URANIUM ENERGY CORP
Form 10-Q
March 12, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended **January 31, 2018**

or

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

For the transition period from _____ to _____

Commission File Number: **001-33706**

URANIUM ENERGY CORP.

(Exact name of registrant as specified in its charter)

Nevada	**98-0399476**

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

1030 West Georgia Street, Suite 1830, Vancouver, B.C., Canada **V6E 2Y3**
(Address of principal executive offices) (Zip Code)

(604) 682-9775
(Registrant's telephone number, including area code)

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

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

Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§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 x No ¨

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

¨	Large accelerated filer	x	Accelerated filer
¨	Non-accelerated filer (Do not check if a smaller reporting company)	¨	Smaller reporting company
		¨	Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ¨

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

Yes ¨ No x

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 157,544,080 shares of common stock outstanding as of March 8, 2018.

URANIUM ENERGY CORP.

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URANIUM ENERGY CORP.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JANUARY 31, 2018

(Unaudited)

URANIUM ENERGY CORP.

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

	Note(s)	January 31, 2018	July 31, 2017
CURRENT ASSETS			
Cash and cash equivalents		$ 3,639,646	$ 12,575,973
Short-term investments		12,183,915	10,000,000
Inventories		211,662	211,662
Prepaid expenses and deposits	3	1,146,405	685,992
Other current assets		127,032	117,770
		17,308,660	23,591,397
MINERAL RIGHTS AND PROPERTIES	4,5	64,591,266	38,931,976
PROPERTY, PLANT AND EQUIPMENT	6	7,137,757	6,791,182
RECLAMATION DEPOSITS		1,779,182	1,706,028
EQUITY-ACCOUNTED INVESTMENT	7	252,909	151,676
OTHER LONG-TERM ASSETS		977,205	1,004,975
		$ 92,046,979	$ 72,177,234
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	17	$ 2,188,131	$ 2,446,854
Due to related parties	8	1,403	768
		2,189,534	2,447,622
DEFERRED TAX LIABILITIES	9	1,016,149	609,470
LONG-TERM DEBT	10	19,860,666	19,254,835
ASSET RETIREMENT OBLIGATIONS	11	3,912,079	3,729,902
		26,978,428	26,041,829
STOCKHOLDERS' EQUITY			
Capital stock			
Common stock $0.001 par value: 750,000,000 shares authorized, 156,452,824 shares issued and outstanding (July 31, 2017 - 139,815,214)	12	156,453	139,815
Additional paid-in capital		301,161,319	272,697,152
Share issuance obligation	12	-	638,142
Accumulated deficit		(236,234,655)	(227,325,002)
Accumulated other comprehensive loss		(14,566)	(14,702)
		65,068,551	46,135,405

		$ 92,046,979	$ 72,177,234
COMMITMENTS AND CONTINGENCIES	15		
SUBSEQUENT EVENTS	10, 16, 17		

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

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URANIUM ENERGY CORP.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND

COMPREHENSIVE INCOME (LOSS)

(Unaudited)

		Three Months Ended January 31,		Six Months Ended January 31,	
	Note(s)	2018	2017	2018	2017
COSTS AND EXPENSES					
Mineral property expenditures	4,5	$ 980,215	$ 1,067,446	$ 2,656,915	$ 1,957,564
General and administrative	8,12	2,864,165	2,241,247	5,119,127	4,523,485
Depreciation, amortization and accretion	5,6,11	89,437	128,255	179,772	279,607
Impairment loss on mineral properties	5	-	154,774	-	297,942
Inventory write-down		-	-	-	60,694
		3,933,817	3,591,722	7,955,814	7,119,292
LOSS FROM OPERATIONS		(3,933,817)	(3,591,722)	(7,955,814)	(7,119,292)
OTHER INCOME (EXPENSES)					
Interest income		86,886	1,267	149,868	5,430
Other income		10,344	-	35,834	-
Interest expenses and finance costs	10	(756,293)	(749,419)	(1,496,585)	(1,487,522)
Share of (loss) gain from equity-accounted investment	7	(7,556)	-	101,233	-
Loss on disposition of assets		(474)	(1,055)	(474)	(1,055)
		(667,093)	(749,207)	(1,210,124)	(1,483,147)
LOSS BEFORE INCOME TAXES		(4,600,910)	(4,340,929)	(9,165,938)	(8,602,439)
DEFERRED TAX BENEFITS	9	247,097	8,560	256,285	17,376
NET LOSS FOR THE PERIOD		(4,353,813)	(4,332,369)	(8,909,653)	(8,585,063)
OTHER COMPREHENSIVE INCOME (LOSS), NET OF INCOME TAXES		(247)	42	136	2
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		$ (4,354,060)	$ (4,332,327)	$ (8,909,517)	$ (8,585,061)
NET LOSS PER SHARE, BASIC AND DILUTED	13	$ (0.03)	$ (0.04)	$ (0.06)	$ (0.07)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING, BASIC AND DILUTED		156,207,557	119,891,769	155,170,537	118,495,845

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

URANIUM ENERGY CORP.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Note(s)	Six Months Ended January 31, 2018	2017
CASH PROVIDED BY (USED IN):			
OPERATING ACTIVITIES			
Net loss for the period		$ (8,909,653)	$ (8,585,063)
Adjustments to reconcile net loss to cash flows in operating activities			
Stock-based compensation	12	1,614,774	1,814,301
Depreciation, amortization and accretion	5,6,11	179,772	279,607
Amortization of long-term debt discount	10	605,831	601,568
Impairment loss on mineral properties		-	297,942
Inventory write-down		-	60,694
Loss on disposition of assets		474	1,055
Deferred tax benefits	9	(256,285)	(17,376)
Share of gain from equity-accounted investment	7	(101,233)	-
Reimbursable Expenses for Reno Creek Acquisition	4	483,829	-
Changes in operating assets and liabilities			
Inventories		-	2,960
Prepaid expenses and deposits		(195,020)	(395,109)
Other current assets		(8,307)	17,218
Accounts payable and accrued liabilities		(208,096)	607,826
NET CASH FLOWS USED IN OPERATING ACTIVITIES		(6,793,914)	(5,314,377)
FINANCING ACTIVITIES			
Shares issuance for cash, net of issuance costs		103,300	25,899,128
Due to a related party	8	635	11,528
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		103,935	25,910,656
INVESTING ACTIVITIES			
Net cash received from asset acquisition	4	215,065	-
Investment in mineral rights and properties		(70,000)	-
Purchase of property, plant and equipment		(6,338)	(3,439)
Increase in other long-term assets		(201,160)	-
Purchase of short-term investments		(20,285,190)	-
Redemption of short-term investments		18,101,275	-
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(2,246,348)	(3,439)

NET CASH FLOWS	(8,936,327)	20,592,840
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	12,575,973	7,142,571
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 3,639,646	$ 27,735,411

SUPPLEMENTAL CASH FLOW INFORMATION 15

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

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URANIUM ENERGY CORP.

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(Unaudited)

	Common Stock Shares	Amount	**Additional** Paid-in Capital	**Share** Issuance Obligation	Accumulated Deficit	Accumulated Other Comprehensive Loss	Stockholders' Equity
Balance, July 31, 2017	139,815,124	$139,815	$272,697,152	$638,142	$(227,325,002)	$ (14,702)	$46,135,405
Common stock							
Issued upon exercise of stock options	250,932	252	103,048	-	-	-	103,300
Issued for Reno Creek Acquisition	14,852,450	14,853	20,317,764	-	-	-	20,332,617
Issued for Reimbursable Expenses for Reno Creek Acquisition	353,160	353	483,476	-	-	-	483,829
Issued for mineral property	46,134	46	61,774	-	-	-	61,820
Issued for settlement of liabilities	104,706	105	141,573	-	-	-	141,678
Stock-based compensation							
Common stock issued for consulting services	180,378	179	284,127	-	-	-	284,306
Common stock issued under 2017 Stock Incentive Plan	849,940	850	1,126,146	(638,142)	-	-	488,854
Stock options issued to consultants	-	-	341,619	-	-	-	341,619

Stock options issued to management	-	-	180,981	-	-	-	180,981
Stock options issued to employees	-	-	334,731	-	-	-	334,731
Warrants Issued in connection with Reno Creek Acquisition	-	-	5,088,928	-	-	-	5,088,928
Net loss for the period	-	-	-	-	(8,909,653)	-	(8,909,653)
Other comprehensive income	-	-	-	-	-	136	136
Balance, January 31, 2018	156,452,824	$156,453	$301,161,319	$-	$(236,234,655)	$ (14,566)	$65,068,551

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

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URANIUM ENERGY CORP.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
January 31, 2018
(Unaudited)

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" or "we") are engaged in uranium and titanium mining and related activities, including exploration, pre-extraction, extraction and processing of uranium concentrates and titanium minerals, on projects located in the United States, in Canada and in the Republic of 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"), July 31, 2013 ("Fiscal 2013") and July 31, 2012 ("Fiscal 2012"), we have yet to achieve profitability and have had a history of operating losses resulting in an accumulated deficit balance since inception. No revenue from uranium sales was realized for the six months ended January 31, 2018, or for the fiscal years ended July 31, 2017 ("Fiscal 2017"), July 31, 2016 ("Fiscal 2016") and July 31, 2014 ("Fiscal 2014"). 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, and this reliance is expected to continue for the foreseeable future.

At January 31, 2018, we had working capital of $15.1 million including cash and cash equivalents of approximately $3.6 million and short-term investments of approximately $12.2 million. As we do not expect to achieve and maintain profitability in the near term, our continuation as a going concern is dependent upon our ability to obtain adequate additional financing which we have successfully secured since our 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 us; and therefore, substantial doubt exists as to whether our cash resources and working capital will be sufficient to enable our Company to continue as a going concern for the next 12 months from the date that our condensed consolidated financial statements are issued. Our continued operations, including the recoverability of the carrying values of our assets, are dependent ultimately on our ability to achieve and maintain profitability and positive cash flow from our 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 we can no longer continue as a going concern.

NOTE 2: BASIS OF PRESENTATION

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with United States generally accepted accounting principles ("U.S. GAAP") for interim financial information and are presented in U.S. dollars. Accordingly, they do not include all of the information and footnotes required under U.S. GAAP for complete financial statements. These unaudited interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements included in our Annual Report on Form 10-K for Fiscal 2017. In the opinion of management, all adjustments of a normal recurring nature and considered necessary for a fair presentation, have been made. Operating results for the six months ended January 31, 2018, are not necessarily indicative of the results that may be expected for the fiscal year ending July 31, 2018 ("Fiscal 2018").

Exploration Stage

We have established the existence of mineralized materials for certain uranium projects, including for our Palangana Mine. We have 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 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 in-situ recovery ("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.

URANIUM ENERGY CORP.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
January 31, 2018
(Unaudited)

Since we commenced the 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 we exit the Exploration Stage by establishing proven or probable reserves. Expenditures relating to exploration activities such as drilling 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. We are in the Exploration Stage which has resulted in us reporting larger losses than if it had been in the Production Stage due to the expensing, rather than capitalizing, of expenditures relating to ongoing mill and mine development activities. Additionally, there would be no corresponding amortization allocated to future reporting periods of our 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 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.

NOTE 3: PREPAID EXPENSES AND DEPOSITS

At January 31, 2018, prepaid expenses and deposits consisted of the following:

	January 31, 2018	July 31, 2017
Prepaid Property Renewal Fees	$ 437,278	$ 189,845
Prepaid Insurance	196,518	91,073

Prepaid Listing and Subscriptions	26,220	60,289
Prepaid License Fees	115,375	16,389
Prepaid Surety Bond Premium	97,979	38,952
Deposits and Expense Advances	87,682	86,439
Other Prepaid Expenses	185,353	203,005
	$ 1,146,405	$ 685,992

NOTE 4: ACQUISITION OF RENO CREEK PROJECT

On August 9, 2017, we completed the acquisition of all of the issued and outstanding shares of Reno Creek Holdings Inc. (“RCHI”) and, indirectly thereby, 100% of its fully permitted Reno Creek in-situ recovery uranium project (the “Reno Creek Project”) located in the Powder River Basin, Wyoming, from each of the Pacific Roads Resources Funds (collectively, “PRRF”; as to 97.27% of RCHI) and Bayswater Holdings Inc. (as to the remaining 2.73% of RCHI; and, collectively with PRRF, the “Reno Creek Vendors”), in accordance with the terms and conditions of a certain Share Purchase Agreement, dated May 9, 2017, as amended by a certain Amending Agreement, dated August 7, 2017 (collectively, the “Share Purchase Agreement”; and, collectively, the “Reno Creek Acquisition”).

URANIUM ENERGY CORP.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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(Unaudited)

Pursuant to the terms of the original Share Purchase Agreement, we agreed to reimburse all costs and expenses (the "Reimbursable Expenses") incurred by RCHI and its subsidiaries in the ordinary course of business from the effective date of the Share Purchase Agreement to closing, and, pursuant to the Amending Agreement, we also agreed with that the amount to be distributed from RCHI's subsidiaries to RCHI at closing totalled $1,743,666, which was comprised of the Reimbursable Expenses and the amount of cash on hand held by RCHI's subsidiaries at the time.

In connection with the completion of the Reno Creek Acquisition, we paid the following consideration:

- a cash payment of $909,930;
- 14,392,927 shares of the Company;
- an additional 241,821 shares of the Company in settlement of certain insurance costs of $340,000 incurred by the Company and RCHI at closing;
- 11,308,728 warrants of the Company (each a "Warrant"), with each Warrant entitling the holder to acquire one share of the Company at an exercise price of $2.30 per share for a period of five years from the date of issuance. The Warrants have an accelerator clause which provides that, in the event that the closing price of the shares of the Company on its principally traded exchange is equal to or greater than $4.00 per share for a period of 20 consecutive trading days, the Company may accelerate the expiry date of the Warrants to within 30 days by providing written notice to the holders;
- a 0.5% net profits interest royalty, capped at $2.5 million; and
- transaction costs of $779,509, of which $283,013 was paid by the issuance of 217,702 shares of the Company.

In connection with the Reno Creek Acquisition, we also issued 353,160 common shares in settlement of the Reimbursable Expenses totalling $483,829, which was included in the mineral property expenditures on our condensed consolidated financial statements for the six months ended January 31, 2018.

In accordance with ASC 360: Property, Plant and Equipment, the Reno Creek Acquisition was accounted for as an asset acquisition as it was determined that the operations of the Reno Creek Project do not meet the definition of a business as defined in ASC 805: Business Combinations.

The fair value of the consideration paid and the allocation to the identifiable assets acquired and liabilities assumed are summarized as follows:

Consideration paid		
14,634,748 UEC common shares at $1.37 per share	$	20,049,605
11,308,728 UEC share purchase warrants at $0.45 per warrant		5,088,928
Cash payment		909,930
Transaction costs		779,509
	$	26,827,972

Assets acquired and liabilities assumed		
Cash and cash equivalents	$	1,247,170
Prepaid expenses		319,874
Reclamation deposits		73,973
Land & buildings		370,085
Mineral rights & properties		25,553,807
Asset retirement obligations		(73,973)
Deferred tax liabilities		(662,964)
	$	26,827,972

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URANIUM ENERGY CORP.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
January 31, 2018
(Unaudited)

The Reno Creek Project is comprised of U.S. federal mineral lode claims, state mineral leases, various private mineral leases and certain surface use agreements which grant us the exclusive right to explore, develop and mine for uranium on a 19,437-acre area in Campbell County, Wyoming. The mineral leases and surface use agreements are subject to certain royalty interests with terms ranging from 5 to 15 years, some of which have extension provisions.

NOTE 5: MINERAL RIGHTS AND PROPERTIES

Mineral Rights

At January 31, 2018, we had mineral rights in the States of Arizona, Colorado, New Mexico, Wyoming and Texas, and in the Republic of Paraguay. These mineral rights were acquired through staking, purchase or lease agreements and are subject to varying royalty interests, some of which are indexed to the sale price of uranium and titanium. At January 31, 2018, annual maintenance payments of approximately $1,602,000 will be required to maintain these mineral rights.

Mineral rights and property acquisition costs consisted of the following:

	January 31, 2018	July 31, 2017
Mineral Rights and Properties		
Palangana Mine	$ 6,285,898	$ 6,285,898
Goliad Project	8,689,127	8,689,127
Burke Hollow Project	1,495,750	1,495,750
Longhorn Project	116,870	116,870
Salvo Project	14,905	14,905
Anderson Project	9,154,268	9,154,268
Workman Creek Project	1,632,500	1,520,680
Los Cuatros Project	257,250	257,250
Slick Rock Project	635,650	615,650
Reno Creek Project	25,553,807	-
Yuty Project	11,947,144	11,947,144
Oviedo Project	1,133,412	1,133,412
Alto Paraná Titanium Project	1,433,030	1,433,030

Other Property Acquisitions	91,080	91,080
	68,440,691	42,755,064
Accumulated Depletion	(3,929,884)	(3,929,884)
	64,510,807	38,825,180
Databases	2,410,038	2,410,038
Accumulated Amortization	(2,398,694)	(2,392,196)
	11,344	17,842
Land Use Agreements	404,310	404,310
Accumulated Amortization	(335,195)	(315,356)
	69,115	88,954
	$ 64,591,266	$ 38,931,976

We have not established proven or probable reserves, as defined by the SEC under Industry Guide 7, for any of our mineral projects. We have established the existence of mineralized materials for certain mineral 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.

URANIUM ENERGY CORP.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
January 31, 2018
(Unaudited)

During the three months and six months ended January 31, 2018, we paid $50,000 in cash and issued 46,134 restricted shares with a fair value of $61,820, respectively, as advance royalty payments for our Workman Creek Project, which were capitalized as Mineral Rights and Properties on the consolidated balance sheet as at January 31, 2018.

During the three and six months ended January 31, 2017, we abandoned the Nichols Project located in Texas with an acquisition cost of $154,774 and certain non-core mineral interests at projects located in Arizona, Colorado and New Mexico with a combined acquisition cost of $143,168. As a result, an impairment loss on mineral properties of $154,774 and $297,942, respectively, was reported on our consolidated statements of operations for the three and six months ended January 31, 2017.

During the three and six months ended January 31, 2018 and 2017, we continued with reduced operations at the Palangana Mine to capture residual uranium only. As a result, no depletion for the Palangana Mine was recorded on our condensed consolidated financial statements for the three and six months ended January 31, 2018 and 2017, respectively.

Mineral property expenditures incurred by major projects were as follows:

	Three Months Ended January 31,		Six Months Ended January 31,	
	2018	2017	2018	2017
Mineral Property Expenditures				
Palangana Mine	$ 237,215	$ 184,277	$ 476,530	$ 385,649
Goliad Project	19,899	19,849	42,715	49,879
Burke Hollow Project	83,555	110,675	417,792	150,316
Longhorn Project	3,265	906	6,072	1,053
Salvo Project	6,702	6,843	13,636	15,009
Anderson Project	14,572	269	30,030	15,504
Workman Creek Project	7,673	7,673	15,955	15,920
Slick Rock Project	14,192	12,206	27,805	24,552
Reno Creek Project	244,982	-	968,372	-
Yuty Project	134,228	102,037	225,196	191,712
Oviedo Project	19,046	68,402	81,242	215,070
Alto Paraná Titanium Project	74,821	409,865	114,432	522,633
Other Mineral Property Expenditures	120,065	144,444	237,138	370,267

$ 980,215	$ 1,067,446	$ 2,656,915	$ 1,957,564

During the six months ended January 31, 2018, and in connection with the Reno Creek Acquisition, we issued 353,160 restricted shares as settlement of the Reimbursable Expenses totalling $483,829, which was included in the mineral property expenditures on our condensed consolidated statements of operations for the six months ended January 31, 2018. Refer to Note 4: Acquisition of Reno Creek Project.

During the three months ended January 31, 2018, we entered into a definitive purchase agreement (the “Purchase Agreement”) with Uranerz Energy Corporation (“Uranerz”), a wholly owned subsidiary of Energy Fuels Inc., to acquire 100% of its advanced stage North Reno Creek project (“North Reno Creek Project”) located immediately adjacent to and within our existing Reno Creek Project permitting boundary in the Powder River Basin, Wyoming.

According to the Definitive Purchase Agreement, we will provide to Uranerz the following consideration at the closing of this transaction:

· $2,940,000 in cash; and

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URANIUM ENERGY CORP.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
January 31, 2018
(Unaudited)

- $2,450,000 in shares of the Company (each, a “UEC Share”), with the final number of UEC Shares to be calculated based on a deemed issuance price per UEC Share based on the volume weighted average price of our shares on the NYSE American for the five trading days immediately prior to the closing date of the Purchase Agreement.

NOTE 6: PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following:

	January 31, 2018			July 31, 2017		
	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value
Hobson Processing Facility	$6,819,088	$(774,684)	$6,044,404	$6,819,088	$(773,933)	$6,045,155
Mining Equipment	2,438,681	(2,399,198)	39,483	2,438,681	(2,378,737)	59,944
Logging Equipment and Vehicles	1,971,742	(1,837,945)	133,797	1,971,742	(1,825,389)	146,353
Computer Equipment	604,701	(571,147)	33,554	582,980	(565,223)	17,757
Furniture and Fixtures	170,701	(168,531)	2,170	170,701	(168,248)	2,453
Land and Buildings	889,605	(5,256)	884,349	519,520	-	519,520
	$12,894,518	$(5,756,761)	$7,137,757	$12,502,712	$(5,711,530)	$6,791,182

During the six months ended January 31, 2018 and 2017, no uranium concentrate was processed at our Hobson Processing Facility due to the reduced operations at our Palangana Mine. As a result, no depreciation for the Hobson Processing Facility was recorded on our consolidated financial statements for the three and six months ended January 31, 2018 and 2017, respectively.

During the six months ended January 31, 2018, in connection with the Reno Creek Acquisition, we acquired certain buildings with total acquisition costs of $297,518, which will be depreciated over the estimated useful life of 20 years using the straight-line method.

NOTE 7: EQUITY-ACCOUNTED INVESTMENT

We acquired a total of 2,000,000 shares of Uranium Royalty Corp. (“URC”), a private entity investing in the uranium sector, for a total consideration of $151,676. In addition, one of our officers was appointed as a member of the board of directors of URC. As at January 31, 2018, we own a 14.5% interest in URC and certain of our officers collectively own an additional 11.6% interest in URC. As a result, our ability to exercise significant influence over URC’s operating and financing policies continues to exist as at January 31, 2018.

During the six months ended January 31, 2018, the change in fair value of the investment in URC is summarized as below:

Balance, July 31, 2017	$151,676
Share of loss from URC	(27,923)
Gain on ownership interest dilution	129,156
Balance, January 31, 2018	$252,909

NOTE 8: DUE TO RELATED PARTIES AND RELATED PARTY TRANSACTIONS

During the three and six months ended January 31, 2018, we incurred $39,329 and $76,640 (three and six months ended January 31, 2017: $68,736 and $103,851), respectively, in general and administrative costs paid to Blender Media Inc. (“Blender”), a company controlled by Arash Adnani, a direct family member of our President and Chief Executive Officer, for various services including information technology, corporate branding, media, website design, maintenance and hosting, provided to the Company.

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During the six months ended January 31, 2018 and 2017, we issued 104,706 and 88,822 restricted shares with a fair value of $141,678 and $91,488, respectively, as settlement of the equivalent amounts owed to Blender.

At January 31, 2018, the amount owing to Blender was $1,403 (July 31, 2017: $768).

NOTE 9: TAX REFORM AND DEFERRED TAX LIABILITIES

The Tax Cuts and Jobs Act enacted on December 22, 2017 reduces the US federal corporate tax rate from 35% to 21%, requiring the Company to remeasure existing deferred tax balances and re-evaluate realizability of deferred tax assets. The rate change is administratively effective at the beginning of our Fiscal 2018, using a blended rate for the annual period. As a result, the blended statutory tax rate for Fiscal 2018 is 26.87%.

The Company is not expected to generate taxable income in Fiscal 2018 and has not recorded any current income taxes. Consequently, the tax rate change would have no impact on our current tax expenses but will impact the taxable losses to be recognized for Fiscal 2018. For the three months ended January 31, 2018, we remeasured our existing deferred tax liabilities at the newly enacted tax rates and recognized a deferred tax benefit of $232,843.

The Company has incurred taxable losses for all years since inception, which has resulted in net operating loss carry-forwards in the U.S. that may be available to reduce future years' taxable income. In the past, we have recorded a full valuation allowance for the deferred tax asset relating to these tax loss carry-forwards as their realization has been determined not likely to occur.

At December 22, 2017, we re-evaluated realizability of the Company's tax loss carry-forwards and our conclusion that the realization of these tax loss carry-forwards is not likely to occur remains unchanged. As a result, we will continue to record a full valuation allowance for the deferred tax assets relating to these tax loss carry-forwards.

The accounting for the effects of the rate changes on deferred tax balances is complete and no provisional amounts were recorded for this item.

NOTE 10: LONG-TERM DEBT

As at January 31, 2018, long-term debt consisted of the following:

	January 31, 2018	July 31, 2017
Principal amount	$ 20,000,000	$ 20,000,000
Unamortized discount	(139,334)	(745,165)
Long-term debt, net of unamortized discount	$ 19,860,666	$ 19,254,835

For the three and six months ended January 31, 2018 and 2017, the amortization of debt discount totaled $308,409 and $605,831 (three and six months ended January 31, 2017: $306,239 and $601,568), respectively, which was recorded as interest expense and included in our condensed consolidated statements of operations and comprehensive income.

The aggregate yearly maturities of the long-term debt based on principal amounts outstanding at January 31, 2018, are as follows:

Fiscal 2018	$ -
Fiscal 2019	10,000,000
Fiscal 2020	10,000,000
Total	$ 20,000,000

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Subsequent to January 31, 2018, and pursuant to the terms of our Second Amended Credit Agreement, we issued 641,574 restricted shares with a fair value of $900,000, representing 4.5% of the $20,000,000 principal balance outstanding at January 31, 2018, as payment of anniversary fees to our Lenders.

NOTE 11: ASSET RETIREMENT OBLIGATIONS

The asset retirement obligations (the "ARO") relate to future remediation and decommissioning activities at our Palangana Mine, Hobson Processing Facility, Reno Creek Project and Alto Paraná Titanium Project.

Balance, July 31, 2017	$3,729,902
Accretion	108,204
Assumed from Reno Creek Acquisition	73,973
Balance, January 31, 2018	$3,912,079

The estimated amounts and timing of cash flows and assumptions used for ARO estimates are as follows:

	January 31, 2018	July 31, 2017
Undiscounted amount of estimated cash flows	$7,275,504	$7,098,581
Payable in years	**5.0 to 17**	5.0 to 17
Inflation rate	**1.37% to 2.14%**	1.37% to 2.14%
Discount rate	**5.48% to 6.40%**	5.48% to 6.40%

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

Fiscal 2018	$-
Fiscal 2019	-
Fiscal 2020	-
Fiscal 2021	-
Fiscal 2022	148,391

Remaining balance	7,127,113
	$7,275,504

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NOTE 12: CAPITAL STOCK

Share Transactions

A summary of the share transactions for the six months ended January 31, 2018 are as follows:

Period / Description	Common Shares Issued	Value per Share Low	Value per Share High	Issuance Value
Balance, July 31, 2017	139,815,124			
Mineral Property	46,134	$ 1.34	$ 1.34	$61,820
Reno Creek Acquisition	14,852,450	1.30	1.37	20,332,617
Reimbursable Expenses for Reno Creek Acquisition	353,160	1.37	1.37	483,829
Consulting Services	124,469	1.19	1.73	192,403
Options Exercised (1)	66,516	0.45	0.93	31,860
Settlement of Current Liabilities	104,706	1.35	1.35	141,678
Shares Issued Under 2017 Stock Incentive Plan	591,496	1.28	1.60	785,329
Balance, October 31, 2017	155,954,055			
Consulting Services	55,909	1.49	1.84	91,903
Options Exercised (2)	184,416	0.45	1.32	163,534
Shares Issued Under 2017 Stock Incentive Plan	258,444	1.06	1.77	341,667
Balance, January 31, 2018	156,452,824			

(1) 111,250 stock options were exercised on a forfeiture basis, resulting in 66,516 net shares being issued.
(2) 171,250 stock options were exercised on a forfeiture basis, resulting in 74,416 net shares being issued.

Share Purchase Warrants

A summary of share purchase warrants outstanding and exercisable at January 31, 2018 are as follows:

Expiry Date

Weighted Average Exercise Price	Number of Warrants Outstanding		Weighted Average Remaining Contractual Life (Years)
$ 1.20	4,604,631	March 10, 2019	1.10
1.35	2,600,000	January 30, 2020	2.00
1.95	50,000	June 3, 2018	0.34
2.00	9,571,929	January 20, 2020	1.97
2.30	11,308,728	August 9, 2022	4.52
2.35	2,850,000	June 25, 2018	0.40
$ 1.97	30,985,288		2.63

During the six months ended January 31, 2018, in connection with the Reno Creek Acquisition, we issued 11,308,728 Warrants, with each Warrant entitling the holder to acquire one share of the Company at an exercise price of $2.30 per share for a period of five years from the date of issuance. Refer to Note 4: Acquisition of Reno Creek Project.

Stock Options

At January 31, 2018, we had one stock option plan, our 2017 Stock Incentive Plan (the “2017 Plan”). The 2017 Plan provides for not more than 22,439,420 shares of the Company that may be issued and consists of: (i) 12,305,500 shares issuable pursuant to awards previously granted that were outstanding under our 2016 Stock Incentive Plan (the “2016 Plan”); (ii) 4,133,920 shares remaining available for issuance under the 2016 Plan; and (iii) 6,000,000 additional shares that may be issued pursuant to awards that may be granted under the 2017 Plan. The 2017 Plan superseded and replaced the 2016 Plan, which superseded and replaced our prior 2015, 2014, 2013, 2009 and 2006 Stock Incentive Plans, such that no further shares are issuable under those prior plans.

During the six months ended January 31, 2018, we granted stock options under the 2017 Plan to certain directors, officers, employees and consultants to purchase a total of 2,004,000 shares of the Company exercisable at $1.09 to $1.28 per share with a term of five years.

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The majority of these stock options are subject to a 24-month vesting provision whereby at the end of the first three and six months after the grant date, 12.5% of the total stock options become exercisable, and whereby at the end of each of 12, 18 and 24 months after the grant date, 25% of the total stock options become exercisable.

A summary of stock options granted by the Company during the six months ended January 31, 2018, 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 22, 2017	1,754,000	$ 1.28	5.00	$ 1,112,090	3.10	1.49	%	0.00	%	73.68	%
August 22, 2017	100,000	1.28	5.00	67,998	2.90	1.46	%	0.00	%	83.16	%
November 1, 2017	150,000	1.09	5.00	78,460	2.80	1.71	%	0.00	%	74.54	%
Total	2,004,000			$ 1,258,548							

A continuity schedule of outstanding stock options for the underlying shares for the three and six months ended January 31, 2018 is as follows:

	Number of Stock Options		Weighted Average Exercise Price
Balance, July 31, 2017	12,260,500		$ 1.33
Granted	1,854,000		1.28
Exercised	(111,250	)	0.50
Balance, October 31, 2017	14,003,250		$ 1.33
Granted	150,000		1.09
Exercised	(281,250	)	0.97
Forfeited	(51,250	)	1.23
Balance, January 31, 2018	13,820,750		$ 1.34

At January 31, 2018, the aggregate intrinsic value under the provisions of ASC 718 of all outstanding stock options was estimated at $4,885,905 (vested: $4,279,690 and unvested: $606,215).

At January 31, 2018, unrecognized stock-based compensation expense related to the unvested portion of stock options granted totaled $712,080 to be recognized over the next 1.00 year.

A summary of stock options outstanding and exercisable at January 31, 2018 is as follows:

	Options Outstanding			Options Exercisable		
Range of Exercise Prices	Outstanding at January 31, 2018	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Exercisable at January 31, 2018	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)
$0.45 to $1.06	2,671,750	$ 0.80	2.51	2,626,125	$ 0.80	2.49
$1.07 to $2.00	9,876,500	1.28	2.42	8,013,000	1.29	1.93
$2.01 to $3.86	1,272,500	2.89	2.83	1,272,500	2.89	2.83
	13,820,750	$ 1.34	2.47	11,911,625	$ 1.35	2.15

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Stock-Based Compensation

A summary of stock-based compensation expense is as follows:

	Three Months Ended January 31,		Six Months Ended January 31,	
	2018	2017	2018	2017
Stock-Based Compensation for Consultants				
Common stock issued for consulting services	$ 157,599	$ 252,895	$ 438,778	$ 522,027
Stock options issued to consultants	341,788	199,979	341,619	278,251
	499,387	452,874	780,397	800,278
Stock-Based Compensation for Management				
Common stock issued to management	34,230	54,693	69,244	142,893
Stock options issued to management	86,650	122,326	180,981	367,345
	120,880	177,019	250,225	510,238
Stock-Based Compensation for Employees				
Common stock issued to employees	201,714	106,101	377,036	216,447
Stock options issued to employees	152,114	93,046	334,731	287,338
	353,828	199,147	711,767	503,785
Settlement of share issuance obligation	-	-	(127,615)	-
	$ 974,095	$ 829,040	$ 1,614,774	$ 1,814,301

On August 22, 2017, we issued 398,839 shares with a fair value of $510,528 under the 2017 Plan as settlement of share issuance obligations totaling $638,142, which represented the fair value of the Fiscal 2017 share bonuses made by the Company as at July 31, 2017 under the 2017 Plan. The change in fair value of $127,615 between the measurement date of July 31, 2017 and the issuance date of August 22, 2017 was recorded as a credit to the stock-based compensation for the six months ended January 31, 2018.

NOTE 13: LOSS PER SHARE

The following table reconciles the weighted average number of shares used in the calculation of the basic and diluted loss per share:

	Three Months Ended January 31, 2018	2017	Six Months Ended January 31, 2018	2017
Numerator				
Net Loss for the Period	$ (4,353,813)	$ (4,332,369)	$ (8,909,653)	$ (8,585,063)
Denominator				
Basic Weighted Average Number of Shares	156,207,557	119,891,769	155,170,537	118,495,845
Dilutive Stock Options and Warrants	-	-	-	-
Diluted Weighted Average Number of Shares	156,207,557	119,891,769	155,170,537	118,495,845
Net Loss per Share, Basic and Diluted	$ (0.03)	$ (0.04)	$ (0.06)	$ (0.07)

For the three and six months ended January 31, 2018 and 2017, all outstanding stock options and share purchase warrants were excluded from the calculation of the diluted loss per share since we reported net losses for those periods and their effects would be anti-dilutive.

NOTE 14: SEGMENTED INFORMATION

We currently operate in one reportable segment which is focused on uranium mining and related activities, including exploration, pre-extraction, extraction and processing of uranium concentrates.

At January 31, 2018, our long-term assets located in the United States totaled $59,525,044 or 80% of our total long-term assets of $74,738,319.

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

	January 31, 2018 United States						
Balance Sheet Items	Texas	Arizona	Wyoming	Other States	Canada	Paraguay	Total
Mineral Rights and Properties	$12,754,890	$11,044,018	$25,553,807	$724,966	$-	$14,513,585	$64,591,266
Property, Plant and Equipment	6,386,995	-	366,052	-	27,396	357,314	7,137,757
Reclamation Deposits	1,690,209	15,000	73,973	-	-	-	1,779,182
Equity-Accounted Investment	-	-	-	-	252,909	-	252,909
Other Long-Term Assets	519,907	-	395,227	-	62,071	-	977,205
Total Long-Term Assets	$21,352,001	$11,059,018	$26,389,059	$724,966	$342,376	$14,870,899	$74,738,319

	July 31, 2017 United States						
Balance Sheet Items	Texas	Arizona	Wyoming	Other States	Canada	Paraguay	Total
Mineral Rights and Properties	$12,780,728	$10,932,199	$-	$705,464	$-	$14,513,585	$38,931,976
Property, Plant and Equipment	6,414,329	-	-	-	11,185	365,668	6,791,182
Reclamation Deposits	1,690,209	15,000	-	819	-	-	1,706,028
Equity-Accounted Investment	-	-	-	-	151,676	-	151,676
Other Long-Term Assets	422,769	-	582,206	-	-	-	1,004,975
Total Long-Term Assets	$21,308,035	$10,947,199	$582,206	$706,283	$162,861	$14,879,253	$48,585,837

The tables below provide a breakdown of our operating results by geographic segments for the three and six months ended January 31, 2018 and 2017. All intercompany transactions have been eliminated.

	Three Months Ended January 31, 2018						
	United States						
Statement of Operations	Texas	Arizona	Wyoming	Other States	Canada	Paraguay	Total
Costs and Expenses:							
Mineral property expenditures	$467,284	$22,822	$245,825	$ 16,189	$-	$228,095	$980,215
General and administrative	1,706,667	3,710	491,361	1,122	662,442	(1,137)	2,864,165
Depreciation, amortization and accretion	81,998	-	3,796	249	2,035	1,359	89,437
Impairment loss on mineral properties	-	-	-	-	-	-	-
	2,255,949	26,532	740,982	17,560	664,477	228,317	3,933,817
Loss from operations	(2,255,949)	(26,532)	(740,982)	(17,560)	(664,477)	(228,317)	(3,933,817)
Other income (expenses)	(551,416)	(4,768)	709	-	(108,789)	(2,829)	(667,093)
Loss before income taxes	$(2,807,365)	$(31,300)	$(740,273)	$ (17,560)	$(773,266)	$(231,146)	$(4,600,910)

	Three Months Ended January 31, 2017						
	United States						
Statement of Operations	Texas	Arizona	Wyoming	Other States	Canada	Paraguay	Total
Costs and Expenses:							
Mineral property expenditures	$449,523	$22,751	$-	$ 14,868	$-	$580,304	$1,067,446
General and administrative	1,607,974	5,340	-	1,068	614,851	12,014	2,241,247
Depreciation, amortization and accretion	127,022	-	-	249	1,991	(1,007)	128,255
Impairment loss on mineral properties	154,774	-	-	-	-	-	154,774
	2,339,293	28,091	-	16,185	616,842	591,311	3,591,722
Loss from operations	(2,339,293)	(28,091)	-	(16,185)	(616,842)	(591,311)	(3,591,722)
Other income (expenses)	(744,042)	(4,768)	-	-	(399)	2	(749,207)
Loss before income taxes	$(3,083,335)	$(32,859)	$-	$ (16,185)	$(617,241)	$(591,309)	$(4,340,929)

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	Six Months Ended January 31, 2018						
	United States						
Statement of Operations	Texas	Arizona	Wyoming	Other States	Canada	Paraguay	Total
Costs and Expenses:							
Mineral property expenditures	$1,183,908	$46,562	$969,216	$36,359	$-	$420,870	$2,656,915
General and administrative	3,160,538	7,099	523,793	2,244	1,358,369	67,084	5,119,127
Depreciation, amortization and accretion	167,784	-	5,409	498	4,117	1,964	179,772
Impairment loss on mineral properties	-	-	-	-	-	-	-
Inventory write-down	-	-	-	-	-	-	-
	4,512,230	53,661	1,498,418	39,101	1,362,486	489,918	7,955,814
Loss from operations	(4,512,230)	(53,661)	(1,498,418)	(39,101)	(1,362,486)	(489,918)	(7,955,814)
Other income (expenses)	(1,211,396)	(9,535)	1,490	-	-	9,317	(1,210,124)
Loss before income taxes	$(5,723,626)	$(63,196)	$(1,496,928)	$(39,101)	$(1,362,486)	$(480,601)	$(9,165,938)

	Six Months Ended January 31, 2017						
	United States						
Statement of Operations	Texas	Arizona	Wyoming	Other States	Canada	Paraguay	Total
Costs and Expenses:							
Mineral property expenditures	$948,807	$46,512	$-	$32,830	$-	$929,415	$1,957,564
General and administrative	3,265,437	26,983	-	2,135	1,193,708	35,222	4,523,485
Depreciation, amortization and accretion	275,067	-	-	498	3,968	74	279,607
Impairment loss on mineral properties	185,942	8,334	-	103,666	-	-	297,942
Inventory write-down	60,694	-	-	-	-	-	60,694
	4,735,947	81,829	-	139,129	1,197,676	964,711	7,119,292
Loss from operations	(4,735,947)	(81,829)	-	(139,129)	(1,197,676)	(964,711)	(7,119,292)

Other income (expenses)	(1,473,252)	(9,535)	-	-	(399)