 1,139 acres. The majority of the leases have starting dates in 2005 or 2006 with an initial term of five years and a five-year renewal option. The various lease fees and royalty conditions are negotiated with individual lessors and terms may vary from lease to lease. The Company has amended the majority of the leases to extend the time period for an additional five years past the five-year renewal option period.

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

land surface and any ancillary facility structures or equipment is properly completed.

***Accessibility, Climate, Local Resources, Infrastructure and Physiography***

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

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

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

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

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

***History***

*Ownership History of the Property*

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

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

*Exploration and Pre-Extraction Work Undertaken*

This description of previous exploration and pre-extraction work undertaken at the Goliad Project is based primarily on electric logs and maps produced by Moore Energy during the period 1983 to 1984. Moore Energy completed 479 borings on various leases. Eight widespread exploration borings were completed by Coastal Uranium in 1980. We obtained leases through an assignment from a private entity in 2006 and from individual mineral owners thereafter, and began confirmation drilling in May 2006.

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

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

### ***Geological Setting***

#### ***Regional Geology***

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



*Local and Property Geology*

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

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

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

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

### ***Project Type***

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

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

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

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

### ***Mineralization***

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

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

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

### ***Leach Amenability***

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

Split sections of core were placed in laboratory containers and a lixiviate solution with 2.0 grams per liter  $\text{HCO}_3$  ( $\text{NaHCO}_3$ ) and either 0.50 or 0.25 g/L of  $\text{H}_2\text{O}_2$  (hydrogen peroxide) was added to each test container. The containers were then rotated at 30 rpm for 16 hours. The lixiviate was then extracted from each test container and analyzed for uranium, molybdenum, sodium, sulfate, alkalinity (bicarbonate, carbonate), pH and conductance. A clean charge of lixiviate was added and the container rotated another 16 hours. Each sample rotation and lixiviate charge cycle was representative of five pore volumes with chemical analyses after each cycle. The cycle was repeated for a total of six cycles or the equivalent of 30 pore volumes.

The four core samples subjected to the leach amenability tests were determined to contain from 0.04% to 0.08%  $\text{cU}_3\text{O}_8$  before testing. Leach tests conducted on the core samples from the A Zone indicate leach efficiencies of 60 to 80%  $\text{U}_3\text{O}_8$  extraction, while the tails analyses indicate efficiencies of 87 to 89%. The differences between the two calculations involve the loss of solid clay based materials during multiple filtrations. Based on post leach solids analysis, the core intervals were leachable to a very favorable 86 to 89%. After tests the tails were reanalyzed for uranium concentration to determine the recovery, which ranged on the four samples using two methods from 60% to 89%.

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

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

The amenability testing described above was conducted on core recovered from four depth intervals from one boring. While this was a limited sampling for this property, the samples are believed to be generally representative of the characteristics of the mineralized intervals and the determined recovery ranges for these intervals is considered to be reliable. Two of the four samples tested contained approximately 0.08%  $\text{cU}_3\text{O}_8$  and two contained lower grades of uranium ( $\sim 0.04\%$   $\text{cU}_3\text{O}_8$ ). Energy Laboratories, Inc. in Casper, Wyoming, conducted the laboratory testing for this project. The laboratory has been in business since 1952, is fully certified, but not ISO certified. Certifications include the US Environmental Protection Agency, US Nuclear Regulatory Commission and the following US states: Arizona, California, Colorado, Florida, Indiana, Nevada, Oregon, South Dakota, Texas, Utah and Washington.

*Update to July 31, 2016*

In May 2010, the Waste Disposal Well Permit was issued by the TCEQ;

In April 2011, the Mine Area Permit was issued by the TCEQ;

In April 2011, the PAA-1 Permit was issued by the TCEQ;

In December 2011, the Radioactive Materials License was issued by the TCEQ;

In December 2012, EPA concurrence was received for an Aquifer Exemption which was the last and final permit needed to begin uranium extraction;

In June 2014, the EPA reaffirmed its earlier decision to uphold the granting of the Company's existing Aquifer Exemption permit (the "AE"), with the exception of a northwestern portion containing less than 10% of the uranium resource which was withdrawn, but not denied, from the AE area until additional information is provided in the normal course of mine development;

During Fiscal 2014, 34 delineation holes totaling 9,819 feet were drilled at the Goliad Project to depths ranging from a minimum of 160 feet to a maximum of 480 feet, with an average depth of 289 feet. During Fiscal 2015, no further drilling activities were conducted. At July 31, 2015, approximately 992 confirmation-delineation holes totaling 348,434 feet have been drilled by the Company to confirm and expand the mineralization base at the Goliad Project; Construction of a three-phase electrical power system for the entire project and a large caliche site pad for the main plant complex and disposal well have been completed; and

Processing equipment for the construction of the satellite facility and wellfield including long-lead items such as ion exchange vessels have been received.

On or about March 9, 2011, the TCEQ granted the Company's applications for a Class III Injection Well Permit, Production Area Authorization and Aquifer Exemption for our Goliad Project. On or about December 4, 2012, the U.S. Environmental Protection Agency concurred with the TCEQ issuance of the Aquifer Exemption permit. With the receipt of this concurrence, the final authorization required for uranium extraction, the Goliad Project achieved fully-permitted status. On or about May 24, 2011, a group of petitioners, inclusive of Goliad County, appealed the TCEQ action to the 250<sup>th</sup> District Court in Travis County, Texas. A motion filed by the Company to intervene in this matter was granted. The petitioners' appeal lay dormant until on or about June 14, 2013, when the petitioners filed their initial brief in support of their position. On or about January 18, 2013, a different group of petitioners, exclusive of Goliad County, filed a petition for review with the Court of Appeals for the Fifth Circuit in the United States (the "Fifth Circuit") to appeal the EPA's decision. On or about March 5, 2013, a motion filed by the Company to intervene in this matter was granted. The parties attempted to resolve both appeals and, to facilitate discussions and to avoid further legal costs, the parties jointly agreed, through mediation which was initially conducted through the Fifth Circuit on or about August 8, 2013, to abate the proceedings in the State District Court. On or about August 21, 2013, the State District Court agreed to abate the proceedings. The EPA subsequently filed a motion to remand without vacatur with the Fifth Circuit wherein the EPA's stated purpose was to elicit additional public input and further explain its rationale for the approval. In requesting the remand without vacatur, which would allow the AE to remain in place during the review period, the EPA denied the existence of legal error and stated that it was unaware of any additional information that would merit reversal of the AE. The Company and the TCEQ filed a request to the Fifth Circuit for the motion to remand without vacatur, if granted, to be limited to a 60-day review period. On December 9, 2013, by way of a procedural order from a three-judge panel of the Fifth Circuit, the Court granted the remand without vacatur and initially limited the review period to 60 days. In March of 2014, at the EPA's request, the Fifth Circuit extended the EPA's time period for review and additionally, during that same period, the Company conducted a joint groundwater survey of the site, the result of which reaffirmed the Company's previously filed groundwater direction

studies. On or about June 17, 2014, the EPA reaffirmed its earlier decision to uphold the granting of the Company's existing AE, with the exception of a northwestern portion containing less than 10% of the uranium resource which was withdrawn, but not denied, from the AE area until additional information is provided in the normal course of mine development. On or about September 9, 2014, the petitioners filed a status report with the State District Court which included a request to remove the stay agreed to in August 2013 and to set a briefing schedule (the "Status Report"). In that Status Report, the petitioners also stated that they had decided not to pursue their appeal at the Fifth Circuit. The Company continues to believe that the pending appeal is without merit and is continuing forward as planned towards uranium extraction at its fully-permitted Goliad Project.

We have not established proven or probable reserves, as defined by the SEC under Industry Guide 7, through the completion of a "final" or "bankable" feasibility study for the Goliad Project. Furthermore, we have no plans to establish proven or probable reserves for any of our uranium projects for which we plan on utilizing ISR mining, such as the Goliad Project.



## **Mineral Exploration Projects**

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

We plan to conduct exploration programs on these mineral exploration properties with the objective of determining the existence of economic concentrations of uranium. We have not established proven or probable reserves, as defined by the SEC under Industry Guide 7, through the completion of a “final” or “bankable” feasibility study for any of the uranium projects discussed below. Furthermore, we have no plans to establish proven or probable reserves for any of our uranium projects for which we plan on utilizing ISR mining.

### ***Arizona***

All of our Arizona claims and state leases were previously the subject of exploration drilling for the search of uranium by companies such as Union 76 Oil, Urangesellschaft, Wyoming Minerals, Noranda, Inc., Uranerz Energy Corp., Homestake Mining Co., Occidental Minerals and Oklahoma Public Services. Claims staked directly by us have been in areas known for uranium occurrences as shown in the Arizona State publication, “Occurrences of Uranium in Miscellaneous Sedimentary Formations, Diatremes and Pipes and Veins”.

### ***Arizona: Anderson Project***

#### ***Property Location and Description***

The Anderson Project is a 8,268-acre property located in Yavapai County, west-central Arizona, approximately 75 miles northwest of Phoenix and 43 miles northwest of Wickenburg (latitude 34°18'29" N and longitude 113°16'32" W, datum WGS84). The general area is situated along the northeast margin of the Date Creek Basin. The Anderson Project is located on the south side of the Santa Maria River approximately 13 miles west of State Highway 93. The Anderson Project occupies part or all of Sections 1 and 3, 9 through 16, 21 through 27, and 34 through 36 of Township 11 North, Range 10 West and portions of Sections 18, 19, and 30 of Township 11 North Range 9 West of the Gila and Salt River Base Meridian.



*Accessibility, Climate, Local Resources, Infrastructure and Physiography*

The Anderson Project is accessed by paved, all-weather gravel and dirt roads. The property is reached by taking the Alamo Lake turnoff, located approximately 21 miles northwest of Wickenburg on Arizona State Highway 93 (Joshua Tree Parkway), then driving 0.25 miles north of mile marker 179, and then following the Alamo Road for 5.8 miles to the Pipeline Ranch Road turnoff. The road passes through the Pipeline Ranch, located in the bottom of Date Creek Wash and continues for approximately 6.3 miles to FR 7581. The Anderson Project property boundary is located 1.4 miles north on FR 7581. There are alternate dirt roads, including a 15 mile primitive road from Highway 93 over Aso Pass (2,900 ft elevation).

The Anderson Project is located in the northeast portion of the Date Creek Basin. The basin consists of low undulating terrain, centrally dissected by Date Creek Wash. The site lies along the south bank of the Santa Maria River which runs along the northern edge of the basin. Elevations above sea level are between 1,700 ft and 2,400 ft. Maximum local topographic relief at the site is approximately 700 ft.

Vegetation on the property is typical of the Sonoran Desert of central Arizona and consists predominately of Joshua trees, palo verde bushes, saguaro, cholla, ocotillo, creosote bushes and desert grasses. Fauna includes: jackrabbits, rattlesnakes, roadrunners, desert tortoise, various lizards, and less common mule deer, wild burros and mules.

The alluvial valley of the Santa Maria River varies substantially in width and depth to bedrock. The volume of alluvium, and particularly the depth of the material, influences the proportion of surface flow to underflow in the river valley. The groundwater in the alluvium consists of underflow that is forced toward the surface as the depth of the alluvium decreases.

The climate is arid, with hot summers and mild winters. Annual rainfall averages 10 to 12 inches with rain showers from January through March and during summer thunderstorms. Snowfall is rare. On average, temperatures range between a low of 31°F during winter months and a high of 104°F during summer months. Temperature extremes of 10°F in winter and 120°F in summer have been recorded. The climate is favorable for year-round mining operations and requires no special operational or infrastructure provisions that relate to weather.

Various water wells exist on and near the Anderson Project that can support large-scale mining operations. There is plenty of usable land space to locate processing plants, heap leach pads, tailings storage areas, waste disposal areas and other infrastructure development associated with large-scale mining. The Anderson Project includes most of a 195 acre area designated by the BLM as “disturbed” resulting from surface mining in the 1950s. It may be possible to expedite the permitting process for future metallurgical exploration and mining activities, including waste disposal within the disturbed area.

The Anderson Project area is undeveloped with the exception of various access and drill roads and various water wells previously constructed. No utilities exist on or adjacent to the area. A transmission power line runs northwest-southeast along Highway 93, approximately 8 miles to the east; however, direct access to the power line may be obstructed by the Arrastra Mountain Wilderness and Tres Alamos Wilderness located between the power line and the Anderson Project. The construction of a power line would require routing along one of the existing road corridors, a distance of 16.2 miles to the project boundary.

The nearest town is Congress (population 1,700) located 32 road miles to the east. The nearest major housing, supply center and rail terminal is in Wickenburg (population 6,363) located approximately 43 miles from the Anderson Project by road. Phoenix (population 1.45 million), approximately 100 miles to the southeast by road, is the nearest major industrial and commercial airline terminal. Kingman (population 24,000) is located approximately 110 miles to the northwest by road. The Company’s surface rights encompass 15.4 square miles; this is sufficient for the surface structures associated with any proposed mining operation.

### *History*

In January 1955, T.R. Anderson of Sacramento, California, detected anomalous radioactivity in the vicinity of the Anderson Project using an airborne scintillometer. After a ground check revealed uranium oxide in outcrop, numerous claims were staked. The “Anderson Mine,” as the operation was known at the time, was drilled and mined by Mr. Anderson. Work between 1955 and 1959 resulted in 10,758 tons that averaged 0.15%  $U_3O_8$  and 33,230 pounds  $U_3O_8$  were shipped to Tuba City, Arizona, for custom milling. In 1959, production stopped when the Atomic Energy

Commission (“AEC”) ended the purchasing program.

During 1967 and 1968, Getty Oil Company (“Getty”) secured an option on claims in the northern portion of the Anderson Project. Some drilling and downhole gamma logging was conducted during the option period, but this failed to locate a sizeable uranium deposit. In 1968, Getty dropped their option.

In 1974 the increasing price of uranium created a renewed interest in the vicinity of the Anderson Project. Following a field check and an evaluation of the 1968 Getty drill data, MinEx optioned the northern portion of the current Anderson Project.

In 1975 MinEx purchased the northern portion of the current Anderson Project after a 53-hole, 5,800 m (19,000 ft) drilling program on 250 m centers confirmed a much greater uranium resource potential than had been interpreted from the 1968 Getty gamma log data. Further exploration work, consisting of a 180-hole, 22,555 m (74,000 ft) drill and core program on 120 m centers was conducted from November 1975 through February 1976 to further delineate the uranium resources. By 1980, MinEx had completed a total of 1,054 holes by rotary and core drilling.

In 1977 the Palmerita Ranch, located 11 km west of the deposit along the Santa Maria River, was acquired by MinEx to provide a water source for the operations in the event that closer sources proved inadequate. Based on favorable economics, indicated in a Preliminary Feasibility Study completed by Morrison-Knudsen Company, Inc. in December 1977, a detailed Final Feasibility Study was undertaken early in 1978 to evaluate the MinEx holdings on the northern portion of the current Anderson Project.

In 1973 Urangesellschaft expressed an interest in the former Anderson Property. Urangesellschaft located a claim block, the “Date Creek Project,” on the down-dip extension of the mineralization immediately to the south of MinEx’s claims. In 1973 to 1982, subsequent drilling programs delineated mineralization from a total of 352 drill holes with 122,744 m (402,773 ft) of rotary and core drilling. The following table summarizes the phases of the historical exploration.

#### **Exploration History at the Anderson Property (Arseneau, 2011)**

<b>Company</b>	<b>Period</b>	<b>Exploration Activities</b>
Mining Group Led by Mr. T. R. Anderson	1955–1959	Aerial scintillometer surveying, ground prospecting, and outcrop mining
Getty Oil Company	1967–1968	Limited exploration drilling
Urangesellschaft USA, Inc.	1973–1982	Exploration drilling: 352 total holes with 319 rotary holes and 33 core holes over a 610 ha area
MinEx	1974–1980	

Concentric Energy Corp.	2006	Exploration drilling: 970 rotary holes and 84 core holes over a 425 ha area Confirmation drilling: 24 RC holes and one RC core hole
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### *Geologic Setting*

#### Regional Geology

The Anderson Project is located along the northeast margin of the Date Creek Basin of the Basin and Range Province of the western United States. The Date Creek Basin is one of hundreds of Paleogene basins throughout western Arizona, southeastern California, Nevada and western Utah. Paleogene lacustrine and fluvial sediments, and Quaternary gravels have filled these basins to depths of several thousand meters. The approximate location of the Basin boundaries is shown in the figure below.

The Basin is surrounded by dissected mountain ranges containing Precambrian metamorphic rocks and granites. Surrounding mountain ranges include the Black Mountains to the north and northeast, and the Rawhide, Buckskin and McCracken Mountains to the west. To the south and southeast, the Basin is bordered by a low drainage divide imposed by the Harcuvar and the Black Mountains. Margins of the basin are filled with early Paleogene volcanic flows and volcanoclastic sediments. The Basin itself is filled with Oligocene to Miocene lacustrine and deltaic sediments covered by a thick mantle of Quaternary valley fill.

### Local and Property Geology

Three major faults cross the Anderson Project: the East Boundary Fault System; Fault 1878; and the West Boundary Fault System. Faults trend predominantly N30°W to N55°W and dip steeply (approximately 80°) to the southwest. Another set of faults trending more westerly (N65°W) are present in the south-central portion of the Anderson Project. A fault set trending northeast-southwest has been speculated by Urangesellschaft and others, but has not been observed in the field. Many of the north-westerly surface water drainage tributaries are developed partially along fault traces.

Minor faults and shear zones occur throughout the Anderson Project. These probably represent fractures with slight offset of strata during differential compaction of the underlying sediments or local adjustment to major faulting.

The largest fold in the area is a broad, gentle, northwest-trending syncline in the south-eastern quarter of Section 9, T11N, R10W. Dips reach a maximum of 13° except where modified by shearing. Many smaller folds with amplitudes of several feet are present in the lacustrine strata.

Fault displacements range from a few centimetres to more than 100 m. Fault movement is generally of normal displacement resulting in stair-stepped fault blocks. Local faults also have a tendency to hinge. Minor faulting across the mineralized area is often difficult to discern from variations in sedimentary dips. The lacustrine sediments dip south to south-westerly from 2° to 5°, to a maximum of 15°. Much of this dip is attributed to recurrent faulting during deposition.



Nine stratigraphic units were identified on the Anderson Project, listed from oldest to youngest as follows:

- Crystalline Intrusive Rocks: coarse-grained to pegmatitic Precambrian granite;
- Felsic to Intermediate Volcanic: flows, breccias, tuffs and minor intrusive;
- Felsic to Intermediate Volcaniclastic: ash flows, tuffaceous beds and arkosic sandstone;
- Andesitic Volcanic: porphyritic andesitic flows with a paleosurface and locally reddish-brown paleosols;
- Lacustrine Sedimentary rocks: micaceous siltstones and mudstone, calcareous siltstones and silty limestone, thin beds of carbonaceous siltstone and lignitic material and host of uranium mineralization, averaging about 60 to 100 m thick;
- Lower Sandstone Conglomerate: arkosic sandstones and conglomerate, averaging about 60 to 100 m thick
- Basaltic Flows and Dikes: amygdular basalt, averaging about 20 m thick;
- Upper Conglomerate: cobble and boulder conglomerate, partly indurate and locally calcite cemented, averaging about zero to 60 m thick; and
- Quaternary Alluvium: unconsolidated sand and gravel, caliche formed where calcite-cemented.

Uranium mineralization at the Anderson Project occurs exclusively in the sequence of Miocene-age lacustrine lakebed sediments. The lacustrine sediments unconformably overlie the andesitic volcanic unit over most of the Anderson Project. However, to the east of the Anderson Project, they overlie the felsic to intermediate volcanic unit.

Evidence suggests that deposition of the lacustrine sediments occurred in a restricted basin less than 5 km wide by 10 to 12 km long on the northern edge of an old Paleogene lake. Moving southward, these sediments inter-tongue with siltstones and sandstones. The lakebed sediments represent time-transgressive facies deposited within a narrow, probably shallow, basinal feature. This type of depositional environment exhibits complex relationships between individual facies, lensing out, vertical and horizontal gradation, and interfingering.

The lake sediments include green siltstones and mudstones, white calcareous siltstones, and silty limestone or calcareous tuffaceous material. Much of this material is silicified to varying extents and was derived in part from volcanic ashes and tuffs common throughout the lakebeds. Also present in the lacustrine sequence are zones of carbonaceous siltstone and lignitic material. Along the boundary between the former MinEx and Urangesellschaft properties, drill holes encounter the basal arkosic sandstone. To the south and southwest, lakebeds interfinger with and eventually are replaced by a thick, medium to coarse-grained, arkosic sandstone unit.

### Mineralization

Uranium mineralization in outcrops and the pit floor at the old Anderson mine was reported by the US Bureau of Mines in Salt Lake City as tyuyamunite ( $\text{Ca}(\text{UO}_2)_2(\text{VO}_4)_2 \cdot 5\text{-}8\text{H}_2\text{O}$ ). Carnotite ( $\text{K}(\text{UO}_2)_2(\text{VO}_4)_2 \cdot 3\text{H}_2\text{O}$ ) and a rarer

silicate mineral, weeksite ( $K_2(UO_2)_2(Si_2O_5)_3 \cdot 4H_2O$ ), were also reported in outcrop samples. Carnotite mineralization occurs as fine coatings and coarse fibrous fillings along fractures and bedding planes and has been noted in shallow drill holes and surface exposures.

The uranium mineralization found at depth on the former Urangesellschaft property was reported by Hazen Research, Inc. ("Hazen Research") to be poorly crystallized, very fine-grained, amorphous uranium with silica. This could be in the form of either coffinite ( $U(SiO_4)_{1-x}(OH)_{4x}$ ) or uraninite ( $UO_2$ ) in a primary or unoxidized state (Hertzke, 1997). Mineralogical studies performed by Hazen Research (1978a, 1978b, 1978c and 1979) on Urangesellschaft core found that mineralization was associated, for the most part, with organic-rich fractions of the samples. Specifically, the uraniferous material occurs as stringers, irregular masses and disseminations in carbonaceous veinlets with uranium up to 54% as measured by microprobe analysis. X-ray diffraction identified the mineral as coffinite. It is possible that an amorphous, ill-defined uranium silicate with a variable U:Si ratio is precipitated and, under favorable conditions, develops into an identifiable crystalline form (coffinite).

Of special note is the detection of high-grade, low-reflecting uraniferous material occurring with carbonaceous material in the siltstone. Similar assemblages in unoxidized mineralization have also been reported for the former MinEx property.

Urangesellschaft distinguished seven mineralized zones, identified as Horizons A, B, C, D, E, F and G, with the youngest (uppermost) being Horizon A and the oldest (deepest) being Horizon G. The majority of uranium occurs in Horizons A, B and C within the property. A conglomeratic sandstone unit interbeds with these units, but does not contain uranium mineralization; it is referred to as the Barren Sandstone Unit and it lies between Horizon C and Horizon D. Consequently, Horizons A through C have been called the Upper Lakebed Sequence and Horizons D through G have been called the Lower Lakebed Sequence.

Grades of mineralization range from 0.025%  $U_3O_8$  to normal highs of 0.3 to 0.5%  $U_3O_8$  with intercepts on occasion of 1.0% to 2.0%  $U_3O_8$ . Secondary enrichment of the syngenetic mineralization is observed along faults and at outcrops.

### *Exploration*

A Light Detection and Ranging (LiDAR) survey was performed over the entire project area by Cooper Aerial Surveys Co. ("Cooper Aerial") on 9 July 2011, between 13:07 UTC and 15:14 UTC (6:07 A.M. and 8:14 A.M., MST). Aerial imagery was collected at the same time. Data was processed using one of two base stations to obtain positional accuracies of between 3 and 10 cm. Twenty-four ground control points showed a root mean square error of 0.219 ft (6.7 cm) between predicted and measured elevations. Cooper Aerial provided the Company with a one meter pixel digital elevation model (DEM) and a 2 ft contour shape-file derived from the LiDAR data. Cooper Aerial also corrected ortho imagery with a 0.15 m pixel size. Coordinates were converted from WGS84 to NAD 1983 UTM Zone 12N in meters, and elevation was reported in NAVD 1988 international feet. The conversion caused no distortion in elevations used in the resource model.

The Company has not performed any drilling to date on the Anderson Project.

### *Update to July 31, 2016*

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

A Preliminary Economic Assessment (“PEA”) dated July 6, 2014 for the Anderson Project, prepared in accordance with NI 43-101, was completed by Douglas Beahm, PE, PG and Terence McNulty, PE and filed by the Company on the public disclosure website of the Canadian Securities Administrators at [www.sedar.com](http://www.sedar.com). The PEA contains certain disclosure relating to indicated and inferred mineral resource estimates for the Anderson Project. Such mineral resources have been estimated in accordance with the definition standards on mineral resources of the Canadian Institute of Mining, Metallurgy and Petroleum referred to in NI 43-101. Indicated and inferred mineral resources, while recognized and required by Canadian regulations, are not defined terms under the SEC’s Industry Guide 7, and are normally not permitted to be used in reports and registration statements filed with the SEC. Accordingly, we have not reported them in this annual report or otherwise in the United States. Investors are cautioned not to assume that any part or all of the mineral resources in this category will ever be converted into mineral reserves. Indicated and inferred resources have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. In particular, it should be noted that mineral resources which are not mineral reserves do not have demonstrated economic viability. It cannot be assumed that all or any part of the indicated or inferred mineral resources discussed in the PEA will ever be upgraded to a higher category. In accordance with Canadian rules, estimates of indicated and 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 indicated and inferred mineral resources referred to in the PEA are economically or legally mineable. We have not established proven or probable reserves, as defined by the SEC under Industry Guide 7, through the completion of a “final” or “bankable” feasibility study for the Anderson Project.

***Arizona: Workman Creek Project***

The Workman Creek Project is a 4,036-acre property located in Gila County, Arizona.

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

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

Property	Number of Claims or Leases Held	Gross Acres
Artillery Peak 1	19 claims	380
Artillery Peak 2	31 claims	620
Los Cuatros	1 lease	640
Anderson	386 claims & 1 lease	8,268
Workman Creek	198 claims	4,036

***Colorado***

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

evaluated a portion of the claims currently owned by us.

***Colorado: Slick Rock Project***

Pursuant to a Uranium Mining Lease dated May 23, 2012, the Company acquired from URenergy LLC a mining lease for uranium on the Slick Rock Project located in San Miguel and Montrose Counties, Colorado.

Since January 2011, the Company has staked a total of 129 claims in the Slick Rock district of the Uravan Mineral Belt. In June 2011, the Company acquired 103 claims from Spider Rock Mining also in the Slick Rock District for a one-time payment of \$500,000. As a result, the Company now holds a total of 315 contiguous claims in the Slick Rock District. Certain claims of the Slick Rock Project are subject to a 1.0% or 3.0% net smelter royalty, the latter requiring an annual advance royalty payment of \$30,000 beginning in November 2017.

A Technical Report dated February 21, 2013 for the Slick Rock Project, prepared in accordance with NI 43-101, was completed by Bruce Davis and Robert Simm, consulting geologists, and filed by the Company on the public disclosure website of the Canadian Securities Administrators at [www.sedar.com](http://www.sedar.com). The Technical Report contains certain disclosure relating to inferred mineral resource estimates for the Slick Rock Project. Such mineral resources have been estimated in accordance with the definition standards on mineral resources of the Canadian Institute of Mining, Metallurgy and Petroleum referred to in NI 43-101. Inferred mineral resources, while recognized and required by Canadian regulations, is not a defined term under the SEC's Industry Guide 7, and are normally not permitted to be used in reports and registration statements filed with the SEC. Accordingly, we have not reported them in this annual report or otherwise in the United States. Investors are cautioned not to assume that any part or all of the mineral resources in this category will ever be converted into mineral reserves. Inferred resources have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. In particular, it should be noted that mineral resources which are not mineral reserves do not have demonstrated economic viability. It cannot be assumed that all or any part of inferred mineral resources discussed in the Technical Report will ever be upgraded to a higher category. In accordance with Canadian rules, estimates of inferred mineral resources cannot form the basis of feasibility or other economic studies. Investors are cautioned not to assume that any part of the reported inferred mineral resources referred to in the Technical Report are economically or legally mineable.

A PEA dated April 8, 2014 for the Slick Rock Project, prepared in accordance with NI 43-101, was completed by Douglas Beahm, PE, PG and filed by the Company on the public disclosure website of the Canadian Securities Administrators at [www.sedar.com](http://www.sedar.com). The PEA contains certain disclosure relating to inferred mineral resource estimates for the Slick Rock Project. Such mineral resources have been estimated in accordance with the definition standards on mineral resources of the Canadian Institute of Mining, Metallurgy and Petroleum referred to in NI 43-101. Inferred mineral resources, while recognized and required by Canadian regulations, is not a defined term under the SEC's Industry Guide 7, and are normally not permitted to be used in reports and registration statements filed with the SEC. Accordingly, we have not reported them in this Annual Report or otherwise in the United States. Investors are cautioned not to assume that any part or all of the mineral resources in this category will ever be converted into mineral reserves. Inferred resources have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. In particular, it should be noted that mineral resources which are not mineral reserves do not have demonstrated economic viability. It cannot be assumed that all or any part of inferred mineral resources discussed in the PEA will ever be upgraded to a higher category. In accordance with Canadian rules, estimates of inferred mineral resources cannot form the basis of feasibility or other economic studies. Investors are cautioned not to assume that any part of the reported inferred mineral resources referred to in the PEA are economically or legally mineable.

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

Property	Number of Claims or Leases Held	Gross Acres
Carnotite	18 claims	360
Raven	37 claims	740
Slick Rock	315 claims	5,333

Radium Mountain	48 claims	979
Long Park	20 claims	400

### *New Mexico*

The West Ranch Project consists of approximately 2,454 acres made up of lode mining claims and private leases in northwestern New Mexico, on the northwest end of the historically uraniferous Ambrosia Lake trend of the Grants Uranium District. The property was drilled by United Nuclear Corporation and, more recently, by Kerr McGee. Historical wide-spaced drilling across the property indicates the presence of several northwest-southeast trending uranium mineralized zones within the Morrison Formation at average depths of 800 feet.

A property option agreement with AusAmerican Mining Corporation, an Australian-listed mining company, over certain New Mexico claims including the F-33, Rick and Todilto claims was cancelled by the Company for AusAmerican's failure to meet certain financial obligations as required under the option. During Fiscal 2014, an impairment loss on mineral properties of \$166,720 was recognized related to these claims.

In December 2014, the Company staked 51 claims over the historic Dalton Pass project in the Crownpoint uranium district. Historic drilling at Dalton Pass by Pathfinder Mines indicates that the uranium mineralization occurs as both primary tabular and roll front deposits. Mineralization is hosted by the upper Westwater Canyon Member of the Morrison Formation, a sequence of stacked sands separated by discontinuous shale breaks, at depths ranging from 1,900 to 2,100 ft.



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

Property	Number of Claims or Leases Held	Gross Acres
Todilto	1 lease	320
West Ranch	26 claims & 5 leases	2,454
West Ambrosia Lake	6 mineral deeds	3,844
C de Baca	30 claims	600
Dalton Pass	51 claims	1,020

### ***Texas***

At July, 31, 2016, we currently own various exploration projects located in the South Texas Uranium Trend. The location and acquisition of these leases are based on historical information contained within our extensive database, as well as current, ongoing geologic analyses by our exploration staff.

### ***Texas: Salvo Project***

The Salvo Project is a 1,847-acre property located in Bee County, Texas.

A Phase I exploration drill program was completed in April 2011 with a total of 105 holes drilled. Phase II drilling began at the Salvo Project in October 2011, with two drilling rigs targeting Lower Goliad P and Q sand objectives. A total of 122 exploration and delineation holes for a total of 70,760 feet were drilled during Phase II which was concluded in May 2012. Twenty-nine holes (23%) met or exceeded a grade-thickness (“GT”) cutoff of 0.3 GT.

Interpretation of the Company’s exploration and delineation drilling along with historic data from 1982 to 84 exploration drilling by Mobil and URI, revealed the existence of two ore-bearing redox boundaries within the area, which has the potential to become PAA-1. A significant under-explored extension to this area which exhibits strong mineralization remains open-ended. Future plans would include further exploration/delineation drilling in this area in order to fully identify the extent of the mineralized zones in proposed PAA-1. Historic and recent Company drilling results are being reviewed for future exploration/delineation activities in the Salvo Project in order to fully identify the extent of the mineralized zones.

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

***Texas: Longhorn Project***

The Longhorn Project is located in Live Oak County, Texas, which historically has produced uranium by both open pit and ISR methods. The property lies within the historic US Steel Clay West production area where uranium was previously mined utilizing ISR methods along the historic George West district trend. The Company has an extensive database of information regarding the area including drill maps and over 500 gamma logs. The Project lies on trend between two former US Steel production areas, the Boots/Brown and the Pawlik. At least five separate roll-fronts are believed to exist across the project area. Uranium grades within these Oakville deposits ranged from 0.10% to in excess of 0.20% U<sub>3</sub>O<sub>8</sub> according to US Steel reports and historic well logs obtained by the Company. Well-developed Oakville sands in this area exhibit higher than average uranium grades for South Texas, as shown on many historic gamma ray logs, of which the Company has at least 500+ pertaining to the Project from various databases. These higher than average reported uranium grades were later proven by excellent recoveries in the US Steel ISR production areas

The property is located approximately 65 miles northwest of Corpus Christi and 55 miles southwest of Hobson. It is comprised of 43 lease agreements covering 651 acres, granting the Company the exclusive right to explore, develop and mine for uranium. The Company anticipates that any uranium identified at the Longhorn Project will be extracted using ISR mining and processed at Hobson.

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

<b>Number of Claims</b>		
Property		Gross Acres
	<b>or Leases Held</b>	
Nichols	1 lease	909
Salvo	11 leases	1,847
Longhorn	43 leases	651

***Wyoming***

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

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

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

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

Wyoming Property	Number of Claims	Gross Acres
	or Leases Held	
Burnt Wagon	10 claims and 1 lease	638
DL Prospect	1 lease	1,275
LO-Herma	29 claims	592

## **Paraguay**

We hold interests in two projects within the South American country of Paraguay. The following map shows the location of both projects, Coronel Oviedo and Yuty.

### ***Coronel Oviedo Project***

#### ***Property Description and Location***

The Coronel Oviedo Project is located in southeastern Paraguay, approximately 95 miles east of Asuncion, the capital of Paraguay. The Coronel Oviedo Project consists of a large mineral concession covering a total area of 464,548 acres. The property can be classified as an early to intermediate stage exploration project. Several areas have undergone drilling in the past by The Anschutz Company (“Anschutz”) of Denver, Colorado (early 1980s) and recently by Crescent Resources (“Crescent”) in 2007. Access to the project is by paved roads from Asuncion to the City of Coronel Oviedo and other populated areas. There is good access into the interior of the concession mainly by unpaved secondary roads. The terrain is rolling hills with areas of forest, small farms, and some large cattle ranches.

### *Prior Exploration*

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

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

### *Aquifer Test*

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

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

During Fiscal 2012, the Company completed a 10,000-meter drilling program. A total of 35 holes were drilled, averaging 950 feet in depth. The holes were drilled on east to west lines across known geologic structures believed to be integral in controlling uranium occurrence. The holes were drilled on wide spacings, approximately one to 1.5 miles apart (see map above). Historic and recent drilling results are being reviewed for future exploration/delineation drilling at the Oviedo Project. A radon extraction survey is being completed along the western basin margins, following up on historic airborne radiometric anomalies and outcrop sampling results that indicate a potential for shallow uranium mineralization.

A Technical Report dated October 15, 2012 for the Coronel Oviedo Project, prepared in accordance with NI 43-101, was completed by Douglas L. Beahm, P.E., P.G, a consulting geologist/engineer, and filed by the Company on the public disclosure website of the Canadian Securities Administrators at [www.sedar.com](http://www.sedar.com). The Technical Report contains certain disclosure relating to an Exploration Target for the Coronel Oviedo Project. An Exploration Target has been calculated in accordance with the definition standards on mineral resources of the Canadian Institute of Mining, Metallurgy and Petroleum referred to in NI 43-101. Exploration Targets, while recognized and required by Canadian regulations, is not a defined term under the SEC's Industry Guide 7, and are normally not permitted to be used in reports and registration statements filed with the SEC. Accordingly, we have not reported them in this Annual Report or otherwise in the United States. Investors are cautioned not to assume that any part or all of the Exploration Target will ever be converted into mineral resources or reserves. Exploration Targets 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 Exploration Targets do not have demonstrated economic viability. It cannot be assumed that all or any part of the Exploration Target discussed in the Technical Report will ever be upgraded to a higher category, or if additional exploration will result in discovery of an economic mineral resource on the property.

### ***Yuty Project, Paraguay***

#### ***Property Description and Location***

The Yuty Project covers 289,680 acres and is located approximately 125 miles east and southeast of Asunción, the capital of Paraguay. It is located within the Paraná Basin, which is host to a number of known uranium deposits, including Figueira and Amarinópolis in Brazil. Preliminary studies indicate amenability to extraction by in situ recovery methods, which is the same process currently used by the Company at its Texas operations. Cue Resources Ltd. spent over CAD\$16 million developing Yuty since 2006.



### *History*

Exploration for uranium in Southeastern Paraguay was started in 1976 by Anschutz, after a Concession Agreement between the Government of Paraguay and Anschutz in December 1975. This agreement allowed Anschutz to explore for “all minerals, excluding oil, gas, and construction materials.” The initial uranium exploration by Anschutz in 1976 covered an exclusive exploration concession of some 162,700 square kilometers, virtually the whole eastern half of Paraguay. This was followed by a program of diamond drilling and rotary drilling over selected target areas. In total, some 75,000 meters of drilling were completed from 1976 to 1983. Data is available for a total of 257 drill holes in the San Antonio area. Anschutz carried out exploration on behalf of a joint venture with Korea Electric Power Corporation and Taiwan Power Company. Anschutz intersected uranium mineralization in drill holes ranging from 0.115%  $U_3O_8$  over 10.2 meters to 0.351%  $U_3O_8$  over 0.3 meters in sandstones and siltstones. Work was suspended in 1983 due to the slump of the price of uranium, and no further work was done at that time.

During the exploration programs by Anschutz, airborne radiometric surveys, regional geological mapping and geochemical sampling were the main exploration tools for uranium exploration in the southeastern part of Paraguay. This was followed-up by core and rotary drilling, in two phases. The initial phase was to drill wide-spaced reconnaissance diamond drill holes along fences spaced approximately ten miles apart. The objective of this initial phase was to obtain stratigraphic information across an inferred host trend. The second phase was to drill rotary holes, spaced approximately 1,000 feet apart, within and between the fences of reconnaissance holes, to establish and outline target areas. All drill holes were logged and probed by gamma, neutron and resistivity surveys.

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

### *Geologic Setting and Mineralization*

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

Continental sedimentary units of the Independencia Formation (of the UPC) are known to have high potential for uranium exploration in eastern Paraguay. The source of the uranium is thought to be the Lower Permian-Carboniferous Coronel Oviedo Formation, which is correlated with the Itataré Formation underlying the Rio

Benito Formation in Brazil. Occasional diabase sills and dikes intrude the sedimentary rocks, such as at the San Antonio area near the village of Yuty. Outcrops are rare, mostly along road cuts, and mapping is done by drilling.

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

## Geologic Setting of the Yuty Project, Paraguay

### *Recent Exploration*

In late July 2006, Cue Resources Ltd. signed an agreement with the shareholders of Transandes Paraguay S.A. to option the Yuty Property, followed by a formal earn-in agreement signed on November 6, 2007, and started a systematic uranium exploration program. This included a compilation of all previous exploration data, including lithologic and radiometric logs, stored at Ministry of Public Works (the "MOPC") in Asunción. The most recent drilling completed in the San Antonio area was in November and December 2010 at which time 33 holes were completed for a total of 11,500 feet. Of these holes, five were not successfully completed. Of the 28 holes that reached the target, ten had intersections greater than a GT (grade x thickness) of 0.10m% e  $U_3O_8$ , and an additional 13 had intersections exceeding a GT of 0.03 m% e  $U_3O_8$ .

### *Drilling and Sampling*

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

The procedures used during the diamond and rotary drilling programs were drafted by Anschutz technical personnel. Healex reviewed all of drill logs at the MOPC in Asunción and is of the opinion that the lithologic logging procedures are comparable to industry standards. Detailed information on sampling methods and approach during the Anschutz drilling campaigns is not available. Nevertheless, previous Technical Reports (Scott Wilson (2008) and Healex (2009)) have concluded that sampling procedures were comparable to industry standards of that time. Mr. Beahm (2011 Technical Report) concurs with this determination. From 2007 to 2010, Cue Resources Ltd. completed over 100,000 feet of drilling at the San Antonio target area in 256 drill holes. Most of the holes were collared with a rotary drilling rig, surface casing was then installed, and the holes were drilled to completion depth with a diamond rig.

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

### *Exploration Potential*

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

Historic and recent drilling results are being reviewed for future exploration/delineation drilling at the Yuty Project.

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

In April 2015, the Yuty Project received a signed resolution from the Ministry of Public Works and Communication (the "MOPC"), the national agency that regulates mining in Paraguay, advancing the Project from the Exploration Phase into the Exploitation Phase. The Yuty Project is only the third mining project to achieve the Exploitation Phase since

the current Paraguayan mining law was promulgated in 2007.

When the MOPC grants a mineral concession to an operator, the project initially enters the Exploration Phase for a maximum of six years, during which period a company must advance and demonstrate a viable project. The Exploration Phase is followed by the Exploitation Phase for a maximum of 20 years renewable every 5 years indefinitely, during which period the environmental licensing process may begin, a key milestone required before starting production, as well as allowing for reductions in land and various investment costs. The Exploitation Phase is followed by the Production Phase which lasts for an indefinite period.

### **Other Properties**

As of July 31, 2016, we own 32 acres of real estate located in Goliad County, Texas, and 76.6 acres of real estate located in the Republic of Paraguay. As of July 31, 2016, we have entered into office rental and service agreements as follows:

an office lease at \$8,985 per month for our Corpus Christi administration office located at 500 N. Shoreline Blvd., Suite 800N, Corpus Christi, Texas 78471. The lease expires on July 31, 2018; and

an office lease at \$7,140 per month for our Vancouver administration office at 1030 West Georgia Street, Suite 1830, Vancouver, B.C., Canada V6E 2Y3. The lease expires on March 31, 2021.

## **Our Databases**

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

The following provides information relating to our database:

### ***Tronox Worldwide***

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

### ***Jebsen***

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

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

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

### ***Halterman***

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

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

### ***Brenniman***

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

***Kirkwood***

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

***Odell***

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

This database consists of 315,000 feet of drill logs, over 400 maps, copies of all US geological survey uranium publications dating back to 1954, and geological reports on uranium ore bodies throughout Wyoming. The database will be used to locate possible mineralized zones. The database is made available to the Company by Robert Odell, the compiler and publisher of the Rocky Mountain Uranium Minerals Scout since 1974. We do not own or have exclusive rights to this database.

***Moore***

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

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



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

***Uranium Resources Inc.***

We acquired the full database of historic drill results for the Company's Salvo ISR uranium project located in Bee County, Texas. The database consists of 425 gamma ray/resistivity and lithology logs, PGT logs and drill plan maps.

***Uranium One – South Texas Goliad Project***

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

Through TOMIN's purchase of the Holiday - El Mesquite project, located in Duval County, Texas, in 1990, TOMIN acquired the Mobil uranium exploration database. Starting with this data, and earlier data purchased from Tenneco Uranium, TOMIN also acquired regional oil and gas logs (included in the database), water well driller logs and other regional information to begin their study of the Goliad Formation along the South TX Uranium Trend.

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

In summary, the database contains:

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

Item 3. Legal Proceedings

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

On or about March 9, 2011, the TCEQ granted the Company's applications for a Class III Injection Well Permit, Production Area Authorization and Aquifer Exemption for its Goliad Project. On or about December 4, 2012, the U.S. Environmental Protection Agency concurred with the TCEQ issuance of the Aquifer Exemption permit. With the receipt of this concurrence, the final authorization required for uranium extraction, the Goliad Project achieved fully-permitted status. On or about May 24, 2011, a group of petitioners, inclusive of Goliad County, appealed the TCEQ action to the 250<sup>th</sup> District Court in Travis County, Texas. A motion filed by the Company to intervene in this matter was granted. The petitioners' appeal lay dormant until on or about June 14, 2013, when the petitioners filed their initial brief in support of their position. On or about January 18, 2013, a different group of petitioners, exclusive of Goliad County, filed a petition for review with the Court of Appeals for the Fifth Circuit in the United States (the "Fifth Circuit") to appeal the EPA's decision. On or about March 5, 2013, a motion filed by the Company to intervene in this matter was granted. The parties attempted to resolve both appeals, to facilitate discussions and avoid further legal costs. The parties jointly agreed, through mediation initially conducted through the Fifth Circuit on or about August 8, 2013, to abate the proceedings in the State District Court. On or about August 21, 2013, the State District Court agreed to abate the proceedings. The EPA subsequently filed a motion to remand without vacatur with the Fifth Circuit wherein the EPA's stated purpose was to elicit additional public input and further explain its rationale for the approval. In requesting the remand without vacatur, which would allow the AE to remain in place during the review period, the EPA denied the existence of legal error and stated that it was unaware of any additional information that would merit reversal of the AE. The Company and the TCEQ filed a request to the Fifth Circuit for the motion to remand without vacatur, and if granted, to be limited to a 60-day review period. On December 9, 2013, by way of a procedural order from a three-judge panel of the Fifth Circuit, the Court granted the remand without vacatur and initially limited the review period to 60 days. In March of 2014, at the EPA's request, the Fifth Circuit extended the EPA's time period for review and additionally, during that same period, the Company conducted a joint groundwater survey of the site, the result of which reaffirmed the Company's previously filed groundwater direction studies. On or about June 17, 2014, the EPA reaffirmed its earlier decision to uphold the granting of the Company's existing AE, with the exception of a northwestern portion containing less than 10% of the uranium resource which was withdrawn, but not denied, from the AE area until additional information is provided in the normal course of mine development. On or about September 9, 2014, the petitioners filed a status report with the State District Court which included a request to remove the stay agreed to in August 2013 and to set a briefing schedule (the "Status Report"). In that Status Report, the petitioners also stated that they had decided not to pursue their appeal at the Fifth Circuit. The Company continues to believe that the pending appeal is without merit and is continuing as planned towards uranium extraction at its fully-permitted Goliad Project.

On or about April 3, 2012, the Company received notification of a lawsuit filed in the State of Arizona, in the Superior Court for the County of Yavapai, by certain petitioners (the “Plaintiffs”) against a group of defendants, including the Company and former management and board members of Concentric Energy Corp. (“Concentric”). The lawsuit asserts certain claims relating to the Plaintiffs’ equity investments in Concentric, including allegations that the former management and board members of Concentric engaged in various wrongful acts prior to and/or in conjunction with the merger of Concentric. The lawsuit originally further alleged that the Company was contractually liable for liquidated damages arising from a pre-merger transaction which the Company previously acknowledged and recorded as an accrued liability, and which portion of the lawsuit was settled in full by a cash payment of \$149,194 to the Plaintiffs and subsequently dismissed. The court dismissed several other claims set forth in the Plaintiffs’ initial complaint, but granted the Plaintiffs leave to file an amended complaint. The court denied a subsequent motion to dismiss the amended complaint, finding that the pleading met the minimal pleading requirements under the applicable procedural rules. In October 2013, the Company filed a formal response denying liability for any of the Plaintiffs’ remaining claims. The court set the case for a four-week jury trial that was to take place in Yavapai County, Arizona, in April 2016. In November 2015, after the completion of discovery, the Company and the remaining defendants filed motions for summary judgment, seeking to dismiss all of the Plaintiffs’ remaining claims. While those motions were pending, the parties reached a settlement agreement with respect to all claims asserted by the Plaintiffs in that lawsuit. A formal settlement and release agreement was subsequently executed, pursuant to which all of the Plaintiffs’ claims in the Arizona lawsuit were dismissed with prejudice. Pursuant to the terms of the settlement agreement, the Defendants collectively paid \$500,000 to the Plaintiffs, of which \$50,000 was paid by the Company.

On June 1, 2015, the Company received notice that Westminster Securities Corporation (“Westminster”) filed a suit in the United States District Court for the Southern District of New York, alleging a breach of contract relating to certain four-year warrants issued by Concentric in December 2008. Although the Concentric warrants expired by their terms on December 31, 2012, Westminster bases its claim upon transactions allegedly occurring prior to UEC’s merger with Concentric. The Company believes that this claim lacks merit and intends to vigorously defend the same.

On or about June 29, 2015, Heather M. Stephens filed a class action complaint against the Company and two of its executive officers in the United States District Court, Southern District of Texas, with an amended class action complaint filed on November 16, 2015, (the “Securities Case”) seeking unspecified damages and alleging the defendants violated Section 17(b) of the Securities Act and Sections 10(b) and 20(a) of the Securities Exchange Act. The Company filed a motion to dismiss and on July 15, 2016, the U.S. District Court for the Southern District of Texas entered a final judgement dismissing the case in its entirety with prejudice. On September 22, 2016, the plaintiffs voluntarily dismissed their appeal of the district court’s judgment and on September 26, 2016 United States District Court dismissed the Securities Case pursuant to the plaintiffs’ motion. As a result, the judgment in favor of the Company is final. No settlement payments or any other consideration was paid by the Company to the plaintiffs in connection with the lawsuit’s dismissal.

On or about September 10, 2015, John Price filed a stockholder derivative complaint on behalf of the Company against the Company’s Board of Directors, executive management and three of its vice presidents in the United States District Court, Southern District of Texas, with an amended stockholder derivative complaint filed on December 4, 2015, (the “Federal Derivative Case”) seeking unspecified damages on behalf of the Company against the defendants for allegedly breaching their fiduciary duties to the Company with respect to the allegations in the Securities Case. The Company has filed a motion to dismiss.

On or about October 2, 2015, Marnie W. McMahon filed a stockholder derivative complaint on behalf of the Company against the Company’s Board of Directors, executive management and three of its vice presidents in the District Court of Nevada (the “Nevada Derivative Case”) (collectively with the Federal Derivative Case, the “Derivative Cases”) seeking unspecified damages on behalf of the Company against the defendants for allegedly breaching their fiduciary duties to the Company with respect to the allegations in the Securities Case. On January 21, 2016, the court granted the Company’s motion to stay the Nevada Derivative Case pending the outcome of the Federal Derivative Case.

The Company believes that the Derivative Cases are without merit and intends to vigorously defend the same.

#### Item 4. Mine Safety Disclosures

Pursuant to Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, issuers that are operators, or that have a subsidiary that is an operator, of a coal or other mine in the United States, and that is subject to regulation by the Federal Mine Safety and Health Administration under the Mine Safety and Health Act of 1977 (“Mine Safety Act”), are required to disclose in their periodic reports filed with the SEC information regarding specified health and safety violations, orders and citations, related assessments and legal actions, and mining-related fatalities. During the fiscal year ended July 31, 2016, the Company’s Palangana Mine was not subject to regulation by the Federal Mine Safety and Health Administration under the Mine Safety Act.

## PART II

### Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

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

NYSE MKT		
Quarter Ended	High	Low
July 2016	\$1.47	\$0.69
April 2016	\$1.00	\$0.70
January 2016	\$1.15	\$0.65
October 2015	\$1.41	\$0.90
July 2015	\$3.00	\$1.13
April 2015	\$2.88	\$1.26
January 2015	\$2.00	\$1.08
October 2014	\$1.75	\$1.23

The last reported closing price for our shares on the NYSE MKT on October 10, 2016 was \$0.96 per share. As of October 10, 2016, we had 231 shareholders of record.

#### **Dividend Policy**

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

#### **Securities Authorized For Issuance Under Compensation Plans**

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At July 31, 2016, we had one equity compensation plan, our 2016 Stock Incentive Plan (the “2016 Plan”). The table below sets forth information relating to our equity compensation plan at our fiscal year end July 31, 2016:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Weighted Average Remaining Term of Outstanding Options, Warrants and Rights (c)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding column (a))
Equity Compensation Plans Approved by Security Holders (2016 Stock Incentive Plan)	12,095,134	\$ 1.34	3.36 years	6,324,200
Equity Compensation Plans Not Approved by Security Holders <sup>(1)</sup>	10,724	\$ 5.13	0.01 years	Nil
Total	12,105,858	\$ 1.34	3.36 years	6,324,200

Notes:

- Includes 10,724 non-compensatory options having a weighted average exercise price of \$5.13 and a weighted average remaining term of 0.01 years issued on March 30, 2012 in connection with the acquisition of Cue Resources Ltd. and outstanding on July 31, 2016, which were not issued pursuant to, and are not subject to the terms and conditions of, the Company’s 2016 Stock Incentive Plan.



## **Securities Authorized For Issuance Under Compensation Plans**

### *2016 Stock Incentive Plan*

On June 7, 2016, our Board of Directors adopted the 2016 Plan, under which up to 18,892,856 shares may be issued, subject to adjustment as described in the 2016 Plan, and which at that time consisted of (i) 10,467,134 shares issuable pursuant to stock options previously granted that were outstanding under our 2015 Stock Incentive Plan (the “2015 Plan”); (ii) 7,225,722 shares remaining available for issuance under the 2015 Plan; and (iii) 1,200,000 additional shares that may be issued pursuant to awards that may be granted under the 2016 Plan. On July 28, 2016, our shareholders approved the adoption of our 2016 Plan. The 2016 Plan supersedes and replaces the Company’s prior equity compensation plan, being the 2015 Plan, such that no further shares are issuable under the 2015 Plan.

The purpose of the 2016 Plan is to enhance our long-term stockholder value by offering opportunities to our directors, officers, employees and eligible consultants to acquire and maintain stock ownership in order to give these persons the opportunity to participate in our growth and success, and to encourage them to remain in our service.

The 2016 Plan is to be administered by our Compensation Committee which shall determine, among other things, (i) the persons to be granted awards under the 2016 Plan (each an “Eligible Participant”), (ii) the number of shares or amount of other awards to be granted; and (iii) the terms and conditions of the awards granted. The Company may issue shares, options, stock appreciation rights, deferred stock rights and dividend equivalent rights, among others, under the 2016 Plan.

An award may not be exercised after the termination date of the award and may be exercised following the termination of an Eligible Participant’s continuous service only to the extent provided by the administrator under the 2016 Plan. If the administrator under the 2016 Plan permits an Eligible Participant to exercise an award following the termination of continuous service for a specified period, the award terminates to the extent not exercised on the last day of the specified period or the last day of the original term of the award, whichever occurs first. In the event an Eligible Participant’s service has been terminated for “cause,” he or she shall immediately forfeit all rights to any of the awards outstanding.

The foregoing summary of the 2016 Plan is not complete and is qualified in its entirety by reference to the 2016 Plan, a copy of which has been filed electronically with the SEC, which is available under the Company’s filings at [www.sec.gov](http://www.sec.gov).

As of October 10, 2016, there were stock options outstanding under our 2016 Plan exercisable for an aggregate of 12,287,634 shares of our common stock.

#### *Common Stock Purchase Warrants*

As of October 10, 2016, there were common stock purchase warrants issued and outstanding exercisable for an aggregate of 13,953,872 of our common stock.

#### **Recent Sales of Unregistered Securities**

All of our issuances of unregistered securities during our fiscal year ended July 31, 2016 were previously disclosed in our Quarterly Reports on Form 10-Q for our first, second and third quarters of our fiscal year ended July 31, 2016 and in our current reports on Form 8-K as filed periodically with the SEC, except for the following:

on May 9, 2016, we issued 86,000 shares of restricted common stock to a consultant in consideration for services under a consulting agreement at a deemed issuance price of \$0.75 per share. We relied on exemptions from registration under the Securities Act provided by Regulation S and/or Section 4(a)(2) with respect to the issuance of these shares; and

on the same date, we issued a further 40,000 shares of restricted common stock to a consultant in consideration for services under a consulting agreement at a deemed issuance price of \$0.85 per share. We relied on exemptions from registration under the Securities Act provided by Regulation S and/or Section 4(a)(2) with respect to the issuance of these shares.

## Comparative Stock Performance

The graph below compares the cumulative total stockholder return on our common stock assuming an investment of \$100 and the reinvestment of all dividends, if any, for the years ended July 31, 2012 through to July 31, 2016; with (i) the cumulative total return on the shares of common stock of a peer group index comprised of Denison Mines Corp., Paladin Energy Ltd., Uranium Resources, Inc. Peninsula Energy Ltd., Cameco Corp., and Energy Fuels Inc. (ii) the cumulative return on the Russell 2000 Index.

	July 31, 2012	July 31, 2013	July 31, 2014	July 31, 2015	July 29, 2016
Uranium Energy Corp.	\$ 59.52	\$ 68.75	\$ 52.68	\$ 39.88	\$ 28.60
Peer Group	57.47	51.27	43.39	25.61	20.25
Russell 2000 Index	98.73	131.14	140.53	155.41	153.06

Item 6. Selected Financial Data

The following tables provide selected financial data for each of the past five fiscal years, and should be read in conjunction with, and are qualified in their entirety by reference to, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and related notes for the fiscal year ended July 31, 2016 as presented under Item 8. Financial Statements and Supplementary Data. These historical results are not necessarily indicative of the results to be expected for any future period.

*Consolidated Balance Sheets*

	July 31, 2016	July 31, 2015	July 31, 2014	July 31, 2013	July 31, 2012
Cash and cash equivalents	\$ 7,142,571	\$ 10,092,408	\$ 8,839,892	\$ 14,171,807	\$ 25,015,284
Working capital	6,178,194	6,246,920	9,184,889	11,703,311	22,472,302
Total assets	56,176,311	57,900,257	64,655,888	73,250,001	85,143,395
Total liabilities	25,726,433	26,913,592	25,232,289	15,804,923	9,222,914
Stockholders' equity	30,449,878	30,986,665	39,423,599	57,445,078	75,920,481

*Consolidated Statements of Operations*

	Year Ended July 31,				
	2016	2015	2014	2013	2012
Sales	\$-	\$3,080,000	\$-	\$9,026,325	\$13,757,400
Costs and expenses	14,331,743	23,415,842	22,836,594	30,836,954	38,363,293
Net loss for the year	(17,329,872)	(23,361,928)	(25,975,107)	(21,863,091)	(25,083,720)
Net loss per share, basic and diluted	(0.16 )	(0.25 )	(0.29 )	(0.26 )	(0.32 )

**Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations**

*The following management's discussion and analysis of the Company's financial condition and results of operations contain forward-looking statements that involve risks, uncertainties and assumptions including, among others, statements regarding our capital needs, business plans and expectations. In evaluating these statements, you should consider various factors, including the risks, uncertainties and assumptions set forth in reports and other documents we have filed with or furnished to the SEC and, including, without limitation, this Form 10-K filing for the fiscal year ended July 31, 2016 including the consolidated financial statements and related notes contained herein. These factors, or any one of them, may cause our actual results or actions in the future to differ materially from any forward-looking statement made in this document. Refer to "Cautionary Note Regarding Forward-Looking Statements" and Item 1A. Risk Factors.*

**Introduction**

The following discussion summarizes our results of operations for each of the fiscal years ended July 31, 2016, 2015, and 2014 ("Fiscal 2016", "Fiscal 2015" and "Fiscal 2014", respectively) and our financial condition as at July 31, 2016 and 2015, with a particular emphasis on Fiscal 2016, our most recently completed fiscal year.

**Business**

We operate in a single reportable segment and since 2004, as more fully described under "General Business" of Item 1. Business, we have been engaged in uranium mining and related activities, including exploration, pre-extraction, extraction and processing, on uranium projects located in the United States and Paraguay.

We utilize ISR mining where possible which we believe, when compared to conventional open pit or underground mining, requires lower capital and operating expenditures with a shorter lead time to extraction and a reduced impact on the environment. We have one uranium mine located in the State of Texas, the Palangana Mine, which utilizes ISR mining and commenced extraction of  $U_3O_8$ , or yellowcake, in November 2010. We have one uranium processing facility located in the State of Texas, the Hobson Processing Facility, which processes material from the Palangana Mine into drums of  $U_3O_8$ , our only sales product and source of revenue, for shipping to a third-party storage and sales facility. At July 31, 2016, we had no uranium supply or "off-take" agreements in place.

Our fully-licensed and 100%-owned Hobson Processing Facility forms the basis for our regional operating strategy in the State of Texas, specifically the South Texas Uranium Belt where we utilize ISR mining. We utilize a “hub-and-spoke” strategy whereby the Hobson Processing Facility, which has a physical capacity to process uranium-loaded resins up to a total of two million pounds of  $U_3O_8$  annually and is licensed to process up to one million pounds of  $U_3O_8$  annually, acts as the central processing site (the “hub”) for our Palangana Mine and future satellite uranium mining activities, such as our Burke Hollow and Goliad Projects, located within the South Texas Uranium Belt (the “spokes”).

We also hold certain mineral rights in various stages in the States of Arizona, Colorado, New Mexico and Texas and in the Republic of Paraguay, many of which are located in historically successful mining areas and have been the subject of past exploration and pre-extraction activities by other mining companies. We do not expect, however, to utilize ISR mining for all of our mineral rights in which case we would expect to rely on conventional open pit and/or underground mining techniques.

Our operating and strategic framework is based on expanding our uranium extraction activities, which includes advancing certain uranium projects with established mineralized materials towards uranium extraction, and establishing additional mineralized materials on our existing uranium projects or through acquisition of additional uranium projects.

During Fiscal 2016, the Company

- entered into a Second Amended and Restated Agreement with our Lenders and extended the \$20,000,000 senior secured credit facility by deferring required principal payments to February 1, 2019 and by extending the maturity date to January 1, 2020;
- completed a registered offering of 12,364,704 units at a price of \$0.85 per unit for gross proceeds of \$10,510,000;

completed an asset acquisition through the issuance of 1,333,560 restricted common shares and the payment of \$50,000 in cash;

- continued to advance development of Production Area Authorization (“PAA”) 4 of the Palangana Mine;
- continued to advance exploration and permitting activities at the Burke Hollow Project;
- continued permitting work at the Anderson Project;

appointed former United States Energy Secretary Spencer Abraham as Executive Chairman of the Company’s Board of Directors; and

- appointed Pat Obara as the Company’s Chief Financial Officer.

## Key Issues

Since commencing uranium extraction at the Palangana Mine in November 2010 to July 31, 2016, we have been focused primarily on expanding our South Texas uranium mining activities and establishing additional uranium mines through exploration and pre-extraction activities and direct acquisitions in both the United States and Paraguay, all of which require us to manage numerous challenges, risks and uncertainties inherent in our business and operations as more fully described in Item 1A. Risk Factors.

Our operations are capital intensive, and we will require significant additional financing to continue with our exploration and pre-extraction activities and acquire additional uranium projects. Historically, we have been reliant primarily on equity financings from the sale of our common stock and, for Fiscal 2014 and Fiscal 2013, on debt financing in order to fund our operations. We have also relied on cash flows generated from our mining activities during Fiscal 2015, Fiscal 2013 and Fiscal 2012, however, we have yet to achieve profitability or develop positive cash flow from operations. Our reliance on equity and debt financings is expected to continue for the foreseeable future, and their availability whenever such additional financing is required will be dependent on many factors beyond our control including, but not limited to, the market price of uranium, the continuing public support of nuclear power as a viable source of electricity generation, the volatility in the global financial markets affecting our stock price and the status of the worldwide economy, any one of which may cause significant challenges in our ability to access additional financing, including access to the equity and credit markets. We may also be required to seek other forms of financing, such as asset divestitures or joint venture arrangements, to continue advancing our uranium projects which would depend entirely on finding a suitable third party willing to enter into such an arrangement, typically involving an assignment of a percentage interest in the mineral project. However, there is no assurance that we will be successful in securing any form of additional financing when required and on terms favorable to us. Our inability to obtain additional financing would have a negative impact on our operations, including delays, curtailment or abandonment of any one or all of our uranium projects.

We have not established proven or probable reserves, as defined by the SEC under Industry Guide 7, through the completion of a “final” or “bankable” feasibility study for any of our mineral projects. We have established the existence of mineralized materials for certain uranium projects, including the Palangana Mine. Since we commenced uranium extraction at the Palangana Mine without having established proven or probable reserves, there may be greater inherent uncertainty as to whether or not any mineralized material can be economically extracted as originally planned

and anticipated. The Palangana Mine has been our sole source for the  $U_3O_8$  sold to generate our sales revenues during Fiscal 2015, 2013 and 2012, with no sales revenues generated during Fiscal 2016, Fiscal 2014 or for any periods prior to Fiscal 2012. The economic viability of our mining activities, including the expected duration and profitability of the Palangana Mine and of any future satellite ISR mines, such as the Burke Hollow and Goliad Projects, located within the South Texas Uranium Belt, has many risks and uncertainties. These include, but are not limited to: (i) a significant, prolonged decrease in the market price of uranium; (ii) difficulty in marketing and/or selling uranium concentrates; (iii) significantly higher than expected capital costs to construct the mine and/or processing plant; (iv) significantly higher than expected extraction costs; (v) significantly lower than expected uranium extraction; (vi) significant delays, reductions or stoppages of uranium extraction activities; and (vii) the introduction of significantly more stringent regulatory laws and regulations. Our mining activities may change as a result of any one or more of these risks and uncertainties and there is no assurance that any ore body that we extract mineralized materials from will result in achieving and maintaining profitability and developing positive cash flow.

Uranium extraction at the Palangana Mine continued to operate at a reduced pace since implementing our strategic plan in September 2013 to align our operations to a weak uranium market in a challenging post-Fukushima environment. This strategy has included the deferral of major pre-extraction expenditures and remaining in a state of operational readiness in anticipation of a recovery in uranium prices. At July 31, 2016, we had no uranium supply or “off-take” agreements in place. Future sales of  $U_3O_8$  are therefore expected to generally occur through the uranium spot market, with any fluctuations in the market price continuing to have a direct impact on our revenues and cash flows. The table below provides the high/low/average/close for the uranium spot price for each of the last five fiscal years ended July 31 as obtained from The Ux Consulting Company, LLC:



Fiscal Year Ended	High	Low	Average	Close
July 31, 2016	\$38.50	\$25.00	\$32.25	\$25.90
July 31, 2015	44.00	28.75	36.53	36.00
July 31, 2014	36.25	28.00	33.22	28.50
July 31, 2013	49.25	34.25	43.50	34.50
July 31, 2012	55.25	49.00	50.69	49.50

Historically, the uranium spot price has been difficult to predict and subject to significant volatility, and will continue to be affected by numerous factors beyond our control.

### Mineral Rights and Properties

The following is a summary of significant activities by project during Fiscal 2016:

#### *Texas: Palangana Mine*

During Fiscal 2016, we continued with our strategic plan for reduced operations implemented in Fiscal 2014 and continued reduced operations at the Palangana Mine to capture residual uranium only.

Wellfield design for the first module at PAA-4, which is fully-permitted for uranium extraction, continued to advance. At July 31, 2016, a total of 214 drill holes have been completed relating to PAA-4 for mineral trend exploration, delineation and monitor wells.

#### *Texas: Burke Hollow Project*

During Fiscal 2016, 49 exploration holes totaling 25,020 feet were drilled at the Burke Hollow Project to depths ranging from 420 feet to 640 feet, with an average depth of 511 feet. At July 31, 2016, a total of 575 exploration holes, including 30 regional baseline monitor wells, totaling 271,520 feet have been drilled to depths ranging from 160 feet to 1,100 feet, with an average depth of 472 feet.

With the recent issuance of two Class I disposal well permits, permitting activities continued on the Mine Area, Aquifer Exemption and Radioactive Material License applications. The draft Mine Area permit and Aquifer Exemption have been issued while the Radioactive Material License application remains under technical review by Texas Commission on Environmental Quality. The spring ecological assessment for the eastern trend extension has been completed, and the fall ecological assessment was scheduled for the end of September 2016 anticipating wellfield expansion of the eastern trend.

*Arizona: Anderson Project*

During Fiscal 2016, the Company completed work on the Bureau of Land Management Notice of Intent permit, which was submitted for review in December 2015, and approved by the BLM in March 2016.

**Asset Acquisition**

On March 4, 2016, the Company entered into a share purchase and option agreement (the “SPOA”) with CIC Resources Inc. (the “Vendor”) pursuant to which the Company acquired (the “Acquisition”) all of the issued and outstanding shares of JDL Resources Inc. (“JDL”), a wholly-owned subsidiary of the Vendor, and was granted an option (the “Option”) to acquire all of the issued and outstanding shares of CIC Resources (Paraguay) Inc. (“CIC”), another wholly-owned subsidiary of the Vendor. JDL’s principal assets include land located in the department of Alto Parana in the Republic of Paraguay. CIC is the beneficial owner of Paraguay Resources Inc. which is the 100% owner of certain titanium mineral concessions (the “Property”), which are located in the departments of Alto Parana and Canindeyú in the Republic of Paraguay.

Pursuant to the SPOA, the Company issued 1,333,560 restricted common shares in the capital of the Company and paid \$50,000 in cash to complete the Acquisition. If the Company has paid or caused to have paid on the Vendor's behalf certain maintenance payments and assessment work required to keep the Property in good standing as directed by the Vendor, during the one-year period following completion of the Acquisition (the "Option Period"), the Company may elect in its discretion to exercise the Option at any time, or if, in accordance with the SPOA, the Vendor satisfies certain conditions precedent to exercise, the Company will be deemed to have exercised the Option. Upon exercise of the Option the Company is required to pay, subject to certain adjustments, \$250,000 in cash to the Vendor and to grant to the Vendor a 1.5% net smelter returns royalty (the "Royalty") on the Property as contemplated by a proposed net smelter returns royalty agreement (the "Royalty Agreement") to be executed by the parties upon exercise of the Option. Pursuant to the proposed Royalty Agreement, the Company has the right, exercisable at any time for a period of six years following exercise of the Option, to acquire 0.5% of the Royalty at a purchase price of \$500,000.

Refer to Note 6: Other Long-Term Asset and Liability of the Notes to the Consolidated Financial Statements for Fiscal 2016.

#### **Results of Operations for the Fiscal 2016, 2015 and 2014**

For Fiscal 2016, Fiscal 2015 and Fiscal 2014, we recorded a net loss of \$17,329,872 (\$0.16 per share), \$23,361,928 (\$0.25 per share) and \$25,975,107 (\$0.29 per share), respectively. Costs and expenses during Fiscal 2016, 2015 and 2014 were \$14,331,743, \$23,415,842 and \$22,836,594, respectively.

During Fiscal 2015, sales of  $U_3O_8$  totaled 80,000 generating sales revenues of \$3,080,000, with corresponding cost of sales of \$2,326,674. No revenue from  $U_3O_8$  sales was generated during Fiscal 2016 and Fiscal 2014.

#### ***Uranium Extraction Activities***

During Fiscal 2014, uranium extraction at the Palangana Mine and processing of those materials at the Hobson Processing Facility continued in South Texas, but at a reduced pace as part of a strategic plan to align our operations to adapt to the existing uranium market in a challenging post-Fukushima environment.

During Fiscal 2015, we continued with our strategic plan for reduced operations implemented in Fiscal 2014. Uranium extraction at PAA-1, 2 and 3 at the Palangana Mine continued to operate at a reduced pace. Pre-extraction activities at other PAAs of the Palangana Mine continued as planned, including the completion of PAA-4 permitting activities

which is now fully-permitted for future uranium extraction.

During Fiscal 2016, we further reduced operations at the Palangana Mine to capture residual uranium only. As a result, no  $U_3O_8$  was processed at the Hobson Processing Facility, and only minimal extraction or processing costs were capitalized to inventories.

While we remain in a state of operational readiness, uranium extraction expenditures incurred for PAA-1, 2 and 3 directly related to regulatory/mine permit compliance, lease maintenance obligations and maintaining a minimum labor force will be charged to the consolidated statement of operations.

As a result, during Fiscal 2016, the Palangana Mine captured 2,000 pounds of residual uranium during the process of maintaining operational readiness and no uranium concentrates were processed at the Hobson Processing Facility. During Fiscal 2015, the Palangana Mine extracted 16,000 pounds of  $U_3O_8$  (Fiscal 2014: 44,000 pounds of  $U_3O_8$ ), and the Hobson Processing Facility processed 18,000 pounds of  $U_3O_8$  (Fiscal 2014: 43,000 pounds of  $U_3O_8$ ).

Since commencing uranium extraction at the Palangana Mine in November 2010 to July 31, 2016, the Hobson Processing Facility has processed finished goods representing 578,000 pounds of  $U_3O_8$ , of which 570,000 pounds have been sold, resulting in a finished goods-inventory balance of 8,000 pounds of  $U_3O_8$  as of July 31, 2015 and 2016.

At July 31, 2016, the total value of inventories was \$275,316 of which \$200,043 (73%) represented the value of finished goods of  $U_3O_8$ , \$61,519 (22%) represented the value of work-in-progress and \$13,754 (5%) represented the value of supplies. The cash component of the total value of inventories was \$234,034 and the non-cash component of the total value of inventory was \$41,282. During Fiscal 2016, no inventory write-down to net realizable value was recorded.

At July 31, 2015, the total value of inventories was \$251,999 of which \$200,043 (79%) represented the value of finished goods of  $U_3O_8$ , \$35,398 (14%) represented the value of work-in-progress and \$16,558 (7%) represented the value of supplies. The cash component of the total value of inventories was \$210,717 and the non-cash component of the total value of inventory was \$41,282. During Fiscal 2015, no inventory write-down to net realizable value was recorded.

Cash and non-cash components of the total value of inventories represent non-US GAAP financial measures which we believe are important in evaluating our operating results not only for management but for our investors. We use these measures to compare our performance with other mining companies and rely upon them as part of management's decision-making process.

### *Costs and Expenses*

During Fiscal 2016, costs and expenses totaled \$14,331,743 (Fiscal 2015: \$23,415,842; Fiscal 2014: \$22,836,594), comprised of cost of sales of \$Nil (Fiscal 2015: \$2,326,674; Fiscal 2014: \$Nil), inventory write-down of \$Nil (Fiscal 2015: \$Nil; Fiscal 2014: \$804,060), mineral property expenditures of \$4,061,159 (Fiscal 2015: \$5,706,080; Fiscal 2014: \$9,160,648), general and administrative of \$9,297,746 (Fiscal 2015: \$13,230,840; Fiscal 2014: \$9,825,796), depreciation, amortization and accretion of \$875,724 (Fiscal 2015: \$1,802,443; Fiscal 2014: \$2,392,866) and impairment loss on mineral properties of \$97,114 (Fiscal 2015: \$349,805; Fiscal 2014: \$653,224).

Cost of sales of  $U_3O_8$  is determined using the average cost per pound in inventories at the end of the month prior to the month in which the sale occurs, and includes royalties and other direct selling costs.

### *Mineral Property Expenditures*

During Fiscal 2016, mineral property expenditures totaled \$4,061,159 (Fiscal 2015: \$5,706,080; Fiscal 2014: \$9,160,648), comprised of expenditures relating to permitting, property maintenance, exploration and pre-extraction activities and all other non-extraction related activities on our uranium projects.

During Fiscal 2016, the asset retirement obligations ("ARO") of the Palangana Mine were revised due to changes in the estimated timing of restoration and reclamation of the Palangana Mine, resulting in the corresponding mineral rights and properties being reduced by \$144,107, and a credit amount of revaluation of ARO totaling \$308,398 being recorded against the mineral property expenditures for the Palangana Mine. Refer to Note 9, Asset Retirement

Obligations to the Consolidated Financial Statements for Fiscal 2016.

For Fiscal 2016, this amount includes uranium extraction expenditures directly related to maintaining operational readiness and permitting compliance at the Palangana Mine and Hobson Processing Facility of \$1,616,786 (Fiscal 2015: \$1,920,787; Fiscal 2014: \$2,613,333).

The following table provides a breakdown of mineral property expenditures by uranium mine/project during the past three fiscal years:

	Year Ended July 31,		
	2016	2015	2014
Mineral Property Expenditures			
Palangana Mine	\$1,273,002	\$2,147,293	\$2,566,770
Goliad Project	92,588	105,282	1,747,619
Burke Hollow Project	1,034,888	1,316,321	2,094,089
Longhorn Project	10,149	66,135	71,497
Salvo Project	34,289	54,462	14,384
Anderson Project	178,212	240,519	254,840
Workman Creek Project	32,820	31,702	32,290
Slick Rock Project	53,861	53,313	66,525
Yuty Project	388,840	392,879	451,464
Coronel Oviedo Project	569,077	564,501	759,804
Other Mineral Property Expenditures	701,831	733,673	1,101,366
Re-valuation of Asset Retirement Obligations	(308,398 )	-	-
	\$4,061,159	\$5,706,080	\$9,160,648

The following is a breakdown of mineral property expenditures by major category for each uranium mine/project:

#### Palangana Mine

During Fiscal 2016, mineral property expenditures at the Palangana Mine totaled \$1,273,002, which were comprised of: permitting and property maintenance of \$31,468 (Fiscal 2015: \$124,288; Fiscal 2014: \$195,964), exploration expenditures of \$52,270 (Fiscal 2015: \$190,362; Fiscal 2014: \$180,122), plant development of \$3,454 (Fiscal 2015: \$1,012; Fiscal 2014: \$87,755), wellfield development of \$1,428 (Fiscal 2015: \$134,571; Fiscal 2014: \$179,412), disposal well development of \$Nil (Fiscal 2015: \$242,721; Fiscal 2014: \$Nil) and maintenance of operational readiness and permitting compliance of \$1,184,382 (Fiscal 2015: \$1,454,339; Fiscal 2014: \$1,923,517);

#### Goliad Project

During Fiscal 2016, mineral property expenditures at the Goliad Project totaled \$92,588, which were comprised of: permitting and property maintenance of \$14,494 (Fiscal 2015: \$18,723; Fiscal 2014: \$288,014), exploration expenditures of \$9,505 (Fiscal 2015: \$17,027; Fiscal 2014: \$350,866), plant development of \$66,053 (Fiscal 2015: \$68,983; Fiscal 2014: \$829,700) and wellfield development of \$2,536 (Fiscal 2015: \$549; Fiscal 2014: \$279,039);

Burke Hollow Project

During Fiscal 2016, mineral property expenditures at the Burke Hollow Project totaled \$1,034,888, which were comprised of: permitting and property maintenance of \$79,911 (Fiscal 2015: \$430,717; Fiscal 2014: \$339,640) and exploration expenditures of \$954,977 (Fiscal 2015: \$885,604; Fiscal 2014: \$1,754,449);

Longhorn Project

During Fiscal 2016, mineral property expenditures at the Longhorn Project totaled \$10,149 (Fiscal 2015: \$66,135; Fiscal 2014: \$71,497) mainly for property maintenance;

Salvo Project

During Fiscal 2016, mineral property expenditures at the Salvo Project totaled \$34,289 (Fiscal 2015: \$54,462; Fiscal 2014: \$14,384) mainly for property maintenance;



Anderson Project

During Fiscal 2016, mineral property expenditures at the Anderson Project totaled \$178,212, which were comprised of: permitting and property maintenance of \$128,532 (Fiscal 2015: \$192,400; Fiscal 2014: \$83,851) and exploration expenditures of \$49,680 (Fiscal 2015: \$48,119; Fiscal 2014: \$170,989);

Workman Creek Project

During Fiscal 2016, mineral property expenditures at the Workman Creek Project totaled \$32,820 (Fiscal 2015: \$31,702; Fiscal 2014: \$32,290) mainly for property maintenance;

Slick Rock Project

During Fiscal 2016, mineral property expenditures at the Slick Rock Project totaled \$53,861 (Fiscal 2015: \$53,313; Fiscal 2014: \$66,525) mainly for property maintenance;

Yuty Project

During Fiscal 2016, mineral property expenditures at the Yuty Project totaled \$388,840, which were comprised of: permitting and property maintenance of \$263,756 (Fiscal 2015: \$230,280; Fiscal 2014: \$192,953) and exploration expenditures of \$125,084 (Fiscal 2015: \$162,599; Fiscal 2014: \$258,511); and

Coronel Oviedo Project

During Fiscal 2016, mineral property expenditures at the Coronel Oviedo Project totaled \$569,077, which were comprised of: permitting and property maintenance of \$270,212 (Fiscal 2015: \$243,202; Fiscal 2014: \$150,000) and exploration expenditures of \$298,865 (Fiscal 2015: \$321,299; Fiscal 2014: \$609,804).

*General and Administrative*

During Fiscal 2016, general and administrative expenses totaled \$9,297,746 (Fiscal 2015: \$13,230,840; Fiscal 2014: \$9,825,796), a decrease of \$3,933,094 during Fiscal 2016 compared to Fiscal 2015 and an increase of \$3,405,044 during Fiscal 2015 compared to Fiscal 2014. General and administrative expenses are comprised of salaries, management and consulting fees of \$2,181,859 (Fiscal 2015: \$3,009,974; Fiscal 2014: \$3,446,206); office, filing and listing fees, insurance, investor relations and travel of \$2,651,768 (Fiscal 2015: \$3,018,332; Fiscal 2014: \$3,325,020), professional fees of \$1,379,956 (Fiscal 2015: \$1,584,786; Fiscal 2014: \$1,745,120) and stock-based compensation expense of \$3,084,163 (Fiscal 2015: \$5,617,748; Fiscal 2014: \$1,309,450).

The following summary provides a discussion of the major expense categories, including analyses of the factors that caused any significant variances from year-to-year:

During Fiscal 2016, salaries, management and consulting fees totaled \$2,181,859 (Fiscal 2015: \$3,009,974; Fiscal 2014: \$3,446,206) which continued to decrease year-over-year by \$828,115 during Fiscal 2016 compared to Fiscal 2015 and by \$436,232 during Fiscal 2015 compared to Fiscal 2014. Since Fiscal 2013, the number of employees and consultants, as well as any cash bonus payments made to directors, officers and employees, has decreased year-over-year. During Fiscal 2016, the Company implemented pay reductions and compensated directors, officers and employees with shares in lieu of cash to further reduce cash outlays;

During Fiscal 2016, office, filing and listing, insurance, investor relations and travel expense fees totaled \$2,651,768 (Fiscal 2015: \$3,018,332; Fiscal 2014: \$3,325,020) which continued to decrease year-over-year by \$366,565 during Fiscal 2016 compared to Fiscal 2015 and by \$306,688 during Fiscal 2015 compared to Fiscal 2014. Since Fiscal 2013, we have continued to focus our efforts on monitoring and controlling these costs and reduce expenses wherever possible as reflected by significant decreases of expenses in recent years;

During Fiscal 2016, professional fees totaled \$1,379,956 (Fiscal 2015: \$1,584,786; Fiscal 2014: \$1,745,120) which decreased by \$204,830 during Fiscal 2016 compared to Fiscal 2015 and by \$160,334 during Fiscal 2015 compared to Fiscal 2014. Professional fees are comprised primarily of legal services related to regulatory compliance and ongoing legal claims, and audit and taxation services; and

During Fiscal 2016, stock-based compensation expense totaled \$3,084,163 (Fiscal 2015: \$5,617,748; Fiscal 2014: \$1,309,450) which decreased by \$2,533,585 during Fiscal 2016 compared to Fiscal 2015 and increased by \$4,308,298 during Fiscal 2015 compared to Fiscal 2014. Stock-based compensation includes the fair value of stock options granted to optionees and the fair value of shares of the Company issued to directors, officers, employees and consultants of the Company. Overall, we have increased equity-based payments to directors, officers, employees and consultants as part of our continuing efforts to reduce cash outlays. The significant increase during Fiscal 2015 was due primarily to stock options granted to directors, officers, employees and consultants of the Company in September 2014.

#### *Depreciation, Amortization and Accretion*

During Fiscal 2016, depreciation, amortization and accretion totaled \$875,724, which decreased by \$926,719 compared to \$1,802,443 during Fiscal 2015. This decrease was primarily the result of the discontinuation of depletion and/or depreciation of the Palangana Mine and Hobson Processing Facility due to further reduced operations, combined with the effects of certain property and equipment reaching full depletion and/or depreciation.

During Fiscal 2015, depreciation, amortization and accretion totaled \$1,802,443, which decreased by \$590,423 compared to \$2,392,866 during Fiscal 2014, due primarily to the effects of extensions in the estimated useful lives relating to the Palangana Mine and certain property and equipment reaching full depletion and depreciation.

Depreciation, amortization and accretion include depreciation and amortization of long-term assets acquired in the normal course of operations and accretion of asset retirement obligations.

#### *Impairment Loss on Mineral Properties*

During Fiscal 2016, the Company abandoned certain mineral interests at projects located in Colorado, New Mexico and Wyoming having a combined acquisition cost of \$97,114. As a result, an impairment loss on mineral properties of \$97,114 was reported on the consolidated statement of operations.

During Fiscal 2015, the Company abandoned certain mineral interests which were outside of the previously established mineralize materials at the Salvo Project with a combined acquisition cost of \$349,805. As a result, an impairment loss on mineral property of \$349,805 was reported on the consolidated statement of operations.

During Fiscal 2014, the Company abandoned the Channen Project located in Texas with an acquisition cost of \$428,164, the Todilto Project located in New Mexico with an acquisition cost of \$166,720 and certain other interests located in Arizona, Colorado and Texas with a combined acquisition cost of \$58,340. As a result, an impairment loss on mineral properties of \$653,224 was reported on the consolidated statement of operations.

### *Other Income and Expenses*

#### *Interest and Finance Costs*

During Fiscal 2016, interest and finance costs totaled \$3,005,391 (Fiscal 2015: \$3,071,235; Fiscal 2014: \$2,893,816), comprised primarily of interest on long-term debt of \$1,626,667 (Fiscal 2015: \$1,622,222; Fiscal 2014: \$1,372,222) and amortization of debt discount of \$1,245,615 (Fiscal 2015: \$1,353,773; Fiscal 2014: \$1,498,858).

During Fiscal 2016, interest on long-term debt totaled \$1,626,667 (Fiscal 2015: \$1,622,222; Fiscal 2014: \$1,498,858). Interest on long-term debt was consistent during Fiscal 2016 compared to Fiscal 2015, while increased by \$250,000 during Fiscal 2015 compared to \$1,372,222 during Fiscal 2014, primarily the result of interest on the second \$10 million funding received in March 2014 for a total of \$20 million received under the Credit Facility.

During Fiscal 2016, amortization of the debt discount totaled \$1,245,615 (Fiscal 2015: \$1,353,773; Fiscal 2014: \$1,498,858), which decreased by \$108,158 during Fiscal 2016 compared to Fiscal 2015 and by \$145,085 during Fiscal 2015 compared to Fiscal 2014. The decreases were primarily the result of the term extension under the Second Amended Credit Facility in Fiscal 2016 and the Amended Credit Facility in Fiscal 2014.

**Liquidity and Capital Resources**

	July 31, 2016	July 31, 2015
Cash and cash equivalents	\$7,142,571	\$10,092,408
Current assets	8,000,641	10,807,618
Current liabilities	1,822,447	4,560,698
Working capital	6,178,194	6,246,920

At July 31, 2016, we had working capital of \$6,178,194, which remained at the same level as the working capital of \$6,246,920 at July 31, 2015. At July 31, 2016, we had \$7,142,571 (July 31, 2015: \$10,092,408) in cash and cash equivalents which continues to represent the largest component of our working capital balance. As a result, our working capital balance will fluctuate significantly as we utilize our cash and cash equivalents to fund our operations including exploration and pre-extraction activities.

The continuation of the Company as a going concern is dependent upon our ability to obtain adequate additional financing which we have successfully secured since inception, including those from asset divestitures. However, there is no assurance that we will be successful in securing any form of additional financing in the future when required and on terms favorable to the Company, therefore substantial doubt exists as to whether our cash resources and working capital will be sufficient to enable the Company to continue its operations for the next twelve months. The continued operations of the Company, including the recoverability of the carrying values of its assets, are dependent ultimately on the Company's ability to achieve and maintain profitability and positive cash flow from its operations. Refer to Note 1: Nature of Operations and Going Concern of the Notes to the Consolidated Financial Statements for Fiscal 2016.

During Fiscal 2016, uranium extraction at PAA-1, 2 and 3 operated at a further reduced pace since implementing our strategic plan in September 2013 to align our operations to a weak uranium market in a challenging post-Fukushima environment. This strategy has included the deferral of major pre-extraction expenditures and remaining in a state of operational readiness in anticipation of a recovery in uranium prices.

Although our planned principal operations commenced in Fiscal 2012 from which significant revenues from U<sub>3</sub>O<sub>8</sub> sales have been realized, our revenues generated from U<sub>3</sub>O<sub>8</sub> sales have been inconsistent and we have yet to achieve profitability. We have a history of operating losses resulting in an accumulated deficit balance since inception. In Fiscal 2016, our net loss totaled \$17,329,872 (Fiscal 2015: \$23,361,928; Fiscal 2014: \$25,975,107) and we had an accumulated deficit balance of \$209,353,946 at July 31, 2016. During Fiscal 2016, we had net cash outflows of \$2,949,837 (Fiscal 2015: \$1,252,516, net cash inflows; Fiscal 2014: \$5,331,915, net cash outflows). Furthermore, we do not expect to achieve and maintain profitability or develop positive cash flow from our operations in the near term.

Historically, we have been reliant primarily on equity financings from the sale of our common stock and, during Fiscal 2014 and Fiscal 2013, on debt financing in order to fund our operations. As detailed in the preceding paragraph, we have also relied to a limited extent on cash flows generated from our mining activities during Fiscal 2015, Fiscal 2013 and Fiscal 2012, however, we have yet to achieve profitability or develop positive cash flow from operations, and we do not expect to achieve profitability or develop positive cash flow from operations in the near term. Our reliance on equity and debt financings is expected to continue for the foreseeable future, and their availability whenever such additional financing is required will be dependent on many factors beyond our control including, but not limited to, the market price of uranium, the continuing public support of nuclear power as a viable source of electricity generation, the volatility in the global financial markets affecting our stock price and the status of the worldwide economy, any one of which may cause significant challenges in our ability to access additional financing, including access to the equity and credit markets. We may also be required to seek other forms of financing, such as asset divestitures or joint venture arrangements to continue advancing our uranium projects which would depend entirely on finding a suitable third party willing to enter into such an arrangement, typically involving an assignment of a percentage interest in the mineral project. However, there is no assurance that we will be successful in securing any form of additional financing when required and on terms favorable to us.

Our operations are capital intensive and future capital expenditures are expected to be substantial. We will require significant additional financing to fund our operations, including continuing with our exploration and pre-extraction activities and acquiring additional uranium projects. In the absence of such additional financing, we would not be able to fund our operations, including continuing with our exploration and pre-extraction activities, which may result in delays, curtailment or abandonment of any one or all of our uranium projects.

For the fiscal year ending July 31, 2017 (“Fiscal 2017”), we estimate that a total of up to \$2.0 million will be incurred on our uranium projects for exploration and pre-extraction activities, such as permitting and drilling including related labor. We hold mineral rights in the States of Arizona, Colorado, New Mexico, and Texas and the Republic of Paraguay with annual land-related payments totaling \$1.5 million to maintain these rights in good standing.

If the Company elects to exercise the Option in accordance with the SPOA, the Company is required to pay \$250,000 in cash to the Vendor to acquire the titanium mineral concessions located in the departments of Alto Parana and Canindeyú in the Republic of Paraguay. These titanium mineral concessions will require annual maintenance fees totaling \$152,000.

Our anticipated operations including exploration and pre-extraction activities, however, will be dependent on and may change as a result of our financial position, the market price of uranium and other considerations, and such change may include accelerating the pace or broadening the scope of reducing our operations as originally announced in September 2013. Our ability to secure adequate funding for these activities will be impacted by our operating performance, other uses of cash, the market price of uranium, the market price of our common stock and other factors which may be beyond our control. Specific examples of such factors include, but are not limited to:

- if the weakness in the market price of uranium experienced in Fiscal 2016 continues or weakens further during Fiscal 2017;
- if the weakness in the market price of our common stock experienced in Fiscal 2016 continues or weakens further during Fiscal 2017;
- if we default on making scheduled payments of principal, interest and fees and complying with the restrictive covenants as required under our Credit Facility during Fiscal 2017, and it results in accelerated repayment of our indebtedness and/or enforcement by the Lenders against certain key assets securing our indebtedness; and
- if another nuclear incident, such as the events that occurred at Fukushima in March 2011, were to occur during Fiscal 2017, continuing public support of nuclear power as a viable source of electricity generation may be adversely affected, which may result in significant and adverse effects on both the nuclear and uranium industries.

Our long-term success, including the recoverability of the carrying values of our assets and our ability to acquire additional uranium projects and continue with exploration and pre-extraction activities and mining activities on our existing uranium projects, will depend ultimately on our ability to achieve and maintain profitability and positive cash flow from our operations by establishing ore bodies that contain commercially recoverable uranium and to develop

these into profitable mining activities. The economic viability of our mining activities, including the expected duration and profitability of the Palangana Mine and of any future satellite ISR mines, such as the Burke Hollow and Goliad Projects, located within the South Texas Uranium Belt, has many risks and uncertainties. These include, but are not limited to: (i) a significant, prolonged decrease in the market price of uranium; (ii) difficulty in marketing and/or selling uranium concentrates; (iii) significantly higher than expected capital costs to construct the mine and/or processing plant; (iv) significantly higher than expected extraction costs; (v) significantly lower than expected uranium extraction; (vi) significant delays, reductions or stoppages of uranium extraction activities; and (vii) the introduction of significantly more stringent regulatory laws and regulations. Our mining activities may change as a result of any one or more of these risks and uncertainties and there is no assurance that any ore body that we extract mineralized materials from will result in profitable mining activities.

### ***Equity Financings***

During Fiscal 2014, we filed a Form S-3 “Shelf” Registration Statement effective January 10, 2014 (the “2014 Shelf”) providing for the public offer and sale of certain securities of the Company from time to time, at our discretion, up to an aggregate offering of \$100 million.



On March 10, 2016, the Company completed a direct registered offering of 12,364,704 units at a price of \$0.85 per unit for gross proceeds of \$10,510,000 pursuant to a prospectus supplement to the 2014 Shelf. Each unit was comprised of one share of the Company and one-half of one share purchase warrant, with each whole warrant being exercisable at a price of \$1.20 to purchase one share of the Company for a three year period.

On June 25, 2015, the Company completed a public offering of 5,000,000 units at a price of \$2.00 per unit for gross proceeds of \$10,000,000 pursuant to a prospectus supplement to the 2014 Shelf. Each unit was comprised of one share of the Company and one-half of one share purchase warrant, with each whole warrant exercisable at a price of \$2.35 for a three-year period to purchase one share of the Company totaling 2,500,000 shares. In connection with this offering, the Company issued share purchase warrants to the agents to purchase 350,000 shares of the Company exercisable at a price of \$2.35 per share for a three year period.

At July 31, 2016, a total of \$35.1 million of the 2014 Shelf was utilized through the following registered offerings and sales of units, with a remaining available balance of \$64.9 million under the 2014 Shelf:

on June 25, 2015: \$10.0 million in gross proceeds through an offering of units consisting of the Company's shares and share purchase warrants and \$6.7 million representing the aggregate exercise price of those share purchase warrants and agents' share purchase warrants should they be exercised in full; and

on March 10, 2016: \$10.5 million in gross proceeds through an offering of units consisting of the Company's shares and share purchase warrants and \$7.9 million representing the aggregate exercise price of those share purchase warrants and agents' share purchase warrants should they be exercised in full.

On October 23, 2013, we completed a public offer and sale of 3,380,954 units of the Company at a price of \$2.10 per unit for gross proceeds of \$7.1 million pursuant to a prospectus supplement to our previously filed Form S-3 "Shelf" Registration Statement which was effective on September 2, 2011 (the "2011 Shelf"). Each unit was comprised of one share of the Company and 0.55 of one share purchase warrant, with each whole warrant exercisable at a price of \$2.60 for a three-year period to purchase one additional share of the Company totaling 1,859,524 shares.

During Fiscal 2015, the Company completed a public offer and sale of 280,045 shares at a price of \$1.70 per share for gross proceeds of \$474,788 under the 2011 Shelf through an "at-the-market" offerings pursuant to a Controlled Equity Offering Sales Agreement effective December 31, 2013 between Cantor Fitzgerald & Co. and the Company.

The 2011 Shelf expired on September 2, 2014. As a result, no further public offer and sale of the Company's shares may be completed pursuant to an ATM Offering under the 2011 Shelf.

***Debt Financing***

On February 9, 2016, the Company entered into the Second Amended and Restated Credit Agreement with its lenders, Sprott Resource Lending Partnership, CEF (Capital Markets) Limited and Resource Income Partners Limited Partnership (collectively, the “Lenders”), whereby the Company and the Lenders agreed to certain further amendments to the \$20,000,000 senior secured credit facility (the “Credit Facility”), under which:

initial funding of \$10,000,000 was received by the Company upon closing of the Credit Facility on July 30, 2013; and  
additional funding of \$10,000,000 was received by the Company upon closing of the Amended Credit Facility on March 13, 2014.

The Credit Facility is non-revolving with an amended term of 6.5 years maturing on January 1, 2020, subject to an interest rate of 8% per annum, compounded and payable on a monthly basis. Monthly principal repayments equal to one twelfth of the principal balance then outstanding are required to commence on February 1, 2019.

We are required to use the proceeds of the Credit Facility for the development, operation and maintenance of the Hobson Processing Facility, the Goliad Project and the Palangana Mine and for working capital purposes.

The Second Amended and Restated Credit Agreement supersedes, in their entirety, the Amended and Restated Credit Agreement of March 13, 2014 and the Credit Agreement dated of July 30, 2013 with the Lenders.

Refer to *Long-Term Debt Obligations* under Material Commitments and to Note 8: Long-Term Debt of the Notes to the Consolidated Financial Statements for Fiscal 2016.

### ***Operating Activities***

During Fiscal 2016, net cash used in operating activities was \$13,080,607 (Fiscal 2015: \$12,275,237; Fiscal 2014: \$21,268,103). During Fiscal 2015, we received cash proceeds of \$3,080,000 from U<sub>3</sub>O<sub>8</sub> sales totaling 80,000 pounds. No cash proceeds were received from sales of U<sub>3</sub>O<sub>8</sub> during Fiscal 2016 and Fiscal 2014. Significant operating expenditures included uranium extraction costs, mineral property expenditures and general and administrative expenses.

### ***Financing Activities***

During Fiscal 2016, net cash provided by financing activities was \$10,194,972 (Fiscal 2015: \$9,653,956; Fiscal 2014: \$15,898,384). During Fiscal 2016, we received net proceeds of \$10,209,632 (Fiscal 2015: \$9,650,530; Fiscal 2014: \$6,342,254) from the issuance of shares of common stock for equity financings and the exercise of stock options. During Fiscal 2014, we received net proceeds of \$9,555,467 in a second drawdown from the \$20 million senior secured Credit Facility under the then Amended and Restated Credit Agreement.

### ***Investing Activities***

During Fiscal 2016, net cash used in investing activities was \$64,202 (Fiscal 2015: \$3,873,797 provided by; Fiscal 2014: \$37,804 used in). During Fiscal 2016, we paid net cash totaling \$46,084 in an asset acquisition. During Fiscal 2016, we acquired mineral rights and properties of \$Nil (Fiscal 2015: \$78,626; Fiscal 2014: \$161,800) and purchased equipment totaling \$18,934 (Fiscal 2015: \$23,041; Fiscal 2014: \$163,276). During Fiscal 2015, we secured surety bonds for certain reclamation obligations which resulted in the release of \$5,663,158 in gross proceeds from reclamation deposits, offset by the payment of collateral for the surety bonds of \$1,690,208. During Fiscal 2014, we received a reclamation deposit refund of \$362,280 for the release of the Mount Lucas Project to unrestricted use.

### ***Stock Options and Warrants***

At July 31, 2016, the Company had stock options outstanding representing 12,105,858 common shares at a weighted-average exercise price of \$1.34 per share and share purchase warrants outstanding representing 13,953,872 common shares at a weighted-average exercise price of \$1.65 per share. At July 31, 2016, outstanding stock options and warrants represented a total 26,059,730 common shares issuable for gross proceeds of approximately \$39,330,000 should these stock options and warrants be exercised in full. At July 31, 2016, outstanding in-the-money stock options and warrants represented a total 2,897,634 common shares exercisable for gross proceeds of approximately \$2,110,000 should these in-the-money stock options and warrants be exercised in full. The exercise of these stock options and warrants is at the discretion of the respective holders and, accordingly, there is no assurance that any of these stock options or warrants will be exercised in the future.

### **Plan of Operations**

For Fiscal 2017, uranium extraction at PAA-1, 2 and 3 of the Palangana Mine is expected to continue being operated at a reduced pace, including the deferral of major pre-extraction expenditures and to remain in a state of operational readiness in anticipation of a recovery in uranium prices. In terms of future growth, exploration and/or pre-extraction including permitting activities at other PAAs of the Palangana Mine and at the Burke Hollow Project are expected to continue.

## Material Commitments

### *Long-Term Debt Obligations*

The Credit Facility described above under *Debt Financing* requires scheduled payments of principal, interest and fees and includes restrictive covenants that, among other things, limit our ability to sell the assets securing our indebtedness or to incur additional indebtedness other than permitted indebtedness. Our ability to make these scheduled payments will be dependent on, and may change as a result of, our financial condition and operating performance. If we become unable to make these scheduled payments or if we do not comply with any one or more of these covenants, we could be in default which, if not addressed or waived, could require accelerated repayment of our indebtedness. Furthermore, such default could result in the enforcement by our Lenders against the Company's assets securing our indebtedness. These are key assets on which our business is substantially dependent and as such, the enforcement against any one or all of these assets would have a material adverse effect on our operations and financial condition.

At July 31, 2016, we complied with all of the covenants under the Credit Facility, and we expect to continue complying with all scheduled payments and covenants during Fiscal 2017.

	Payment Due by Period				
	Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
Contractual Obligations					
Long-Term Debt Obligations - Principal	\$20,000,000	\$-	\$ 10,000,000	\$ 10,000,000	\$-
Long-Term Debt Obligations - Interests and Fees	7,699,630	2,722,222	4,807,408	170,000	-
Asset Retirement Obligations	6,650,255	-	1,082,042	1,105,393	4,462,820
Operating Lease Obligations	646,348	215,883	284,598	145,867	-
Total	\$34,996,233	\$2,938,105	\$ 16,174,048	\$ 11,421,260	\$4,462,820

At July 31, 2016, we were renting or leasing office premises in Texas, U.S.A, Vancouver, British Columbia, Canada and Paraguay for total monthly payments of \$18,489. Office lease agreements expire between July 2018 and March 2021 for the United States and Canada.

### *Commitments for Management Services*

At July 31, 2016, we were committed to paying our key executives a total of \$823,000 per year for management services.

### **Off-Balance Sheet Arrangements**

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

### **Critical Accounting Policies**

For a complete summary of all of our significant accounting policies, refer to Note 2: Summary of Significant Accounting Policies of the Notes to the Consolidated Financial Statements as presented under Item 8. Financial Statements and Supplementary Data.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities including contingencies as of the balance sheet date and the corresponding revenues and expenses for the period reported. By their nature, these estimates and assumptions are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates and assumptions in future periods could be significant. Significant areas requiring management's estimates and assumptions include determining the fair value of transactions involving shares of common stock, valuation and impairment losses on mineral rights and properties, valuation of stock-based compensation, valuation of variable share forward contract, net realizable value of inventory and valuation of long-term debt and asset retirement obligations. Other areas requiring estimates include allocations of expenditures to inventories, depletion and amortization of mineral rights and properties and depreciation of property, plant and equipment. Actual results could differ significantly from those estimates and assumptions. The following summary provides a description of our critical accounting policies:

### ***Inventories***

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

### ***Mineral Rights and Exploration Stage***

Acquisition costs of mineral rights are initially capitalized as incurred while exploration and pre-extraction expenditures are expensed as incurred until such time proven or probable reserves, as defined by the SEC under Industry Guide 7, are established for that project. Expenditures relating to exploration activities are expensed as incurred and expenditures relating to pre-extraction activities are expensed as incurred until such time proven or probable reserves are established for that project, after which subsequent expenditures relating to mine development activities for that particular project are capitalized as incurred.

We have established the existence of mineralized materials for certain uranium projects, including the Palangana Mine. However, we have not established proven or probable reserves for any of our uranium projects, including the Palangana Mine. Furthermore, we have no plans to establish proven or probable reserves for any of our uranium projects for which we plan on utilizing ISR mining, such as the Palangana Mine. As a result, and despite the fact that we commenced extraction of mineralized materials at the Palangana Mine in November 2010, we remain in the Exploration Stage as defined under Industry Guide 7, and will continue to remain in the Exploration Stage until such time proven or probable reserves have been established.

Companies in the Production Stage as defined by the SEC under Industry Guide 7, having established proven and probable reserves and exited the Exploration Stage, typically capitalize expenditures relating to ongoing development activities, with corresponding depletion calculated over proven and probable reserves using the units-of-production method and allocated to future reporting periods to inventory and, as that inventory is sold, to cost of goods sold. Since we are in the Exploration Stage, it has resulted in our reporting of larger losses than if we had been in the Production Stage due to the expensing, instead of capitalization, of expenditures relating to ongoing mill and mine development activities. Additionally, there would be no corresponding amortization allocated to our future reporting periods since those costs would have been expensed previously, resulting in both lower inventory costs and cost of goods sold and results of operations with higher gross profits and lower losses than if we had been in the Production Stage. Any capitalized costs, such as expenditures relating to the acquisition of mineral rights, are depleted over the estimated extraction life using the straight-line method. As a result, our consolidated financial statements may not be directly comparable to the financial statements of companies in the Production Stage.

The carrying values of the mineral rights are assessed for impairment by management on a quarterly basis and as required whenever indicators of impairment exist. An impairment loss is recognized if it is determined that the carrying value is not recoverable and exceeds fair value.

***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 extraction equipment removal and environmental remediation, are accrued at the end of each period based on management's best estimate of the costs expected to be incurred for each project. Such estimates consider the costs of future surface and groundwater activities, current regulations, actual expenses incurred, and technology and industry standards.

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



On a quarterly basis, the Company reviews the assumptions used to estimate the expected cash flows required to settle the asset retirement obligations, including changes in estimated probabilities, amounts and timing of the settlement of the asset retirement obligations, as well as changes in any regulatory or legal obligations for each of its mineral projects. Changes in any one or more of these assumptions may cause revision of asset retirement obligations and the corresponding assets. Revisions to the asset retirement obligations associated with fully depleted projects (with a carrying value of \$Nil) are charged to the statement of operations.

### ***Revenue Recognition***

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

### **Accounting Developments**

Other than as already disclosed under Note 2: Summary of Significant Accounting Policies of the Notes to the Consolidated Financial Statements as presented under Item 8. Financial Statements and Supplementary Data, no recently adopted or recently issued accounting pronouncements are anticipated to have a material effect on our consolidated financial statements.

### **Subsequent Event**

Other than as already disclosed elsewhere in this Annual Report, the Company has no other subsequent events to report as of the date of this Annual Report.

**Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

Our exposure to market risks includes, but is not necessarily limited to, equity price risk, uranium price risk, foreign currency risk, country risk and interest rate risk.

**Equity Price Risk**

We are subject to market risk related to the market price of our common stock which trades on the NYSE MKT. Historically, we have relied upon equity financings from the sale of our common stock to fund our operations. Movements in the price of our common stock have been volatile in the past and may continue to be volatile in the future. As a result, there is risk that we may not be able to complete an equity financing at an acceptable price when required.

**Uranium Price Risk**

We are subject to market risk related to the market price of uranium. At July 31, 2016, we had no uranium supply or “off-take” agreements in place. Since future sales of uranium concentrates are expected to generally occur through the uranium spot market, fluctuations in the market price of uranium would have a direct impact on our revenues, results of operations and cash flows. We do not use derivative financial instruments for speculative trading purposes, nor do we hedge our uranium price exposure to manage our uranium price risk.

**Foreign Currency Risk**

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

**Country Risk**

We are subject to market risk related to our operations in foreign jurisdictions. We hold two significant uranium projects in Paraguay and an option to acquire a titanium project. Operations in foreign jurisdictions outside of the U.S. and Canada, especially in developing countries, may be subject to additional risks as they may have different political, regulatory, taxation, economic and cultural environments that may adversely affect the value or continued viability of our rights.

### **Interest Rate Risk**

Our term debt has fixed interest rates and we have no significant exposure to interest rate fluctuation risk.

### **Item 8. Financial Statements and Supplementary Data**

#### **Financial Statements**

The consolidated financial statements and related information as listed below for the fiscal year ended July 31, 2016 are included in this Form 10-K beginning on page F-1:

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

**Supplementary Financial Information**

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

	For the Quarters Ended			
	July 31, 2016	April 30, 2016	January 31, 2016	October 31, 2015
Sales	\$ -	\$ -	\$ -	\$ -
Net loss	(3,777,278 )	(3,679,055 )	(4,801,505 )	(5,072,034 )
Total comprehensive loss	(3,777,095 )	(3,678,919 )	(4,801,724 )	(5,072,233 )
Basic and diluted loss per share	(0.03 )	(0.03 )	(0.05 )	(0.05 )
Total assets	56,176,311	59,558,492	49,982,462	53,130,380

	For the Quarters Ended			
	July 31, 2015	April 30, 2015	January 31, 2015	October 31, 2014
Sales	\$3,080,000	\$ -	\$ -	\$ -
Net loss	(5,412,432 )	(5,347,729 )	(5,875,540 )	(6,726,227 )
Total comprehensive loss	(5,412,059 )	(5,347,522 )	(5,876,988 )	(6,726,451 )
Basic and diluted loss per share	(0.06 )	(0.06 )	(0.06 )	(0.07 )
Total assets	57,900,257	52,171,028	55,315,547	59,608,374

**Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

None.

**Item 9A. Controls and Procedures****Evaluation of Disclosure Controls and Procedures**

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

evaluation, our Principal Executive Officer and Principal Financial Officer have concluded that, as of the end of the period covered by this Annual Report, our disclosure controls and procedures were effective.

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

### **Management's Report on Internal Control Over Financial Reporting**

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

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

As of July 31, 2016, management assessed the effectiveness of the Company's internal control over financial reporting based on the criteria set forth in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that evaluation, the Company's management concluded that, as of July 31, 2016, the Company's internal control over financial reporting was effective.

The independent registered public accounting firm that audited the consolidated financial statements included in this Annual Report has issued an attestation report on the Company's internal control over financial reporting which attestation report which appears herein.

### **Changes in Internal Controls**

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the fourth fiscal quarter for the fiscal year ended July 31, 2016 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

### **Item 9B. Other Information**

Not applicable

Part iii

Item 10. Directors, Executive Officers and Corporate Governance

Our directors and executive officers and their respective ages as of October 10, 2016 are as follows:

<b>Name</b>	<b>Age</b>	<b>Position with the Company</b>
Amir Adnani	38	President, Chief Executive Officer, Principal Executive Officer and a director
Spencer Abraham	63	Executive Chairman and a director
Ivan Obolensky	91	A director
Vincent Della Volpe	74	A director
David Kong	70	A director
Ganpat Mani	69	A director
Pat Obara	60	Secretary, Treasurer, Chief Financial Officer and Principal Accounting Officer
Scott Melbye	54	Executive Vice President

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

**Amir Adnani.** Mr. Adnani is a founder of the Company and has served as the President, Chief Executive Officer and a director since January 2005. Under his leadership, the Company moved from concept to initial production in the U.S. in five years, and has developed a pipeline of low-cost, near-term extraction projects.

Mr. Adnani has been invited to speak at prominent industry conferences organized by the International Atomic Energy Agency, World Nuclear Fuel Market and the Milken Institute. He is a frequent contributor to the business media, including *The Wall Street Journal*, Bloomberg, CNBC and Fox Business News.

*Fortune* magazine distinguishes Mr. Adnani on their “40 Under 40, Ones to Watch” list of North American executives. He is selected as one of “Mining’s Future Leaders” by Mining Journal, a UK-based global industry publication. He is recognized by Casey Research, a leading investment advisory publisher, as a top-ten leading mining industry entrepreneur and executive. He is a nominee for Ernst & Young’s “Entrepreneur of the Year” distinction.

Mr. Adnani is the founder and Chairman of Brazil Resources Inc., a publicly-listed gold property acquisition and development company that has grown to control a sizeable portfolio of projects across the Americas. In addition, since June 2014, he has served as a director of Garner Group Acquisition Company, a NASDAQ listed special purpose acquisition company (SPAC) which completed a \$144 million IPO in 2014. Mr. Adnani holds a Bachelor of Science degree from the University of British Columbia and is a director on the university's Alumni Association Board.

The Board of Directors has concluded that Mr. Adnani should serve as a director given his involvement with the Company since its inception and his experience in the uranium industry.

**Spencer Abraham.** Spencer Abraham has served as the Executive Chairman of our Board of Directors since October 2015 and served as the Chairman of our Advisory Board from December 2012 to October 2015. Mr. Abraham is the Chairman and Chief Executive Officer of The Abraham Group LLC, an international strategic consulting firm based in Washington, D.C. President George W. Bush selected Mr. Abraham as the tenth Secretary of Energy of the United States in 2001. During his tenure at the Energy Department from 2001 to 2005, he developed policies and regulations to ensure the nation's energy security, was responsible for the U.S. Strategic Petroleum Reserve, oversaw domestic oil and gas development policy and nuclear energy policy, developed relationships with international governments, including members of the Organization of the Petroleum Exporting Countries and led the landmark nuclear nonproliferation HEU program between the United States and Russia. Mr. Abraham served as a United States Senator for the State of Michigan from 1995 to 2001.



Mr. Abraham has served as a director of Occidental Petroleum Corporation (NYSE: OXY) since 2005, as a director of Two Harbors Investment Corp. (NYSE: TWO) since May 2014, as a director of PBF Energy Inc. (NYSE: PBF) since October 2012 and as a director of NRG Energy, Inc. (NYSE: NRG) since December 2012. Mr. Abraham served as a director of GenOn Energy, Inc. from January to December 2012, when it was acquired by NRG Energy, Inc. He also serves as a director of C3 IoT, a private company. Previously, Mr. Abraham served as the non-executive Chairman of the Board of Directors of AREVA Inc., the North American subsidiary of AREVA, and on the boards of several other public and private companies.

Mr. Abraham serves on the Leadership Council of the prominent Washington D.C. education and policy group, Nuclear Matters, an organization formed to help broaden America's understanding of the benefits of nuclear power. Mr. Abraham holds a Juris Doctor degree from Harvard Law School and is an alumnus of Michigan State University.

The Board of Directors has concluded that Mr. Abraham should serve as a director given his extensive experience in the energy sector, including directing key aspects of energy strategy as Secretary of Energy of the United States from 2001 to 2005, and as a board member of various public companies in the oil, gas and power sector.

**Ivan Obolensky.** Ivan Obolensky has served on our Board of Directors since April 2007. Mr. Obolensky has over 50 years of experience in investment banking as a supervisory financial analyst, with specific expertise in the defense, aerospace, oil and gas, nuclear power, metals and mining, publishing and high technology industries. Mr. Obolensky is a senior associate of the Scott Abraham Investment Group of Raymond James & Associates, Inc. He has also been a Senior Executive with investment research orientation of several investment banks, including Sterling Grace & Co., Jesup, Josephthal & Co., Dominick and Dominick, Inc., Middendorf Colgate, CB Richard Ellis Moseley Hallgarten and Wellington Shields & Co. LLC, from November 1990 to April 2014. Mr. Obolensky has tenure as the 22-year President of the Josephine Lawrence Hopkins Foundation. As a 33<sup>rd</sup> Master Mason and a Past Grand Treasurer of the Grand Lodge of the State of New York, he has long served as Chairman of its "watchdog" Financial Oversight Committee for the Masonic Brotherhood Foundation. Professionally, Mr. Obolensky has made frequent appearances as a guest of CNBC, CNNfn and Bloomberg TV. Mr. Obolensky is also a pro-active board member of several financial/charitable organizations: The Children's Cancer & Blood Foundation; The Bouverie Audubon Preserve of Glen Ellen California; The Police Athletic League of New York City; and General "Blackjack" Pershing's Soldiers', Sailors', Marines', and Airmen's Club, where he is also Chairman and Chief Executive Officer. Mr. Obolensky is a graduate of Yale University, attended Law School at the University of Virginia and is a Lieutenant (Jg) US Naval Air Corps, USNR (Ret.). Mr. Obolensky was a factor in United States' mid-1960's vital nuclear switch-over to the highly efficient, secret and inexpensive gas centrifuge technology for the enrichment of uranium. Today, the Company is a part-beneficiary of these efforts.

The Board of Directors is pleased with Mr. Obolensky's active involvement with the Company since 2007 and, in particular, with his over 50 years of experience as a financial analyst in investment banking and as a dedicated expert in nuclear power. Therefore, the Board of Directors has concluded that Mr. Obolensky should serve as a director of the Company.

**Vincent Della Volpe.** Vincent Della Volpe has served on our Board of Directors since July 2007. Mr. Della Volpe has served as a professional money manager for over 35 years, including as a senior portfolio manager of pension funds for Honeywell Corporation and senior vice president of the YMCA Retirement fund in New York. Throughout his career Mr. Della Volpe has particularly focused on the management of energy and utility equity portfolios, and he also has experience managing venture capital investments. Mr. Della Volpe holds a Bachelor of Arts in Accounting and an MBA in finance, both from Seton Hall University.

The Board of Directors has concluded that Mr. Della Volpe should serve as a director given his involvement with the Company since 2007 and his specialized expertise in finance.

**David Kong.** David Kong has served on our Board of Directors since January 2011 and serves as our lead independent director. Mr. Kong serves as a director of New Pacific Metals Corp., a public company listed on the Toronto Stock Exchange since November 2010, as a director of Silvercorp Metals Inc., a public company listed on the Toronto Stock Exchange since November 2011, and as a director of Brazil Resources Inc., a public company listed on the TSX Venture Exchange (the “**TSX-V**”) since October 2010.

Previously, Mr. Kong served as a director of New Era Minerals Inc., a public company listed on the TSX-V from June 2014 to April 2016, as a director of IDM International Limited, a public company listed on the Australian Stock Exchange, from November 2011 to October 2012, as a director of Channel Resources Ltd., a public company listed on the TSX-V, from July 2010 to June 2012 and as a director of Hana Mining Ltd., formerly a public company listed on the TSX-V, from July 2010 to February 2013, when it was privatized.

Mr. Kong holds a Bachelor in Business Administration and earned his Chartered Accountant designation (CPA, CA) in British Columbia, Canada, in 1978, and his U.S. CPA (Illinois) designation in 2002. Mr. Kong was a partner at Ellis Foster, Chartered Accountants from 1981 to 2004, before merging with Ernst & Young LLP in 2005, where he was a partner until 2010. Mr. Kong is a certified director (ICD.D) of the Institute of Corporate Directors.

The Board of Directors has concluded that Mr. Kong should serve as a director given his business experience and specialized expertise in finance and accounting.

**Ganpat Mani.** Ganpat Mani has served on our Board of Directors since June 2014. From 2009 to 2013, Mr. Mani was President and Chief Executive Officer of ConverDyn, a partnership between affiliates of Honeywell International Inc. and General Atomics, which specializes in the nuclear fuel conversion trade. During this time he also served as a director of the Nuclear Energy Institute and was a member of the U.S. Civil Nuclear Trade Advisory Committee. He is a highly experienced negotiator of contracts with major private and state-owned corporations in Asia, Europe and the U.S. Notably, Mr. Mani negotiated the agreement for the return of uranium feed from the Metropolis conversion facility under the Megatons to Megawatts program between the U.S. and Russia. He also met with government and industry organizations as part of the U.S. Department of Commerce's multiple nuclear trade missions to India.

From 1994 to 2007, Mr. Mani held several senior marketing positions with ConverDyn, including having served as Senior Vice President. At ConverDyn, he was responsible for relations with major nuclear utilities in Asia, Europe and the U.S. and with enrichment companies in Europe and the U.S. He has prepared position papers and draft legislative language for, and represented ConverDyn in meetings with the U.S. Departments of Commerce, Energy and State and with industry trade organizations. From 1973 to 1994, Mr. Mani worked at Honeywell International Inc. (formerly Allied-Signal Inc.), where his career spanned a variety of functional areas and product lines.

Mr. Mani holds an MBA from Rutgers University and a Bachelor of Technology Degree in Metallurgical Engineering from Loughborough University, UK.

The Board of Directors has concluded that Mr. Mani should serve as a director given his expertise and experience in the uranium industry, particularly his in-depth knowledge of the global nuclear fuel market.

The following describes the business experience of each of the non-director executive officers of the Company:

**Pat Obara.** Pat Obara has served as our Secretary, Treasurer and Chief Financial Officer since October 2015, and served as our Chief Financial Officer from August 2006 to January 2011 and as our Vice President Administration from January 2011 to October 2015. Mr. Obara currently serves as the Chief Financial Officer, Secretary and a director of Brazil Resources Inc., a public company listed on the TSX-V. Previously, Mr. Obara worked as a consultant to several private companies in the areas of corporate management, finance and administration. Mr. Obara holds a degree in Building Technology, Land and Construction Economics from the British Columbia Institute of Technology.

**Scott Melbye.** Mr. Melbye has served as our Executive Vice President since September 2014. Mr. Melbye is a 32-year veteran of the nuclear energy industry having held key leadership positions in major global uranium mining companies and various industry organizations. As our Executive Vice President, Mr. Melbye is responsible for the uranium marketing and sales function and is a key contributor towards the achievement of the Company's strategic growth objectives.

He is also Vice President Commercial of the Uranium Participation Corporation managing a publicly traded fund, which allows investors to buy and hold physical uranium. Additionally, Mr. Melbye serves as an Advisor to the Chairman of Kazatomprom, the world's leading uranium producer in Kazakhstan, guiding their business transformation process as it relates to marketing and sales. Through June 2014, Mr. Melbye was Executive Vice President, Marketing for Uranium One, responsible for global sales activities, where he expanded that company's forward book, particularly in the emerging markets of the United Arab Emirates and China. He also supported the global investor-relations efforts of the CEO during the time the company was publically traded on the Toronto Stock Exchange. Uranium One is among the world's top four uranium producers from its mines in Kazakhstan, and the United States, and is the wholly-owned mining subsidiary of the Russian nuclear energy company Rosatom. Prior to this, Mr. Melbye spent 22 years with the Cameco Group of companies, both in the Saskatoon head office and with their U.S. subsidiaries. He most recently served as President of Cameco Inc., the subsidiary responsible for managing the company's world-wide uranium marketing and trading activities (annual sales exceeding 30 million pounds  $U_3O_8$  through established relationships with most global nuclear utilities). Previous experience includes uranium brokerage and trading at Nukem Inc. in New York, and nuclear fuel procurement at the Palo Verde Nuclear Generating Station in Arizona.

Mr. Melbye is a frequent speaker at nuclear industry conferences and has participated in numerous high-level, United States and Canadian trade missions to markets such as China, India, United Arab Emirates and Mexico. In 1999, Mr. Melbye provided expert testimony in support of Kazakhstan before the International Trade Commission in Washington, D.C., which lifted trade restrictions on Kazakh uranium in the United States. He is a past Chair of the Board of Governors of the World Nuclear Fuel Market, and former President of the Uranium Producers of America ("UPA"). The UPA is the domestic uranium mining industry organization which promotes rational regulatory policy and responsible disposition of United States Department of Energy inventories, a topic in which Mr. Melbye testified before the House Oversight Committee in 2015. Mr. Melbye received a Bachelor of Science in Business Administration with degree specialization in International Business from Arizona State University in 1984.

### **Term of Office**

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

### **Significant Employees**

There are no significant employees other than our executive officers.

## **Family Relationships**

Alan Lindsay served as our Chairman and a director until his resignation from such positions effective October 14, 2015. Alan Lindsay is the father-in-law of Amir Adnani.

## **Audit Committee**

Our Board of Directors has established an Audit Committee that operates under a written charter approved by the Board. Our Audit Committee has been structured to comply with Rule 10A-3 under the Exchange Act. Our Audit Committee is comprised of David Kong, Ivan Obolensky and Vincent Della Volpe, all of whom meet the audit committee member independence standards of the NYSE MKT. Mr. Kong is the Chairman of the Audit Committee. Our Board of Directors has determined that Mr. Kong satisfies the criteria for an audit committee financial expert under Item 407(d)(5) of Regulation S-K of the rules of the SEC.

## **Involvement in Certain Legal Proceedings**

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

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

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

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

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

ii) engaging in any type of business practice; or

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

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

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

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

7.

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

i) any Federal or State securities or commodities law or regulation; or

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

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

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

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



## **Code of Ethics**

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

- honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- compliance with applicable governmental laws, rules and regulations;
- the prompt internal reporting of violations of the Code of Ethics to the appropriate person or persons identified in the code; and
- accountability for adherence to the Code of Ethics.

A copy of our Code of Ethics can be viewed on our website at the following URL:  
<http://www.uraniumenergy.com/about/corporate-governance/>.

## **Corporate Governance and Nominating Committee**

Our Board of Directors has established a Corporate Governance and Nominating Committee that operates under a written charter approved by the Board of Directors. The Corporate Governance and Nominating Committee is comprised of Vincent Della Volpe, Ivan Obolensky and David Kong. Mr. Della Volpe is the Chairman of the Corporate Governance and Nominating Committee. All of the members of the Corporate Governance and Nominating Committee qualify as independent directors under the listing standards of the NYSE MKT.

The Corporate Governance and Nominating Committee is responsible for developing an appropriate approach to corporate governance issues and compliance with governance rules. The Corporate Governance and Nominating Committee is also mandated to plan for the succession of our Company, including recommending director candidates, review of board procedures, size and organization and monitoring of senior management with respect to governance

issues.

The Corporate Governance and Nominating Committee identifies individuals believed to be qualified to become board members and recommends individuals to fill vacancies. There are no minimum qualifications for consideration for nomination to be a director of the Company. The Corporate Governance and Nominating Committee assesses all nominees using generally the same criteria. In nominating candidates, the Corporate Governance and Nominating Committee takes into consideration such factors as it deems appropriate, including judgment, experience, skills and personal character, as well as the needs of the Company. The Corporate Governance and Nominating Committee does not have a formal policy with regard to the consideration of diversity in identifying director nominees, and historically has not considered diversity as a major criteria for identifying director nominees.

The Corporate Governance and Nominating Committee has performed a review of the experience, qualifications, attributes and skills of our Company's current directors and believes that our Company's current directors possess a variety of complementary skills and characteristics, including the following:

- personal characteristics, including leadership, character, integrity, accountability, sound business judgment and personal reputation;

- successful business or professional experience;

- various areas of expertise or experience, including financial, strategic and general management;

willingness and ability to commit the necessary time to fully discharge the responsibilities of a director in connection with the affairs of the Company; and

a demonstrated commitment to the success of the Company.

The Corporate Governance and Nominating Committee considers nominees recommended by stockholders if such recommendations are made in writing to the Corporate Governance and Nominating Committee and evaluates nominees for election in the same manner whether the nominee has been recommended by a stockholder or otherwise. To recommend a nominee, please write to the Company's Corporate Governance and Nominating Committee, c/o Uranium Energy Corp., at 500 North Shoreline Boulevard, Suite 800N, Corpus Christi, Texas, U.S.A., 78401.

### **Compliance with Section 16(a) of the Exchange Act**

Section 16(a) of the Exchange Act requires our directors and officers, and the persons who beneficially own more than 10% of our common stock, to file reports of ownership and changes in ownership with the SEC. Copies of all filed reports are required to be furnished to us pursuant to Rule 16a-3 promulgated under the Exchange Act. Based solely on the reports received by us and on the representations of the reporting persons, we believe that all such reports were timely filed during the fiscal year ended July 31, 2016, within two business days as required by the SEC, except as follows:

<b>Name</b>	<b>Number of Late Reports</b>	<b>Number of Transactions Not Reported on Timely Basis</b>
Jian Hua Zhang	1	1

### **Item 11. Executive Compensation**

#### **Compensation Discussion and Analysis**

##### ***Oversight of Executive Compensation Program***

Our Board of Directors has established a Compensation Committee that operates under a written charter approved by the Board. The Compensation Committee is comprised of Vincent Della Volpe, Ivan Obolensky and David Kong. Mr. Della Volpe is the Chairman of the Compensation Committee. All of the members of the Compensation Committee qualify as independent directors under the listing standards of the NYSE MKT. The Board of Directors has

determined that none of the Compensation Committee members have any material business relationships with the Company. The independence of the Compensation Committee members is re-assessed regularly by the Company.

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

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

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

The Compensation Committee is responsible for developing the executive compensation philosophy and reviewing and recommending to the Board of Directors for approval all compensation policies and compensation programs for the executive team.

Since May 2012, consistent with good governance practices, the Compensation Committee retains on an annual basis an independent compensation advisor to provide advice on the structure and levels of compensation for our executive officers and directors and to undertake a comprehensive review of our incentive plans.

### ***Overview of Executive Compensation Program***

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

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

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

- to attract, motivate, retain and reward a knowledgeable and driven management team and to encourage them to attain and exceed performance expectations within a calculated risk framework; and
- to reward each executive based on individual and corporate performance and to incentivize such executives to drive the organization's current growth and sustainability objectives.

The following key principles guide the Company's overall compensation philosophy:

- compensation is designed to align executives to the critical business issues facing the Company;
- compensation should be fair and reasonable to shareholders and be set with reference to the local market and similar positions in comparable companies;
- a substantial portion of total compensation is at-risk and linked to individual efforts, as well as divisional and corporate performance. This ensures the link between executive pay and business performance;

an appropriate portion of total compensation should be equity-based, aligning the interests of executives with shareholders; and

- compensation should be transparent to the Board of Directors, executives and shareholders.

### ***Compensation Elements and Rationale***

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

#### ***Base Salary***

Base salary is the foundation of the compensation program and is intended to compensate competitively relative to comparable companies within our industry and the marketplace where we compete for talent. Base salary is a fixed component of the compensation program and is used as the base to determine elements of incentive compensation and benefits.

*Short-Term Incentive (Cash)*

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

Historically, the amount of the short-term incentive awards paid to the Company's executive officers was determined by the Company's Compensation Committee on a discretionary basis, given the Company's stage of development and its transitional stage of growth, based on the expected benefits to the Company for meeting its performance targets, the Company's available resources and market conditions. In Fiscal 2014, the Compensation Committee undertook a comprehensive review of the Company's short-term incentive plan. The Compensation Committee considered the advice of its independent compensation advisor and recommendations issued by leading independent proxy advisors to develop a more objective approach for determining annual incentive awards.

In Fiscal 2014, the Compensation Committee established guidelines for the amount of annual incentive awards payable to the executives as a percentage of an executive's base salary for specific performance targets and levels achieved. The Compensation Committee established minimum performance targets and levels and determined that no incentive compensation would be payable for performance falling below minimum performance levels. The Compensation Committee established superior performance targets and levels and determined that maximum incentive compensation equivalent to 200% of an executive's base salary could be payable for superior performance across all performance levels. The Compensation Committee considered the Company's overall business and strategic plan, operating activities, financing activities and prevailing market conditions to establish performance targets and levels.

In Fiscal 2016, the Compensation Committee reapproved the following guidelines for the payment of incentive awards to the executives:

- annual incentive awards shall be payable for performance meeting or exceeding target performance levels; a maximum incentive award equivalent to 60% of an executive's base salary shall be payable for performance meeting target performance levels;
  - a maximum incentive award equivalent to 120% of an executive's base salary shall be payable for performance meeting superior performance levels;
  - no annual incentive awards shall be payable for performance falling below target performance levels;
  - the value of individual performance targets shall be determined by the Compensation Committee;
- the payment of annual incentive awards shall be subject to a determination by the Board of Directors and that the Company maintains sufficient cash on hand to meet the Company's financial obligations as determined on the date of payment; and

annual incentive awards shall be subject to a provision for recovery or “clawback” if a payment is subsequently determined by the Board of Directors to have been based on materially inaccurate financial statements or materially inaccurate performance criteria.

The Compensation Committee determined that it would continue evaluating and evolving the compensation program design against best market practices as the Company experiences further growth.

In Fiscal 2016 short-term incentive awards were paid to the executive officers as more particularly described in the “Summary Compensation Table” below.

In Fiscal 2016, due to prevailing market conditions, the Compensation Committee approved an overall decrease in compensation. Effective from February 1, 2016 to April 30, 2016, compensation was reduced by 25% on a non-accrued basis. Effective from May 1, 2016, compensation was reduced by 10% on a non-accrued basis. During this period, no short-term incentive awards were paid to the Company’s executive officers or directors.



*Long-Term Incentive (Equity)*

The Company's long-term incentive program provides for the granting of stock options to executive officers to both motivate executive performance and retention, as well as to align executive officer performance to shareholder value creation. In awarding long-term incentives, the Company compares the long-term incentive program to that of comparable companies within our industry and evaluates such factors as the number of options available under its Stock Incentive Plan and the number of options outstanding relative to the number of shares outstanding. The Company has historically sought to award stock options on a competitive basis based on a comparison with comparable companies.

Each long-term incentive grant is based on the level of the position held and overall market competitiveness. The Compensation Committee takes into consideration previous grants when it considers new grants of options.

The Board of Directors fixes the exercise price of stock options at the time of the grant at the NYSE MKT closing price of our common shares.

In Fiscal 2016, long-term equity incentive plan awards were awarded to the executive officers in the form of stock options. The stock options vest over 18 months.

In Fiscal 2016, the Compensation Committee undertook a comprehensive review of the Company's long-term incentive plan. The Compensation Committee considered the advice of its independent compensation advisor and recommendations issued by leading independent proxy advisors to enhance governance practices within its long-term incentive plan. The Compensation Committee recommended modifications to the Company's long-term incentive plan and on June 7, 2016 our Board of Directors adopted the Company's 2016 Stock Incentive Plan. On July 28, 2016 our shareholders ratified the 2016 Stock Incentive Plan.

The following table summarizes the pay mix for the executive officers and illustrates the percentage of fixed versus at-risk pay for the fiscal year ended July 31, 2016:

Name and Principal Position	Base Salary	Cash Bonus	Stock Awards	Stock Options	At-Risk Pay
		(STIP)	(STIP)	(LTIP)	(LTIP)

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Amir Adnani, President and Chief Executive Officer	52	%	0	%	25	%	22	%	22	%
Spencer Abraham <sup>(1)</sup> Executive Chairman of the Board	14	%	0	%	1	%	84	%	84	%
Pat Obara <sup>(2)</sup> Secretary, Treasurer and Chief Financial Officer	37	%	0	%	40	%	23	%	23	%
Mark Katsumata <sup>(3)</sup> Former Secretary, Treasurer and Chief Financial Officer	94	%	0	%	6	%	0	%	0	%
Scott Melbye <sup>(4)</sup> Executive Vice President	59	%	0	%	2	%	39	%	39	%

Notes:

(1) Mr. Abraham was appointed Executive Chairman effective October 14, 2015.

(2) Mr. Obara was appointed Secretary, Treasurer and Chief Financial Officer effective October 29, 2015.

(3) Mr. Katsumata resigned as Secretary, Treasurer and Chief Financial Officer effective October 29, 2015.

(4) Mr. Melbye was appointed as Executive Vice President of our Company effective September 8, 2014.

*Non-Cash Compensation*

The Company provides standard health benefits to its executives, including medical, dental and disability insurance.

The Company's non-cash compensation is intended to provide a similar level of benefits as those provided by comparable companies within our industry.

### *Review of Executive Officer Performance*

On an annual basis, the Compensation Committee reviews the overall compensation package for our executive officers and evaluates executive officer performance relative to corporate goals. The Compensation Committee has the opportunity to meet with the executive officers at various times throughout the year, which assists the Compensation Committee in forming its own assessment of each individual's performance. The executive officers are not present during voting or deliberations of the Compensation Committee relating to executive compensation.

In determining the compensation for the executive officers, the Compensation Committee considers compensation paid to executive officers of other companies within the industry, the executive's performance in meeting goals, the complexity of the management position and the experience of the individual. When reviewing the executive's performance for Fiscal 2016, the Compensation Committee took into consideration both individual and corporate performance levels. The executive performance targets for Fiscal 2016 were as follows:

- secure adequate financing within a challenging post-Fukushima environment;
- establish a strategic plan to adapt to the existing uranium market and position the Company for a turnaround in uranium prices;
- expansion of the resource base;
- advancement of the Company's projects; and
- corporate performance.

The following milestones were attained by the Company as a result of the success of the executives meeting their performance targets:

- entered into a Second Amended and Restated Credit Agreement with its Lenders and extended the \$20,000,000 senior secured Credit Facility by deferring required principal payments to February 1, 2019 and by extending the maturity date to January 1, 2020;
- completed a registered offering of 12,364,704 units of the Company at a price of \$0.85 per unit for gross proceeds of \$10,510,000 million, with each unit comprised of one share of common stock and half of one share purchase warrant (each whole warrant exercisable at an exercise price of \$1.20 for a three-year period to purchase an additional share of the Company for a total of 6,182,352 shares);
- completed an asset acquisition through the issuance of 1,333,560 restricted common shares of the Company and the payment of \$50,000 in cash;
- continued to advance development of PAA 4 of the Palangana Mine;
- continued to advance exploration and permitting activities at the Burke Hollow Project; and
- continued permitting work at the Anderson Project.

***Executive and Director Compensation***

*Alan Lindsay, former Chairman of the Board*

Alan Lindsay resigned as Chairman and a director effective October 14, 2015. Prior to his resignation, Mr. Lindsay was retained on a yearly basis and was compensated on a monthly basis at a rate of \$6,000 per month.

The Company's compensation policy for Mr. Lindsay was based on comparisons of other companies' remunerations made to their Chairmen and the value of Mr. Lindsay's expertise to the Company.

*Spencer Abraham, Executive Chairman of the Board*

The Company appointed Spencer Abraham as Executive Chairman of our Board of Directors effective October 14, 2015. Prior to this appointment, Mr. Abraham served as Chairman of our Advisory Board from December 2012 to October 2015.

Mr. Abraham is retained according to an appointment letter with our Company, and his compensation for serving as an executive officer of the Company is disclosed below in the "Summary Compensation Table".

The Company's compensation policy for Mr. Abraham was based on comparisons of other companies' remunerations made to their Chairmen and the value of Mr. Abraham's expertise to the Company.

*Amir Adnani, President and Chief Executive Officer*

Amir Adnani is retained according to an executive services agreement with our Company, and his compensation for serving as an executive officer of the Company is disclosed below in the "Summary Compensation Table".

The Company's compensation policy for Mr. Adnani is based on comparisons of other companies' remunerations made to their Presidents and Chief Executive Officers and the value of Mr. Adnani's expertise to the Company.

As shown in the Director Compensation Table below, Mr. Adnani does not receive additional compensation in connection with his service as a director of the Company.

*Scott Melbye, Executive Vice President*

Scott Melbye is retained according to an executive services agreement with our Company, and his compensation for serving as an executive officer of the Company is disclosed below in the "Summary Compensation Table".

The Company's compensation policy for Mr. Melbye is based on comparisons of other companies' remunerations made to their Executive Vice Presidents and the value of Mr. Melbye's expertise to the Company.

*Mark Katsumata, former Secretary, Treasurer and Chief Financial Officer*

Mark Katsumata resigned as our Secretary, Treasurer and Chief Financial Officer effective October 29, 2015. Prior to his resignation, Mr. Katsumata was retained according to an executive services agreement with our Company, and his compensation for serving as Secretary, Treasurer and Chief Financial Officer is disclosed below in the "Summary Compensation Table".

The Company's compensation policy for Mr. Katsumata was based on comparisons of other companies' remunerations made to their Chief Financial Officers and the value of Mr. Katsumata's expertise to the Company.

*Pat Obara, Secretary, Treasurer and Chief Financial Officer*

On June 6, 2016, the Company ratified the appointment of Pat Obara as our Secretary, Treasures and Chief Financial Officer effective October 29, 2015. Prior to this appointment, Mr. Obara served as our Chief Financial Officer from August 2006 to January 2011 and as our Vice President Administration from January 2011 to October 2015.

Pat Obara is retained according to an employee services agreement with our Company, and his compensation for serving as an executive officer of the Company is disclosed below in the "Summary Compensation Table".

The Company's compensation policy for Mr. Obara was based on comparisons of other companies' remunerations made to their Chief Financial Officers and the value of Mr. Obara's expertise to the Company.

*Pension Benefits*

None.

*Non-Qualified Deferred Compensation*

None.

*Retirement, Resignation or Termination Plans*

Officers with contracts for services have notice requirements which permit pay in lieu of notice.



Each of the Company's executive services agreements with Messrs. Adnani, Melbye and Katsumata (prior to his resignation) contemplates the case of termination due to various provisions whereby the named executive officers will receive severance payments, as described below under the heading "Executive Services Agreements".

### ***Compensation and Risk***

We do not believe that our compensation policies and practices are reasonably likely to have a material adverse effect on us. We have taken steps to ensure our executive compensation program does not incentivize risk outside the Company's risk appetite. Some of the key ways that we currently manage compensation risk are as follows:

- appointed a Compensation Committee which is composed entirely of independent directors to oversee the executive compensation program;
- retained an independent compensation advisor to provide advice on the structure and levels of compensation for our executive officers and directors;
- the use of deferred equity compensation in the form of stock options to encourage a focus on long-term corporate performance versus short-term results;
- disclosure of executive compensation to stakeholders;
- established a clawback policy applicable to all cash and equity incentive compensation; and
- adoption of say-on-pay.

### ***Clawback Policy***

We adopted a clawback policy as an additional safeguard to mitigate compensation risks. The clawback policy applies to all cash and equity incentive compensation and provides that the Board of Directors may seek reimbursement for compensation awarded to an executive in situations where (a) payment was predicated upon achieving certain financial results that were subsequently the subject of a substantial restatement of the Company's financial statements filed with any securities regulatory authority, (b) the executive engaged in gross negligence, intentional misconduct or fraud that caused, or partially caused, the need for a restatement, or (c) the incentive compensation would have been lower had the financial results been properly reported.

### ***Consideration of Most Recent Shareholder Advisory Vote on Executive Compensation***

As required by Section 14A of the Exchange Act, at our 2016 Annual Meeting of Stockholders our stockholders voted, in an advisory manner, on a proposal to approve our named executive officer compensation. This was our most



recent stockholder advisory vote to approve named executive officer compensation. The proposal was approved by our stockholders, receiving approximately 81.28% of the vote of the stockholders present in person or represented by proxy and voting at the meeting. We considered this vote to be a ratification of our current executive compensation policies and decisions and, therefore, did not make any significant changes to our executive compensation policies and decisions based on the vote.

***Compensation Committee Interlocks and Insider Participation***

No person who served as a member of our Compensation Committee during Fiscal 2016 was a current or former officer or employee of our Company or engaged in certain transactions with our Company required to be disclosed by regulations of the SEC. Additionally, during Fiscal 2016 there were no Compensation Committee “interlocks,” which generally means that no executive officer of our Company served: (a) as a member of the compensation committee (or other board committee performing equivalent functions or, in the absence of any such committee, the entire board of directors) of another entity which had an executive officer serving as a member of our Company’s Compensation Committee; (b) as a director of another entity which had an executive officer serving as a member of our Company’s Compensation Committee; or (c) as a member of the compensation committee (or other board committee performing equivalent functions or, in the absence of any such committee, the entire board of directors) of another entity which had an executive officer serving as a director of our Company.

## Compensation Committee Report

The Compensation Committee has reviewed and discussed the foregoing compensation discussion and analysis with Company management. Based on that review and those discussions, the Compensation Committee recommended to the Board of Directors that the compensation discussion and analysis be included in this Annual Report. This report is provided by the following independent directors, who comprise the Compensation Committee: Vincent Della Volpe, Ivan Obolensky and David Kong.

## Summary Compensation Table

The following table sets forth the compensation paid to our Chief Executive Officer, Chief Financial Officer and those executive officers that earned in excess of \$100,000 during the years ended July 31, 2016, 2015 and 2014 (each a “**Named Executive Officer**”):

Name and Principal Position	Year	Salary <sup>(1)</sup>	Bonus	Stock Awards <sup>(2)</sup>	Options Awards <sup>(3)</sup>	Incentive Plan Compensation	Non-Qualified Deferred Compensation			Total
							Non-Equity	All Other	Other	
Amir Adnani, President and Chief Executive Officer	2016	\$342,100	\$-	\$167,550	\$147,431	\$-	\$-	\$ -	\$ -	657,081
	2015	388,800	150,000	35,000	745,500	-	-	-	-	1,319,300
	2014	390,000	250,000	-	-	-	-	-	-	640,000
Spencer Abraham, <sup>(4)</sup> Executive Chairman	2016	81,792	-	9,750	563,195	-	-	-	-	654,737
	2015	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2014	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Pat Obara, <sup>(5)</sup> Secretary, Treasurer and Chief Financial Officer	2016	69,070	-	74,232	43,246	-	-	-	-	186,548
	2015	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2014	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mark Katsumata, <sup>(6)</sup> Former Secretary, Treasurer and Chief Financial Officer	2016	54,733	-	3,360	-	-	-	-	-	58,093
	2015	142,804	25,000	15,000	273,350	-	-	-	-	456,154
	2014	158,651	51,244	-	-	-	-	-	-	209,895
Scott Melbye, <sup>(7)</sup> Executive Vice President	2016	223,772	-	7,237	145,902	-	-	-	-	376,912
	2015	232,692	25,000	15,000	149,100	-	-	-	-	421,792

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	2014	-	-	-	-	-	-	-	-
Harry Anthony, <sup>(8)</sup>	2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Former Chief Operating Officer	2015	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-
	2014	65,596	25,000	-	-	-	-	150,000	240,596

Notes:

- These amounts represent fees paid by us to the Named Executive Officers during the year pursuant to various
- (1) executive services agreements, between us and the Named Executive Officers, which are more particularly described below.
  - (2) These amounts represent the fair value of the shares at the date of issuance.
  - (3) These amounts represent the fair value of these options at the date of grant which was estimated using the Black-Scholes option pricing model.
  - (4) Mr. Abraham was appointed as Executive Chairman of our Company effective October 14, 2015. Information for Mr. Abraham in his role as a director of our Board is disclosed below in the “Directors Compensation” section and is not reported in the Summary Compensation Table section of this Annual Report.
  - (5) Mr. Obara was appointed as Secretary, Treasurer and Chief Financial Officer effective October 29, 2015. The Company pays Mr. Obara in Canadian currency. For the purpose of reporting the salary paid to Mr. Obara the salary was converted from Canadian currency to U.S. currency at the Bank of Canada noon buying rate for the years ended July 31.
  - (6) Mr. Katsumata resigned as Secretary, Treasurer and Chief Financial Officer effective October 29, 2015. The Company paid Mr. Katsumata in Canadian currency. For the purpose of reporting the salary paid to Mr. Katsumata the salary was converted from Canadian currency to U.S. currency at the Bank of Canada noon buying rate for the years ended July 31.
  - (7) Mr. Melbye was appointed as Executive Vice President of our Company effective September 8, 2014.
  - (8) Mr. Anthony resigned as Chief Operating Officer and was appointed as Senior Advisor of our Company effective September 27, 2013. Mr. Anthony’s compensation as Senior Advisor is reflected in the column entitled “All Other Compensation”.

**Grants of Plan Based Awards**

We granted awards to the Named Executive Officers in the fiscal year ended July 31, 2016, as follows:

Name	Grant Date	Threshold	Target	Maximum	All Other Stock Awards:	All Other Option Awards:	Exercise Grant Date	
					Number of Shares of Stock	Number of Securities Underlying	Price of Option Awards	Fair Value of Stock and Option Awards
Amir Adnani <sup>(1)(5)</sup> President and Chief Executive Officer	July 28, 2016	-	-	-	193,268	300,000	\$ 0.93	\$ 314,981 <sup>(1)</sup>
Spencer Abraham <sup>(2)(5)</sup> Executive Chairman of the Board	October 14, 2015	-	-	-	12,193	1,000,000	\$ 1.14	\$ 572,945 <sup>(2)</sup>
Pat Obara <sup>(3)(5)</sup> Secretary, Treasurer and Chief Financial Officer	July 28, 2016	-	-	-	77,944	88,000	\$ 0.93	\$ 117,478 <sup>(3)</sup>
Scott Melbye <sup>(4)(5)</sup> Executive Vice President	January 12, 2016	-	-	-	8,751	300,000	0.98	153,139 <sup>(4)</sup>

**Notes:**

(1) Consists of stock awards having a fair value of \$167,550 and option awards having a fair value of \$147,431, as disclosed above in the "Summary Compensation Table".

(2) Consists of stock awards having a fair value of \$9,750 and option awards having a fair value of \$563,195, as disclosed above in the "Summary Compensation Table".

(3) Consists of stock awards having a fair value of \$74,232 and option awards having a fair value of \$43,246, as disclosed above in the "Summary Compensation Table".

(4) Consists of stock awards having a fair value of \$7,237 and option awards having a fair value of \$145,902, as disclosed above in the "Summary Compensation Table".

(5) The stock awards were issued to the individual in lieu of cash compensation to reduce cash outlays.

**Outstanding Equity Awards**

The following table sets forth information as at July 31, 2016, relating to options that have been granted to the Named Executive Officers:

Name	Option Awards			Stock Awards			Equity Incentive Plan Awards: Unearned Shares, Units or other Rights That Have Not Vested		
	Number of Securities Underlying Unexercised Options	Number of Securities Underlying Unexercised Options	Equity Incentive Plan Awards: Securities Underlying Unexercised Options	Market Value of Shares or Units of Stock That Have Not Vested	Number of Shares or Units of Stock That Have Not Vested	Number of Shares or Units of Stock That Have Not Vested	Number of Shares or Units of Stock That Have Not Vested	Number of Shares or Units of Stock That Have Not Vested	Number of Shares or Units of Stock That Have Not Vested
	Exercisable	Unexercisable	Options	Price	Date	Not Vested	Vested	Vested	Have Not Vested
Amir Adnani, President and Chief Executive Officer	139,634	-	-	\$ 0.45	January 1, 2017	-	\$ -	\$ -	\$ -
	250,000	-	-	0.45	April 7, 2018	-	-	-	-
	1,500,000	-	-	1.32	September 3, 2019	-	-	-	-
	-	300,000	-	0.93	July 28, 2021	-	-	-	-
Spencer Abraham, Executive Chairman	50,000	-	-	1.32	September 3, 2019	-	-	-	-
	500,000	500,000	-	1.14	October 14, 2020	-	-	-	-
	50,000	-	-	2.41	January 15, 2023	-	-	-	-
Pat Obara Secretary, Treasurer and Chief Financial Officer	180,000	-	-	0.45	October 9, 2016	-	-	-	-
	125,000	-	-	0.45	April 7, 2018	-	-	-	-
	400,000	-	-	1.32	September 3, 2019	-	-	-	-
	-	88,000	-	0.93	July 28, 2021	-	-	-	-
Scott Melbye Executive Vice President	300,000	-	-	1.32	September 3, 2019	-	-	-	-
	150,000	150,000	-	0.98	January 12, 2021	-	-	-	-



**Option Exercises and Stock Vested**

The following table sets forth the value realized on options exercised and stock awards vested for the Named Executive Officers for the fiscal year ended July 31, 2016:

Name	Option Awards	Value Realized on	Stock Awards	Value Realized on
	Number of Shares Acquired on Exercise		Number of Shares Acquired on Vesting	
Amir Adnani, President and Chief Executive Officer	Nil	N/A	N/A	N/A
Spencer Abraham, Executive Chairman of the Board	Nil	N/A	N/A	N/A
Pat Obara, Secretary, Treasurer and Chief Financial	Nil	N/A	N/A	N/A
Mark Katsumata, Former Chief Financial Officer	Nil	N/A	N/A	N/A
Scott Melbye, Executive Vice President	Nil	N/A	N/A	N/A

**No Pension Benefits**

The Company does not maintain any plan that provides for payments or other benefits to its executive officers at, following or in connection with retirement and including, without limitation, any tax-qualified defined benefit plans or supplemental executive retirement plans.

**No Nonqualified Deferred Compensation**

The Company does not maintain any defined contribution or other plan that provides for the deferral of compensation on a basis that is not tax-qualified.

**Director Compensation**

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

The following table sets forth information relating to compensation paid to our directors in the fiscal year ended July 31, 2016:

Name <sup>(1)</sup>	Fees Earned		Stock Awards	Options Awards <sup>(3)</sup>	Non-Qualified Non-Equity Deferred Incentive Compensation Plan			All Other Compensation	Total
	Cash Or Paid In	Cash Bonus			Compensation	Earnings			
Spencer Abraham <sup>(4)</sup>	\$ 12,583	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,583
Alan Lindsay <sup>(5)</sup>	18,000	-	-	-	-	-	-	-	18,000
David Kong	15,767	-	-	36,858	-	-	-	-	52,625
Ganpat Mani	16,750	-	-	24,572	-	-	-	-	41,322
Ivan Obolensky	16,750	-	-	24,572	-	-	-	-	41,322
Vincent Della Volpe	16,750	-	-	31,943	-	-	-	-	48,693

Notes:

(1) Information for Amir Adnani is disclosed above in the “Summary Compensation Table” section and is not reported in the Director Compensation section of this Annual Report.

(2) These amounts represent the fair value of the shares at the date of issuance.

(3) These amounts represent the fair value of these options at the date of grant which was estimated using the Black-Scholes option pricing model.

Mr. Abraham was appointed Executive Chairman and a director of our Board effective October 14, 2015.

(4) Information for Mr. Abraham in his position as Executive Chairman including Stock Awards is disclosed above in the “Summary Compensation Table” section and is not reported in the Director Compensation section of this Annual Report.

(5) Mr. Lindsay resigned as Chairman and a director of our Board effective October 14, 2015.



As of July 31, 2016, our directors held stock options to acquire an aggregate of 4,429,634 shares of our common stock as follows: Spencer Abraham: 1,100,000 stock options; Amir Adnani: 2,189,634 stock options; Ivan Obolensky: 350,000 stock options; Vincent Della Volpe: 390,000 stock options; David Kong: 250,000 stock options and Ganpat Mani: 150,000 stock options.

Spencer Abraham serves as the Company's Executive Chairman and a director and is retained accordingly through an appointment letter. Mr. Abraham is compensated on a monthly basis at a rate of \$10,833.33 per month for his services as Executive Chairman of the Company; and on an annual basis at a rate of \$20,000 per year paid in quarterly installments for his services as a director of the Company.

Amir Adnani serves as the Company's Chief Executive Officer, President and a director. Within his capacity as President and Chief Executive Officer, and through an executive services agreement with a private company, Amir Adnani Corp., controlled by Mr. Adnani, he provides various consulting services to the Company, all as disclosed above in the "Summary Compensation Table". Mr. Adnani does not receive additional compensation in connection with his service as a director of the Company.

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

.	David Kong (CAD\$25,000 per year);
.	Ivan Obolensky (\$20,000 per year);
.	Vincent Della Volpe (\$20,000 per year); and
.	Ganpat Mani (\$20,000 per year).

The amounts listed above are all-inclusive retainer fees and there are no additional committee and/or chairmanship fees or meeting attendance fees above and beyond such annual retainer fees for Fiscal 2016.

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

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

## Directors' and Officers' Insurance

The Company has purchased directors and officers liability insurance ("**D&O Liability Insurance**") for the benefit of its directors and officers, and the directors and officers of its subsidiaries, against liability incurred by them in the performance of their duties as directors and officers of the Company, or its subsidiaries, as the case may be. The amount of premium paid with respect to D&O Liability Insurance for the fiscal year ended July 31, 2016, was \$153,943. The entire premium is paid by the Company. The Company's D&O Liability Insurance is comprised of the following policies:

D&O Liability Insurance	Annual Limit	Deductible
Primary and Excess Policy	\$ 10,000,000	\$ 1.5 million <sup>(1)</sup>
Side A – DIC Policy <sup>(2)</sup>	\$ 2,500,000	\$ 0

(1) Not applicable to non-indemnifiable loss, crisis loss or derivative investigation costs.

(2) Provides coverage to individual directors and officers for non-indemnifiable claims and Difference in Conditions (DIC) coverage where the underlying insurance fails to respond.

## Executive Services Agreements

### *Adnani Executive Services Agreement*

On July 23, 2009, our Board of Directors approved the entering into of an executive services agreement with Amir Adnani Corp. ("Adnani Corp."), Mr. Adnani's services corporation, as amended by certain letter agreements, dated for reference effective as at July 1, 2010 and February 1, 2012, respectively, with a term expiring on July 23, 2012 (the "2009 Adnani Agreement"). The 2009 Adnani Agreement was subject to automatic renewal and remained in effect until June 30, 2013. On July 24, 2013, our Board of Directors approved the entering into of a further amended and restated executive services agreement with Adnani Corp. with an initial term commencing retroactively on July 1, 2013 and expiring on July 1, 2016, as amended by a letter agreement dated August 1, 2015 (collectively the "Adnani Agreement").

The Adnani Agreement is subject to automatic renewal on a three-month to three-month term renewal basis unless either the Company or Adnani Corp. provides written notice not to renew the Adnani Agreement no later than 90 days prior to the end of the then current or renewal term.

Pursuant to the terms and provisions of the Adnani Agreement: (a) through Adnani Corp., Mr. Adnani provides various consulting services to the Company which are in addition to his duties and responsibilities as our President and Chief Executive Officer; and (b) we shall pay to Adnani Corp. a monthly fee of \$34,000. In consultation with the Compensation Committee and Board of Directors, effective from February 1, 2016 to April 30, 2016, the monthly fee payable to Adnani Corp. was reduced by 25% on a non-accrued basis, from its original and stated amount to \$25,500, of which fees of \$10,000 were paid in stock in lieu of cash. Effective from May 1, 2016, the monthly fee payable to Adnani Corp. was reduced by 10% on a non-accrued basis, from its original and stated amount to \$30,600, of which fees of \$10,200 are paid in stock in lieu of cash.

If the Company elects to not renew the Adnani Agreement, and provided that Adnani Corp. is in compliance with the relevant terms and conditions of the Adnani Agreement, the Company shall be obligated to provide a severance package to Adnani Corp. as follows: (a) a cash payment equating to an aggregate of four months of the then monthly fee for each full year, and any portion thereof, of the initial term effective from July 23, 2009 and any renewal period during which the Adnani Agreement was in force and effect and during which Adnani Corp. rendered services thereunder, together with a cash payment equating to Adnani Corp.'s average annual bonus during the most recent two years, payable by the Company to Adnani Corp. within 14 calendar days of the effective termination date; (b) any expense payment reimbursements which would then be due and owing by the Company to Adnani Corp. to the effective termination date, payable within 14 calendar days of the effective termination date (the "Adnani Outstanding Expense Reimbursements"); (c) any pro rata and unused vacation pay which would then be due and owing by the Company to Mr. Adnani to the effective termination date and payable within 14 calendar days of the effective termination date (the "Adnani Outstanding Vacation Pay"); (d) subject to applicable provisions of the Adnani Agreement, all of Adnani Corp.'s and Mr. Adnani's then issued and outstanding stock-based equity awards in and to the Company as at the effective termination date shall immediately vest, if not otherwise vested, and shall continue to be exercisable for a period of two years from the effective termination date (the "Adnani Options Extension"); and (e) confirmation that all of Adnani Corp.'s and Mr. Adnani's then benefits coverage would be extended to Mr. Adnani for a period ending two years from the effective termination date (the "Adnani Benefits Extension").

If the Company elects to terminate the Adnani Agreement without just cause, or if Adnani Corp. terminates the Adnani Agreement for just cause, and provided that Adnani Corp. is in compliance with the relevant terms and conditions of the Adnani Agreement, the Company shall be obligated to provide a severance package to Adnani Corp. as follows: (a) a cash payment equating to an aggregate of 24 months of the then monthly fee, together with a cash payment equating to two times the sum of Adnani Corp.'s average annual bonus during the most recent two years, payable by the Company to Adnani Corp. within 14 calendar days of the effective termination date; (b) all Adnani Outstanding Expense Reimbursements; (c) all Adnani Outstanding Vacation Pay; (d) subject to applicable provisions of the Adnani Agreement, the Adnani Options Extension; and (e) the Adnani Benefits Extension.

If Adnani Corp. elects to terminate the Adnani Agreement for good reason, as defined in the Adnani Agreement, including without limitation a material diminution of Mr. Adnani's duties, a failure of the Company to deliver a written agreement to be entered into with any successor, assignee or transferee of the Company to assume and agree to perform the Adnani Agreement, a failure of the Company to pay remuneration or any other breach by the Company of a material provision of the Adnani Agreement, and provided that Adnani Corp. is in compliance with the relevant terms and conditions of the Adnani Agreement, the Company shall be obligated to provide a severance package to Adnani Corp. as follows: (a) a cash payment equating to an aggregate of 18 months of the then monthly fee, together with a cash payment equating to one and one-half times the sum of Adnani Corp.'s average annual bonus during the most recent two years, payable by the Company to Adnani Corp. over a period of 12 months from the effective termination date; (b) all Adnani Outstanding Expense Reimbursements; (c) all Adnani Outstanding Vacation Pay; (d) subject to applicable provisions of the Adnani Agreement, the Adnani Options Extension; and (e) the Adnani Benefits Extension.

If Adnani Corp. elects to terminate the Adnani Agreement, except for just cause, or if the Company terminates the Adnani Agreement for just cause, Adnani Corp. is not entitled to a severance package.

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

### ***Abraham Appointment Letter***

On October 14, 2015 our Board of Directors approved the entering into an appointment letter with Spencer Abraham dated for reference effective as at October 1, 2015 (the "Abraham Agreement").

Pursuant to the Abraham Agreement: (a) Mr. Abraham was appointed as the Executive Chairman of our Board of Directors and shall provide duties to us commensurate with his position as our Executive Chairman; (b) we shall pay to Mr. Abraham a monthly fee of \$10,833.33 in connection with his tenure as Executive Chairman; and (c) we shall provide to Mr. Abraham an annual fee of \$20,000 in connection with his tenure as a director of our Company.

In consultation with the Compensation Committee and Board of Directors, effective from May 1, 2016: (a) the monthly fee payable to Mr. Abraham was reduced by 10% on a non-accrued basis, from its original and stated amount to \$9,750 of which fees of \$3,250 are paid in stock in lieu of cash; and (b) the annual fee payable to Mr. Abraham was reduced by 10% on a non-accrued basis, from its original amount to \$18,000 of which \$6,000 are paid in stock in lieu of cash.

### ***Melbye Executive Employment Agreement***

On December 15, 2014, our Board of Directors approved the entering into an executive services agreement with Scott Melbye, as amended by a letter agreement, dated for reference effective as at May 1, 2016, with an initial term commencing retroactively on September 1, 2014 and expiring on February 28, 2017 (collectively, the "Melbye Agreement").

The Melbye Agreement is subject to automatic renewal on a one-month to one-month term renewal basis unless either the Company or Mr. Melbye provides written notice not to renew the Melbye Agreement no later than 30 calendar days prior to the end of the then current or renewal term.

Pursuant to the terms and provisions of the Melbye Agreement: (a) Mr. Melbye shall provide duties to us commensurate with his position as our Executive Vice President; and (b) we shall pay to Mr. Melbye a monthly fee of \$20,833.33. In consultation with the Compensation Committee and Board of Directors, effective from February 1, 2016 to April 30, 2016, the monthly fee payable to Mr. Melbye was reduced by 25% on a non-accrued basis, from its original and stated amount to \$15,625. Effective from May 1, 2016, the monthly fee payable to Mr. Melbye was reduced by 10% on a non-accrued basis, from its original and stated amount to \$18,750. Effective from June 1, 2016, monthly fees of \$6,250 are paid in stock in lieu of cash.

If the Company elects to not renew the Melbye Agreement, and provided that Mr. Melbye is in compliance with the relevant terms and conditions of the Melbye Agreement, the Company shall be obligated to provide a severance package to Mr. Melbye as follows: (a) a cash payment equating to any outstanding fees and bonuses which would then be due and owing by the Company to Mr. Melbye to the effective termination date, payable within 14 calendar days of the effective termination date (the “Melbye Outstanding Fees and Bonuses”); (b) any expense payment reimbursements which would then be due and owing by the Company to Mr. Melbye to the effective termination date, payable within 14 calendar days of the effective termination date (the “Melbye Outstanding Expense Reimbursements”); (c) any pro rata and unused vacation pay which would then be due and owing by the Company to Mr. Melbye to the effective termination date, payable within 14 calendar days of the effective termination date (the “Melbye Outstanding Vacation Pay”); (d) subject to applicable provisions of the Melbye Agreement, all of Mr. Melbye’s then issued and outstanding stock-based equity awards in and to the Company as at the effective termination date shall immediately vest, if not otherwise vested, and shall continue to be exercisable for a period of 90 calendar days from the effective termination date (the “Melbye Options Extension”); and (e) confirmation that all of Mr. Melbye’s then benefits coverage would be extended to Mr. Melbye for a period ending 90 calendar days from the effective termination date (the “Melbye Benefits Extension”).

If the Company elects to terminate the Melbye Agreement without just cause, or if Mr. Melbye terminates the Melbye Agreement for just cause, and provided that Mr. Melbye is in compliance with the relevant terms and conditions of the Melbye Agreement, the Company shall be obligated to provide a severance package to Mr. Melbye as follows: (a) all Melbye Outstanding Fees and Bonuses, together with a cash payment equating to any additional fees which Mr. Melbye would have been entitled to receive until the end of the applicable initial term or renewal period; (b) all Melbye Outstanding Expense Reimbursements; (c) all Melbye Outstanding Vacation Pay; (d) the Melbye Options Extension; and (e) the Melbye Benefits Extension.

If Mr. Melbye elects to terminate the Melbye Agreement, except for just cause, and provided that Mr. Melbye is in compliance with the relevant terms and conditions of the Melbye Agreement, the Company shall be obligated to provide a severance package to Mr. Melbye as follows: (a) all Melbye Outstanding Fees and Bonuses; (b) all Melbye Outstanding Expense Reimbursements; (c) all Melbye Outstanding Vacation Pay; and (d) subject to applicable provisions of the Melbye Agreement, all of Mr. Melbye's then issued and outstanding stock-based equity awards in and to the Company that have vested as at the effective termination date shall continue to be exercisable for a period of 90 calendar days from the effective termination date.

If the Company elects to terminate the Melbye Agreement for just cause, the Company shall be obligated to provide a severance package to Mr. Melbye as follows: (a) a cash payment equating to any outstanding fees which would then be due and owing by the Company to Mr. Melbye to the effective termination date, payable within 14 calendar days of the effective termination date; (b) all Melbye Outstanding Expense Reimbursements; and (c) all Melbye Outstanding Vacation Pay.

The Melbye Agreement will be deemed terminated on the 30<sup>th</sup> calendar day following the death or disability of Mr. Melbye, in which case the Company shall be obligated to provide a severance package to Mr. Melbye or Mr. Melbye's estate as follows, provided that Mr. Melbye is or was in compliance with the relevant terms and conditions of the Melbye Agreement: (a) all Melbye Outstanding Fees and Bonuses; (b) all Melbye Outstanding Expense Reimbursements; (c) all Melbye Outstanding Vacation Pay; and (d) subject to applicable provisions of the Melbye Agreement, all of Mr. Melbye's then issued and outstanding stock-based equity awards in and to the Company that have vested as at the effective termination date shall continue to be exercisable for a period of one year from the effective termination date.

#### ***Katsumata Executive Employment Agreement***

Mark Katsumata resigned as our Secretary, Treasurer and Chief Financial Officer effective October 29, 2015. Prior to his resignation, the terms of Mr. Katsumata's employment as Secretary, Treasurer and Chief Financial Officer were governed by an executive services agreement as described below.

On January 5, 2011, our Board of Directors approved the entering into of an executive services agreement with Mr. Katsumata, with a term expiring on January 5, 2013 (the “2011 Katsumata Agreement”). The 2011 Katsumata Agreement was subject to automatic renewal and remained in effect until June 30, 2013. On July 24, 2013, our Board of Directors approved the entering into of a further amended and restated executive services agreement with Mr. Katsumata, with an initial term commencing retroactively on July 1, 2013 and expiring on July 1, 2015 (the “Katsumata Agreement”). The Katsumata Agreement was terminated with Mr. Katsumata’s resignation.

The Katsumata Agreement was subject to automatic renewal on a three-month to three-month term renewal basis unless either the Company or Mr. Katsumata provided written notice not to renew the Katsumata Agreement no later than 90 days prior to the end of the then current or renewal term.

Pursuant to the terms and provisions of the Katsumata Agreement: (a) Mr. Katsumata provided duties to us commensurate with his executive position as our Secretary, Treasurer and Chief Financial Officer; and (b) we paid to Mr. Katsumata a monthly fee of CAD\$13,750.



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

If the Company elected to terminate the Katsumata Agreement without just cause, or if Mr. Katsumata terminated the Katsumata Agreement for just cause, and provided that Mr. Katsumata was in compliance with the relevant terms and conditions of the Katsumata Agreement, the Company was obligated to provide a severance package to Mr. Katsumata as follows: (a) a cash payment equating to an aggregate of 12 months of the then monthly fee, together with a cash payment equating to Mr. Katsumata's annual bonus during the most recent year, payable by the Company to Mr. Katsumata within 14 calendar days of the effective termination date; (b) all Katsumata Outstanding Expense Reimbursements; (c) all Katsumata Outstanding Vacation Pay; (d) subject to applicable provisions of the Katsumata Agreement, the Katsumata Options Extension; and (e) the Katsumata Benefits Extension.

If Mr. Katsumata elected to terminate the Katsumata Agreement for good reason, as defined in the Katsumata Agreement and including, without limitation, a material diminution of Mr. Katsumata's duties, a failure of the Company to deliver a written agreement to be entered into with any successor, assignee or transferee of the Company to assume and agree to perform the Katsumata Agreement, a failure of the Company to pay remuneration or any other breach by the Company of a material provision of the Katsumata Agreement, and provided that Mr. Katsumata was in compliance with the relevant terms and conditions of the Katsumata Agreement, the Company was obligated to provide a severance package to Mr. Katsumata as follows: (a) a cash payment equating to an aggregate of nine months of the then monthly fee, together with a cash payment equating to three-quarters of the sum of the Mr. Katsumata's annual bonus during the most recent year payable by the Company to Mr. Katsumata over a period 12 months from the effective termination date; (b) all Katsumata Outstanding Expense Reimbursements; (c) all Katsumata Outstanding Vacation Pay; (d) subject to applicable provisions of the Katsumata Agreement, the Katsumata Options Extension; and (e) the Katsumata Benefits Extension.

If Mr. Katsumata elected to terminate the Katsumata Agreement, except for just cause, or if the Company terminated the Katsumata Agreement for just cause, Mr. Katsumata was not entitled to a severance package.

The Katsumata Agreement was to be deemed terminated on the 30<sup>th</sup> calendar day following the death or disability of Mr. Katsumata, in which case the Company was obligated to provide a severance package to Mr. Katsumata or to Mr. Katsumata's estate as follows, provided that Mr. Katsumata was in compliance with the relevant terms and conditions of the Katsumata Agreement: (a) a cash payment equating to an aggregate of six months of the then monthly fee, together with a cash payment equating to one-half of Mr. Katsumata's annual bonus during the most recent year, payable by the Company to Mr. Katsumata or Mr. Katsumata's estate within 14 calendar days of the effective termination date; (b) all Katsumata Outstanding Expense Reimbursements; (c) all Katsumata Outstanding Vacation Pay; and (d) subject to applicable provisions of the Katsumata Agreement, the Katsumata Options Extension.

Mr. Katsumata resigned as our Secretary, Treasurer and Chief Financial Officer effective October 29, 2015 and, as such, the Katsumata Agreement is terminated.

#### ***Obara Consulting Services Agreement***

On August 15, 2007, our Board of Directors approved the entering into an consulting services agreement with Obara Builders Ltd. ("Obara Ltd.") as amended by a letter agreement, dated for reference effective as at October 14, 2015 (collectively, the "Obara Agreement"). The Obara Agreement is subject to automatic renewal on a three-month to three-month basis unless the Company provides written notice not to renew the Obara Agreement no later than 90 days prior to the end of the then current or renewal term.

Pursuant to the terms and provisions of the Obara Agreement: (a) through Obara Ltd., Pat Obara provides various consulting services to the Company which are in addition to his duties and responsibilities as our current Secretary, Treasurer and Chief Financial Officer of the Company; and (b) we shall pay to Obara Ltd. a monthly fee of CAN\$13,750. In consultation with the Compensation Committee and Board of Directors, effective from February 1, 2016 to April 30, 2016, the monthly fee payable to Obara Ltd. was reduced by 25% on a non-accrued basis, from its original and stated amount to CAN\$10,312.50, of which fees of CAN\$6,880.49 were paid in stock in lieu of cash. Effective from May 1, 2016, the monthly fee payable to Obara Ltd. was reduced by 10% on a non-accrued basis, from its original and stated amount to CAN\$12,375, of which fees of CAN\$4,125 are paid in stock in lieu of cash.

If the Company elects to not renew the Obara Agreement or any party elects to terminate the Obara Agreement, Obara Ltd.'s obligation to provide the services to the Company will continue only until the effective termination date and the Company shall be obligated to provide to Obara Ltd.: (a) any fees which would then be due and owing by the Company to Obara Ltd. to the effective termination date; (b) any expense payment reimbursements which would then be due and owing by the Company to Obara Ltd. to the effective termination date (the "Obara Outstanding Expense Reimbursements"); (c) any pro rata and unused vacation pay which would then be due and owing by the Company to Mr. Obara to the effective termination date (the "Obara Outstanding Vacation Pay"); (d) subject to applicable provisions of the Obara Agreement, the vested portion of all Obara Ltd.'s and Mr. Obara's then issued and outstanding stock-based equity awards in and to the Company as at the effective termination date shall continue to be exercisable for a period of 90 calendar days following the effective termination date (the "Obara Options") and (e) confirmation that all of Mr. Obara's then benefits coverage would be covered until the effective termination date (the "Obara Benefits").

The Obara Agreement will be deemed terminated on the 30<sup>th</sup> calendar day following the death or disability of Mr. Obara, in which case the Company shall be obligated to provide to Obara Ltd.: (a) any fees which would then be due and owing by the Company to Obara Ltd. to the effective termination date; (b) Obara Outstanding Expense Reimbursements; (c) the Obara Outstanding Vacation Pay; (d) the Obara Options and (e) the Obara Benefits.

During Fiscal 2016 Obara Ltd. was dissolved and, as a result the Obara Agreement was terminated, however, the Company's and Mr. Obara's ongoing employment and remuneration obligations remain as contemplated and set forth in the Obara Agreement.

**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

The following table sets forth information regarding the beneficial ownership of our common stock as of October 10, 2016, by:

- each person who is known by us to beneficially own more than 5% of our shares of common stock; and
- each executive officer, each director and all of our directors and executive officers as a group.

The number of shares beneficially owned and the related percentages are based on 117,388,052 shares of common stock outstanding as of October 10, 2016.

For the purposes of the information provided below, shares that may be issued upon the exercise or conversion of stock options, warrants and other rights to acquire shares of our common stock that are exercisable or convertible within 60 days following October 10, 2016, are deemed to be outstanding and beneficially owned by the holder for the purpose of computing the number of shares and percentage ownership of that holder, but are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person.

<b>Name and Address of Beneficial Owner<sup>(1)</sup></b>	<b>Amount and Nature of Beneficial Ownership<sup>(1)</sup></b>	<b>Percentage of Beneficial Ownership</b>
Directors and Officers:		
Amir Adnani 1030 West Georgia Street, Suite 1830 Vancouver, British Columbia, Canada, V6E 2Y3	4,132,333	(2) 3.5 %
Spencer Abraham 500 North Shoreline Boulevard, Suite 800N Corpus Christi, Texas, U.S.A., 78401	893,642	(3) *
Ivan Obolensky 500 North Shoreline Boulevard, Suite 800N Corpus Christi, Texas, U.S.A., 78401	333,963	(4) *
Vincent Della Volpe 500 North Shoreline Boulevard, Suite 800N Corpus Christi, Texas, U.S.A., 78401	344,294	(5) *
David Kong 1030 West Georgia Street, Suite 1830 Vancouver, British Columbia, Canada, V6E 2Y3	217,940	(6) *

Ganpat Mani 500 North Shoreline Boulevard, Suite 800N Corpus Christi, Texas, U.S.A., 78401	146,078	(7)	*	
Pat Obara 1030 West Georgia Street, Suite 1830 Vancouver, British Columbia, Canada, V6E 2Y3	779,623	(8)	*	
Scott Melbye 500 North Shoreline Boulevard, Suite 800N Corpus Christi, Texas, U.S.A., 78401	585,385	(9)	*	
All directors and executive officers as a group (8 persons)	7,433,258	(10)	6.1	%

-

Notes:

\*

Less than one percent.

Under Rule 13d-3 of the Exchange Act, a beneficial owner of a security includes any person who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares: (i) voting power, which includes the power to vote, or to direct the voting of such security; and (ii) investment power, which includes the power to dispose or direct the disposition of the security. Certain shares of common stock may be deemed to be beneficially owned by more than one person (if, for example, persons share the power to vote or the power to dispose of the shares). In addition, shares of common stock are deemed to be beneficially owned by a person if the person has the right to acquire the shares (for example, upon exercise of an option) within 60 days of the date as of which the information is provided. In computing the percentage ownership of any person, the amount of shares of common stock outstanding is deemed to include the amount of shares beneficially owned by such person (and only such person) by reason of these acquisition rights. As a result, the percentage of outstanding shares of common stock of any person as shown in this table does not necessarily reflect the person's actual ownership or voting power with respect to the number of shares of common stock actually outstanding as of the date of this Annual Report. As of October 10, 2016, there were 117,388,052 shares of common stock of the Company issued and outstanding.

(1) This figure represents (i) 2,164,699 shares of common stock, (ii) 3,000 shares of common stock held of record by Mr. Adnani's wife and (iii) stock options to purchase 1,964,634 shares of our common stock, which have vested or will vest within 60 days of the date hereof.

(2) This figure represents (i) 23,642 shares of common stock and (ii) stock options to purchase 870,000 shares of our common stock, which have vested or will vest within 60 days of the date hereof.

(3) This figure represents (i) 21,463 shares of common stock and (ii) stock options to purchase 312,500 shares of our common stock, which have vested or will vest within 60 days of the date hereof.

(4) This figure represents (i) 3,044 shares of common stock and (ii) stock options to purchase 341,250 shares of our common stock, which have vested or will vest within 60 days of the date hereof.

(5) This figure represents (i) 17,190 shares of common stock, (ii) 7,000 shares of common stock held of record by Mr. Kong's wife and (iii) stock options to purchase 193,750 shares of our common stock, which have vested or will vest within 60 days of the date hereof.

(6) This figure represents (i) 33,578 shares of common stock and (ii) stock options to purchase 112,500 shares of our common stock, which have vested or will vest within 60 days of the date hereof.

(7) This figure represents (i) 232,623 shares of common stock and (ii) stock options to purchase 547,000 shares of our common stock, which have vested or will vest within 60 days of the date hereof.

(8) This figure represents (i) 120,385 shares of common stock and (ii) stock options to purchase 465,000 shares of our common stock, which have vested or will vest within 60 days of the date hereof.

(9) This figure represents (i) 2,626,624 shares of common stock and (ii) stock options to purchase 4,806,634 shares of our common stock.

## Changes in Control

We have no knowledge of any arrangements, including any pledge by any person of our securities, the operation of which may, at a subsequent date, result in a change in our control.

## Item 13. Certain Relationships and Related Transactions, and Director Independence

## **Related Party Transactions**

Except as described in this Annual Report, the Company was not involved in any transactions during the fiscal year ended July 31, 2016, and is not involved in any currently proposed transaction, in which the Company was or is to be a participant and the amount involved exceeds \$120,000 in which related persons had or will have a direct or indirect material interest.

During Fiscal 2016, the Company incurred \$164,566 in general and administrative costs paid to a company controlled by a direct family member of a current officer (Mr. Adnani). During Fiscal 2016, the Company issued 117,998 restricted common shares with a fair value of \$109,738 as settlement of amounts owed to this company totaling \$98,371.

Our Audit Committee is charged with reviewing and approving all related party transactions and reviewing and making recommendations to the Board of Directors, or approving any contracts or other transactions with any of our current or former executive officers. The charter of the Audit Committee sets forth the Company's written policy for the review of related party transactions.

## **Director Independence**

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

Item 14. Principal Accounting Fees and Services

Ernst & Young LLP serve as our independent registered public accounting firm and audited our financial statements for the fiscal years ended July 31, 2016 and 2015. Aggregate fees for professional services rendered to us by our auditors for our last two years are set forth below:

	Year Ended July 31, 2016	Year Ended July 31, 2015
Audit Fees	\$ 243,204	\$ 290,590
Audit Related Fees	-	-
Tax Fees	29,350	48,138
Total	\$ 272,554	\$ 338,728

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

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

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

**Pre-Approval of Services by the Independent Auditor**

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



ended July 31, 2016.

Part iv

Item 15. Exhibits. Financial Statement Schedules

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

**Exhibit**

**Number Description of Exhibit**

- |       |   |
|-------|---|
| 2.1   | Merger Agreement & Plan of Merger between Uranium Energy Corp. and Concentric Energy Corp. dated May 5, 2011, including the Concentric Disclosure Schedule pursuant thereto <sup>(15)</sup> |
| 2.2   | Amendment to Merger Agreement & Plan of Merger between Uranium Energy Corp. and Concentric Energy Corp. <sup>(17)</sup>   |
| 3.1   | Articles of Incorporation, as amended <sup>(1)</sup>  |
| 3.1.1 | Certificate of Amendment to Articles of Incorporation <sup>(2)</sup>  |
| 3.2   | Bylaws, as amended <sup>(30)</sup>  |
| 4.1   | Form of Indenture <sup>(27)</sup>   |
| 10.1  | Letter Agreement between La Merced del Pueblo de Cebolleta and Neutron Energy, Inc. <sup>(3)</sup>  |
| 10.2  | Limited Liability Company Members' Agreement of Cibola Resources LLC between Neutron Energy, Inc. and Uranium Energy Corp. <sup>(3)</sup>   |
| 10.3  | Limited Liability Company Operating Agreement of Cibola Resources LLC between Neutron Energy, Inc. and Uranium Energy Corp. <sup>(3)</sup>  |
| 10.4  | Consulting Services Agreement between Uranium Energy Corp. and Obara Builders Ltd. <sup>(4)</sup>   |
| 10.5  | Agreement to Purchase Assets between the Uranium Energy Corp. and Melvin O. Stairs, Jr. <sup>(5)</sup>  |
| 10.6  | Option and Joint Venture Letter Agreement between Uran Limited and the Company dated January 14, 2009 <sup>(6)</sup>  |
| 10.7  | Variation Agreement between Uran Limited and the Company dated May 28, 2009 <sup>(7)</sup>  |
| 10.8  | Mineral Property Option and Joint Venture Agreement between the Company and Strategic Resources Inc. <sup>(8)</sup>   |
| 10.9  | Further Amended and Restated Executive Services Agreement with Amir Adnani Corp. dated July 23, 2009 <sup>(9)</sup>   |
| 10.10 | Further Amended and Restated Executive Services Agreement with Harry L. Anthony dated July 23, 2009 <sup>(9)</sup>  |
| 10.11 | 2009 Stock Incentive Plan <sup>(10)</sup>   |
| 10.12 | Uranium Mining Lease dated October 6, 2004 <sup>(11)</sup>  |
| 10.13 | Uranium Mining Lease dated August 24, 2005 <sup>(11)</sup>  |
| 10.14 | Uranium Mining Lease dated August 24, 2005 <sup>(11)</sup>  |
| 10.15 | Uranium Mining Lease dated October 6, 2004 <sup>(11)</sup>  |
| 10.16 | Uranium Mining Lease dated December 19, 2005 <sup>(11)</sup>  |
| 10.17 | Uranium Mining Lease dated April 9, 2007 <sup>(11)</sup>  |
| 10.18 | Plant Site Surface Lease dated May 30, 2007 <sup>(30)</sup>   |

- 10.19 Uranium Mining Lease dated September 1, 2005 <sup>(30)</sup>
- 10.20 Uranium Mining Lease dated January 14, 2005 <sup>(30)</sup>

- 10.21 Uranium Mining Lease dated March 24, 2005 <sup>(30)</sup>
- 10.22 Uranium Mining Lease dated February 15, 2006 <sup>(30)</sup>
- 10.23 Uranium Mining Lease dated May 24, 2008 <sup>(30)</sup>
- 10.24 Uranium Mining Lease dated February 20, 2012 <sup>(30)</sup>
- 10.25 Uranium Mining Lease dated May 15, 2009 <sup>(30)</sup>
- 10.26 Uranium Mining Lease dated February 21, 2012 <sup>(30)</sup>
- 10.27 State Mining Lease dated July 6, 2011 <sup>(30)</sup>
- 10.28 Executive Services Agreement between Uranium Energy Corp. and Harry L. Anthony, dated February 22, 2010 <sup>(12)</sup>
- 10.29 2009 Stock Incentive Plan, as amended <sup>(13)</sup>
- 10.30 Executive Employment Services Agreement between Uranium Energy Corp. and Mark Katsumata, dated January 5, 2011 <sup>(14)</sup>
- 10.31 Share Exchange Agreement among Transandes Resources, Inc., Piedra Rica Mining S.A., UEC Paraguay Corp., and Uranium Energy Corp. dated May 11, 2011, including schedules attached thereto <sup>(16)</sup>
- 10.32 Property Acquisition Agreement between Minas Rio Bravo S.A., Compania Minera Rio Verde S.A., Minas La Roca S.A. and Piedra Rica Mining S.A. <sup>(18)</sup>
- 10.33 Property Acquisition Agreement between Cooper Minerals, Inc. and Uranium Energy Corp. <sup>(19)</sup>
- 10.34 Amendment No. 1 to Property Acquisition Agreement between Minas Rio Bravo S.A., Compania Minera Rio Verde S.A., Minas La Roca S.A. and Piedra Rica Mining S.A. <sup>(20)</sup>
- 10.35 Credit Agreement dated as of July 30, 2013 <sup>(21)</sup>
- 10.36 Form of Indemnification Agreement <sup>(22)</sup>
- 10.37 Engagement Letter, dated as of October 17, 2013, between Uranium Energy Corp. and H.C. Wainwright & Co., LLC. <sup>(23)</sup>
- 10.38 Form of Securities Purchase Agreement, dated as of October 17, 2013 <sup>(23)</sup>
- 10.39 Form of Warrant Certificate related to Securities Purchase Agreement dated as of October 17, 2013 <sup>(23)</sup>
- 10.40 Form of Warrant Certificate with respect to 2,600,000 warrants issued by Uranium Energy Corp. pursuant to Credit Agreement dated July 30, 2013 <sup>(24)</sup>
- 10.41 2013 Stock Incentive Plan <sup>(25)</sup>
- 10.42 Further Restated and Amended Executive Services Agreement between Uranium Energy Corp. and Amir Adnani Corp., dated July 24, 2013 <sup>(26)</sup>
- 10.43 Further Restated and Amended Executive Services Agreement between Uranium Energy Corp. and Harry L. Anthony, dated July 24, 2013 <sup>(26)</sup>
- 10.44 Restated and Amended Executive Consulting Services Agreement between Uranium Energy Corp. and Mark Katsumata, dated July 24, 2013 <sup>(26)</sup>
- 10.45 Controlled Equity Offering<sup>SM</sup> Sales Agreement, dated December 31, 2013, between Uranium Energy Corp. and Cantor Fitzgerald & Co. <sup>(28)</sup>
- 10.46 Amended and Restated Credit Agreement dated March 13, 2014 <sup>(29)</sup>
- 10.47 2014 Stock Incentive Plan <sup>(31)</sup>
- 10.48 Executive Services Agreement between Uranium Energy Corp. and Scott Melbye, executed December 15, 2014 <sup>(32)</sup>
- 10.49 2015 Stock Incentive Plan <sup>(33)</sup>

- 10.50 Engagement Letter, dated as of June 22, 2015, by and between Uranium Energy Corp. and H.C. Wainwright & Co., LLC and amendment thereto dated June 23, 2015 <sup>(34)</sup>
- 10.51 Engagement Letter, dated as of June 24, 2015, among Uranium Energy Corp., Cantor Fitzgerald & Co. and Cantor Fitzgerald Canada Corporation <sup>(34)</sup>
- 10.52 Form of Warrant <sup>(34)</sup>
- 10.53 Form of Securities Purchase Agreement, dated June 22, 2015, by and between Uranium Energy Corp. and investors in the offering <sup>(34)</sup>
- 10.54 Amendment Letter Agreement to the Further Restated and Amended Executive Services Agreement between Uranium Energy Corp. and Amir Adnani Corp., dated August 13, 2015 <sup>(35)</sup>
- 10.55 Appointment Letter dated October 1, 2015 with Spencer Abraham \*
- 10.56 Second Amended and Restated Credit Agreement dated February 9, 2016 <sup>(36)</sup>
- 10.57 Share Purchase and Option Agreement between CIC Resources Inc. and Uranium Energy Corp. dated March 4, 2016 <sup>(37)</sup>
- 10.58 Placement Agency Agreement, dated March 9, 2016, by and between Uranium Energy Corp., Dundee Securities Ltd., Dundee Securities Inc. and H.C. Wainwright & Co., LLC <sup>(38)</sup>
- 10.59 Form of Warrant <sup>(38)</sup>
- 10.60 Form of Securities Purchase Agreement, dated March 6, 2016, by and between Uranium Energy Corp. and investors in the offering <sup>(38)</sup>
- 10.61 2016 Stock Incentive Plan <sup>(39)</sup>
- 21.1 Subsidiaries of Uranium Energy Corp. \*
- 23.1 Consent of Independent Auditors, Ernst & Young LLP \*
- 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 Certification of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350 \*

101.1INS XBRL Instance Document \*

101.SCH XBRL Taxonomy Extension Schema Document \*

101.CAL XBRL Taxonomy Extension Calculation Linkbase Document \*

101.DEF XBRL Taxonomy Extension Definitions Linkbase Document \*

101.LAB XBRL Taxonomy Extension Label Linkbase Document \*

- (1) Incorporated by reference to our Registration Statement on Form SB-2 filed with the SEC on August 4, 2005.
- (2) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on February 9, 2006.
- (3) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on May 4, 2007.
- (4) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on October 9, 2007.
- (5) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on November 6, 2007.
- (6) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on January 16, 2009.
- (7) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on June 2, 2009.
- (8) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on June 9, 2009.
- (9) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on July 27, 2009.
- (10) Incorporated by reference to our Registration Statement on Form S-8 filed with the SEC on October 1, 2009.
- (11) Incorporated by reference to our Annual Report on Form 10-K/A filed with the SEC on April 21, 2010.
- (12) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on February 23, 2010.
- (13) Incorporated by reference to our Registration Statement on Form S-8 filed with the SEC on February 7, 2011.
- (14) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on January 10, 2011.
- (15) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on May 11, 2011.
- (16) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on May 17, 2011.
- (17) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on July 11, 2011.
- (18) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on October 31, 2011.
- (19) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on November 8, 2011.
- (20) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on March 5, 2012.
- (21) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on August 5, 2013.
- (22) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on October 2, 2013.
- (23) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on October 23, 2013.
- (24) Incorporated by reference to our Registration Statement on Form S-3 filed with the SEC on November 19, 2013.
- (25) Incorporated by reference to our Registration Statement on Form S-8 filed with the SEC on November 21, 2013.
- (26) Incorporated by reference to our Current Report on Form 8-K/A filed with the SEC on December 6, 2013.
- (27) Incorporated by reference to our Registration Statement on Form S-3 filed with the SEC on December 27, 2013.

- (28) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on December 31, 2013.
- (29) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on March 19, 2014.
- (30) Incorporated by reference to our Annual Report on Form 10-K filed with the SEC on October 14, 2014.
- (31) Incorporated by reference to our Registration Statement on Form S-8 filed with the SEC on January 9, 2015.
  
- (32) Incorporated by reference to our Quarterly Report on Form 10-Q filed with the SEC on March 12, 2015.
- (33) Incorporated by reference to our Schedule 14A Definitive Proxy Statement filed with the SEC on June 19, 2015.
- (34) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on June 25, 2015.
- (35) Incorporated by reference to our Quarterly Report on Form 10-Q filed with the SEC on December 8, 2015.
- (36) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on February 16, 2016
- (37) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on March 10, 2016.
- (38) Incorporated by reference to our Current Report on Form 8-K filed with the SEC on March 10, 2016.
- (39) Incorporated by reference to our Registration Statement on Form S-8 filed with the SEC on September 2, 2016.

\*

Filed herewith

**URANIUM ENERGY CORP.**

**CONSOLIDATED FINANCIAL STATEMENTS**

**JULY 31, 2016**

<b><u>Reports of Independent Registered Public Accounting Firm</u></b>	<b>F-2</b>
<b><u>Consolidated Balance Sheets</u></b>	<b>F-4</b>
<b><u>Consolidated Statements of Operations and Comprehensive Loss</u></b>	<b>F-5</b>
<b><u>Consolidated Statements of Cash Flows</u></b>	<b>F-6</b>
<b><u>Consolidated Statements of Stockholders' Equity</u></b>	<b>F-7</b>
<b><u>Notes to the Consolidated Financial Statements</u></b>	<b>F-9</b>

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## **Report of Independent Registered Public Accounting Firm**

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

We have audited the accompanying consolidated balance sheets of Uranium Energy Corp. as of July 31, 2016 and 2015, and the related consolidated statements of operations and comprehensive loss, cash flows and stockholders' equity for each of the three years in the period ended July 31, 2016. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Uranium Energy Corp. at July 31, 2016 and 2015, and the consolidated results of its operations and its cash flows for each of the three years in the period ended July 31, 2016, in conformity with U.S. generally accepted accounting principles.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. Without qualifying our audit opinion, we draw attention to Note 1 of the consolidated financial statements which indicates that the Company has yet to achieve profitability and has had a history of operating losses resulting in an accumulated deficit balance since inception, and that the continuation of the Company as a going concern is dependent upon its ability to obtain adequate additional financing. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that raises substantial doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Uranium Energy Corp.'s internal control over financial reporting as of July 31, 2016, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated October 13, 2016 expressed an unqualified opinion

thereon.

Vancouver, Canada /s/ *Ernst & Young LLP*  
October 13, 2016 Chartered Professional Accountants

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## **Report of Independent Registered Public Accounting Firm**

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

We have audited Uranium Energy Corp.'s internal control over financial reporting as of July 31, 2016, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). Uranium Energy Corp.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

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

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

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

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In our opinion, Uranium Energy Corp. maintained, in all material respects, effective internal control over financial reporting as of July 31, 2016, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Uranium Energy Corp. as of July 31, 2016 and 2015, and the related consolidated statements of operations and comprehensive loss, cash flows and stockholders' equity for each of the three years in the period ended July 31, 2016, and our report dated October 13, 2016 expressed an unqualified opinion thereon.

Vancouver, Canada /s/ *Ernst & Young LLP*  
October 13, 2016 Chartered Professional Accountants

**URANIUM ENERGY CORP.****CONSOLIDATED BALANCE SHEETS**

	Notes	July 31, 2016	July 31, 2015
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		\$7,142,571	\$10,092,408
Inventories		275,316	251,999
Prepaid expenses and deposits		533,977	444,500
Other current assets		48,777	18,711
		8,000,641	10,807,618
<b>MINERAL RIGHTS AND PROPERTIES</b>			
	3	37,973,951	38,437,967
<b>PROPERTY, PLANT AND EQUIPMENT</b>			
	4	6,942,304	6,948,647
<b>RECLAMATION DEPOSITS</b>			
	5	1,706,027	1,706,025
<b>OTHER LONG-TERM ASSET</b>			
	6	1,553,388	-
		\$56,176,311	\$57,900,257
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued liabilities	6	\$1,822,447	\$2,538,544
Due to related parties	7	-	14,660
Current portion of long-term debt	8	-	1,666,667
Current portion of asset retirement obligations	9	-	340,827
		1,822,447	4,560,698
<b>DEFERRED INCOME TAX LIABILITIES</b>			
	12	643,825	676,064
<b>LONG-TERM DEBT</b>			
	8	19,198,178	18,090,811
<b>OTHER LONG-TERM LIABILITY</b>			
	6	315,519	-
<b>ASSET RETIREMENT OBLIGATIONS</b>			
	9	3,746,464	3,586,019
		25,726,433	26,913,592
<b>STOCKHOLDERS' EQUITY</b>			
<b>Capital stock</b>			
Common stock \$0.001 par value: 750,000,000 shares authorized, 116,670,457 shares issued and outstanding (July 31, 2015 - 97,834,087)	10	116,670	97,841
Additional paid-in capital		239,701,884	222,927,529
Accumulated deficit		(209,353,946)	(192,024,074)
Accumulated other comprehensive loss		(14,730 )	(14,631 )
		30,449,878	30,986,665
		\$56,176,311	\$57,900,257

COMMITMENTS AND CONTINGENCIES	15
SUBSEQUENT EVENT	15

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

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**URANIUM ENERGY CORP.****CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**

		Year Ended July 31,		
	Notes	2016	2015	2014
<b>SALES</b>		\$-	\$3,080,000	\$-
<b>COSTS AND EXPENSES</b>				
Cost of sales		-	2,326,674	-
Inventory write-down		-	-	804,060
Mineral property expenditures	3, 9	4,061,159	5,706,080	9,160,648
General and administrative	7,10	9,297,746	13,230,840	9,825,796
Depreciation, amortization and accretion	3, 4, 9	875,724	1,802,443	2,392,866
Impairment loss on mineral properties	3	97,114	349,805	653,224
		14,331,743	23,415,842	22,836,594
<b>LOSS FROM OPERATIONS</b>		(14,331,743 )	(20,335,842 )	(22,836,594 )
<b>OTHER INCOME (EXPENSES)</b>				
Interest income		24,177	12,797	30,027
Interest expenses and finance costs	8	(3,005,391 )	(3,071,235 )	(2,893,816 )
Loss on disposition of assets		(2,186 )	(38 )	(2,553 )
Realized loss on available-for-sale securities		-	(3,023 )	-
Loss on fair value of variable share forward contract		-	-	(331,130 )
Loss on settlement of current liabilities	7,14	(46,968 )	-	(20,581 )
Gain on settlement of asset retirement obligations		-	-	9,831
		(3,030,368 )	(3,061,499 )	(3,208,222 )
<b>LOSS BEFORE INCOME TAXES</b>		(17,362,111 )	(23,397,341 )	(26,044,816 )
<b>DEFERRED INCOME TAX BENEFIT</b>	12	32,239	35,413	69,709
<b>NET LOSS FOR THE YEAR</b>		(17,329,872 )	(23,361,928 )	(25,975,107 )
<b>OTHER COMPREHENSIVE LOSS, NET OF INCOME TAXES</b>		(99 )	(1,092 )	(13,539 )
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>		\$(17,329,971 )	\$(23,363,020 )	\$(25,988,646 )
<b>NET LOSS PER SHARE, BASIC AND DILUTED</b>	11	\$(0.16 )	\$(0.25 )	\$(0.29 )
<b>WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING, BASIC AND DILUTED</b>		106,086,782	92,397,547	89,136,505

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

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**URANIUM ENERGY CORP.****CONSOLIDATED STATEMENTS OF CASH FLOWS**

		Year Ended July 31,		
	Notes	2016	2015	2014
<b>CASH PROVIDED BY (USED IN):</b>				
<b>OPERATING ACTIVITIES</b>				
Net loss for the year		\$(17,329,872)	\$(23,361,928)	\$(25,975,107)
Adjustments to reconcile net loss to cash flows in operating activities				
Stock-based compensation	10	3,084,163	5,617,748	1,309,450
Depreciation, amortization and accretion	3,4,9	875,724	2,193,160	2,550,012
Amortization of long-term debt discount	8	1,245,615	1,353,773	1,498,858
Revaluation of asset retirement obligations	3,9	(308,398 )	-	-
Impairment loss on mineral properties	3	97,114	349,805	653,224
Loss on disposition of assets		2,186	38	2,553
Realized loss on available-for-sale securities		-	3,023	-
Loss on fair value of variable share forward contract		-	-	331,130
Loss on settlement of current liabilities	7,14	46,968	-	20,581
Gain on settlement of asset retirement obligations		-	-	(9,831 )
Deferred income tax benefit	12	(32,239 )	(35,413 )	(69,709 )
Changes in operating assets and liabilities				
Inventories		(23,317 )	1,316,959	(700,679 )
Prepaid expenses and deposits		(85,673 )	46,866	426,549
Other current assets		(30,165 )	(2,954 )	30,523
Accounts payable and accrued liabilities		(622,713 )	243,686	(1,322,106 )
Settlement of asset retirement obligations		-	-	(13,551 )
<b>NET CASH FLOWS USED IN OPERATING ACTIVITIES</b>		<b>(13,080,607)</b>	<b>(12,275,237)</b>	<b>(21,268,103)</b>
<b>FINANCING ACTIVITIES</b>				
Shares issuance for cash, net of issuance costs	10	10,209,632	9,650,530	6,342,254
Net proceeds from debt financing	8	-	-	9,554,467
Due to related parties	7	(14,660 )	3,426	1,663
<b>NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES</b>		<b>10,194,972</b>	<b>9,653,956</b>	<b>15,898,384</b>
<b>INVESTING ACTIVITIES</b>				
Net cash used in asset acquisition	6	(46,084 )	-	-
Investment in mineral rights and properties		-	(78,626 )	(161,800 )
Purchase of property, plant and equipment		(18,934 )	(23,041 )	(163,276 )

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Proceeds from disposition of assets		818	2,860	600
Cash proceeds from the release of reclamation deposits	5	-	5,663,158	-
Payment of collateral for surety bonds	5	-	(1,690,208 )	-
Decrease in reclamation deposits		(2 )	(346 )	362,280
NET CASH FLOWS (USED IN) PROVIDED BY INVESTING ACTIVITIES		(64,202 )	3,873,797	37,804
NET CASH FLOWS		(2,949,837 )	1,252,516	(5,331,915 )
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		10,092,408	8,839,892	14,171,807
CASH AND CASH EQUIVALENTS, END OF YEAR		\$7,142,571	\$10,092,408	\$8,839,892
SUPPLEMENTAL CASH FLOW INFORMATION	6,8,14			

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

**URANIUM ENERGY CORP.****CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**

	Common Stock		Additional	Accumulated	Accumulated Other	Stockholders'
	Shares	Amount	Paid- in Capital	Deficit	Loss	Equity
Balance, July 31, 2013	86,032,285	\$86,036	\$200,046,081	\$(142,687,039)	\$-	\$57,445,078
Common stock						
Issued for equity financing, net of issuance costs	3,380,954	3,381	5,944,411	-	-	5,947,792
Issued for debt financing as bonus shares and fees	386,834	388	675,670	-	-	676,058
Issued for exercise of stock options	470,492	471	26,930	-	-	27,401
Issued for advance royalty payment	30,304	30	34,820	-	-	34,850
Stock-based compensation						
Common stock issued for consulting services	635,303	636	1,101,296	-	-	1,101,932
Common stock issued for bonuses	30,386	30	54,970	-	-	55,000
Stock options issued to consultants	-	-	74,992	-	-	74,992
Stock options issued to employees	-	-	82,321	-	-	82,321
Warrants issued for equity financing	-	-	584,331	-	-	584,331
Amendment of debt financing related instruments	-	-	(617,510)	-	-	(617,510)
Net loss for the year	-	-	-	(25,975,107)	-	(25,975,107)
Other comprehensive loss	-	-	-	-	(13,539)	(13,539)
Balance, July 31, 2014	90,966,558	\$90,972	\$208,008,312	\$(168,662,146)	\$(13,539)	\$39,423,599
Common stock						
Issued for equity financing, net of issuance costs	5,280,045	5,280	7,653,859	-	-	7,659,139
Issued for exercise of stock options	304,657	305	24,245	-	-	24,550

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Stock-based compensation						
Common stock issued for consulting services	1,108,390	1,111	1,849,963	-	-	1,851,074
Common stock issued for bonuses	174,437	173	235,317	-	-	235,490
Stock options issued to consultants	-	-	588,207	-	-	588,207
Stock options issued to management	-	-	1,617,937	-	-	1,617,937
Stock options issued to employees	-	-	1,325,040	-	-	1,325,040
Warrants						
Issued for equity financing	-	-	1,418,116	-	-	1,418,116
Issued for equity financing as share issuance costs	-	-	206,533	-	-	206,533
Net loss for the year	-	-	-	(23,361,928 )	-	(23,361,928)
Other comprehensive loss	-	-	-	-	(1,092 )	(1,092 )
Balance, July 31, 2015	97,834,087	\$97,841	\$ 222,927,529	\$(192,024,074)	\$ (14,631 )	\$ 30,986,665

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

**URANIUM ENERGY CORP.****CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**

	Common Stock		Additional	Accumulated	Accumulated Other	Stockholders'
	Shares	Amount	Paid-in Capital	Deficit	Comprehensive Loss	Equity
Balance, July 31, 2015	97,834,087	\$97,841	\$ 222,927,529	\$(192,024,074)	\$ (14,631 )	\$ 30,986,665
Common stock Issued for equity financing, net of issuance costs	12,364,704	12,365	8,352,672	-	-	8,365,037
Issued for exercise of stock options	682,167	682	224,433	-	-	225,115
Issued for credit facility	1,711,933	1,712	1,698,288	-	-	1,700,000
Issued for asset acquisition	1,333,560	1,334	1,225,541	-	-	1,226,875
Issued for settlement of current liabilities	487,574	487	452,957	-	-	453,444
Stock-based compensation						
Common stock issued for consulting services	1,429,650	1,429	1,370,952	-	-	1,372,381
Common stock issued under 2016 Plan	826,782	820	725,424	-	-	726,244
Stock options issued to consultants	-	-	78,014	-	-	78,014
Stock options issued to management	-	-	735,991	-	-	735,991
Stock options issued to employees	-	-	171,533	-	-	171,533
Warrants						
Warrants issued for equity financing	-	-	1,619,480	-	-	1,619,480
Warrants extension for credit facility	-	-	104,915	-	-	104,915
Warrants extension for mineral property	-	-	14,155	-	-	14,155
Net loss for the year	-	-	-	(17,329,872 )	-	(17,329,872)
	-	-	-	-	(99 )	(99 )

Other comprehensive  
loss

Balance, July 31, 2016	116,670,457	\$ 116,670	239,701,884	\$(209,353,946)	\$ (14,730 )	\$ 30,449,878
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The accompanying notes are an integral part of these consolidated financial statements

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**URANIUM ENERGY CORP.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**JULY 31, 2016**

**NOTE 1: NATURE OF OPERATIONS AND GOING CONCERN**

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

Although planned principal operations have commenced from which significant revenues from sales of uranium concentrates were realized for the fiscal years ended July 31, 2015 (“Fiscal 2015”), 2013 (“Fiscal 2013”) and 2012 (“Fiscal 2012”), the Company has yet to achieve profitability and has had a history of operating losses resulting in an accumulated deficit balance since inception. No revenue from sales of uranium concentrates was realized for the fiscal year ended July 31, 2016 (“Fiscal 2016”), and 2014 (“Fiscal 2014”) or for any periods prior to Fiscal 2012. Historically, the Company has been reliant primarily on equity financings from the sale of its common stock and, during Fiscal 2014 and 2013, on debt financing in order to fund its operations, and this reliance is expected to continue for the foreseeable future.

At July 31, 2016, the Company had working capital of \$6.2 million including cash and cash equivalents of \$7.1 million. As the Company does not expect to achieve and maintain profitability in the near term, the continuation of the Company as a going concern is dependent upon its ability to obtain adequate additional financing which the Company has successfully secured since its inception, including those from asset divestitures. However, there is no assurance that the Company will be successful in securing any form of additional financing in the future when required and on terms favorable to the Company; therefore substantial doubt exists as to whether the Company’s cash resources and working capital will be sufficient to enable the Company to continue as a going concern for the next twelve months. The continued operations of the Company, including the recoverability of the carrying values of its assets, are dependent ultimately on the Company’s ability to achieve and maintain profitability and positive cash flow from its operations.

These consolidated financial statements have been prepared on a going concern basis and do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary in the event the Company can no longer continue as a going concern.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation and Principles of Consolidation**

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

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

Certain comparative figures have been reclassified to conform to the current year’s presentation.

**Exploration Stage**

The Company has established the existence of mineralized materials for certain uranium projects, including the Palangana Mine. The Company has not established proven or probable reserves, as defined by the United States Securities and Exchange Commission (the “SEC”) under Industry Guide 7, through the completion of a “final” or “bankable” feasibility study for any of its uranium projects, including the Palangana Mine. Furthermore, the Company has no plans to establish proven or probable reserves for any of its uranium projects for which the Company plans on utilizing in-situ recovery (“ISR”) mining, such as the Palangana Mine. As a result, and despite the fact that the Company commenced extraction of mineralized materials at the Palangana Mine in November 2010, the Company remains in the Exploration Stage as defined under Industry Guide 7, and will continue to remain in the Exploration Stage until such time proven or probable reserves have been established.



**URANIUM ENERGY CORP.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**JULY 31, 2016**

Since the Company commenced extraction of mineralized materials at the Palangana Mine without having established proven or probable reserves, any mineralized materials established or extracted from the Palangana Mine should not in any way be associated with having established or produced from proven or probable reserves.

In accordance with U.S. GAAP, expenditures relating to the acquisition of mineral rights are initially capitalized as incurred while exploration and pre-extraction expenditures are expensed as incurred until such time the Company exits the Exploration Stage by establishing proven or probable reserves. Expenditures relating to exploration activities such as drill programs to establish mineralized materials are expensed as incurred. Expenditures relating to pre-extraction activities such as the construction of mine wellfields, ion exchange facilities and disposal wells are expensed as incurred until such time proven or probable reserves are established for that project, after which expenditures relating to mine development activities for that particular project are capitalized as incurred.

Companies in the Production Stage as defined under Industry Guide 7, having established proven and probable reserves and exited the Exploration Stage, typically capitalize expenditures relating to ongoing development activities, with corresponding depletion calculated over proven and probable reserves using the units-of-production method and allocated to future reporting periods to inventory and, as that inventory is sold, to cost of goods sold. The Company is in the Exploration Stage which has resulted in the Company reporting larger losses than if it had been in the Production Stage due to the expensing, instead of capitalization, of expenditures relating to ongoing mill and mine development activities. Additionally, there would be no corresponding amortization allocated to future reporting periods of the Company since those costs would have been expensed previously, resulting in both lower inventory costs and cost of goods sold and results of operations with higher gross profits and lower losses than if the Company had been in the Production Stage. Any capitalized costs, such as expenditures relating to the acquisition of mineral rights, are depleted over the estimated extraction life using the straight-line method. As a result, the Company's consolidated financial statements may not be directly comparable to the financial statements of companies in the Production Stage.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities as of the balance sheet date and the corresponding revenues and expenses for the period reported. By their nature, these estimates and assumptions are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates and assumptions in future periods could be significant. Significant areas requiring management's estimates and assumptions include determining the fair value of transactions involving shares of common stock, valuation and impairment losses on mineral rights and properties, valuation of stock-based compensation, valuation of variable share forward contract, net realizable value of inventory, valuation of other long-term asset, and valuation of long-term debt and asset retirement obligations. Other areas requiring estimates include allocations of expenditures to inventories, depletion and amortization of mineral rights and properties and depreciation of property, plant and equipment. Actual results could differ significantly from those estimates and assumptions.

### **Foreign Currency Translation**

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

**URANIUM ENERGY CORP.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**JULY 31, 2016**

**Cash and Cash Equivalents**

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

**Financial Instruments**

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

**Fair Value Measurements**

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

The Company has determined that its available-for-sale securities are Level 1 financial instruments and its variable share forward contract is a Level 2 financial instrument.

### **Other Long-Term Asset**

Other long-term asset represents the Company's option to acquire an equity interest in another entity (refer to Note 6). As the option doesn't have a readily determinable fair value as defined by ASC 320: Investments – Debt and Equity Securities, it has been initially recognized and subsequently measured at costs, less accumulated impairment.

### **Inventories**

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

**URANIUM ENERGY CORP.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**JULY 31, 2016**

**Mineral Rights**

Acquisition costs of mineral rights are initially capitalized as incurred while exploration and pre-extraction expenditures are expensed as incurred until such time proven or probable reserves, as defined by the SEC under Industry Guide 7, are established for that project. Expenditures relating to exploration activities are expensed as incurred and expenditures relating to pre-extraction activities are expensed as incurred until such time proven or probable reserves are established for that project, after which subsequent expenditures relating to development activities for that particular project are capitalized as incurred.

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

The carrying values of the mineral rights are assessed for impairment by management on a quarterly basis and as required whenever indicators of impairment exist. An impairment loss is recognized if it is determined that the carrying value is not recoverable and exceeds fair value.

**Databases**

Expenditures relating to mineral property databases are capitalized upon acquisition while those developed internally are expensed as incurred. Mineral property databases are tested for impairment whenever events or changes indicate that the carrying values may not be recoverable. An impairment loss is recognized if it is determined that the carrying value is not recoverable and exceeds fair value. Mineral property databases are amortized using the straight-line

method over a five-year period during which management believes these assets will contribute to the Company's cash flows. Databases are included in Mineral Rights and Properties on the balance sheet.

### **Land Use Agreements**

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

### **Property, Plant and Equipment**

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

	Hobson processing facility: 15 years
Mining and logging equipment and vehicles:	5 to 10 years
Computer equipment:	3 years
Furniture and fixtures:	5 years
Leasehold improvements:	Term of lease

### **Impairment of Long-Lived Assets**

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

**URANIUM ENERGY CORP.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**JULY 31, 2016**

**Income Taxes**

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

**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 extraction equipment removal and environmental remediation, are accrued at the end of each period based on management's best estimate of the costs expected to be incurred for each project. Such estimates consider the costs of future surface and groundwater activities, current regulations, actual expenses incurred, and technology and industry standards.

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

On a quarterly basis, the Company reviews the assumptions used to estimate the expected cash flows required to settle the asset retirement obligations, including changes in estimated probabilities, amounts and timing of the settlement of the asset retirement obligations, as well as changes in any regulatory or legal obligations for each of its mineral projects. Changes in any one or more of these assumptions may cause revision of asset retirement obligations and the associated underlying assets. Revisions to the asset retirement obligations associated with fully depleted projects (with a carrying value of \$Nil) are charged to the statement of operations.

### **Revenue Recognition**

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



**URANIUM ENERGY CORP.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**Stock-Based Compensation**

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

From time to time, the Company issues shares of its common stock as compensation to the Company's directors, officers and employees and for various consulting services. The fair values of the shares are measured using the closing price of the Company's shares on the issuance date.

**Earnings (Loss) Per Common Share**

Basic earnings (loss) per share includes no potential dilution and is computed by dividing the earnings (loss) attributable to common stockholders by the weighted-average number of common shares outstanding for the period. Diluted earnings (loss) per share reflect the potential dilution of securities that could share in the earnings (loss) of the Company.

**Accounting Policies Not Yet Adopted**

In May 2014, the Financial Accounting Standards Board (“FASB”) issued ASU 2014-09, which provides a comprehensive revenue recognition standard which will supersede previous existing revenue recognition guidance. The standard creates a five-step model for revenue recognition to achieve the objective of recognizing revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. The five-step model includes: (i) identifying the contract; (ii) identifying the separate performance obligations in the contract; (iii) determining the transaction price; (iv) allocating the transaction price to the separate performance obligations; and (v) recognizing revenue when each performance obligation has been satisfied. The standard also requires expanded disclosures surrounding revenue recognition. The standard is effective for fiscal periods beginning after December 15, 2017 and early adoption is not permitted. Accordingly, the Company will adopt the standard effective August 1, 2018. Companies are allowed to use either full retrospective or modified retrospective adoption. The Company is evaluating the impact of the adoption of this standard on its consolidated financial statements.

In August 2014, FASB issued ASU 2014-15: Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern, which provides guidance on determining when and how to disclose going-concern uncertainties in the financial statements. ASU 2014-15 requires management to perform interim and annual assessments of an entity’s ability to continue as a going concern within one year of the date the financial statements are issued. An entity must provide certain disclosures if conditions or events raise substantial doubt about the entity’s ability to continue as a going concern. ASU 2014-15 applies to all entities and is effective for annual periods ending after December 15, 2016, and interim periods thereafter, with early adoption permitted. Accordingly, the Company will adopt the standard effective August 1, 2016 for the fiscal year ending July 31, 2017, and does not expect that this election will have a significant impact on the Company’s consolidated financial statements.

**URANIUM ENERGY CORP.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****JULY 31, 2016**

In March 2016, the Financial Accounting Standards Board issued Accounting Standards Update No. 2016-09: Improvement to Employee Share-Based Payment Accounting ("ASU 2016-09"), as part of its simplification initiative. ASU 2016-09 allows an entity to make an entity-wide accounting policy election to either estimate the number of awards that are expected to vest (current U.S. GAAP) or account for forfeitures when they occur. For public business entities, ASU 2016-09 is effective for annual periods ending after December 15, 2016, and interim periods thereafter, with early adoption permitted. The Company will adopt the standard and election to account for forfeitures when they occur for the fiscal year ending July 31, 2017. The Company does not expect that this election will have a significant impact on the Company's consolidated financial statements.

**NOTE 3: MINERAL RIGHTS AND PROPERTIES****Mineral Rights**

At July 31, 2016, the Company had mineral rights in the States of Arizona, Colorado, New Mexico, Texas and Wyoming and the Republic of Paraguay. These mineral rights were acquired through staking and purchase, lease or option agreements and are subject to varying royalty interests, some of which are indexed to the sale price of uranium. At July 31, 2016, annual maintenance payments of approximately \$1,528,000 were required to maintain these mineral rights.

Mineral rights and property acquisition costs consisted of the following:

	July 31, 2016	July 31, 2015
Mineral Rights and Properties		
Palangana Mine	\$ 6,443,028	\$ 6,587,135
Goliad Project	8,689,127	8,689,127
Burke Hollow Project	1,495,750	1,495,750
Longhorn Project	116,870	116,870

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Salvo Project	14,905	14,905
Nichols Project	154,774	154,774
Anderson Project	9,154,268	9,154,268
Workman Creek Project	1,472,008	1,472,008
Los Cuatros Project	257,250	257,250
Slick Rock Project	615,650	661,271
Yuty Project	11,947,144	11,947,144
Coronel Oviedo Project	1,133,412	1,133,412
Other Property Acquisitions	234,248	285,741
	41,728,434	41,969,655
Accumulated Depletion	(3,929,884 )	(3,929,884 )
	37,798,550	38,039,771
Databases	2,410,038	2,410,038
Accumulated Amortization	(2,364,019 )	(2,166,966 )
	46,019	243,072
Land Use Agreements	404,310	390,155
Accumulated Amortization	(274,928 )	(235,031 )
	129,382	155,124
	\$ 37,973,951	\$ 38,437,967

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**URANIUM ENERGY CORP.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**JULY 31, 2016**

During Fiscal 2016, the Company abandoned certain mineral interests at projects located in Colorado, New Mexico and Wyoming having a combined acquisition cost of \$97,114. As a result, an impairment loss on mineral properties of \$97,114 was reported on the consolidated statement of operations.

During Fiscal 2015, the Company abandoned certain mineral interests which were outside of the previously established mineralize materials at the Salvo Project with a combined acquisition cost of \$349,805. As a result, an impairment loss on mineral property of \$349,805 was reported on the consolidated statement of operations.

During Fiscal 2014, the Company abandoned the Channen Project located in Texas with an acquisition cost of \$428,164, the Todilto Project located in New Mexico with an acquisition cost of \$166,720 and certain other interests located in Arizona, Colorado and Texas with a combined acquisition cost of \$58,340. As a result, an impairment loss on mineral properties of \$653,224 was reported on the consolidated statement of operations.

The Company has not established proven or probable reserves, as defined by the SEC under Industry Guide 7, for any of its mineral projects. The Company has established the existence of mineralized materials for certain uranium projects, including the Palangana Mine. Since the Company commenced uranium extraction at the Palangana Mine without having established proven or probable reserves, there may be greater inherent uncertainty as to whether or not any mineralized material can be economically extracted as originally planned and anticipated.

The Palangana Mine has been the Company's sole source for the uranium concentrates sold to generate its sales revenues during Fiscal 2015, Fiscal 2013 and 2012, with no sales revenues generated during Fiscal 2016, 2014 and prior to Fiscal 2012. The economic viability of the Company's mining activities, including the expected duration and profitability of the Palangana Mine and of any future satellite ISR mines, such as the Burke Hollow and Goliad Projects, located within the South Texas Uranium Belt, has many risks and uncertainties. These include, but are not limited to: (i) a significant, prolonged decrease in the market price of uranium; (ii) difficulty in marketing and/or selling uranium concentrates; (iii) significantly higher than expected capital costs to construct the mine and/or processing plant; (iv) significantly higher than expected extraction costs; (v) significantly lower than expected uranium extraction; (vi) significant delays, reductions or stoppages of uranium extraction activities; and (vii) the

introduction of significantly more stringent regulatory laws and regulations. The Company's mining activities may change as a result of any one or more of these risks and uncertainties and there is no assurance that any ore body that we extract mineralized materials from will result in profitable mining activities.

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

Fiscal 2017	\$68,605
Fiscal 2018	52,028
Fiscal 2019	379,585
Fiscal 2020	832,588
Fiscal 2021	1,595,344
Total	\$2,928,150

**URANIUM ENERGY CORP.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****JULY 31, 2016**

Mineral property expenditures incurred by major projects were as follows:

	Year Ended July 31,		
	2016	2015	2014
Mineral Property Expenditures			
Palangana Mine	\$1,273,002	\$2,147,293	\$2,566,770
Goliad Project	92,588	105,282	1,747,619
Burke Hollow Project	1,034,888	1,316,321	2,094,089
Longhorn Project	10,149	66,135	71,497
Salvo Project	34,289	54,462	14,384
Anderson Project	178,212	240,519	254,840
Workman Creek Project	32,820	31,702	32,290
Slick Rock Project	53,861	53,313	66,525
Yuty Project	388,840	392,879	451,464
Coronel Oviedo Project	569,077	564,501	759,804
Other Mineral Property Expenditures	701,831	733,673	1,101,366
Revaluation of Asset Retirement Obligations	(308,398 )	-	-
	\$4,061,159	\$5,706,080	\$9,160,648

**Palangana Mine, Texas**

The Company holds various mining lease and surface use agreements granting the Company the exclusive right to explore, develop and mine for uranium at the Palangana Mine, a 6,987-acre property located in Duval County, Texas approximately 100 miles south of the Hobson Processing Facility. These agreements are subject to certain royalty and overriding royalty interests indexed to the sale price of uranium and generally have an initial five-year term with extension provisions.

During Fiscal 2016, the asset retirement obligations (“ARO”) of the Palangana Mine were revised due to changes in the estimated timing of restoration and reclamation of the Palangana Mine, resulting in the corresponding mineral rights

and properties being reduced by \$144,107, and a credit amount of revaluation of ARO totaling \$308,398 being recorded against the mineral property expenditures for the Palangana Mine. Refer to Note 9: Asset Retirement Obligations.

During Fiscal 2016, the Company continued with the strategic plan of reduced operations implemented in Fiscal 2014 and further reduced operations at the Palangana Mine to capture residual uranium only. As a result, no depletion for the Palangana Mine was recorded on the Company's consolidated financial statements.

At July 31, 2016, capitalized costs of the Palangana Mine were \$6,443,028 (July 31, 2015: \$6,587,135), less accumulated depletion of \$3,929,884 (July 31, 2015: \$3,929,884), for a net book value of \$2,513,144 (July 31, 2015: \$2,657,251).

### **Goliad Project, Texas**

The Company holds various mining lease and surface use agreements granting the Company the exclusive right to explore, develop and mine for uranium at the Goliad Project, a 1,139-acre property located in Goliad County, Texas. These agreements are subject to certain royalty interests indexed to the sale price of uranium and have an initial five-year term with extension provisions. At July 31, 2016, capitalized costs totaled \$8,689,127 (July 31, 2015: \$8,689,127).



**URANIUM ENERGY CORP.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**JULY 31, 2016**

**Burke Hollow Project, Texas**

The Company holds various mining lease and surface use agreements granting the Company the exclusive right to explore, develop and mine for uranium at the Burke Hollow Project, a 19,335-acre property located in Bee County, Texas. These agreements are subject to certain royalty interests indexed to the sale price of uranium and have an initial five-year term with extension provisions. At July 31, 2016, capitalized costs totaled \$1,495,750 (July 31, 2015: \$1,495,750).

**Longhorn Project, Texas**

The Company holds various mining lease and surface use agreements granting the Company the exclusive right to explore, develop and mine for uranium at the Longhorn Project, a 651-acre property located in Live Oak County, Texas. These agreements are subject to certain royalty interests indexed to the sale price of uranium and have an initial five-year term with extension provisions. At July 31, 2016, capitalized costs totaled \$116,870 (July 31, 2015: \$116,870).

**Salvo Project, Texas**

The Company holds various mining lease and surface use agreements granting the Company the exclusive right to explore, develop and mine for uranium at the Salvo Project, a 1,847-acre property located in Bee County, Texas. These agreements are subject to certain royalty interests indexed to the sale price of uranium and have an initial five-year term with extension provisions.

During Fiscal 2015, the Company abandoned certain mineral interests which were outside of the boundaries of the previously reported mineralized materials at the Salvo Project with a combined acquisition cost of \$349,805. At July 31, 2016, capitalized costs totaled \$14,905 (July 31, 2015: \$14,905).

#### **Nichols Project, Texas**

The Company holds a mining lease and surface use agreement granting the Company the exclusive right to explore, develop and mine for uranium at the Nichols Project, a 909-acre property located in Karnes County, Texas. The agreement is subject to certain royalty interests indexed to the sale price of uranium and has an initial five-year term with extension provisions. At July 31, 2016, capitalized costs totaled \$154,774 (July 31, 2015: \$154,774).

#### **Anderson Project, Arizona**

The Company holds an undivided 100% interest in contiguous mineral lode claims and state leases in the Anderson Project, a 8,268-acre property located in Yavapai County, Arizona. At July 31, 2016, capitalized costs totaled \$9,154,268 (July 31, 2015: \$9,154,268).

#### **Workman Creek Project, Arizona**

The Company holds an undivided 100% interest in contiguous mineral lode claims in the Workman Creek Project, a 4,036-acre property located in Gila County, Arizona. The Workman Creek Project is subject to a 3.0% net smelter royalty requiring an annual advance royalty payment of \$50,000 for 2016 and 2017, and \$100,000 thereafter. The Company has an exclusive right and option to acquire one-half (1.5%) of the net smelter royalty for \$1,000,000 at any time until January 21, 2024. Additionally, certain individuals hold an option to acquire a 0.5% net smelter royalty exercisable by paying the Company the sum of \$333,340 at any time until January 21, 2024. At July 31, 2016, capitalized costs totaled \$1,472,008 (July 31, 2015: \$1,472,008).

**URANIUM ENERGY CORP.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**JULY 31, 2016**

**Los Cuatros Project, Arizona**

The Company holds an undivided 100% interest in a state lease in the Los Cuatros Project, a 640-acre property located in Maricopa County, Arizona. At July 31, 2016, capitalized costs totaled \$257,250 (July 31, 2015: \$257,250).

**Slick Rock Project, Colorado**

The Company holds an undivided 100% interest in contiguous mineral lode claims in the Slick Rock Project, a 5,333-acre property located in San Miguel County, Colorado. Certain claims of the Slick Rock Project are subject to a 1.0% or 3.0% net smelter royalty, the latter requiring an annual advance royalty payment of \$30,000 beginning in November 2017.

During Fiscal 2016, the Company abandoned certain mineral interests in the Slick Rock project with acquisition cost of \$45,621. As a result, an impairment loss on mineral properties of \$45,621 was reported on the consolidated statement of operations and comprehensive loss. At July 31, 2016, capitalized acquisition costs totaled \$615,650 (July 31, 2015: \$661,271).

**Yuty Project, Paraguay**

The Company holds an undivided 100% interest in one exploitation concession in the Yuty Project, a 289,680-acre property located in Paraguay. The Yuty Project is subject to an overriding royalty of \$0.21 per pound of uranium produced from the Yuty Project. At July 31, 2016, capitalized costs totaled \$11,947,144 (July 31, 2015: \$11,947,144).

**Coronel Oviedo Project, Paraguay**

The Company holds an undivided 100% interest in one exploration permit in the Coronel Oviedo Project, a 464,548-acre property located in Paraguay. The Coronel Oviedo Project is subject to a 1.5% gross overriding royalty over which the Company has an exclusive right and option at any time to acquire one-half percent (0.5%) for \$166,667 and a right of first refusal to acquire all or any portion of the remaining one percent (1.0%). At July 31, 2016, capitalized costs totaled \$1,133,412 (July 31, 2015: \$1,133,412).

**NOTE 4: PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment consisted of the following:

	July 31, 2016			July 31, 2015		
	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value
Hobson Processing Facility	\$6,819,088	\$ (773,933 )	\$6,045,155	\$6,819,088	\$ (773,933 )	\$6,045,155
Mining Equipment	2,438,920	(2,256,901 )	182,019	2,452,572	(2,019,996 )	432,576
Logging Equipment and Vehicles	1,962,895	(1,801,811 )	161,084	1,962,895	(1,714,908 )	247,987
Computer Equipment	586,116	(555,972 )	30,144	615,064	(573,355 )	41,709
Furniture and Fixtures	172,348	(167,966 )	4,382	182,802	(176,726 )	6,076
Land	519,520	-	519,520	175,144	-	175,144
	\$12,498,887	\$ (5,556,583 )	\$6,942,304	\$12,207,565	\$ (5,258,918 )	\$6,948,647

**Hobson Processing Facility**

During Fiscal 2016, no uranium concentrate was processed at the Hobson Processing Facility due to the further reduced operations at the Palangana Mine. As a result, no depreciation for the Hobson Processing Facility was recorded on the consolidated financial statements for Fiscal 2016.

**URANIUM ENERGY CORP.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****JULY 31, 2016****NOTE 5: RECLAMATION  
DEPOSITS**

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

	July 31, 2016	July 31, 2015
Palangana Mine	\$ 1,102,981	\$ 1,102,981
Hobson Processing Facility	587,228	587,228
Arizona	15,000	15,000
Wyoming	818	816
	\$ 1,706,027	\$ 1,706,025

During Fiscal 2015, the Company secured \$5.6 million of surety bonds, subject to a 2% annual premium on the face value, as an alternate source of financial assurance for its future remediation and decommissioning activities at the Palangana Mine and Hobson Processing Facility. These surety bonds replaced an equivalent amount of reclamation deposits funded entirely through cash payments by the Company, providing for the release of \$3.9 million in cash to the Company. The remaining \$1.7 million, representing 30% of the face value of the surety bonds, is held as restricted cash for collateral purposes as required by the surety.

**NOTE 6: OTHER LONG-TERM ASSET AND LIABILITY**

On March 4, 2016, the Company entered into a share purchase and option agreement (the “SPOA”) with CIC Resources Inc. (the “Vendor”) pursuant to which the Company acquired (the “Acquisition”) all of the issued and outstanding shares of JDL Resources Inc. (“JDL”), a wholly-owned subsidiary of the Vendor, and was granted an option to acquire all of the issued and outstanding shares of CIC Resources (Paraguay) Inc. (“CIC”; the “Option”), another wholly-owned subsidiary of the Vendor. JDL’s principal assets include land located in the department of Alto Parana in the Republic of Paraguay. CIC is the beneficial owner of Paraguay Resources Inc. which is the 100% owner of certain titanium

mineral concessions (the “Property”), which are located in the departments of Alto Parana and Canindeyú in the Republic of Paraguay.

Pursuant to the SPOA, the Company issued 1,333,560 restricted common shares in the capital of the Company and paid \$50,000 in cash to complete the Acquisition. If the Company has paid or caused to have paid on the Vendor’s behalf certain maintenance payments and assessment work required to keep the Property in good standing as directed by the Vendor, during the one-year period following completion of the Acquisition (the “Option Period”), the Company may elect in its discretion to exercise the Option at any time, or if, in accordance with the SPOA, the Vendor satisfied certain conditions precedent to exercise, the Company will be deemed to have exercised the Option. Upon exercise of the Option the Company is required to pay, subject to certain adjustments, \$250,000 in cash to the Vendor and to grant to the Vendor a 1.5% net smelter returns royalty (the “Royalty”) on the Property as contemplated by a proposed net smelter returns royalty agreement (the “Royalty Agreement”) to be executed by the parties upon exercise of the Option. Pursuant to the proposed Royalty Agreement, the Company has the right, exercisable at any time for a period of six years following exercise of the Option, to acquire one-half percent (0.5%) of the Royalty at a purchase price of \$500,000.

In accordance with Accounting Standard Codification (“ASC”) 360: Property, Plant and Equipment, the acquisition of JDL was accounted for as an asset acquisition as it was determined that JDL’s operations do not meet the definition of a business as defined in ASC 805: Business Combinations.

**URANIUM ENERGY CORP.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**JULY 31, 2016**

The fair value of the consideration paid and its allocation to the identifiable assets acquired and liabilities assumed are summarized as follows:

Consideration transferred	
1,333,560 UEC common shares at \$0.92 per share	\$ 1,226,875
Cash consideration	50,000
Cash payable upon exercise the Option	250,000
Transaction costs	63,090
	\$ 1,589,965
Assets acquired and liabilities assumed	
Cash and cash equivalents	\$ 3,916
Prepaid expenses	3,804
Land	344,376
Other long-term asset (Option to acquire CIC)	1,553,388
Due to CIC	(315,519 )
	\$ 1,589,965

The Company holds a variable interest in CIC as a result of the Option, however, it is not the primary beneficiary due to the fact that the Company does not have the power over decisions that significantly affect CIC's economic performance. Accordingly, the Company does not consolidate the results of CIC and therefore, the other long-term asset effectively represents the amount paid in advance for CIC's assets totaling \$1,303,388 and \$250,000 to be paid upon the exercise of the Option for the acquisition of CIC.

The Company's maximum exposure to loss from the unconsolidated variable interest entity at July 31, 2016, which would arise if UEC is unable to exercise the Option, was approximately \$1.3 million, representing the value of the Option with allocated fair value of \$1,553,388, net of cash payable of \$250,000 upon exercise of the Option.

The \$250,000 cash payment which the Company will be required to make upon exercise of the Option has been recorded as a liability within Accounts Payable and Accrued Liabilities, and included in the calculation of consideration transferred as it is probable that this payment will be made.

The liability of \$315,519 represents the net amount due from JDL and its subsidiary to CIC and its subsidiary (formerly these entities were both part of the Vendor's consolidated group). The amount has been classified as non-current as it has no stated terms of interest or repayment and not expected to be settled within the next twelve months.

If the Company elects to exercise the Option in accordance with the SPOA, the Company is required to pay annual maintenance fees totaling \$152,000 for the titanium mineral concessions.

#### **NOTE 7: DUE TO RELATED PARTIES AND RELATED PARTY TRANSACTIONS**

During Fiscal 2016, the Company incurred \$164,566 (Fiscal 2015: \$148,602; Fiscal 2014: \$152,090) in general and administrative costs paid to a company controlled by a direct family member of a current officer.

During Fiscal 2016, the Company issued 117,998 restricted common shares with a fair value of \$109,738 as settlement of amounts owed to this company totaling \$98,371. As a result, a loss on settlement of current liabilities of \$11,367 was recognized in the Consolidated Statements of Operations and Comprehensive Loss. During Fiscal 2015, the Company issued 15,000 restricted shares of common stock to this company for consulting services with a fair value of \$18,150, which was included in general and administrative costs.



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During Fiscal 2014, the Company incurred \$33,000 in consulting fees paid to a company controlled by a former director of the Company.

At July 31, 2016, amounts owed to related parties totaled \$Nil (July 31, 2015: \$14,660). These amounts are unsecured, non-interest bearing and due on demand.

**NOTE 8: LONG-TERM DEBT**

On February 9, 2016, the Company entered into a second amended and restated credit agreement (the “Second Amended and Restated Credit Agreement”) with its lenders, Sprott Resource Lending Partnership, CEF (Capital Markets) Limited and Resource Income Partners Limited Partnership (collectively, the “Lenders”), whereby the Company and the Lenders agreed to certain further amendments to the \$20,000,000 senior secured credit facility (the “Credit Facility”), under which:

initial funding of \$10,000,000 was received by the Company upon closing of the Credit Facility on July 30, 2013;  
and  
additional funding of \$10,000,000 was received by the Company upon closing of the Amended Credit Facility on March 13, 2014.

The key terms of the Second Amended and Restated Credit Agreement are summarized as follows:

extension of the maturity date from July 31, 2017 to January 1, 2020;  
deferral of the monthly principal payments (each of which is equal to one-twelfth of the principal balance then outstanding) commencement date from July 31, 2016 to February 1, 2019;  
re-pricing and extension of the existing bonus warrants comprised of 2,600,000 share purchase warrants, each warrant exercisable for one share of common stock of the Company at an exercise price reduced from \$2.50 to \$1.35

per share until expiry, extended by a further one and a half years from July 30, 2018 to January 30, 2020, subject to accelerated exercise whereby, upon notification by the Company, the warrant holders will have 30 days to exercise their warrants should the ten trading-day volume-weighted average price of the Company's shares equal or exceed \$2.70;

issuance of second extension fee shares equal to 4% of the principal balance outstanding or \$800,000 paid to the

Lenders by way of the issuance of 959,613 restricted shares of the Company with a price per share based on a 10% discount to the five trading-day volume-weighted average price of the Company's shares;

payment of anniversary fees to the Lenders on each of February 1, 2017, 2018 and 2019, of 5.5%, 4.5% and 4.5%,

respectively, of the principal balance then outstanding, if any, payable at the option of the Company in cash or shares of the Company with a price per share calculated as a 10% discount to the five trading-day volume-weighted average price of the Company's shares immediately prior to the applicable date; and

maintenance at all times of a working capital ratio of not less than 1:1. Working capital ratio is calculated by dividing current assets by current liabilities, excluding the effects of principal payments on the determination of working capital.

The Company is required to use the proceeds of the Credit Facility received in Fiscal 2013 and Fiscal 2014 for the development, operation and maintenance of the Hobson Processing Facility, the Goliad Project and the Palangana Mine and for working capital purposes.

Under the terms of the Second Amended and Restated Credit Agreement, the non-revolving Credit Facility has an interest rate of 8% per annum, compounded and payable on a monthly basis. An underlying effective interest rate of 14.28% has been calculated under the assumption that the Company will carry the full principal balance of \$20,000,000 to its contractual maturity on January 1, 2020 without exercising the prepayment feature, and therefore, the anniversary fee payments of \$1,100,000, \$900,000 and \$900,000, which are calculated on the principal balance then outstanding and can be made in shares or cash at the Company's discretion, will become due on each of February 1, 2017, 2018 and 2019, respectively.

The Second Amended and Restated Credit Agreement supersedes, in their entirety, the Amended and Restated Credit Agreement of March 13, 2014 and the Credit Agreement dated of July 30, 2013.

**URANIUM ENERGY CORP.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****JULY 31, 2016**

The incremental value associated with the re-pricing and extension of the bonus warrants was determined to be \$104,915 and has been recorded as an additional discount on long-term debt. The incremental value was determined using the Black-Scholes option pricing model using the following assumptions:

Expected Life in Years	3.98
Expected Annual Volatility	71.10%
Expected Risk Free Interest Rate	1.00 %
Expected Dividend Yield	0.00 %

At July 31, 2016, long-term debt consisted of the following:

	July 31, 2016	July 31, 2015
Principal amount	\$ 20,000,000	\$ 20,000,000
Unamortized discount	(801,822 )	(242,522 )
Long-term debt, net of unamortized discount	19,198,178	19,757,478
Current portion	-	1,666,667
Long-term debt, net of current portion	\$ 19,198,178	\$ 18,090,811

In Fiscal 2016, the amortization of debt discount totaled \$1,245,615 (Fiscal 2015: \$1,353,773; Fiscal 2014: \$1,498,858), which was recorded as interest expense and included in the Consolidated Statements of Operations and Comprehensive Loss.

During Fiscal 2016, prior to the execution of the Second Amended and Restated Credit Agreement, and pursuant to the terms of the Amended and Restated Credit Agreement of March 13, 2014, the Company paid bonus shares to its lenders through the issuance of 752,320 restricted shares with a fair value of \$900,000, representing 4.5% of the \$20,000,000 principal balance outstanding at July 31, 2015, which was recorded as a discount on long-term debt to be amortized using the effective interest rate over the life of the long-term debt.

The aggregate yearly maturities of long-term debt based on principal amounts outstanding at July 31, 2016 are as follows:

Fiscal 2017	\$-
Fiscal 2018	-
Fiscal 2019	10,000,000
Fiscal 2020	10,000,000
Total	\$20,000,000

#### **NOTE 9: ASSET RETIREMENT OBLIGATIONS**

The Company's asset retirement obligations relate to future remediation and decommissioning activities at the Palangana Mine and Hobson Processing Facility.

Balance, July 31, 2015	\$3,926,846
Revision in estimate of asset retirement obligations	(452,505 )
Accretion	272,123
Balance, July 31, 2016	\$3,746,464

During Fiscal 2016, ARO for the Palangana Mine were revised due to changes in the estimated timing of restoration and reclamation of the Palangana Mine. As a result, ARO liabilities associated with the Palangana Mine were reduced by \$452,505, the corresponding mineral rights and properties were reduced by \$144,107, and a credit amount of re-valuation of ARO totaling \$308,398 was recognized as a result of a downward adjustment to fully depleted underlying mineral rights and properties, which was recorded against the mineral property expenditures for the Palangana Mine.

**URANIUM ENERGY CORP.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**JULY 31, 2016**

The estimated amounts and timing of cash flows and assumptions used for the ARO estimates are as follows:

	July 31, 2016	July 31, 2015
Undiscounted amount of estimated cash flows	\$6,650,255	\$6,600,868
Payable in years	<b>4.1 to 15</b>	2.5 to 15
Inflation rate	<b>1.15 % to 2.25 %</b>	2.02% to 2.25%
Discount rate	<b>5.02 % to 8.00 %</b>	6.56% to 8.00%

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

Fiscal 2017	\$-
Fiscal 2018	-
Fiscal 2019	139,052
Fiscal 2020	414,058
Fiscal 2021	667,984
Remaining balance	5,429,161
	\$6,650,255

**NOTE 10: CAPITAL STOCK**

**Equity Financing**

During Fiscal 2014, the Company filed a Form S-3 “Shelf” Registration Statement effective January 10, 2014 (the “2014 Shelf”) providing for the public offer and sale of certain securities of the Company from time to time, at its discretion, up to an aggregate offering of \$100 million.

On March 10, 2016, the Company completed a registered offering of 12,364,704 units at a price of \$0.85 per unit for gross proceeds of \$10,510,000 (the “March 2016 Offering”) pursuant to a prospectus supplement to the 2014 Shelf. Each unit is comprised of one share of the Company and half of one share purchase warrant, with each whole warrant being exercisable at a price of \$1.20 to purchase one share of the Company totaling 6,182,351 for a three year period from the date of issuance. The Company issued share purchase warrants to agents as part of share issuance costs to purchase 411,997 shares of the Company exercisable at a price of \$1.20 per share also for a three year period.

The shares were valued at the Company’s closing price of \$0.81 per share at March 10, 2016. The share purchase warrants were valued using the Black-Scholes option pricing model with the following assumptions:

Expected Risk Free Interest Rate	1.11 %
Expected Annual Volatility	74.34 %
Expected Contractual Life in Years	3.00
Expected Annual Dividend Yield	0.00 %

**URANIUM ENERGY CORP.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**JULY 31, 2016**

The net proceeds from the March 2016 Offering were allocated to the fair value of the shares and share purchase warrants as presented below:

Fair Value of Shares	\$ 10,015,410
Fair Value of Share Purchase Warrants	1,938,995
Total Fair Value Before Allocation to Net Proceeds	\$ 11,954,405
Gross Proceeds	\$ 10,510,000
Share Issuance Costs - Cash	(525,483 )
Net Cash Proceeds Received	\$ 9,984,517
Relative Fair Value Allocation to:	
Shares	\$ 8,365,037
Share Purchase Warrants	1,619,480
	\$ 9,984,517

On June 25, 2015, the Company completed a public offering of 5,000,000 units at a price of \$2.00 per unit for gross proceeds of \$10,000,000 (the “June 2015 Offering”) pursuant to a prospectus supplement to the 2014 Shelf. Each unit was comprised of one share of common stock of the Company and one-half of one share purchase warrant, each whole warrant exercisable at a price of \$2.35 for a three year period to purchase one share of the Company totaling 2,500,000 shares. The Company issued share purchase warrants to agents as part of share issuance costs to purchase 350,000 shares of the Company exercisable at a price of \$2.35 per share for a three year period.

The shares were valued at the Company’s closing price of \$1.60 at June 25, 2015. The share purchase warrants were valued using the Black-Scholes option pricing model with the following assumptions:

Expected Risk Free Interest Rate	1.06 %
Expected Annual Volatility	71.23 %
Expected Contractual Life in Years	3.00

Expected Annual Dividend Yield 0 %

The net proceeds from the June 2015 Offering were allocated to the fair value of the shares and share purchase warrants as presented below:

Fair Value of Shares	\$ 8,000,000
Fair Value of Share Purchase Warrants	1,475,235
Total Fair Value Before Allocation to Net Proceeds	\$9,475,235
Gross Proceeds	\$ 10,000,000
Share Issuance Costs - Cash	(891,635 )
Net Cash Proceeds Received	\$9,108,365
Relative Fair Value Allocation to:	
Shares	\$7,690,249
Share Purchase Warrants	1,418,116
	\$9,108,365

At July 31, 2016, a total of \$35.1 million of the 2014 Shelf was utilized through the following registered offerings and sales of units, with a remaining available balance of \$64.9 million under the 2014 Shelf:



**URANIUM ENERGY CORP.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**JULY 31, 2016**

on June 25, 2015: \$10.0 million in gross proceeds through an offering of units consisting of the Company's shares and share purchase warrants and \$6.7 million representing the aggregate exercise price of those share purchase warrants and agents' share purchase warrants should they be exercised in full; and

on March 10, 2016: \$10.5 million in gross proceeds through an offering of units consisting of the Company's shares and share purchase warrants and \$7.9 million representing the aggregate exercise price of those share purchase warrants and agents' share purchase warrants should they be exercised in full.

On October 23, 2013, the Company completed a public offering of 3,380,954 units at a price of \$2.10 per unit for gross proceeds of \$7,100,003 pursuant to a prospectus supplement to a Form S-3 "Shelf" Registration Statement effective September 2, 2011 (the "2011 Shelf"). Each unit was comprised of one share of the Company and 0.55 of one share purchase warrant, each whole warrant exercisable at a price of \$2.60 for a three year period to purchase one share of the Company totaling 1,859,524 shares.

The shares were valued at the Company's closing price of \$1.89 at October 23, 2013. The share purchase warrants were valued using the Black-Scholes option pricing model with the following assumptions:

Expected Risk Free Interest Rate	0.60 %
Expected Annual Volatility	66.34 %
Expected Contractual Life in Years	3.00
Expected Annual Dividend Yield	0 %

The net proceeds from the equity financing were allocated to the fair values of the shares and share purchase warrants as presented below:

Fair Value of Shares	\$6,390,003
Fair Value of Share Purchase Warrants	627,775

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Total Fair Value Before Allocation to Net Proceeds	7,017,778
Gross Proceeds	7,100,003
Share Issuance Costs	(567,880 )
Net Proceeds Received	6,532,123
Relative Fair Value Allocation to:	
Shares	5,947,792
Share Purchase Warrants	584,331
	\$6,532,123

During Fiscal 2015, the Company completed a public offer and sale of 280,045 shares at a price of \$1.70 per share for gross proceeds of \$474,788 under the 2011 Shelf through the “at-the-market” offerings pursuant to a Controlled Equity Offering<sup>SM</sup> Sales Agreement effective December 31, 2013 between Cantor Fitzgerald & Co. and the Company.

The 2011 Shelf expired on September 2, 2014. As a result, no further public offer and sale of the Company’s shares may be completed pursuant to an ATM Offering under the 2011 Shelf.

**URANIUM ENERGY CORP.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****JULY 31, 2016****Share Transactions**

A summary of the Company's share transactions for Fiscal 2016, 2015 and 2014 are as follows:

Period / Description	Common Shares Issued	Value per Share		Issuance Value
		Low	High	
Balance, July 31, 2013	86,032,285			
Equity Financing	3,380,954	1.76	1.76	5,947,792
Credit Facility	386,834	1.71	1.77	676,058
Consulting Services	635,303	1.06	2.41	1,101,932
Options Exercised <sup>(1)</sup>	470,492	0.33	0.45	27,401
Share Bonus	30,386	1.81	1.81	55,000
Advance Royalty for Workman Creek	30,304	1.15	1.15	34,850
Balance, July 31, 2014	90,966,558			
Equity Financing	5,280,045	1.70	2.00	7,659,139
Consulting Services	1,108,390	1.07	2.90	1,851,074
Options Exercised <sup>(2)</sup>	304,657	0.33	1.32	24,550
Share Bonuses	174,437	1.35	1.35	235,490
Balance, July 31, 2015	97,834,087			
Equity Financing	12,364,704	0.85	0.85	9,984,517
Credit Facility	1,711,933	0.83	1.20	1,700,000
Asset Acquisition	1,333,560	0.92	0.92	1,226,875
Settlement of Current Liabilities	487,574	0.93	0.93	453,444
Consulting Services	1,429,650	0.72	1.38	1,372,381
Options Exercised	682,167	0.33	0.33	225,115
Shares Issued Under Stock Incentive Plan	826,782	0.73	1.08	726,244
Balance, July 31, 2016	116,670,457			

(1) 631,250 options were exercised on a forfeiture basis resulting in 387,842 net shares issued.

(2) 535,000 options were exercised on a forfeiture basis resulting in 230,267 net shares issued.

**Share Purchase Warrants**

A summary of share purchase warrants outstanding and exercisable at July 31, 2016 are as follows:

Weighted Average Exercise Price	Number of Warrants Outstanding	Expiry Date	Weighted Average Remaining Contractual Life (Years)
\$ 1.20	6,594,348	March 10, 2019	2.61
1.35	2,600,000	January 30, 2020	3.50
1.95	50,000	June 3, 2018	1.84
2.35	2,850,000	June 25, 2018	1.90
2.60	1,859,524	October 23, 2016	0.23
\$ 1.65	13,953,872		2.31

On February 9, 2016, as part of the terms of the Second Amended and Restated Credit Agreement, the 2,600,000 bonus warrants originally issued under the Credit Agreement were re-priced to \$1.35 from \$2.50 and extended by one and a half years to January 30, 2020. Refer to Note 8.

**Stock Options**

At July 31, 2016, the Company had one stock option plan, the 2016 Stock Incentive Plan (the “2016 Plan”). The 2016 Plan provides for up to 18,892,856 shares of the Company that may be issued and consists of (i) 10,467,134 shares issuable pursuant to awards previously granted that were outstanding under the 2015 Stock Incentive Plan (the “2015 Plan”); (ii) 7,225,722 shares remaining available for issuance under the 2015 Plan; and (iii) 1,200,000 additional shares that may be issued pursuant to awards that may be granted under the 2016 Plan. The 2016 Plan supersedes and replaces the Company’s prior 2015 Plan, which superseded and replaced the Company’s prior 2014, 2013, 2009 and 2006 Stock Incentive Plans (collectively the “Stock Incentive Plan”), such that no further shares are issuable under those prior plans.

**URANIUM ENERGY CORP.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****JULY 31, 2016**

During Fiscal 2016, the Company granted stock options under the Stock Incentive Plan to the Company's directors, officers, employees and consultants to purchase a total of 3,033,000 shares of the Company exercisable at a price range from \$0.93 to \$1.32 per share over a five-year term.

During Fiscal 2015, the Company granted stock options under the Stock Incentive Plan to the Company's directors, officers, employees and consultants to purchase a total of 7,640,000 shares of the Company exercisable at a price range from \$1.20 to \$1.32 per share over a five-year term.

Majority of these stock options are subject to an 18-month vesting provision whereby at the end of each of the first three, six, 12 and 18 months after the grant date, 25% of the total stock option grant becomes exercisable.

The five-year contractual term for the above grants is significantly different from the 10-year contractual term generally applicable to the stock options previously granted by the Company. Since no relevant historical information was available to provide a reasonable basis in estimating the expected life, the Company adopted the simplified method, being the mid-point of the average vesting date and the end of the contractual term, to estimate the expected life for these stock options.

A summary of stock options granted by the Company during Fiscal 2016, including corresponding grant date fair values and assumptions using the Black-Scholes option pricing model, is as follows:

Date	Options Issued	Exercise Price	Term (Years)	Fair Value	Expected Life (Years)	Risk-Free Interest Rate	Dividend Yield	Expected Volatility		
August 7, 2015	105,000	\$ 1.32	5	\$68,824	2.90	1.04	%	0.00	%	77.17 %
October 14, 2015	1,000,000	1.14	5	563,195	2.90	0.81	%	0.00	%	77.01 %
	300,000	0.98	5	145,902	2.90	1.15	%	0.00	%	76.96 %

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2016

July 28, 2016	1,628,000	0.93	5	800,059	2.90	0.81	%	0.00	%	83.49	%
Total	3,033,000			\$1,577,980							

A continuity schedule of outstanding stock options for the underlying common shares at July 31, 2016, and the changes during the periods, is as follows:

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**URANIUM ENERGY CORP.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****JULY 31, 2016**

	Number of Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)
Balance, July 31, 2013	8,966,189	\$ 2.02	5.72
Exercised	(713,900 )	0.41	2.75
Expired	(41,575 )	4.85	-
Forfeited	(223,500 )	3.46	5.48
Balance, July 31, 2014	7,987,214	2.10	4.97
Issued	7,640,000	1.32	4.10
Exercised	(609,390 )	1.16	3.87
Expired	(15,599 )	5.13	-
Forfeited	(126,250 )	2.52	6.20
Cancelled	(4,294,000 )	2.59	5.59
Balance, July 31, 2015	10,581,975	1.38	3.68
Issued	3,033,000	1.02	4.65
Exercised	(682,167 )	0.33	0.01
Expired	(1,950 )	5.90	-
Forfeited	(825,000 )	1.48	0.02
Balance, July 31, 2016	12,105,858	\$ 1.34	3.36

In December 2014, the Company cancelled certain stock options previously granted to the Company's directors, officers, employees and consultants to purchase a total of 4,294,000 shares of the Company exercisable at prices ranging from \$2.25 to \$5.65 per share with original contractual terms of 10 years.

At July 31, 2016, the aggregate intrinsic value under the provisions of ASC 718 of all outstanding stock options was estimated at \$671,353 (vested: \$622,513 and unvested: \$48,840).

At July 31, 2016, unrecognized compensation cost related to non-vested stock options granted under the Company's Stock Incentive Plans was \$921,345 expected to be recognized over 0.78 years.

A summary of stock options outstanding and exercisable at July 31, 2016 is as follows:

Range of Exercise Prices	Options Outstanding		Options Exercisable	
	Outstanding at July 31, 2016	Weighted Average Exercise Price	at July 31, 2016	Weighted Average Exercise Price
\$0.45 to \$0.96	2,897,634	\$ 0.73	1,269,634	\$ 0.47
\$0.97 to \$2.45	8,322,500	1.35	7,627,500	1.37
\$2.46 to \$5.70	885,724	3.31	885,724	3.31
	12,105,858	\$ 1.34	9,782,858	\$ 1.43

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**URANIUM ENERGY CORP.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****JULY 31, 2016****Stock-Based Compensation**

A summary of stock-based compensation expense for Fiscal 2016, 2015 and 2014 is as follows:

	Year Ended July 31,		
	2016	2015	2014
Stock-Based Compensation for Consultants			
Common stock issued for consulting services	\$1,630,635	\$1,869,074	\$1,101,932
Stock options issued to consultants	78,014	588,207	74,992
	1,708,649	2,457,281	1,176,924
Stock-Based Compensation for Management			
Common stock issued to management	262,130	105,998	55,000
Stock options issued to management	735,991	1,617,937	-
	998,121	1,723,935	55,000
Stock-Based Compensation for Employees			
Common stock issued to employees	205,860	111,492	-
Stock options issued to employees	171,533	1,325,040	82,321
	377,393	1,436,532	82,321
Stock-based compensation charged to inventory	-	-	(4,795 )
	\$3,084,163	\$5,617,748	\$1,309,450

**NOTE 11: LOSS PER SHARE**

The following table reconciles the weighted average number of shares used in the computation of basic and diluted loss per share for Fiscal 2016, 2015, and 2014:

Year Ended July 31,

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	2016	2015	2014
Numerator			
Net Loss for the Year	\$(17,329,872 )	\$(23,361,928)	\$(25,975,107)
Denominator			
Basic Weighted Average Number of Shares	106,086,782	92,397,547	89,136,505
Dilutive Stock Options and Warrants	-	-	-
Diluted Weighted Average Number of Shares	106,086,782	92,397,547	89,136,505
Net Loss per Share, Basic and Diluted	\$(0.16 )	\$(0.25 )	\$(0.29 )

For Fiscal 2016, 2015 and 2014, all outstanding stock options and share purchase warrants were excluded from the computation of diluted loss per share since the Company reported net losses for those periods and their effects would be anti-dilutive.

**URANIUM ENERGY CORP.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**JULY 31, 2016**

**NOTE 12: INCOME TAXES**

At July 31, 2016, the Company had U.S. and Canadian net operating loss carry-forwards of approximately \$137.2 million and \$6.1 million in Canadian dollars, respectively, that may be available to reduce future years' taxable income. These carry-forwards will begin to expire, if not utilized, commencing in 2023. Future tax benefits which may arise as a result of these losses have not been recognized in these consolidated financial statements, as their realization has been determined not likely to occur and accordingly, the Company has recorded a full valuation allowance for the deferred tax asset relating to these tax loss carry-forwards.

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

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

	Year Ended July 31,		
	2016	2015	2014
Federal income tax provision rate	35.00%	35.00%	35.00%
State income tax provision rate, net of federal income tax effect	0.35 %	0.32 %	0.22 %
Total income tax provision rate	35.35%	35.32%	35.22%

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

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	Year Ended July 31,					
	2016		2015		2014	
Loss before income taxes	\$ (17,362,111 )		\$ (23,397,341 )		\$ (26,044,816 )	
Corporate tax rate	35.35	%	35.32	%	35.22	%
Expected tax recovery	(6,137,506 )		(8,263,941 )		(9,172,984 )	
Increase (decrease) resulting from						
Foreign tax rate differences	230,148		223,980		286,071	
Permanent differences	806,736		1,473,225		585,482	
Prior year true-up	(647,307 )		50,025		(79,672 )	
State tax rate true-up	(105,843 )		(205,285 )		(199,795 )	
Foreign exchange rate differences	129,015		144,242		97,565	
Other	59,705		62,398		(10,431 )	
Change in valuation allowance	5,627,606		6,474,775		8,419,286	
Tax adjustment from operations	(37,446 )		(40,581 )		(74,478 )	
Unrealized loss, other comprehensive loss	5,207		5,168		4,769	
Deferred income tax benefit	\$ (32,239 )		\$ (35,413 )		\$ (69,709 )	

The Company has incurred taxable losses for all years since inception and accordingly, no provision for current income tax has been recorded for the current or any prior fiscal year. During Fiscal 2016, the Company recorded a deferred income tax benefit of \$32,239 (Fiscal 2015: \$35,413; Fiscal 2014: \$69,709) on the consolidated statements of operations.

**URANIUM ENERGY CORP.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****JULY 31, 2016**

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

	Year Ended July 31,		
	2016	2015	2014
United States	\$(16,488,447)	\$(22,612,974)	\$(25,009,106)
Canada	54,216	158,616	155,408
Paraguay	(927,880 )	(942,983 )	(1,191,118 )
	\$(17,362,111)	\$(23,397,341)	\$(26,044,816)

The Company's deferred tax assets (liabilities) are as follows:

	July 31, 2016	July 31, 2015
Deferred tax assets (liabilities)		
Mineral property acquisitions	\$1,917,796	\$1,867,777
Exploration costs	10,648,043	10,931,265
Stock option expense	7,081,853	5,771,387
Depreciable property	(66,912 )	78,651
Inventories	(3,632,178 )	(2,530,383 )
Asset retirement obligations	(220,209 )	(316,136 )
Other	271,468	333,026
Loss carry forward	49,565,476	43,802,183
	65,565,337	59,937,770
Valuation allowance	(65,570,544 )	(59,942,938 )
Deferred tax assets	(5,207 )	(5,168 )
Deferred tax assets, other comprehensive loss	5,207	5,168
Deferred tax liabilities		
Mineral property acquisition	(643,825 )	(676,064 )
Net deferred tax liabilities	\$(643,825 )	\$(676,064 )

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

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

July 31, 2023	\$ 180,892
July 31, 2024	228,757
July 31, 2025	507,833
July 31, 2026	5,895,221
July 31, 2027	3,892,722
July 31, 2028	9,913,533
July 31, 2029	8,469,032
July 31, 2030	7,319,644
July 31, 2031	14,420,187
July 31, 2032	15,014,013
July 31, 2033	16,332,007
July 31, 2034	21,173,540
July 31, 2035	18,974,097
July 31, 2036	14,837,092
	\$ 137,158,570

**URANIUM ENERGY CORP.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**JULY 31, 2016**

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

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

July 31, 2027	\$183,105
July 31, 2028	629,788
July 31, 2029	769,072
July 31, 2030	1,314,392
July 31, 2031	2,210,551
July 31, 2032	761,843
July 31, 2033	69,854
July 31, 2034	61,769
July 31, 2035	41,173
July 31, 2036	9,952
	\$6,051,499

**NOTE 13: SEGMENTED INFORMATION**

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

At July 31, 2016, long-term assets located in the U.S. were \$33,172,502 or 69% of the Company's total long-term assets of \$48,175,670.

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

	July 31, 2016					
	United States					
Balance Sheet Items	Texas	Arizona	Other States	Canada	Paraguay	Total
Mineral Rights and Properties	\$13,191,408	\$10,891,861	\$ 810,127	\$-	\$13,080,555	\$37,973,951
Property, Plant and Equipment	6,573,079	-	-	14,909	354,316	6,942,304
Reclamation Deposits	1,690,209	15,000	818	-	-	1,706,027
Other Long-Term Assets	-	-	-	-	1,553,388	1,553,388
Total Long-Term Assets	\$21,454,696	\$10,906,861	\$ 810,945	\$14,909	\$14,988,259	\$48,175,670

	July 31, 2015					
	United States					
Balance Sheet Items	Texas	Arizona	Other States	Canada	Paraguay	Total
Mineral Rights and Properties	\$13,555,492	\$10,891,861	\$ 910,059	\$-	\$13,080,555	\$38,437,967
Property, Plant and Equipment	6,926,682	-	-	7,502	14,463	6,948,647
Reclamation Deposits	1,690,209	15,000	816	-	-	1,706,025
Total Long-Term Assets	\$22,172,383	\$10,906,861	\$ 910,875	\$7,502	\$13,095,018	\$47,092,639



**URANIUM ENERGY CORP.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****JULY 31, 2016**

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

Statement of Operations	Year Ended July 31, 2016					
	United States					
	Texas	Arizona	Other States	Canada	Paraguay	Total
Sales	\$-	\$-	\$ -	\$-	\$-	\$-
Costs and Expenses:						
Cost of sales	-	-	-	-	-	-
Mineral property expenditures	2,733,007	236,717	133,518	-	957,917	4,061,159
General and administrative	6,447,801	205,591	2,724	2,636,514	5,116	9,297,746
Depreciation, amortization and accretion	857,966	-	2,821	8,142	6,795	875,724
Impairment loss on mineral property	-	-	97,114	-	-	97,114
	10,038,774	442,308	236,177	2,644,656	969,828	14,331,743
Loss from operations	(10,038,774)	(442,308)	(236,177 )	(2,644,656)	(969,828)	(14,331,743)
Other income (expenses)	(3,012,281 )	(18,965 )	-	850	28	(3,030,368 )
Loss before income taxes	\$(13,051,055)	\$(461,273)	\$(236,177 )	\$(2,643,806)	\$(969,800)	\$(17,362,111)

Statement of Operations	Year Ended July 31, 2015					
	United States					
	Texas	Arizona	Other States	Canada	Paraguay	Total
Sales	\$3,080,000	\$-	\$ -	\$-	\$-	\$3,080,000
Costs and Expenses:						
Cost of sales	2,326,674	-	-	-	-	2,326,674
Inventory write-down	-	-	-	-	-	-
Mineral property expenditures	4,227,720	289,676	231,305	-	957,379	5,706,080
General and administrative	9,702,423	194,910	19,317	3,284,772	29,418	13,230,840
	1,776,845	-	2,635	12,026	10,937	1,802,443

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Depreciation, amortization and accretion

Impairment loss on mineral properties	349,805	-	-	-	-	349,805
	18,383,467	484,586	253,257	3,296,798	997,734	23,415,842
Loss from operations	(15,303,467)	(484,586)	(253,257 )	(3,296,798)	(997,734)	(20,335,842)
Other income (expenses)	(3,042,084 )	(19,785 )	-	(120 )	490	(3,061,499 )
Loss before income taxes	\$(18,345,551)	\$(504,371)	\$(253,257 )	\$(3,296,918)	\$(997,244)	\$(23,397,341)

Statement of Operations	Year Ended July 31, 2014					
	United States					
	Texas	Arizona	Other States	Canada	Paraguay	Total
Sales	\$-	\$-	\$ -	\$-	\$-	\$-
Costs and Expenses:						
Cost of sales	-	-	-	-	-	-
Inventory write-down	804,060	-	-	-	-	804,060
Mineral property expenditures	7,362,492	328,479	258,408	-	1,211,269	9,160,648
General and administrative	5,726,867	187,997	85,027	3,822,974	2,931	9,825,796
Depreciation, amortization and accretion	2,348,846	758	7,470	23,720	12,072	2,392,866
Impairment loss on mineral property	440,115	5,041	208,068	-	-	653,224
	16,682,380	522,275	558,973	3,846,694	1,226,272	22,836,594
Loss from operations	(16,682,380)	(522,275)	(558,973 )	(3,846,694)	(1,226,272)	(22,836,594)
Other income (expenses)	(3,185,554 )	(20,588 )	-	(2,148 )	68	(3,208,222 )
Loss before income taxes	\$(19,867,934)	\$(542,863)	\$(558,973 )	\$(3,848,842)	\$(1,226,204)	\$(26,044,816)

**URANIUM ENERGY CORP.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**JULY 31, 2016**

**NOTE 14: SUPPLEMENTAL CASH FLOW INFORMATION**

During Fiscal 2016, the Company issued 1,429,650 (Fiscal 2015: 1,108,390; Fiscal 2014: 635,303) restricted shares with a fair value of \$1,372,381 (Fiscal 2015: \$1,851,074; Fiscal 2014: \$1,101,932) for consulting services.

During Fiscal 2016, the Company issued 826,782 shares with a fair value of \$726,244 to the Company's directors, officers, employees and consultants under its Stock Incentive Plan. During Fiscal 2015, the Company issued 174,437 bonus shares with a fair value of \$235,490 to the Company's directors, officers, employees and consultants under its Stock Incentive Plan. During Fiscal 2014, the Company issued 30,386 restricted shares with a fair value of \$55,000 to two directors of the Company for bonuses.

During Fiscal 2016, the Company paid \$1,626,667 (Fiscal 2015: \$1,484,444; Fiscal 2014:\$1,372,222) in cash for interest on the long-term debt. During Fiscal 2016, the Company paid \$114,145 (Fiscal 2015: \$112,681; Fiscal 2014: \$Nil) for the surety bond premium.

During Fiscal 2016, the Company issued 487,574 shares with a fair value of \$453,444 as settlement of certain payables totaling \$406,476.

During Fiscal 2016, the Company entered into a SPOA with CIC Resources Inc., pursuant to which the Company acquired all of the issued and outstanding shares of JDL Resources Inc. As consideration, the Company paid \$50,000 in cash and issued 1,333,560 restricted shares with a fair value of \$1,226,875.

During Fiscal 2014, the Company issued 30,304 restricted shares with a fair value of \$34,850 as part of an annual advance royalty payment for the Workman Creek Project.

**NOTE 15: COMMITMENTS AND CONTINGENCIES**

The Company is renting or leasing various office or storage space located in the United States, Canada and Paraguay with total monthly payments of \$18,489. Office lease agreements expire between July 2018 and March 2021 for the United States and Canada.

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

Fiscal 2017	\$215,883
Fiscal 2018	197,689
Fiscal 2019	86,909
Fiscal 2020	87,520
Fiscal 2021	58,347
	\$646,348

The Company is committed to pay its key executives a total of \$823,000 per year for management services.

The Company is subject to ordinary routine litigation incidental to its business. Except as disclosed below, the Company is not aware of any material legal proceedings pending or that have been threatened against the Company.

**URANIUM ENERGY CORP.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**JULY 31, 2016**

On or about March 9, 2011, the Texas Commission on Environmental Quality (the “TCEQ”) granted the Company’s applications for a Class III Injection Well Permit, Production Area Authorization and Aquifer Exemption for its Goliad Project. On or about December 4, 2012, the U.S. Environmental Protection Agency (the “EPA”) concurred with the TCEQ issuance of the Aquifer Exemption permit (the “AE”). With the receipt of this concurrence, the final authorization required for uranium extraction, the Goliad Project achieved fully-permitted status. On or about May 24, 2011, a group of petitioners, inclusive of Goliad County, appealed the TCEQ action to the 250<sup>th</sup> District Court in Travis County, Texas. A motion filed by the Company to intervene in this matter was granted. The petitioners’ appeal lay dormant until on or about June 14, 2013, when the petitioners filed their initial brief in support of their position. On or about January 18, 2013, a different group of petitioners, exclusive of Goliad County, filed a petition for review with the Court of Appeals for the Fifth Circuit in the United States (the “Fifth Circuit”) to appeal the EPA’s decision. On or about March 5, 2013, a motion filed by the Company to intervene in this matter was granted. The parties attempted to resolve both appeals, to facilitate discussions and avoid further legal costs. The parties jointly agreed, through mediation initially conducted through the Fifth Circuit on or about August 8, 2013, to abate the proceedings in the State District Court. On or about August 21, 2013, the State District Court agreed to abate the proceedings. The EPA subsequently filed a motion to remand without vacatur with the Fifth Circuit wherein the EPA’s stated purpose was to elicit additional public input and further explain its rationale for the approval. In requesting the remand without vacatur, which would allow the AE to remain in place during the review period, the EPA denied the existence of legal error and stated that it was unaware of any additional information that would merit reversal of the AE. The Company and the TCEQ filed a request to the Fifth Circuit for the motion to remand without vacatur, and if granted, to be limited to a 60-day review period. On December 9, 2013, by way of a procedural order from a three-judge panel of the Fifth Circuit, the Court granted the remand without vacatur and initially limited the review period to 60 days. In March of 2014, at the EPA’s request, the Fifth Circuit extended the EPA’s time period for review and additionally, during that same period, the Company conducted a joint groundwater survey of the site, the result of which reaffirmed the Company’s previously filed groundwater direction studies. On or about June 17, 2014, the EPA reaffirmed its earlier decision to uphold the granting of the Company’s existing AE, with the exception of a northwestern portion containing less than 10% of the uranium resource which was withdrawn, but not denied, from the AE area until additional information is provided in the normal course of mine development. On or about September 9, 2014, the petitioners filed a status report with the State District Court which included a request to remove the stay agreed to in August 2013 and to set a briefing schedule (the “Status Report”). In that Status Report, the petitioners also stated that they had decided not to pursue their appeal at the Fifth Circuit. The Company continues to believe that the pending appeal is without merit and is continuing as planned towards uranium extraction at its fully-permitted Goliad Project.

On or about April 3, 2012, the Company received notification of a lawsuit filed in the State of Arizona, in the Superior Court for the County of Yavapai, by certain petitioners (the “Plaintiffs”) against a group of defendants, including the

Company and former management and board members of Concentric Energy Corp. (“Concentric”). The lawsuit asserts certain claims relating to the Plaintiffs’ equity investments in Concentric, including allegations that the former management and board members of Concentric engaged in various wrongful acts prior to and/or in conjunction with the merger of Concentric. The lawsuit originally further alleged that the Company was contractually liable for liquidated damages arising from a pre-merger transaction which the Company previously acknowledged and recorded as an accrued liability, and which portion of the lawsuit was settled in full by a cash payment of \$149,194 to the Plaintiffs and subsequently dismissed. The court dismissed several other claims set forth in the Plaintiffs’ initial complaint, but granted the Plaintiffs leave to file an amended complaint. The court denied a subsequent motion to dismiss the amended complaint, finding that the pleading met the minimal pleading requirements under the applicable procedural rules. In October 2013, the Company filed a formal response denying liability for any of the Plaintiffs’ remaining claims. The court set the case for a four-week jury trial that was to take place in Yavapai County, Arizona, in April 2016. In November 2015, after the completion of discovery, the Company and the remaining defendants filed motions for summary judgment, seeking to dismiss all of the Plaintiffs’ remaining claims. While those motions were pending, the parties reached a settlement agreement with respect to all claims asserted by the Plaintiffs in that lawsuit. A formal settlement and release agreement was subsequently executed, pursuant to which all of the Plaintiffs’ claims in the Arizona lawsuit were dismissed with prejudice. Pursuant to the terms of the settlement agreement, the Defendants collectively paid \$500,000 to the Plaintiffs, of which \$50,000 was paid by the Company.

On June 1, 2015, the Company received notice that Westminster Securities Corporation (“Westminster”) filed a suit in the United States District Court for the Southern District of New York, alleging a breach of contract relating to certain four-year warrants issued by Concentric in December 2008. Although the Concentric warrants expired by their terms on December 31, 2012, Westminster bases its claim upon transactions allegedly occurring prior to UEC’s merger with Concentric. The Company believes that this claim lacks merit and intends to vigorously defend the same.

**URANIUM ENERGY CORP.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**JULY 31, 2016**

On or about June 29, 2015, Heather M. Stephens filed a class action complaint against the Company and two of its executive officers in the United States District Court, Southern District of Texas, with an amended class action complaint filed on November 16, 2015, (the “Securities Case”) seeking unspecified damages and alleging the defendants violated Section 17(b) of the Securities Act of 1933 and Sections 10(b) and 20(a) of the Securities Exchange Act of 1934. The Company filed a motion to dismiss and on July 15, 2016, the U.S. District Court for the Southern District of Texas entered a final judgement dismissing the case in its entirety with prejudice. On September 22, 2016, the plaintiffs voluntarily dismissed their appeal of the district court’s judgment and on September 26, 2016 the United States Court of Appeals for the Fifth Circuit dismissed the Securities Case pursuant to the plaintiffs’ motion. As a result, the judgment in favor of the Company is final. No settlement payments or any other consideration was paid by the Company to the plaintiffs in connection with the lawsuit’s dismissal.

On or about September 10, 2015, John Price filed a stockholder derivative complaint on behalf of the Company against the Company’s Board of Directors, executive management and three of its vice presidents in the United States District Court, Southern District of Texas, with an amended stockholder derivative complaint filed on December 4, 2015, (the “Federal Derivative Case”) seeking unspecified damages on behalf of the Company against the defendants for allegedly breaching their fiduciary duties to the Company with respect to the allegations in the Securities Case. The Company has filed a motion to dismiss.

On or about October 2, 2015, Marnie W. McMahon filed a stockholder derivative complaint on behalf of the Company against the Company’s Board of Directors, executive management and three of its vice presidents in the District Court of Nevada (the “Nevada Derivative Case”) (collectively with the Federal Derivative Case, the “Derivative Cases”) seeking unspecified damages on behalf of the Company against the defendants for allegedly breaching their fiduciary duties to the Company with respect to the allegations in the Securities Case. On January 21, 2016, the court granted the Company’s motion to stay the Nevada Derivative Case pending the outcome of the Federal Derivative Case.

The Company believes that the Derivative Cases are without merit and intends to vigorously defend the same.

At any given time, the Company may enter into negotiations to settle outstanding legal proceedings and any resulting accruals will be estimated based on the relevant facts and circumstances applicable at that time. The Company does not expect that such settlements will, individually or in the aggregate, have a material effect on its financial position, results of operations or cash flows.

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## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

### URANIUM ENERGY CORP.

By: */s/ Amir Adnani*

Amir Adnani President, Chief Executive Officer  
(Principal Executive Officer) and Director  
Date: October 13, 2016

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: */s/ Amir Adnani*

Amir Adnani  
President, Chief Executive Officer (Principal  
Executive Officer) and Director  
Date: October 13, 2016

By: */s/ Pat Obara*

Pat Obara  
Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)  
Date: October 13, 2016

By: */s/ Spencer Abraham*

Spencer Abraham  
Executive Chairman and Director  
Date: October 13, 2016

By: */s/ Ivan Obolensky*

Ivan Obolensky  
Director  
Date: October 13, 2016

By: */s/ Vincent Della Volpe*

Vincent Della Volpe  
Director  
Date: October 13, 2016

By: */s/ David Kong*

David Kong

Director

Date: October 13, 2016

By: */s/ Ganpat Mani*

Ganpat Mani

Director

Date: October 13, 2016