

# AUC LLC

## The Reno Creek Project

May 8, 2017

Andrea Kock, Deputy Director  
US Nuclear Regulatory Commission  
Decommissioning and Uranium Recovery Licensing Directories  
Division of Waste Management and Environmental Protection  
Office of Federal and State Materials and Environmental Management Protection  
Mail Stop T-8F5  
Washington D.C. 20555-0001

Re: AUC LLC Source Material License SUA-1602—Notice for Change of Control

Dear Ms. Kock:

AUC LLC (AUC) hereby requests NRC's approval of an indirect change of control of AUC LLC, the holder of Source Material and By-Product License SUA-1602 prior to the scheduled closing of the agreement with Uranium Energy Corp (UEC) transaction to acquire AUC on or before July 31, 2017. We believe that this period is sufficient time for NRC to issue approval for several reasons:

- The transaction is an indirect change of control;
- The simplicity of the transaction;
- No amendment to SUA-1602 is required;
- The current surety instrument will remain in place;
- The personnel structure and current employees of AUC will remain in place after the transaction, including those responsible for overseeing the health, occupational, and radiation safety, and environmental protection for the Reno Creek Project; and
- The financial and technical qualifications and good standing status of UEC, an existing licensee under the Agreement State Program with the State of Texas.

Enclosed with this letter is the Notice of Change of Control and Ownership Information application, including appendices.

If you have any questions regarding the application or other information, please contact me at 303-953-7975 or by email at [jviellenave@auc-llc.com](mailto:jviellenave@auc-llc.com).

Best regards,



Jim Viellenave  
President  
AUC LLC

CC Mark Rogaczewski, WDEQ  
Luke McMahon, WDEQ

1536 Cole Blvd.  
Suite 230  
Lakewood CO 80401

Ph. 303-953-7975  
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Reno Creek ISR Project  
SUA-1602

Notice of Change of Control  
And Ownership Information

***AUC LLC***

**AUC LLC**  
1536 Cole Blvd.  
Suite 230  
Lakewood CO 80401  
303-953-7975

May 8, 2017

NOTICE OF CHANGE OF CONTROL  
AND OWNERSHIP INFORMATION

SOURCE MATERIAL AND BY-PRODUCT  
LICENSE SUA-1602

AUC LLC

RENO CREEK ISR PROJECT

CAMPBELL COUNTY, WYOMING

May 8, 2017

## **Introduction**

AUC LLC (AUC) is a United States domiciled uranium company incorporated in the state of Delaware and headquartered in Lakewood, CO. The membership of AUC is held solely by AUC Holdings, Inc. (AUCHI), a corporation organized under the laws of Nevada. AUCHI is wholly owned by Reno Creek Resources, Inc., (RCHI) a British Columbia, Canada, corporation, which is wholly owned by Reno Creek Holdings, Inc., (RCR) a British Columbia corporation. Appendix A shows the current corporate structure of AUC LLC and its parents. Reno Creek Holdings has two stockholders, Pacific Road Resources Fund (Mining Private Equity Investors) at 97.27% ownership and Bayswater Uranium Corporation, a British Columbia, Canada corporation holding 2.73% ownership.

The Reno Creek Project (“Reno Creek”) is located in Campbell County, Wyoming and is licensed by the Nuclear Regulatory Commission (“NRC”) under Source Material and By-Product Material License SUA-1602 (the “License”) and the State of Wyoming under Permit to Mine No. 824. Neither construction nor operation of the Reno Creek project has commenced. AUC has commenced no licensed or other disturbances to the lands within the permit/license area as of the date of this Notice.

### **I. Change of Control Notice**

On May 8, 2017, Uranium Energy Corp (UEC), a corporation organized under the laws of Nevada, announced that it had executed a definitive agreement with Pacific Road Resources Fund, pursuant to which all of the issued and outstanding shares of Reno Creek Holdings, Inc. would be acquired by UEC (the “Transaction”). UEC through its South Texas Mining Venture L.L.P. subsidiary, is a Source Material and By-Product Material uranium ISR license holder (Customer Number CN 603194168) in good standing through the Texas Commission on Environmental Quality (“TCEQ”), under its Agreement State rules regulations and orders. Through its subsidiaries, UEC owns and operates the Hobson Processing Plant, located in Karnes County, TX, under license R03626, Amendment Number 28 and the La Palangana ISR mine and satellite operation, in Duval County, TX, under license R06062, Amendment Number 10.

Prior to closing of the Transaction (the “Closing”), the NRC will need to approve the indirect change of control of the License-holder AUC LLC from Reno Creek Holdings, Inc., to UEC as required by U.S. Code of Federal Regulations 10 CFR §40.46.

To comply with the requirements of 10 CFR §40.46, AUC and UEC are submitting this Notice of Change of Control and Ownership Information (the “Notice”) to the NRC for approval of the indirect change of control of the License. The Notice contains the necessary information as set forth in NRC NUREG-1556, Volume 15 *“Consolidated Guidance About Material Licenses: Program-Specific Guidance about Changes of Control and About Bankruptcy Involving Byproduct, Source, or Special Nuclear Material Licenses”*, Section 5, Change of Control (“NUREG-1556”) and RIS 2104-08 Revision 1.

## II. Change of Control Requirements

### A. Description of Transaction

- 1. Transaction:** Pursuant to an executed definitive Share Purchase Agreement, UEC will acquire all of the issued and outstanding shares of Reno Creek Holdings, Inc.

Upon completion of the Transaction, Reno Creek Holdings will become a wholly-owned subsidiary of UEC. Reno Creek Holdings, Inc. will retain 100% ownership of Reno Creek Resources, Inc., which will retain 100% ownership of AUC Holdings, Inc. which will remain the sole owner of AUC LLC. See Appendix B for the UEC Organization Chart, including the acquisition of Reno Creek Holdings and its subsidiaries.

Upon completion of the Transaction, the AUC LLC Board of Directors will be comprised entirely of UEC nominees. UEC does not contemplate making any changes to AUC's staffing structure.

- 2. Licensee:** AUC LLC is the current licensee under the License SUA-1602. A copy of the License is attached as Appendix C hereto. Upon approval of this Notice by NRC and the completion of the Transaction, AUC will become a wholly owned, indirect subsidiary of UEC. AUC will continue to be listed as the licensee under its current name "AUC LLC". If AUC should choose to change its name post-closing, it will submit a request to NRC for an administrative license amendment to reflect the change of name.
- 3. Uranium Energy Corporation:** UEC is a Nevada corporation publically traded on the NYSE MKT exchange. UEC currently owns and operates through its subsidiaries, the Hobson in-situ recovery (ISR) uranium Processing Plant in Karnes County, Texas. In addition, UEC owns and operates the La Palangana ISR Mine facility in Duvall County, Texas. The La Palangana facility also includes a licensed satellite uranium recovery operation, including ion exchange (IX) for uranium recovery, ground water restoration, and laboratory operations. Uranium-loaded IX resin is shipped by road to the Hobson Processing Plant for elution, precipitation, and drying/drumming prior to sale. In addition, UEC holds 4 other major uranium development projects in Texas, plus other exploration projects in Arizona, Colorado, New Mexico and Paraguay. Additional information can be found on the company's web site at [www.uraniumenergy.com](http://www.uraniumenergy.com).

UEC's La Palangana uranium mine and Hobson ISR Processing Plant commenced operation in 2010, and is currently in operational readiness until the emergence of improved uranium markets. The facilities remain in full compliance with all permit and license conditions and requirements.

Further, UEC has not only satisfied AEA Agreement State regulations for financial and technical qualifications for its Texas Operations, but has also maintained a record of good standing with an NRC Agreement State through TCEQ.

Although not required by NUREG-1556, UEC's financial statements for the period ending January 31, 2017, are provided in Appendix D hereto, along with its Management's Discussion and Analysis ("MDA").

Appendix E contains a Certification Letter from UEC stating its intentions regarding the operation of AUC and the implementation of AUC's License-1602 and all other permits and permissions.

All statements and representations in this Notice regarding UEC and post-closing AUC have been provided to AUC by UEC.

4. **Required NRC Findings:** The NRC is required by the Atomic Energy Act of 1954, as amended, to make a finding that the change of control of SUA-1602 as proposed in this Notice will not be "inimical to the common defense and security, and would not constitute unreasonable risk to the health and safety of the public". In addition, the change of control will maintain necessary financial resources as required by the NRC. The change of control of AUC LLC from Reno Creek Holdings to UEC complies with the Atomic Energy Act of 1954 requirements. Upon completion of the Transaction, there will be no change in the AUC key operation and health and safety personnel, licensed activities or location of operations. Further, the new owner of AUC, UEC, is a producer of uranium in the United States and is an existing uranium ISR Processing Plant licensee, with extensive experience in ensuring compliance with source material and byproduct material licenses and protection of public health, safety and the environment.

#### **B. Changes of Personnel.**

Upon Closing of the Transaction, there will be changes to the AUC LLC Board of Directors, but the officers of AUC and its personnel will remain the same. AUC's Radiation Safety Officer (RSO), Bob Meyer, will remain as RSO. UEC anticipates no changes to key personnel having operational responsibility for the Reno Creek project or identified in the License having responsibility for radiation safety or authorized to use licensed material.

The current organization chart relating to the licensed operations at the Reno Creek Project is attached as Appendix F. Upon completion of the Transaction, the AUC LLC Board of Directors will be comprised entirely of UEC nominees. UEC does not contemplate making any changes to AUC's staffing.

**C. Changes of Location, Equipment, and Procedures.**

Upon Closing, AUC will not have any changes in location or place of use, including potentially affected adjacent areas, facilities, equipment, or procedures used for the Reno Creek Project or the License.

**D. Surveillance Records**

AUC, as the current Licensee, hereby states that all required surveillance for the Reno Creek Project and License has been performed, documented, and reviewed and is current, and will continue to be current at the time of the change of control. All records associated with such required surveillance are maintained and kept at the headquarters of AUC in Lakewood, Colorado, as no construction, installation or operation of any Licensed activities has occurred. All such records are current, and will continue to be kept current through the change of control event. These records will remain at the AUC headquarters until such time as the Reno Creek project facility receives NRC's authorization to commence operation. At that time, all records will transferred to and be held at the project site. The Transaction will have no impact on the status of the surveillance systems involved at the Reno Creek project.

**E. Decommissioning and Related Records Transfers**

The Transaction will have no impact on the License, which will remain with AUC after the Closing, or on the operations of the Reno Creek project, all of which will remain in AUC. As UEC will be acquiring AUC's parent, Reno Creek Holdings, Inc., including all of AUC's records, there will be no transfer of records to any transferee concerning the safe and effective decommissioning of the Reno Creek project.

All records associated with the decommissioning of the Reno Creek project, including the Central Processing Plant (CPP) and all Production Units, will remain with AUC as the holder of the license after Closing, and will be available to UEC as the indirect owner of AUC. All records associated with the decommissioning are currently maintained and kept at the headquarters of AUC in Lakewood, Colorado, as no construction or installation or operation of any Licensed activities has occurred. All such records are current, and will continue to be kept current through the change of control event. These records will remain at the AUC headquarters until such time as the Reno Creek project facility receives NRC's authorization to commence operation. At that time, all records will be transferred to and kept at the project site.

As required by License Conditions 9.4, 9.6, 9.7, 9.10, 10.9, 10.14, 10.15, 10.18, 11.1, and 11.2, routine surveys for alpha, gamma and other potential contaminants are to be conducted at the CPP and all Production Units to measure and characterize the current ambient radiation levels and fixed and removable contamination. Documentation pertaining to the ongoing contamination status at the operating CPP

and Production Units will be maintained and kept on site. This information will also be conveyed to NRC through quarterly, semi-annual and annual reports. All such information will remain with AUC, the holder of the License, after Closing and after the commencement of operations. The information will be available to UEC as the indirect owner of AUC.

As the Reno Creek project is not yet constructed or in operation, no inspections have been made by NRC and there are no unresolved enforcement or inspection issues existing under the License.

AUC and UEC acknowledge that: 1) they are familiar with the Reno Creek License Application and License, Quarterly Reports, Semi-Annual Effluent and Environmental Monitoring Reports and other periodic operational reports required to be filed with the NRC for the Project; 2) they are aware that descriptions of the Project facility, with regard to existing contamination and ambient radiation levels are contained in such reports and other available documents; and 3) they are knowledgeable of the extent and levels of contamination and applicable decommissioning requirements at the Reno Creek project as of the date of this Notice. UEC's certification it confirms and agrees to all of the commitments made by AUC in this Notification is attached as Appendix E.

**F. AUC Commitment to Continue to Abide by its License Conditions**

The License will not be transferred from AUC to any other party; therefore, there will be no "transferee" involved. The License will remain with AUC. However, there will be an indirect change of control of AUC through UEC's acquisition of all of the shares of Reno Creek Holdings, Inc. As the Transaction will not involve a transfer of the License to any person from AUC, there is no need to consider whether or not a transferee will abide by all constraints, conditions, requirements, and commitments of AUC or whether or not a transferee will submit a complete description of the proposed license program.

AUC, as Licensee, will continue to abide by all of the constraints, commitments, requirements, representations, and conditions of the License after the Closing. AUC confirms it will continue to accept full responsibility, as Licensee, for the decommissioning of the Reno Creek project site, including any contaminated facilities and equipment. AUC also confirms it is knowledgeable of and accepts full responsibility for future inspections and for any resultant open inspection items and/or resulting enforcement actions. There is no need to consider any issues associated with whether AUC will retain all necessary professional expertise in accordance with NRC requirements for technical qualifications.

No amendments to the License will be required as a result of the Transaction. Should AUC after the Closing decide to change its name, it will submit an application for an administrative amendment to do so. In accordance with the attached letter in



Appendix E from UEC to NRC, UEC commits to assuring AUC will adhere to all of its obligations under its License or NRC regulations.

### **III. Surety Arrangement**

The financial surety for the Reno Creek project will be unaffected by the Transaction and continue to be provided by AUC as the holder of the License. Because AUC's corporate name will not change as a consequence of the Transaction, no bond rider or other documentation is required in order to approve this Notice.

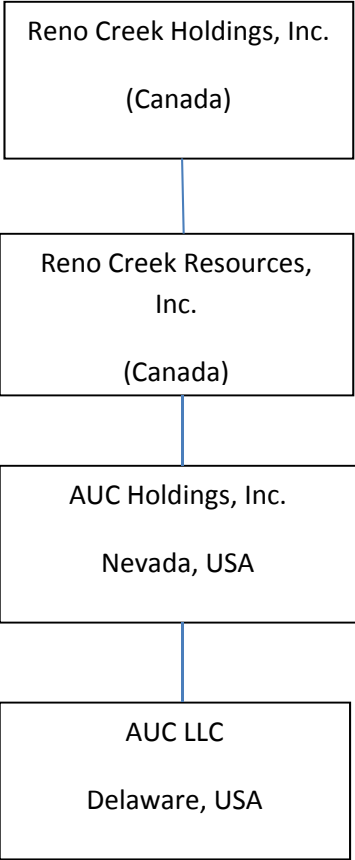
License Condition 9.5 requires that the Licensee maintain an NRC approved financial surety arrangement, consistent with 10 CFR 40, Appendix A, Criterion 9, adequate to cover the estimated costs, if accomplished by a third party, for decommissioning and decontamination, including offsite disposal of radioactive solid process residues, and groundwater restoration as warranted. The surety shall also include the costs associated with all soil and water sampling analyses necessary to confirm the accomplishment of decontamination.

The current Wyoming Department of Environmental Quality (WDEQ) approved surety requirement for the Reno Creek project is \$73,973. This bond has not been reviewed by NRC because no licensed disturbance, construction or operation has occurred at the Reno Creek project site. On or before May 29, 2017, AUC commits to submit to NRC its Initial Surety Estimate, as required in its License Condition 9.5, within 90 days after the issuance of the license. Further, at least 90 days prior to any Licensed disturbance, construction or operation not included in the Initial or Annual Surety Estimate, AUC commits to obtain NRC approval for a proposed revised surety requirement for the project.

The existing WDEQ approved surety consists of a Letter of Credit from the Colorado Business Bank in Lakewood Colorado in favor of the Wyoming Department of Environmental Quality, shown in Appendix G.

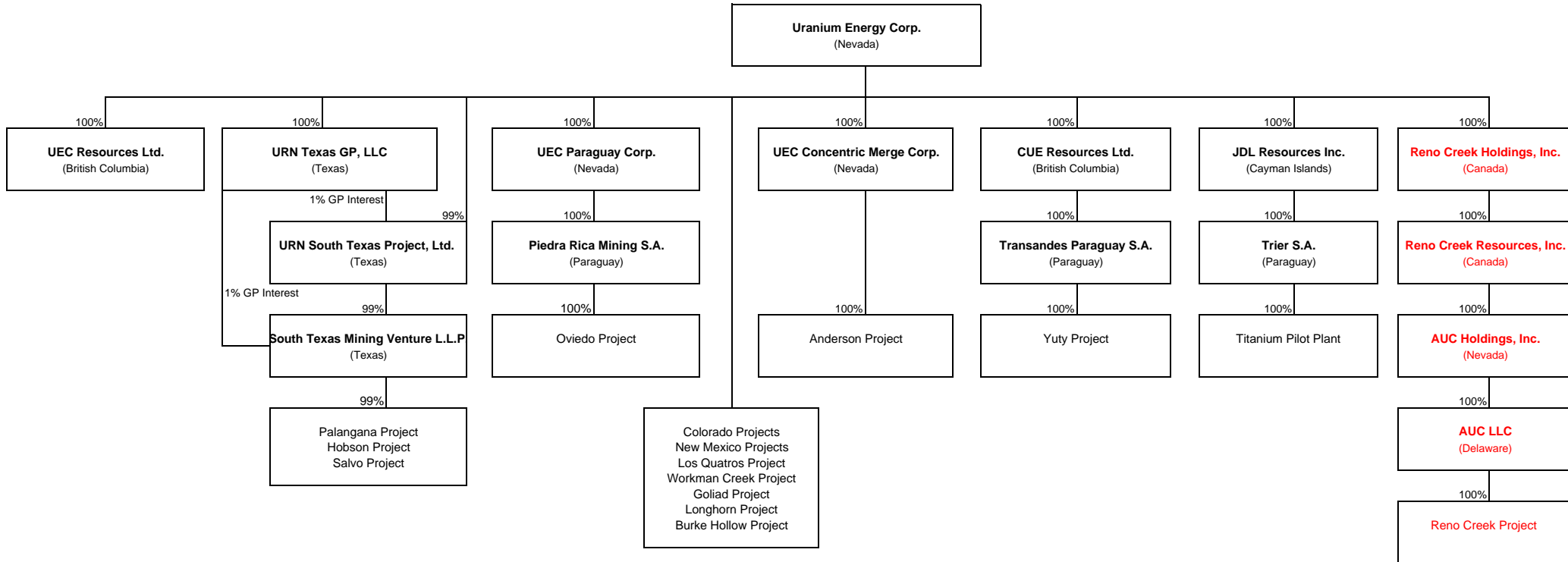
The Transaction will not affect the current surety arrangement and will therefore not have to be modified. The surety instrument will not require any update or modification as a consequence of the Transaction, as it remains in favor of the WDEQ.

**Appendix A**  
**AUC LLC CORPORATE STRUCTURE**



Appendix B

URANIUM ENERGY CORP.



**Appendix C**  
**AUC LLC License SUA-1602**

**MATERIALS LICENSE  
SUPPLEMENTARY SHEET**

License Number SUA-1602

Docket or Reference Number  
04009092

NRC FORM 374

U.S. NUCLEAR REGULATORY COMMISSION

**MATERIALS LICENSE**

Pursuant to the Atomic Energy Act of 1954, as amended, the Energy Reorganization Act of 1974 (Public Law 93-438), and the applicable parts of Title 10, Code of Federal Regulations, Chapter I, Parts 19, 20, 30, 31, 32, 33, 34, 35, 36, 39, 40, 51, 70, and 71, and in reliance on statements and representations heretofore made by the licensee, a license is hereby issued authorizing the licensee to receive, acquire, possess, and transfer byproduct, source, and special nuclear material designated below; to use such material for the purpose(s) and at the place(s) designated below; to deliver or transfer such material to persons authorized to receive it in accordance with the regulations of the applicable Part(s). This license shall be deemed to contain the conditions specified in Section 183 of the Atomic Energy Act of 1954, as amended, and is subject to all applicable rules, regulations, and orders of the Nuclear Regulatory Commission now or hereafter in effect and to any conditions specified below.

<p>Licensee</p> <p>1. AUC LLC</p> <p>2. 1536 Cole Blvd. Lakewood, CO 80401</p>	<p>3. License Number SUA-1602</p> <p>4. Expiration Date: February 28, 2027</p> <p>5. Docket No. 04009092 Reference No.</p>
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|--|---|--|
| <p>6. Byproduct Source, and/or Special Nuclear Material</p> <p>a. Natural Uranium</p> <p>b. Byproduct material as defined in 10 CFR 40.4</p> | <p>7. Chemical and/or Physical Form</p> <p>a. Any</p> <p>b. Unspecified</p> | <p>8. Maximum amount that Licensee May Possess at Any One Time Under This License</p> <p>a. Unlimited</p> <p>b. Quantity generated under operations authorized by this license</p> |
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**SECTION 9: Administrative Conditions**

*Standard Conditions*

- 9.1 The authorized place of use shall be the licensee's Reno Creek Project in situ recovery (ISR) in Campbell County, Wyoming. The licensee shall conduct operations within the Project area boundaries shown in Figure 1-2 of the approved license application.
- 9.2 The licensee shall conduct operations in accordance with the commitments, representations, and statements contained in the license application dated October 3, 2012 (Agencywide Documents Access and Management System (ADAMS) Accession No. ML122890785), and supplemented by submittals dated June 7, 2013 (ML131680092), July 19, 2013 (ML132190282), June 13, 2014 (ML14169A452), June 24, 2014, (ML14182A470), September 4, 2014 (ML14251A011), December 23, 2014 (ML15002A077), April 22, 2015 (ML15119A317), and November 23, 2016 (ML16337A046). The approved application and supplements, hereby, are incorporated by reference, except where superseded by specific conditions in this license. The licensee must maintain the approved,

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updated, license application on site.

Whenever the word "will" or "shall" is used in the above referenced documents, it shall denote a requirement. The use of the word "Wellfield" in this license is synonymous with the use of the term "Production Unit" or as a general descriptive term; it may or may not equate to wellfield as defined in the approved license application. A "wellfield production area" means the area in which lixiviant is injected into the subsurface. The use of "verification" in this license with respect to a document submitted for U.S. Nuclear Regulatory Commission (NRC) staff review means a written acknowledgement by NRC staff that the specified submitted material is consistent with commitments in the approved license application, or requirements in a license condition or regulation. A verification will not require a license amendment.

9.3 All written notices and reports sent to the NRC as required under this license and by regulation shall be addressed as follows: ATTN: Document Control Desk, U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001. An additional copy shall be submitted to: Deputy Director, Division of Decommissioning, Uranium Recovery and Waste Programs, Office of Nuclear Material Safety and Safeguards, U.S. Nuclear Regulatory Commission, Mail Stop T-8F5, 11545 Rockville Pike, Rockville, MD 20852-2738. Incidents and events that require telephone notification shall be made to the NRC Operations Center at (301) 816-5100 (collect calls accepted).

9.4 Change, Test, and Experiment License Condition

- A) The licensee may, without obtaining a license amendment pursuant to 10 CFR 40.44, and subject to conditions specified in (B) of this condition:
- i Make changes in the facility as described in the license application (as updated);
  - ii Make changes in the procedures as described in the license application (as updated); and
  - iii Conduct tests or experiments not described in the license application (as updated).
- B) The licensee shall obtain a license amendment pursuant to 10 CFR 40.44 prior to implementing a proposed change, test, or experiment if the change, test, or experiment would:
- i Result in more than a minimal increase in the frequency of occurrence of an accident previously evaluated in the license application (as updated);
  - ii Result in more than a minimal increase in the likelihood of occurrence of a malfunction of a facility structure, equipment, or monitoring system (SEMS) important to safety previously evaluated in the license application (as updated);
  - iii Result in more than a minimal increase in the consequences of an accident previously evaluated in the license application (as updated);
  - iv Result in more than a minimal increase in the consequences of a malfunction of an SEMS important to safety previously evaluated in the license application (as updated);
  - v Create a possibility for an accident of a different type than any previously evaluated in the license application (as updated);

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- vi Create a possibility for a malfunction of an SEMS important to safety with a different result than previously evaluated in the license application (as updated); or
- vii Result in a departure from the method of evaluation described in the license application (as updated) used by the NRC in establishing the final safety evaluation report (FSER), environmental impact statement (EIS), environmental assessment (EA), technical evaluation reports (TERs), or other analyses and evaluations for license amendments.

For purposes of this paragraph as applied to this license, SEMS important to safety means any SEMS that has been referenced in a staff SER, TER, EA, or EIS, and supplements and amendments thereof.

- C) Additionally, the licensee must obtain a license amendment unless the change, test, or experiment is consistent with NRC's previous conclusions, or the basis of, or analysis leading to, the conclusions of actions, designs, or design configurations analyzed and selected in the site or facility SER, TER, and EIS or EA. This would include all supplements and amendments, and SERs, TERs, EAs, and EISs issued with amendments to this license.
- D) The licensee's determinations concerning (B) and (C) of this condition, shall be made by a Safety and Environmental Review Panel (SERP). The SERP shall consist of a minimum of three individuals. One member of the SERP shall have expertise in management (e.g., Plant Manager) and shall be responsible for financial approval for changes; one member shall have expertise in operations and/or construction and shall have responsibility for implementing any operational changes; and one member shall be the radiation safety officer (RSO) or equivalent meeting recommendations in paragraph 2.4 of Regulatory Guide 8.31 (Rev. 1) with the responsibility of assuring changes conform to radiation safety and environmental requirements. Additional members may be included in the SERP, as appropriate, to address technical aspects such as groundwater or surface water hydrology, specific earth sciences, and other technical disciplines. Temporary members or permanent members, other than the three above-specified individuals, may be consultants.
- E) The licensee shall maintain records of any changes made pursuant to this condition until license termination. These records shall include written safety and environmental evaluations made by the SERP that provide the basis for determining changes are in compliance with (B) of this condition. The licensee shall furnish, in an annual report to the NRC, a description of such changes, tests, or experiments, including a summary of the safety and environmental evaluation of each. In addition, the licensee shall annually submit to the NRC page changes, which shall include both a change indicator for the area changed, e.g., a bold line vertically drawn in the margin adjacent to the portion actually changed, and a page change identification (date of change or change number or both), to the operations plan and reclamation plan of the approved license application (as updated) to reflect changes made under this condition.

9.5 Financial Assurance. The licensee shall maintain an NRC-approved financial surety arrangement, consistent with 10 CFR 40, Appendix A, Criterion 9, adequate to cover the estimated costs, if accomplished by a third party, for decommissioning and decontamination, which includes offsite disposal of radioactive solid process or evaporation pond residues, and groundwater restoration. The surety shall also include the costs associated with all soil and water sampling analyses

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necessary to confirm the completion of decontamination.

Proposed annual updates to the financial assurance amount, consistent with 10 CFR Part 40, Appendix A, Criterion 9, shall be provided to the NRC 90 days prior to the anniversary date (e.g. renewal date of the financial assurance instrument/vehicle). The financial assurance update renewal date for the Reno Creek Project will be determined following consultation with the licensee and the State of Wyoming. If the NRC has not approved a proposed revision 30 days prior to the expiration date of the existing financial assurance arrangement, the licensee shall extend the existing arrangement, prior to expiration, for one year. Along with each proposed revision or annual update of the financial assurance estimate, the licensee shall submit supporting documentation, showing a breakdown of the costs and the basis for the cost estimates with adjustments for inflation, maintenance of a minimum 15-percent contingency, changes in engineering plans, activities performed, and any other conditions affecting the estimated costs for site closure. Within 90 days of NRC approval of a revised closure (decommissioning) plan and its cost estimate, the licensee shall submit, for NRC staff review and approval, a proposed revision to the financial assurance arrangement if estimated costs exceed the amount covered in the existing arrangement. The revised financial assurance instrument shall then be in effect within 30 days of written NRC approval of the documents.

At least 90 days prior to beginning construction associated with any approved, planned expansion or operational change that was not included in the annual financial assurance update, the licensee shall provide, for NRC approval, an updated estimate to cover the expansion or change. The licensee shall also provide the NRC with copies of financial assurance-related correspondence submitted to the State of Wyoming, a copy of the State's financial assurance review, and the final approved financial assurance arrangement. The licensee also must ensure that the financial assurance instrument, where authorized to be held by the State, identifies the NRC-related portion of the instrument and covers the aboveground decommissioning and decontamination, the cost of offsite disposal of solid byproduct material, soil, and water sample analyses, and groundwater restoration associated with the site. The basis for the cost estimate is the NRC-approved site closure plan or the NRC-approved revisions to the plan. Reclamation or decommissioning plan cost estimates and annual updates should follow the outline in Appendix C to NUREG-1569 entitled "Recommended Outline for Site-Specific In Situ Leach Facility Reclamation and Stabilization Cost Estimates."

The licensee shall continuously maintain an approved surety instrument for the Reno Creek Project, in favor of the State of Wyoming. The initial surety estimate shall be submitted for NRC review and approval within 90 days of license issuance, and the surety instrument shall be submitted for NRC staff review and approval 90 days prior to commencing operations.

- 9.6 Release of superficially contaminated equipment, materials, or packages for unrestricted use shall be in accordance with the NRC guidance document "Guidelines for Decontamination of Facilities and Equipment Prior to Release for Unrestricted Use or Termination of Licenses for Byproduct, Source, or Special Nuclear Material," (the Guidelines) dated April 1993 (ADAMS Accession No. ML003745526) or suitable alternative procedures approved by the NRC prior to any such release.

Where surface contamination by both alpha- and beta-gamma-emitting nuclides exists, the limits established for alpha- and beta-gamma-emitting nuclides shall apply independently.



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Personnel performing contamination surveys for items released for unrestricted use shall meet the qualifications as health physics technician or radiation safety officer as defined in Regulatory Guide 8.31 (Rev. 1). Personal effects (e.g., notebooks and flash lights) which are hand carried need not be subjected to the qualified individual survey or evaluation, but these items should be subjected to the same survey requirements as the individual possessing the items.

- 9.7 The licensee shall follow the guidance set forth in NRC Regulatory Guides 8.22, "Bioassay at Uranium Mills" (Rev. 1), 8.30, "Health Physics Surveys in Uranium Recovery Facilities" (Rev. 1) and 8.31, "Information Relevant to Ensuring that Occupational Radiation Exposure at Uranium Recovery Facilities will be As Low As Is Reasonably Achievable (ALARA)," (Rev. 1) or NRC-approved equivalent with the following exception:

The licensee may identify one or more qualified designees to perform daily inspections in the occasional absence of the radiation safety officer (RSO) and radiation safety technician (RST). A qualified designee will meet the minimum qualifications and perform only those duties as outlined for a qualified Designated Operator as specified in the licensee's submittal dated December 23, 2014 (ML15002A077).

A qualified designee may perform daily inspections on weekends, holidays, and times when both the RSO and RSTs must both be absent (e.g., illness or offsite training). With the exceptions of those instances when a Federal holiday falls on a Friday or Monday, or the Thanksgiving holiday, qualified designees will not conduct the daily inspections for more than a total of two days per week. When a Federal holiday falls on a Friday or Monday, qualified designees may perform the daily inspections for a total of three consecutive days. For the Thanksgiving holiday only, qualified designees may perform the daily inspections for a total of four consecutive days. The licensee will also have the RSO or RST available by telephone while a qualified designee is performing the daily inspections.

Reports generated by a qualified designee will be reviewed by the RSO or an RST as soon as practicable, but not later than the close of business of the next work day following an absence, weekend, or holiday. The RSO or RST review shall be annotated with date and time on the report or other document that can be inspected upon request.

Notwithstanding the License Condition (LC) 9.4 change process, no additional exceptions to the guidance will be implemented without written NRC verification that the criteria in LC 9.4 do not require a license amendment.

- 9.8 Cultural Resources. Before engaging in any developmental activity not previously assessed by the NRC, and within the direct area of potential effects (APE) the licensee shall administer a cultural resource inventory. All disturbances associated with the proposed development will be completed in compliance with the National Historic Preservation Act (as amended) and its implementing regulations (36 CFR Part 800), and the Archaeological Resources Protection Act (as amended) and its implementing regulations (43 CFR Part 7).

In order to ensure that no unapproved disturbance of cultural resources occurs, any work resulting in the discovery of previously unknown cultural artifacts shall cease. The artifacts shall be inventoried and evaluated in accordance with 36 CFR Part 800, and no disturbance of the area shall occur until

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the licensee has received authorization to proceed from the Wyoming State Historic Preservation Officer or the NRC, as appropriate. For developmental activities outside of the direct APE, the NRC shall be notified and provide appropriate authorization before commencement of those activities.

- 9.9 The licensee shall dispose of solid byproduct material from the Reno Creek Project at a site that is authorized by NRC or an NRC-Agreement State to receive such byproduct material. The licensee's approved solid byproduct material disposal agreement shall be maintained on site during any time the facility is in operation. In the event that the agreement expires or is terminated, the licensee shall notify the NRC in writing within seven working days after the date of expiration or termination. A new agreement shall be submitted for NRC review within 90 days after expiration or termination, or the licensee will be prohibited from further lixiviant injection.
- 9.10 The results of the following activities, operations, or actions shall be documented: sampling; analyses; surveys or monitoring; survey/monitoring equipment calibrations; audits and inspections; all meetings and training courses; and any subsequent reviews, investigations, or corrective actions required by NRC regulation or this license. Unless otherwise specified in a license condition or applicable NRC regulation, all documentation required by this license shall be maintained until license termination, and is subject to NRC review and inspection.
- 9.11 The licensee is hereby exempted from the requirements of 10 CFR 20.1902(e) for areas within the facility, provided that all entrances to the facility are conspicuously posted with the words, "CAUTION: ANY AREA WITHIN THIS FACILITY MAY CONTAIN RADIOACTIVE MATERIAL."

**SECTION 10: Operations, Controls, Limits, and Restrictions**

*Standard Conditions*

- 10.1 The licensee shall use a lixiviant composed of native groundwater; carbon dioxide, sodium carbonate and/or sodium bicarbonate; and hydrogen peroxide and/or oxygen, as specified in Section 3.1.4.1 of the licensee's approved license application.
- 10.2 Facility Throughput. The Reno Creek Project processing facility throughput shall not exceed a maximum instantaneous flow rate of 11,000 gallons per minute, excluding restoration flow. The annual production of dried yellowcake shall not exceed two million pounds.
- 10.3 At least 12 months prior to initiation of any planned final site decommissioning, the licensee shall submit a detailed decommissioning plan for NRC staff review and approval. The plan shall represent as-built conditions at the Reno Creek Project.
- 10.4 The licensee shall develop and implement written standard operating procedures (SOPs) prior to operation for:
- A) All routine operational activities involving radioactive and non-radioactive materials associated with licensed activities that are handled, processed, stored, or transported by employees;
  - B) All routine non-operational activities involving radioactive materials including in-plant radiation

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protection and environmental monitoring; and

- C) Emergency procedures for potential accident/unusual occurrences including significant equipment or facility damage, pipe breaks and spills, loss or theft of yellowcake or sealed sources, significant fires, and other natural disasters.

The SOPs shall include appropriate radiation safety practices to be followed in accordance with 10 CFR Part 20. SOPs for operational activities shall enumerate pertinent radiation safety practices to be followed. A copy of the current written procedures shall be kept in the area(s) of the production facility where they are utilized. Should an activity be deemed 'non-routine', its procedures will be documented in a specific Radiation Work Permit for that non-routine activity.

- 10.5 Mechanical Integrity Tests. The licensee shall construct all wells in accordance with methods described in Section 3.1.3 of the approved license application. Initially, mechanical integrity tests (MITs) shall be performed on all wells (injection, extraction, and monitoring wells) before the well is utilized and on wells that have been serviced with equipment or procedures that could damage the well casing. Each injection and recovery well shall be retested at least once every five years it is in use. Integrity tests shall be performed in accordance with Section 3.1.3.3 of the licensee's approved license application. Any failed well casing that cannot be repaired to pass the integrity test shall be appropriately plugged and abandoned in accordance with Section 3.1.3.3 of the approved license application.
- 10.6 Groundwater Restoration. The licensee shall conduct groundwater restoration activities in accordance with Section 6.1.5 of the approved license application. Permanent cessation of lixiviant injection in a Production Unit would signify the licensee's intent to shift from the principal activity of uranium recovery to the initiation of groundwater restoration and decommissioning for any particular Production Unit. If the licensee determines that these activities are expected to exceed 24 months for any particular Production Unit, then the licensee shall submit for approval an alternate schedule request to the NRC that meets the requirements of 10 CFR 40.42.

Restoration Standards. Hazardous constituents in the groundwater shall be restored to the numerical groundwater protection standards as required by 10 CFR Part 40, Appendix A, Criterion 5B(5). In submitting any license amendment application requesting review and approval of proposed alternate concentration limits (ACLs) pursuant to Criterion 5B(6), the licensee must also show that it has first made practicable effort to restore the specified hazardous constituents to the background or maximum contaminant levels (whichever is greater).

Restoration Stability Monitoring. The licensee shall conduct sampling of the parameters included in the baseline sampling under LC 11.3 during the restoration stability period in accordance with Section 6.1.5 of the approved application. The sampling consists of four samples during a nine month period. The sampling shall include the specified production zone aquifer wells used to define the baseline levels. The applicant shall continue the stability monitoring until the data show, for all parameters monitored, no statistically significant increasing trend, which would lead to an exceedence of the relevant standard in 10 CFR Part 40, Appendix A, Criterion 5B(5).

- 10.7 The licensee shall maintain a net inward hydraulic gradient at a Production Unit as measured from the surrounding perimeter monitoring well ring starting when lixiviant is first injected into the

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production zone and continuing until initiation of the stabilization period.

- 10.8 The licensee shall establish and conduct an effluent and environmental monitoring program in accordance with programs described in Section 5.7.7 (Airborne Effluent and Environmental Monitoring Programs) and Section 5.7.8 (Groundwater/Surface Water Monitoring Program) of the approved license application.

*Facility Specific Conditions*

- 10.9 The licensee is permitted to construct and operate a single lined storage pond as described in Section 4.3.5 of the approved license application. The pond will be used for retention of liquid byproduct material prior to disposal in a deep disposal well. Pond inspections will be conducted in accordance with procedures defined in Sections 4.3.5.3 and 5.3.1 of the approved license application. The inspections include:
- A) Daily Inspection. The licensee will perform daily inspections in accordance with Sections 4.3.5.3.1 and 5.3.1.1 of the approved license application. The inspections will include visual inspections of the piping, berms, diversion ditches, freeboard and leak detection systems. The minimum freeboard is two feet. If during the daily inspections, a fluid height in any of the standpipes for the pond leak detection system is found to be in excess of six vertical inches, then the licensee will collect a sample of the fluid for analysis of specific conductance. If the specific conductance of the fluid in the leak detection system is in excess of 50 percent of the specific conductance of fluids in the pond, then a leak has occurred in the pond primary liner and the licensee will perform mitigative and corrective actions. The corrective actions include notifying the NRC Headquarters Project Manager (PM) by telephone or electronic (email) within 48 hours and lowering the water level in the pond sufficiently to eliminate the leak. If corrective actions are not completed within 60 days, the pond will not be used to store any byproduct material until the liner is inspected by qualified personnel as required by Subsection D (Annual Technical Inspection). The licensee will submit a report to the NRC upon completion of the corrective actions including documentation of all pond repairs. Daily inspection reports will be maintained onsite for NRC staff review.
  - B) Weekly Inspection. The licensee will conduct weekly inspections in accordance with Sections 4.3.5.3.2 and 5.3.1.2 of the approved license application. The inspections will include visual inspection of the entire area including perimeter fencing. The weekly pond inspection report will be reviewed by the Manager of Health, Safety and Environmental Affairs, and the Operations Manager. The weekly inspection reports will be maintained onsite for NRC staff review.
  - C) Quarterly Inspection. The licensee will conduct quarterly inspections in accordance with Section 4.3.5.3.3 of the approved license application. Results of the quarterly inspections will be included in the semi-annual report submitted to the NRC as required by LC 11.1. If groundwater quality in the monitoring wells indicates a release of fluids from the pond, then the licensee will immediately perform corrective actions to eliminate the leak and any appropriate remedial actions including characterization of impacts to shallow soils and water in the uppermost aquifer.
  - D) Annual Technical Inspection. The licensee will conduct annual inspections in accordance with

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Section 4.3.5.3.4 of the approved license application. The annual inspection will include a review of the previous year's daily, weekly, and quarterly inspections, assessment of the hydraulic and hydrologic capacities, and a survey of the embankment by qualified personnel. A copy of the report will be submitted to the NRC for review.

- 10.10 The licensee shall submit to NRC staff for review and approval, plans for equipment and procedures prior to the use, storage, handling and transport of biological or chemical materials other than sodium sulfide for reductant injections during restoration.
- 10.11 Prior to conducting tests for a wellfield data package, the licensee will attempt to locate and abandon all historic drillholes as outlined in the approved license application within: A) The perimeter well ring for the Production Unit; and B) Downgradient of the wellfield between the perimeter well ring and anticipated point of exposure for a future alternate concentration limit (ACL) application pursuant to 10 CFR Part 40, Appendix A Criterion 5B(5)(c) by electing to abandon the downgradient historical drillholes either:
- (i) prior to the start of operations, or
  - (ii) prior to the submittal of an ACL application. If the drillholes are abandoned after the start of operations of a wellfield, then the licensee is required to verify the location of such drillholes prior to the start of operation of that wellfield and provide the cost to cover the eventual abandonment of the drillholes in its surety estimate.

The licensee will document such efforts to identify and properly abandon all drillholes in the wellfield data package.

- 10.12 Wellfield Data Package. Prior to conducting principal activities in a new Production Unit, the licensee shall submit a hydrologic test data package (wellfield data package) to the NRC. The initial wellfield data package will be submitted for NRC staff review and verification. Each wellfield data package shall be submitted at least 60 days prior to the planned start date of lixiviant injection. In each wellfield data package, the licensee will document that: (1) all perimeter monitoring wells are screened in the appropriate horizon in order to provide timely detection of an excursion; and (2) the background values to establish groundwater protection standards and Upper Control Limits (UCLs) for the Production Unit are in accordance with LC 11.3. The wellfield data package will adequately define heterogeneities that may affect the chemical signature and groundwater flow paths within the ore zone as described in Sections 2.7.2.3, 3.1.1 and 5.7.8.1 of the approved license application with the following conditions:
- (a) The licensee will construct monitoring wells used for the groundwater detection monitoring programs at the Production Units by Methods 1, 2 or 3 as defined by the approved license application. The licensee will document the potentiometric surface isopleth map for the OM aquifer in the wellfield data package. The licensee will include an analysis of flare in the wellfield data package. The calculated flare should be based on operational history after the initial wellfield data package. If the Production Unit contains atypical patterns (e.g., line or staggered line patterns), the licensee will provide specific justification for the calculated flare associated with the atypical patterns.
  - (b) If a non-AUC controlled well (e.g., Coal Bed Methane (CBM) well, Bureau of Land Management

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(BLM) All Night Creek wells) exists within a proposed Production Unit, the licensee will evaluate the need to monitor the well water quality or install monitoring wells to monitor the potential migration should the casing cement pose a possible conduit for fluid migration, and include the results of that evaluation in the wellfield data package. If the non-AUC controlled well is screened within the ore zone, the licensee will submit to the NRC, for review and approval, a plan documenting the resolution of a well in the ore zone – including any discussions with the owners of that well.

- (c) If the Production Unit is located within 400 feet of a tract of land for which the licensee does not hold mineral rights, the licensee will include in the wellfield data package a Memorandum of Reciprocal Well Agreement with the mineral rights holder.
- (d) If production or monitoring wells are completed in a 100-year flood plain, the licensee will ensure the wellheads have mitigation measures for flood protection as specified in Section 2.7.1.5.2 of the approved license application and include the documentation of those measures in the wellfield data package.

- 10.13 Facility and Wellfield Inspection. Injection manifold pressures and flow rates shall be measured and recorded daily by the in-line computer system and/or Wellfield Operator. During wellfield operations, injection pressures shall not exceed the maximum operating pressure as specified in Section 3.1.3.3 of the approved license application. To the extent possible, the daily inspections shall include visual inspections and document leaks or other abnormalities in the wellfield piping, wellheads, or header houses in accordance with Section 3.1.6 of the approved license application. The licensee shall conduct the weekly in-plant inspection and audit programs described in Section 5.3.1 of the approved license application.
- 10.14 The licensee will use calibrated radiation instruments that can measure the full range of radiation exposure rates or dose rates for radiological parameters that are reasonably expected at an ISR facility to ensure the magnitude and extent of radiation levels are measured in accordance with 10 CFR 20.1501(a)(2)(i). The instruments used to measure airborne concentrations of radioactive materials will allow for a lower limit of detection (LLD), as described in Regulatory Guide 8.30 (Rev. 1), to provide a 95 percent confidence that measurements are in conformance with 10 CFR 20.1201, 20.1204, 20.1301, 20.1501, and 20.1502.
- 10.15 The licensee shall conduct radiological characterization of airborne samples for natural U, Th-230, Ra-226, Po-210, and Pb-210 for each restricted area air particulate sampling location at a frequency of once every six months for the first two years, and annually thereafter to ensure compliance with 10 CFR 20.1204(g).
- 10.16 The licensee shall ensure radiation safety training is consistent with Regulatory Guides 8.13, "Instruction Concerning Prenatal Radiation Exposure," (Rev. 3) and 8.29, "Instruction Concerning Risks from Occupational Radiation Exposure," (Rev. 1) in addition to the requirements in Section 2.5 of Regulatory Guide 8.31 (Rev. 1), and as described in Section 5.5 of the approved application, or NRC-approved equivalent.

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10.17 The licensee shall maintain a groundwater detection monitoring program for the storage pond that meets requirements of Criteria 5 and 7A of 10 CFR Part 40, Appendix A. The elements in this program will be documented in the licensee's SOPs.

10.18 Emission Controls (Dryer). The licensee shall maintain effluent control systems as specified in Sections 3.2.1.4, and 5.7.1.1 of the approved license application.

If any of the yellowcake emission control equipment fails to operate within specifications set forth in the SOPs, the drying and packaging room shall immediately be closed-in as an airborne radiation area and heating operations shall be switched to cooldown, and packaging operations shall be temporarily suspended. Packaging operations shall not be resumed until the vacuum system draws air into the system.

10.19 All liquid effluents from process buildings and other process waste streams, with the exception of sanitary wastes, shall be returned to the process circuit or properly disposed. The licensee is authorized to dispose of process solutions, injection bleed, and restoration brine using deep well injection, as permitted by WDEQ and described in the approved license application.

The licensee will obtain the necessary permits and construct at least one Class I Underground Injection Control (UIC) deep disposal well prior to the commencement of operations of the Reno Creek Project. The licensee shall ensure the deep disposal wells shall have enough capacity to handle the disposal of the total liquid effluent generation as stated in Section 3.1.8 of the approved license application. The licensee will ensure adequate deep well disposal capacity exists to dispose of liquids under normal operating conditions during production, production and restoration, and restoration phases as stated in the approved license application. In the event of a decrease in disposal capacity, the licensee shall decrease or stop its production rate (except to maintain an inward gradient per LC 10.7) to adequately dispose of all liquid effluents and increase its disposal capacity by completing another of the approved deep disposal wells. The licensee will notify the NRC Headquarters PM by telephone or electronic mail (email) within 24 hours if a disposal well is shut down and becomes inoperable, for reasons other than routine maintenance or required testing that is completed within 48 hours of shutdown. If necessary, the licensee will use additional deep well capacity, surge tanks, or reduce and/or cease injection activities until the operation of the disposal well is restored.

The licensee will notify the NRC Headquarters PM by telephone or email when the disposal well is placed back into service and report any repairs or service completed on the well that is not associated with routine maintenance. The licensee shall maintain a record of the volumes of solution disposed in each disposal well and submit this information in the annual monitoring report.

**SECTION 11: Monitoring, Recording, and Bookkeeping Requirements**

*Standard Conditions*

11.1 In addition to reports required to be submitted to NRC staff or maintained on-site by the applicable parts of Title 10 of the Code of Federal Regulations, the licensee shall prepare the following reports

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related to operations at the facility:

- A) A quarterly report that includes a summary of the excursion indicator parameter concentrations, corrective actions taken, and the results obtained for all wells that were on excursion status during that quarter. This report shall be submitted to NRC within 60 days following completion of the reporting period.
- B) A quarterly report summarizing daily flow rates and pressures for each injection manifold within the operating system. This report shall be made available for inspection upon request.
- C) A semi-annual report that discusses: status of Production Units (or wellfields if appropriate) in operation (including last date of lixiviant injection), progress of Production Units (wellfields) in restoration, status of any long term excursions and a summary of the MITs during the reporting period. This report shall be submitted to NRC within 60 days following completion of the reporting period.
- D) Consistent with Regulatory Position 2 of Regulatory Guide 4.14 (Rev. 1), a semiannual report that summarizes the results of the operational effluent and environmental monitoring program. For this program, the nearby water supply wells are those within two kilometers (km) of the perimeter ring monitoring wells for all Production Units undergoing recovery operations or restoration. The report will include results of all wells, including industrial wells, and surface water sampling, if available, in accordance with the approved license application. This report shall be submitted to NRC within 60 days following completion of the reporting period.
- E) An annual report pursuant to LC 9.4(E).
- F) An annual report that summarizes modifications to the inventory of nearby water supply wells and land-use survey within two km of any Production Unit. This report shall be submitted to NRC within 90 days following completion of the reporting period.
- 11.2 The licensee shall submit the results of at least an annual review of the radiation protection program performed in accordance with 10 CFR 20.1101(c). This review shall include the content and implementation of the radiation protection program. Results shall include an analysis of dose to individual members of the public consistent with 10 CFR 20.1301 and 10 CFR 20.1302. This report shall be submitted to NRC within 90 days following completion of the reporting period.
- 11.3 Establishment of Background Water Quality. Prior to injection of lixiviant in a Production Unit, the licensee shall establish background water quality data for the production zone and overlying aquifers. The background water quality sampling shall provide representative baseline data and establish groundwater protection standards and excursion monitoring upper control limits, as described in Section 5.7.8 of the approved license application and this license condition. The data for each Production Unit shall consist, at a minimum, of the following sampling and analyses:
- A) Production Zone Aquifer. To establish a Commission-approved background concentration pursuant to Criterion 5B(5)(a) of 10 CFR Part 40 Appendix A, samples shall be collected from



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production and injection wells at a minimum density of one production or injection well per four acres of wellfield production area, or, if a wellfield production area is sufficiently isolated from the other wellfield production areas in the Production Unit, a minimum of two wells. Wells selected for the baseline data will be the same ones used to measure restoration success and stabilization.

- B) Perimeter Monitoring Wells. Samples shall be collected from all perimeter monitoring wells that will be used for the excursion monitoring program. The perimeter wells will be installed for a Production Unit in accordance with information presented in Sections 3.1.6 and 5.7.8.1.3 of the approved license application with the following qualifications: The distance to and spacing of the perimeter wells will be 400 feet in both fully saturated and partially saturated portions of the aquifer; and the perimeter wells will be partially penetrating at the horizon corresponding to the nearest inject/production wells. In no case will the perimeter monitoring wells be installed outside of the exempted aquifer as defined by the Class III UIC permit issued by the WDEQ.
- C) Overlying Aquifer. Samples shall be collected from all monitoring wells in the first overlying aquifer at a minimum density of one well per four acres of Production Unit.
- D) Sampling and Analyses. Four samples shall be collected from each well to establish background levels. The sampling events shall be at least 14 days apart. The samples shall be analyzed for parameters listed in Table 2.7B-22 in Addendum 2.7-B of the approved license application. The third and fourth sample events can be analyzed for a reduced list of parameters; the parameters that can be deleted from analysis are those below the minimum analytical detection limits (MDL) during the first and second sampling events provided the MDLs meet the data quality objectives for the sampling.
- E) Background Water Quality. For the perimeter ring monitoring wells (Section B) and monitoring wells in the overlying aquifer (Section C), the background levels shall be established based on a statistically valid analysis of the data on a parameter-by-parameter, well-by-well, Production Unit or sub-set of the Production Unit basis, as deemed appropriate, in accordance with Section 5.7.8.1 of the approved license application. The UCLs for monitoring wells in the perimeter ring and overlying aquifers are established per LC 11.4. For the Production Zone Aquifer monitoring wells, the background levels shall be established on a parameter-by-parameter basis using either the Production Unit, sub-set of the Production Unit or well-specific area. The established background value for each parameter shall be based on a statistically valid analysis of the data, in accordance with Section 5.7.8.1.2 of the approved license application.

- 11.4 Establishment of UCLs. Prior to injection of lixiviant into a Production Unit, the licensee shall establish excursion control parameters and their respective UCLs in the designated overlying aquifer and perimeter monitoring wells in accordance with Section 5.7.8.1.5 of the approved license application. The default excursion parameters for wells in the Production Zone Aquifer and overlying aquifer are chloride, conductivity, and total alkalinity. The UCLs shall be established for each excursion control parameter and for each well, Production Unit or subset of the Production Unit, as appropriate, based on the mean plus five standard deviations of data collected for LC 11.3. The UCL for chloride can be set at the background mean concentration plus either five standard

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deviations or 15 mg/l, whichever is higher.

- 11.5 Excursion Monitoring. Monitoring for the excursion monitoring program shall be conducted twice monthly (semi-monthly) and at least 10 days apart for wells installed under LC 11.3 (B and C). If, at any monitoring well during a semi-monthly sampling event, the concentrations of any two excursion indicator parameters exceed their respective UCL or any one excursion indicator parameter exceeds its UCL by 20 percent, then the excursion criterion is exceeded and a verification sample shall be taken from that well within 48 hours after results of the first analysis are received. If the verification sample confirms that the excursion criterion is exceeded, then the well is placed on excursion status. If the verification sample does not confirm that the excursion criterion is exceeded, a third sample shall be taken within 48 hours after results of the first verification sampling are received. If the third sample shows that the excursion criterion is exceeded, the well shall be placed on excursion status. If the third sample does not show that the excursion criterion is exceeded, the first sample shall be considered to be an error and routine excursion monitoring is resumed (the well is not placed on excursion status).

Upon confirmation of an excursion, the licensee shall notify NRC as stated below, implement corrective action, and increase the sampling frequency for the excursion indicator parameters at the well on excursion status to at least once every seven days. Corrective actions for confirmed excursions may be, but are not limited to, those described in Section 5.7.8.1.6 of the approved license application. An excursion is considered corrected when concentrations of all indicator parameters defining the excursion status are at or below the UCLs defined in LC 11.4 for three consecutive weekly samples.

For Production Units located in an area in which the uppermost aquifer, the "SM Unit", is comprised of saturated unconsolidated alluvium, the licensee will include monitoring wells in the SM Unit in that area of the wellfield as part of the excursion monitoring program as described above. The wellfield data package must include sufficient justification on the locations, baseline sampling if the frequency is less than quarterly and operational sampling if the frequency is less than semi-monthly for wells in the uppermost aquifer. The justification must demonstrate that the wells provide early detection of a release (including a surficial release).

If a vertical excursion is detected during operations, then injection of lixiviant into the wellfield production area surrounding the monitoring well will cease until the licensee demonstrates to the satisfaction of NRC that the vertical excursion is not attributed to leakage through any abandoned drillhole.

If an excursion is not corrected within 60 days of the initial confirmation, the licensee shall either: (a) terminate injection of lixiviant within the Production Unit, or a portion of the Production Unit provided the licensee demonstrates to NRC that only a portion of the Production Unit is within the area of influence for the excursion) until the excursion is corrected; or (b) increase the financial surety in an amount to cover the full third-party cost for correcting and cleaning up impacts that may be attributed to the excursion. The surety increase shall remain in force until the NRC has verified that the excursion has been corrected and appropriate remedial actions have been undertaken. The written 60-day excursion report shall identify which course of action the licensee is taking if the

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excursion has not been corrected. Under no circumstances does this condition eliminate the requirement that the licensee remediate the excursion to meet groundwater protection standards as required by LC 11.3.

The licensee shall notify the NRC Headquarters PM by telephone or email within 24 hours of confirming a lixiviant excursion, and by letter within seven days from the time the excursion is confirmed, pursuant to this license condition and LC 11.6. A written report describing the excursion event, corrective actions taken, and the corrective action results shall be submitted to the NRC within 60 days of the excursion confirmation. For all wells that remain on excursion status after 60 days, the licensee shall submit a report as discussed in LC 11.1(A).

- 11.6 Until license termination, the licensee shall maintain documentation on spills of source or byproduct materials (including process solutions) and process chemicals. Documented information shall include, but not be limited to: date, spill volume, total activity of each radionuclide released, radiological survey results, soil sample results (if taken), corrective actions, results of post remediation surveys (if taken), a map showing the spill location and the impacted area, and an evaluation of NRC reporting criteria.

The licensee shall have written procedures used for evaluating the consequences of the spill or incident/event against 10 CFR Part 20 Subpart M and 10 CFR 40.60 reporting criteria. If the criteria are met, then the licensee will report the spill or incident/event to the NRC Operations Center, as required.

If the licensee is required to report to a State or other Federal agency incidents/events that may have an impact on the environment, including wellfield excursions or spills of source, byproduct material, and/or process chemicals, the licensee shall submit a report to the NRC Headquarters PM by telephone or email within 24 hours. This notification shall be followed, within 30 days of the notification, by submittal of a written report to NRC Headquarters in accordance with LC 9.3, detailing conditions leading to the spill or incident/event, corrective actions taken, and results achieved.

**SECTION 12.0: Preoperational Conditions**

*Standard Conditions*

- 12.1 Prior to commencement of operations, the licensee shall obtain all necessary permits, licenses and approvals from the appropriate regulatory authorities. The licensee shall submit a copy of the permits it has obtained from other regulatory agencies for any effluent or waste disposal that includes treated or non-treated byproduct material, as well as documents clearly delineating the approved aquifer exemption areas and boundaries for the Class III UIC wells to the NRC.
- 12.2 Prior to commencement of operations, the licensee shall coordinate critical emergency response requirements with local authorities, fire department, medical facilities, and other emergency services. The licensee shall document these coordination activities and maintain such documentation on-site.

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- 12.3 Prior to commencement of operations, the licensee shall identify the location, screen depth, and estimated pumping rate of any new water supply well or new use for an existing well within two km of a proposed Production Unit, as measured from the perimeter monitoring well ring, since the application was submitted to the NRC. The licensee shall evaluate the impact of ISR operations and recommend any additional monitoring or other measures to protect groundwater users. The evaluation shall be submitted to the NRC staff for review and verification at least 30 days prior to the expected commencement of operations.
- 12.4 Prior to commencement of operations, the licensee shall submit the qualifications of radiation safety staff members, including the qualifications and responsibilities of a designee, and the policy on the work situations for a declared pregnant worker, for NRC review and verification.
- 12.5 Prior to commencement of operations, the licensee shall submit a copy of the solid byproduct material disposal agreement to the NRC.
- 12.6 The licensee shall not commence operations until the NRC performs a preoperational inspection to confirm, in part, that written operating procedures and approved radiation safety and environmental monitoring programs are in place, and that preoperational testing is complete. The licensee should inform the NRC, at least 90 days prior to the expected commencement of operations, to allow for sufficient time for NRC to plan and perform the preoperational inspection.

*Facility Specific Conditions*

- 12.7 The licensee shall submit a survey program for NRC Headquarters staff review that meets the requirements of 10 CFR Part 20, Subpart F to detect beta-gamma radiation indicative of contamination on personnel exiting restricted areas and to detect beta-gamma radiation indicative of contamination in unrestricted and restricted areas. The survey program shall contain the surface contamination detection capability (scan minimum detectable concentration (MDC)) of the radiation survey meters used in surveys of personnel contamination and for releasing equipment and materials to unrestricted areas, or for unrestricted use, consistent with the limits described in "Guidelines for Decontamination of Facilities and Equipment Prior to Release for Unrestricted Use or Termination of Licenses for Byproduct, Source, and Special Nuclear Material" (ADAMS Accession Number ML003745526) and the methodologies described in NUREG-1507 and NUREG-1575. In the scanning mode, the detection capability for any expected alpha and beta radiation shall be provided using the term disintegrations per minute (dpm) per 100 square centimeters (cm<sup>2</sup>). Additionally, the survey program shall be modeled after a program previously approved by the NRC. The licensee shall receive written verification from NRC Headquarters staff on the requirements specified in this license condition prior to the NRC staff scheduling a preoperational inspection.
- 12.8 At least 60 days prior to the preoperational inspection, the licensee will submit a completed Quality Assurance Plan (QAP) for NRC staff review and verification. The QAP will be consistent with guidance for a Quality Assurance Project Plan in Regulatory Guide 4.15 (Rev. 2).

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- 12.9 Prior to the preoperational inspection, the licensee will provide to the NRC written SOPs required for LC 10.4, which will include procedures for the management of liquid byproduct material in the event of a pond leak.
- 12.10 Prior to construction of the storage pond, the licensee shall submit, for NRC review and verification, a groundwater detection monitoring program plan for the retention pond that meets requirements of Criteria 5 and 7A of 10 CFR Part 40, Appendix A.
- 12.11 The licensee shall complete and submit to the NRC, sample results to complete the preoperational sampling of wells identified within two km of the Reno Creek License area.
- 12.12 The licensee shall complete and submit to the NRC, sample results to replace the first two sampling events for the site characterization (preoperational sampling) at Well PZM2.
- 12.13 Prior to commencement of operations, the licensee shall collect twelve months of environmental samples from air monitor stations (AM-7 and AM-8) and a third round of vegetation samples and analysis. The samples from air monitor stations AM-7 and AM-8 will include air particulate, air radon, direct radiation, and soil. The licensee will also provide an updated Preoperational Monitoring Radiological Report that will include the twelve months of samples and results from air monitor stations AM-7 and AM-8, as well as the third round of vegetation samples and results prior to the preoperational inspection.
- 12.14 Prior to the construction of the storage pond, the licensee shall complete the site-wide quality assurance program and shall notify the NRC staff of its availability.

FOR THE NUCLEAR REGULATORY COMMISSION

*/RA/*

Dated: 02/17/2017

Andrea Kock, Deputy Director  
Division of Decommissioning, Uranium Recovery  
and Waste Programs  
Office of Nuclear Material Safety  
and Safeguards

**Appendix D**

**UEC Financial Statements for the Period Ended  
January 31, 2017**

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

**FORM 10-Q**

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

For the quarterly period ended January 31, 2017

or

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

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

Commission File Number: 001-33706

**URANIUM ENERGY CORP.**

(Exact name of registrant as specified in its charter)

Nevada

State or other jurisdiction of incorporation of organization)

98-0399476

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

1030 West Georgia Street, Suite 1830, Vancouver, B.C., Canada

(Address of principal executive offices)

V6E 2Y3

(Zip Code)

(604) 682-9775

(Registrant's telephone number, including area code)

N/A

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

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

Yes  No

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

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

Large accelerated filer

Accelerated filer

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

Smaller reporting company

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 137,712,415 shares of common stock outstanding as of March 8, 2017.



# URANIUM ENERGY CORP.

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**PART I – FINANCIAL INFORMATION**

**Item 1. Financial Statements**

# **URANIUM ENERGY CORP.**

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE SIX MONTHS ENDED JANUARY 31, 2017**

**(Unaudited)**

**URANIUM ENERGY CORP.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(Unaudited)

	Notes	January 31, 2017	July 31, 2016
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		\$ 27,735,411	\$ 7,142,571
Inventories		211,662	275,316
Prepaid expenses and deposits	3	929,086	533,977
Other current assets		31,561	48,777
		<b>28,907,720</b>	<b>8,000,641</b>
MINERAL RIGHTS AND PROPERTIES	4	37,682,788	37,973,951
PROPERTY, PLANT AND EQUIPMENT	5	6,816,005	6,942,304
RECLAMATION DEPOSITS		1,706,027	1,706,027
OTHER LONG-TERM ASSET	6	1,553,388	1,553,388
		<b>\$ 76,665,928</b>	<b>\$ 56,176,311</b>
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued liabilities		\$ 2,335,380	\$ 1,822,447
Due to related parties	7	11,528	-
		<b>2,346,908</b>	<b>1,822,447</b>
DEFERRED INCOME TAX LIABILITIES		626,449	643,825
LONG-TERM DEBT	8	19,799,746	19,198,178
OTHER LONG-TERM LIABILITY		315,519	315,519
ASSET RETIREMENT OBLIGATIONS	9	3,858,900	3,746,464
		<b>26,947,522</b>	<b>25,726,433</b>
<b>STOCKHOLDERS' EQUITY</b>			
Capital stock			
Common stock \$0.001 par value: 750,000,000 shares authorized, 136,396,901 shares issued and outstanding (July 31, 2016 - 116,670,457)	10	136,397	116,670
Additional paid-in capital		267,535,746	239,701,884
Accumulated deficit		(217,939,009)	(209,353,946)
Accumulated other comprehensive loss		(14,728)	(14,730)
		<b>49,718,406</b>	<b>30,449,878</b>
		<b>\$ 76,665,928</b>	<b>\$ 56,176,311</b>
COMMITMENTS AND CONTINGENCIES	14		
SUBSEQUENT EVENTS	6,8,13,14		

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

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

	Notes	Three Months Ended January 31,		Six Months Ended January 31,	
		2017	2016	2017	2016
<b>SALES</b>		\$ -	\$ -	\$ -	\$ -
<b>COSTS AND EXPENSES</b>					
Cost of sales		-	-	-	-
Inventory write-down		-	-	60,694	-
Mineral property expenditures	4	1,067,446	893,825	1,957,564	2,682,845
General and administrative	7,10	2,241,247	2,805,811	4,523,485	5,081,204
Depreciation, amortization and accretion	4,5,9	128,255	232,186	279,607	475,085
Impairment loss on mineral properties	4	154,774	86,535	297,942	86,535
		<b>3,591,722</b>	<b>4,018,357</b>	<b>7,119,292</b>	<b>8,325,669</b>
<b>LOSS FROM OPERATIONS</b>		<b>(3,591,722)</b>	<b>(4,018,357)</b>	<b>(7,119,292)</b>	<b>(8,325,669)</b>
<b>OTHER INCOME (EXPENSES)</b>					
Interest income		1,267	2,714	5,430	7,249
Interest expenses and finance costs	8	(749,419)	(789,770)	(1,487,522)	(1,567,463)
Loss on disposition of assets		(1,055)	(2,186)	(1,055)	(2,186)
		<b>(749,207)</b>	<b>(789,242)</b>	<b>(1,483,147)</b>	<b>(1,562,400)</b>
<b>LOSS BEFORE INCOME TAXES</b>		<b>(4,340,929)</b>	<b>(4,807,599)</b>	<b>(8,602,439)</b>	<b>(9,888,069)</b>
<b>DEFERRED INCOME TAX BENEFIT</b>		<b>8,560</b>	<b>6,094</b>	<b>17,376</b>	<b>14,530</b>
<b>NET LOSS FOR THE PERIOD</b>		<b>(4,332,369)</b>	<b>(4,801,505)</b>	<b>(8,585,063)</b>	<b>(9,873,539)</b>
<b>OTHER COMPREHENSIVE LOSS,</b>					
<b>NET OF INCOME TAXES</b>		<b>42</b>	<b>(219)</b>	<b>2</b>	<b>(418)</b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>		<b>\$ (4,332,327)</b>	<b>\$ (4,801,724)</b>	<b>\$ (8,585,061)</b>	<b>\$ (9,873,957)</b>
<b>NET LOSS PER SHARE, BASIC AND DILUTED</b>	11	<b>\$ (0.04)</b>	<b>\$ (0.05)</b>	<b>\$ (0.07)</b>	<b>\$ (0.10)</b>
<b>WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING,</b>					
<b>BASIC AND DILUTED</b>		<b>119,891,769</b>	<b>99,644,030</b>	<b>118,495,845</b>	<b>99,105,173</b>

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

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

	Notes	<b>Six Months Ended January 31,</b>	
		<b>2017</b>	<b>2016</b>
<b>CASH PROVIDED BY (USED IN):</b>			
<b>OPERATING ACTIVITIES</b>			
Net loss for the period		\$ (8,585,063)	\$ (9,873,539)
Adjustments to reconcile net loss to cash flows in operating activities			
Stock-based compensation	10	1,814,301	1,688,791
Depreciation, amortization and accretion	4,5,9	279,607	475,085
Amortization of long-term debt discount	8	601,568	683,390
Inventory write-down		60,694	-
Re-valuation of asset retirement obligations		-	(184,381)
Impairment loss on mineral properties	4	297,942	86,535
Loss on disposition of assets		1,055	2,186
Deferred income tax benefit		(17,376)	(14,530)
Changes in operating assets and liabilities			
Inventories		2,960	-
Prepaid expenses and deposits		(395,109)	(168,373)
Other current assets		17,218	(682)
Accounts payable and accrued liabilities	13	607,826	(635,725)
<b>NET CASH FLOWS USED IN OPERATING ACTIVITIES</b>		<b>(5,314,377)</b>	<b>(7,941,243)</b>
<b>FINANCING ACTIVITIES</b>			
Shares issuance for cash, net of issuance costs	10	25,899,128	225,115
Due to related parties	7	11,528	47,465
<b>NET CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>		<b>25,910,656</b>	<b>272,580</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(3,439)	(18,439)
Proceeds from disposition of assets		-	818
Decrease in reclamation deposits		-	(1)
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>		<b>(3,439)</b>	<b>(17,622)</b>
<b>NET CASH FLOWS</b>		<b>20,592,840</b>	<b>(7,686,285)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>		<b>7,142,571</b>	<b>10,092,408</b>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>		<b>\$ 27,735,411</b>	<b>\$ 2,406,123</b>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>	13		

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

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

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Stockholders' Equity
	Shares	Amount				
Balance, July 31, 2016	116,670,457	\$ 116,670	\$ 239,701,884	\$ (209,353,946)	\$ (14,730)	\$ 30,449,878
Common stock						
Issued for equity financing, net of issuance costs	17,330,836	17,331	19,404,020	-	-	19,421,351
Issued for exercise of stock options	220,175	221	38,104	-	-	38,325
Issued on the exercise of warrants	1,179,493	1,179	1,414,213	-	-	1,415,392
Issued for mineral property	46,800	46	48,626	-	-	48,672
Issued for settlement of current liabilities	88,822	89	91,399	-	-	91,488
Stock-based compensation						
Common stock issued for consulting services	323,592	322	352,952	-	-	353,274
Common stock issued under Stock Incentive Plan	536,726	539	527,554	-	-	528,093
Stock options issued to consultants	-	-	278,251	-	-	278,251
Stock options issued to management	-	-	367,345	-	-	367,345
Stock options issued to employees	-	-	287,338	-	-	287,338
Warrants						-
Issued for equity financing	-	-	4,409,570	-	-	4,409,570
Issued for equity financing as issuance costs	-	-	614,490	-	-	614,490
Net loss for the period	-	-	-	(8,585,063)	-	(8,585,063)
Other comprehensive loss	-	-	-	-	2	2
<b>Balance, January 31, 2017</b>	<b>136,396,901</b>	<b>\$ 136,397</b>	<b>\$ 267,535,746</b>	<b>\$ (217,939,009)</b>	<b>\$ (14,728)</b>	<b>\$ 49,718,406</b>

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

**URANIUM ENERGY CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**January 31, 2017**  
**(Unaudited)**

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**NOTE 1: NATURE OF OPERATIONS**

Uranium Energy Corp. was incorporated in the State of Nevada on May 16, 2003. Uranium Energy Corp. and its subsidiary companies and a controlled partnership (collectively, the “Company” or “we”) 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 uranium sales was realized for the six months ended January 31, 2017, or for the fiscal years ended July 31, 2016 (“Fiscal 2016”) and 2014 (“Fiscal 2014”). Historically, we have been reliant primarily on equity financings from the sale of its 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.

On January 20, 2017, we completed a public offering of 17,330,836 units at a price of \$1.50 per unit for gross proceeds of \$25,996,254, which has effectively increased our working capital as at January 31, 2017 to \$26.6 million including cash and cash equivalents of \$27.7 million. Consequently, our existing cash resources as at January 31, 2017 are expected to provide sufficient funds to carry our planned operations for the next twelve months from the date that our condensed consolidated financial statements are issued. Our continuation as a going concern for a period beyond twelve months will be dependent upon our ability to obtain adequate additional financing, as our operations are capital intensive and future capital expenditures are expected to be substantial. 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.

**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 the Fiscal 2016. 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, 2017 are not necessarily indicative of the results that may be expected for the fiscal year ending July 31, 2017 (“Fiscal 2017”).

**Exploration Stage**

We have established the existence of mineralized materials for certain uranium projects, including 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 our Palangana Mine. As a result, and despite the fact that we commenced extraction of mineralized materials at our 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.

Since we 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.



**URANIUM ENERGY CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**January 31, 2017**  
**(Unaudited)**

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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 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. We are in the Exploration Stage which has resulted in our Company reporting larger losses than if it had been in the Production Stage due to the expensing, rather than 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 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.

**Recently Adopted Accounting Standards**

In August 2014, Financial Accounting Standards Board (“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”). 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. Our Company has adopted this standard effective August 1, 2016 for the fiscal year ending July 31, 2017. Adoption of this standard has not had a significant impact on these unaudited interim condensed consolidated financial statements.

In March 2016, the FASB 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. Our Company has made an election to account for forfeitures when they occur for Fiscal 2017. This election has not had a significant impact on these unaudited interim condensed consolidated financial statements.

**URANIUM ENERGY CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**January 31, 2017**  
**(Unaudited)**

**NOTE 3: PREPAID EXPENSES AND DEPOSITS**

Prepaid expenses and deposits represent future expenditures our Company pays in advance, which usually expire with the passage of time or through use and consumption.

At January 31, 2017, prepaid expenses and deposits consisted of the following:

	<b>January 31, 2017</b>		<b>July 31, 2016</b>	
Prepaid Property Renewal Fees	\$	<b>353,070</b>	\$	149,066
Prepaid Insurance		<b>108,576</b>		101,270
Prepaid Listing and Subscriptions		<b>35,742</b>		60,605
Prepaid License Fees		<b>112,778</b>		20,283
Prepaid Surety Bond Premium		<b>97,379</b>		38,271
Deposits and Expense Advances		<b>127,077</b>		87,996
Other Prepaid Expenses		<b>94,464</b>		76,486
	\$	<b>929,086</b>	\$	533,977

**URANIUM ENERGY CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**January 31, 2017**  
**(Unaudited)**

**NOTE 4: MINERAL RIGHTS AND PROPERTIES**

**Mineral Rights**

At January 31, 2017, we had mineral rights in the States of Arizona, Colorado, New Mexico 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. At January 31, 2017, annual maintenance payments approximately \$1,358,000 will be required to maintain these mineral rights.

Mineral rights and property acquisition costs consisted of the following:

	January 31, 2017		July 31, 2016
<b>Mineral Rights and Properties</b>			
Palangana Mine	\$ 6,443,028	\$	6,443,028
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
Nichols Project	-		154,774
Anderson Project	9,154,268		9,154,268
Workman Creek Project	1,520,680		1,472,008
Los Cuatros Project	257,250		257,250
Slick Rock Project	615,650		615,650
Yuty Project	11,947,144		11,947,144
Oviedo Project <sup>(1)</sup>	1,133,412		1,133,412
Other Property Acquisitions	91,080		234,248
	<b>41,479,164</b>		<b>41,728,434</b>
Accumulated Depletion	<b>(3,929,884)</b>		<b>(3,929,884)</b>
	<b>37,549,280</b>		<b>37,798,550</b>
<b>Databases</b>	<b>2,410,038</b>		<b>2,410,038</b>
Accumulated Amortization	<b>(2,385,698)</b>		<b>(2,364,019)</b>
	<b>24,340</b>		<b>46,019</b>
<b>Land Use Agreements</b>	<b>404,310</b>		<b>404,310</b>
Accumulated Amortization	<b>(295,142)</b>		<b>(274,928)</b>
	<b>109,168</b>		<b>129,382</b>
	<b>\$ 37,682,788</b>	<b>\$</b>	<b>37,973,951</b>

<sup>(1)</sup> Formerly Coronel Oviedo Project.

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 uranium projects, including our 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.

During the six months ended January 31, 2017, we issued 46,800 restricted shares with a fair value of \$48,672 as an advance royalty payment for our Workman Creek Project, which was capitalized as Mineral Rights & Properties on our consolidated balance sheet as at January 31, 2017.

**URANIUM ENERGY CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**January 31, 2017**  
**(Unaudited)**

During the three months ended January 31, 2017, we abandoned our Nichols Project located in Texas with an acquisition cost of \$154,774. During the six months ended January 31, 2017, we abandoned 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 months and six ended January 31, 2016, we abandoned certain mineral interests at the projects located in Colorado and New Mexico with a combined acquisition cost of \$86,535. As a result, an impairment loss on mineral properties of \$86,535 was reported on the consolidated statement of operations for the three and six months ended January 31, 2016.

During the three months ended January 31, 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 \$24,787, and a credit amount of re-valuation of ARO totaling \$184,381 being recorded against the mineral property expenditures for the Palangana Mine.

During the three and six months ended January 31, 2017 and 2016, we continued with reduced operations at our Palangana Mine to capture residual uranium only. As a result, no depletion for the Palangana Mine was recorded on our consolidated financial statements for the three and six months ended January 31, 2017 and 2016, respectively.

Mineral property expenditures incurred by major projects were as follows:

	<b>Three Months Ended January 31,</b>		<b>Six Months Ended January 31,</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Mineral Property Expenditures</b>				
Palangana Mine	\$ 184,277	\$ 366,131	\$ 385,649	\$ 751,280
Goliad Project	19,849	24,022	49,879	44,831
Burke Hollow Project	110,675	204,708	150,316	926,252
Longhorn Project	906	781	1,053	4,373
Salvo Project	6,843	2,912	15,009	17,075
Anderson Project	269	55,083	15,504	167,216
Workman Creek Project	7,673	1,001	15,920	31,691
Slick Rock Project	12,206	5,036	24,552	53,861
Yuty Project	102,037	91,526	191,712	202,543
Oviedo Project	68,402	153,833	215,070	286,732
Alto Parana Project	409,865	-	522,633	-
Other Mineral Property Expenditures	144,444	173,173	370,267	381,372
Revaluation of Asset Retirement Obligations	-	(184,381)	-	(184,381)
	<b>\$ 1,067,446</b>	<b>\$ 893,825</b>	<b>\$ 1,957,564</b>	<b>\$ 2,682,845</b>

During the three and six months ended January 31, 2017, and pursuant to a share purchase and option agreement effective March 4, 2016 to acquire the Alto Parana Project, a titanium project located in the departments of Alto Parana and Canindeyú in the Republic of Paraguay, we accrued total costs of \$409,865 and \$522,633, respectively, related to maintenance and assessment work required to keep the Alto Parana Project in good standing. Refer to Note 6: Other Long-Term Asset.

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**NOTE 5: PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment consisted of the following:

	January 31, 2017			July 31, 2016		
	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	2,426,385	(2,330,347)	96,038	2,438,920	(2,256,901)	182,019
Logging Equipment and Vehicles	1,936,252	(1,803,233)	133,019	1,962,895	(1,801,811)	161,084
Computer Equipment	576,617	(557,203)	19,414	586,116	(555,972)	30,144
Furniture and Fixtures	170,701	(167,842)	2,859	172,348	(167,966)	4,382
Land	519,520	-	519,520	519,520	-	519,520
	<b>\$ 12,448,563</b>	<b>\$ (5,632,558)</b>	<b>\$ 6,816,005</b>	<b>\$ 12,498,887</b>	<b>\$ (5,556,583)</b>	<b>\$ 6,942,304</b>

During the three and six months ended January 31, 2017 and 2016, no uranium concentrate was processed at the 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, 2017 and 2016.

**NOTE 6: OTHER LONG-TERM ASSET**

On March 4, 2016, we entered into a share purchase and option agreement (the "SPOA") with CIC Resources Inc. (the "Vendor") pursuant to which we 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 the Alto Parana Project, comprising of certain titanium mineral concessions 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 pays or causes to pay on the Vendor's behalf certain maintenance payments and assessment work required to keep the Alto Parana Project 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 Alto Parana Project 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.

By way of an amending letter dated March 3, 2017, the Company and the Vendor agreed to extend the Option Period by one year to March 4, 2018.

We hold a variable interest in CIC as a result of the Option, however, we are not the primary beneficiary due to the fact that we do not have the power over decisions that significantly affect CIC's economic performance. Accordingly, we do 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.

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At January 31, 2017, the carrying value of the Other Long-Term Asset and our maximum exposure to loss from the unconsolidated variable interest entity, which would arise if we are unable to exercise the Option, is as follows:

	<b>January 31, 2017</b>		<b>July 31, 2016</b>	
Other Long-Term Asset	\$	<b>1,553,388</b>	\$	1,553,388
Cash Payable Upon Exercise of the Option		<b>(250,000)</b>		(250,000)
Maximum Exposure to Loss	\$	<b>1,303,388</b>	\$	1,303,388

**NOTE 7: DUE TO RELATED PARTIES AND RELATED PARTY TRANSACTIONS**

During the three and six months ended January 31, 2017, the Company incurred \$68,736 and \$103,851 (three and six months ended January 31, 2016: \$68,469 and \$98,593), respectively, in general and administrative costs paid to Blender Media Inc. (“Blender”), a company controlled by Arash Adnani, the brother of our President and Chief Executive Officer, for various services including information technology, corporate branding, media, website design, maintenance and hosting, provided to our Company.

During the six months ended January 31, 2017, the Company issued 88,822 restricted common shares with a fair value of \$91,488 as settlement of certain amounts owed to Blender.

At January 31, 2017, the amount owing to Blender was \$11,528 (July 31, 2016: \$Nil).

**NOTE 8: LONG-TERM DEBT**

On February 9, 2016, we entered into the second amended and restated credit agreement (the “Second Amended Credit Agreement”) with our lenders, Sprott Resource Lending Partnership, CEF (Capital Markets) Limited and Resource Income Partners Limited Partnership (collectively, the “Lenders”), under which we had previously drawn down the maximum \$20,000,000 in principal.

As at January 31, 2017, long-term debt consisted of the following:

	<b>January 31, 2017</b>		<b>July 31, 2016</b>	
Principal amount	\$	<b>20,000,000</b>	\$	20,000,000
Unamortized discount		<b>(200,254)</b>		(801,822)
Long-term debt, net of unamortized discount	\$	<b>19,799,746</b>	\$	19,198,178

For the three and six months ended January 31, 2017 and 2016, the amortization of debt discount totaled \$306,239 and \$601,568 (three and six months ended January 31, 2016: \$347,723 and \$683,390), respectively, which was recorded as interest expense and included in our condensed consolidated statements of operations and comprehensive loss.

The aggregate yearly maturities of long-term debt based on principal amounts outstanding at January 31, 2017 are as follows:

Fiscal 2017	\$	-
Fiscal 2018		-
Fiscal 2019		10,000,000
Fiscal 2020		10,000,000
<b>Total</b>	<b>\$</b>	<b>20,000,000</b>

Subsequent to January 31, 2017, and pursuant to the terms of the Second Amended Credit Agreement, we issued 738,503 shares with a fair value of \$1,100,000, representing 5.5% of the \$20,000,000 principal balance outstanding at January 31, 2017, as payment of anniversary fees to the Lenders.

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**NOTE 9: ASSET RETIREMENT OBLIGATIONS**

The Company's asset retirement obligations ("ARO") relate to future remediation and decommissioning activities at our Palangana Mine and Hobson Processing Facility.

Balance, July 31, 2016	\$	3,746,464
Accretion		112,436
<b>Balance, January 31, 2017</b>	<b>\$</b>	<b>3,858,900</b>

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

	<b>January 31, 2017</b>		July 31, 2016
Undiscounted amount of estimated cash flows	\$	<b>6,650,255</b>	\$ 6,650,255
Payable in years		<b>4.1 to 15</b>	4.1 to 15
Inflation rate		<b>1.15% to 2.25%</b>	1.15% to 2.25%
Discount rate		<b>5.02% to 8.00%</b>	5.02% to 8.00%

The undiscounted amounts of estimated cash flows for the next five fiscal 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
	<b>\$</b>	<b>6,650,255</b>

**NOTE 10: CAPITAL STOCK**

**Equity Financing**

We filed a Form S-3 shelf registration statement, which was declared effective on January 10, 2014 (the "2014 Shelf"). The 2014 Shelf provided for the public offer and sale of certain securities of our Company from time to time, at our discretion, up to an aggregate offering amount of \$100 million.

On January 20, 2017, we completed a public offering of 17,330,836 units at a price of \$1.50 per unit for gross proceeds of \$25,996,254 (the "Equity Financing") pursuant to a prospectus supplement to the 2014 Shelf. Each unit is comprised of one share of the Company and one-half of one share purchase warrant. Each whole warrant entitles its holder to acquire one share at an exercise price of \$2.00 per share, exercisable in six months and expiring in three years from the date of issuance. In connection with the Equity Financing, we also issued compensation share purchase warrants to agents as part of share issuance costs, to purchase 906,516 shares of our Company, exercisable at a price of \$2.00 per share from six months to three years from the date of issuance.

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The Equity Financing shares were valued at the Company's closing price of \$1.54 per share at January 20, 2017. The share purchase warrants were valued using the Black-Scholes option pricing model with the following assumptions:

Expected Risk Free Interest Rate	1.50%
Expected Annual Volatility	76.96%
Expected Contractual Life in Years	3.00
Expected Annual Dividend Yield	0.00%

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	\$ 26,689,487
Fair Value of Share Purchase Warrants	5,873,932
<b>Total Fair Value Before Allocation to Net Proceeds</b>	<b>\$ 32,563,419</b>
Gross Proceeds	\$ 25,996,254
Share Issuance Costs - Cash	(1,550,843)
<b>Net Cash Proceeds Received</b>	<b>\$ 24,445,411</b>
<i>Relative Fair Value Allocation to:</i>	
Shares	\$ 20,035,841
Share Purchase Warrants	4,409,570
	<b>\$ 24,445,411</b>

At January 31, 2017, a total of \$80.2 million of the 2014 Shelf was utilized through the following registered offerings and sales of units, with a remaining available balance of \$19.8 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;
- 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; and
- on January 20, 2017: \$26.0 million in gross proceeds through the Equity Financing offering of units consisting of the Company's shares and share purchase warrants and \$19.1 million representing the aggregate exercise price of those share purchase warrants and compensation share purchase warrants should they be exercised in full.

On January 5, 2017, we also filed a Form S-3 shelf registration statement (the "2017 Shelf"), which when declared effective by the SEC, will replace the 2014 Shelf and the 2014 Shelf will be deemed terminated. When the 2017 Shelf is declared effective, it will provide 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.



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**Share Transactions**

A summary of the Company's share transactions for the six months ended January 31, 2017 are as follows:

Period / Description	Common Shares Issued	Value per Share		Issuance Value
		Low	High	
Balance, July 31, 2016	116,670,457			
Mineral Property	46,800	\$ 1.04	\$ 1.04	\$ 48,672
Consulting Services	166,926	0.90	1.06	175,908
Options Exercised <sup>(1)</sup>	133,125	0.45	0.45	59,906
Settlement of Current Liabilities	88,822	1.03	1.03	91,488
Shares Issued Under Stock Incentive Plan	292,957	0.93	1.09	291,770
Balance, October 31, 2016	117,399,087			
Equity Financing	17,330,836	1.50	1.50	25,996,254
Consulting Services	156,666	0.86	1.35	177,366
Options Exercised <sup>(2)</sup>	87,050	0.45	0.93	40,862
Warrants Exercised	1,179,493	1.20	1.20	1,415,392
Shares Issued Under Stock Incentive Plan	243,769	0.88	1.49	236,323
<b>Balance, January 31, 2017</b>	<b>136,396,901</b>			

<sup>(1)</sup> 100,000 options were exercised on a forfeiture basis, of which 46,875 shares with a value of \$21,094 were forfeited as payment for the exercise value resulting in 53,125 net shares being issued with a value of \$23,906 as a consequence of such exercise.

<sup>(2)</sup> 142,134 options were exercised on a forfeiture basis, of which 57,584 shares with a value of \$26,624 were forfeited as payment for the exercise resulting in 84,550 net shares being issued with a value of \$38,537 as a consequence of such exercise.

**Share Purchase Warrants**

In connection with the Equity Financing closed on January 20, 2017, we issued 8,665,418 share purchase warrants and 906,516 compensation warrants to agents as issuance costs with an exercise price of \$2.00 per share, exercisable in six months and expiring three years from the date of issuance.

A continuity schedule of outstanding share purchase warrants for the six months ended January 31, 2017 is as follows:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)
Balance, July 31, 2016	13,953,872	1.65	2.31
Issued	9,571,934	2.00	2.97
Exercised	(1,179,493)	1.20	-
Expired	(1,859,524)	2.60	-
<b>Balance, January 31, 2017</b>	<b>20,486,789</b>	<b>\$ 1.75</b>	<b>2.52</b>

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A summary of share purchase warrants outstanding and exercisable at January 31, 2017 are as follows:

Weighted Average Exercise Price	Number of Warrants Outstanding	Expiry Date	Weighted Average Remaining Contractual Life (Years)
\$ 1.20	5,414,855	March 10, 2019	2.10
1.35	2,600,000	January 30, 2020	3.00
1.95	50,000	June 3, 2018	1.34
2.00	9,571,934 *	January 20, 2020	2.97
2.35	2,850,000	June 25, 2018	1.40
\$ 1.75	20,486,789		2.52

\*These share purchase warrants will be exercisable on July 20, 2017 pursuant to the Equity Financing.

### Stock Options

At January 31, 2017, we had one stock option plan, its 2016 Stock Incentive Plan (the “2016 Plan”). The 2016 Plan provides for not less than 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 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. The 2016 Plan supersedes and replaces the Company’s 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.

A summary of stock options granted by the Company during the six months ended January 31, 2017, 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 2, 2016	182,500	\$ 0.93	5.00	\$ 90,222	2.90	0.78%	0.00%	84.14%
August 12, 2016	190,000	1.12	5.00	106,339	2.90	0.81%	0.00%	78.07%
December 9, 2016	50,000	1.07	5.00	25,999	2.50	1.29%	0.00%	80.90%
December 9, 2016	100,000	1.07	5.00	53,819	2.90	1.40%	0.00%	77.87%
Total	522,500			\$ 276,379				

A continuity schedule of outstanding stock options for the underlying common shares for the six months ended January 31, 2017 is as follows:

	Number of Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)
Balance, July 31, 2016	12,105,858	\$ 1.34	3.36
Issued	372,500	1.03	4.77
Exercised	(180,000)	0.45	-
Expired	(10,724)	5.13	-
Balance, October 31, 2016	12,287,634	\$ 1.34	3.21
Issued	150,000	1.07	4.85
Exercised	(144,634)	0.47	-
Expired	(40,000)	2.46	-
<b>Balance, January 31, 2017</b>	<b>12,253,000</b>	<b>\$ 1.35</b>	<b>3.02</b>

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At January 31, 2017, the aggregate intrinsic value under the provisions of ASC 718 of all outstanding stock options was estimated at \$5,036,190 (vested: \$4,101,020 and unvested: \$935,170).

At January 31, 2017, unrecognized stock-based compensation expense related to the unvested portion of stock options granted under the Stock Incentive Plan totaled \$451,034 to be recognized over the next 0.74 years.

A summary of stock options outstanding and exercisable at January 31, 2017 is as follows:

Range of Exercise Prices	Options Outstanding		Options Exercisable	
	Outstanding at January 31, 2017	Weighted Average Exercise Price	Exercisable at January 31, 2017	Weighted Average Exercise Price
\$0.45 to \$0.96	2,755,500	\$ 0.77	1,804,625	\$ 0.69
\$0.97 to \$2.45	8,662,500	1.34	8,095,000	1.36
\$2.46 to \$5.70	835,000	3.33	835,000	3.33
	12,253,000	\$ 1.35	10,734,625	\$ 1.40

**Stock-Based Compensation**

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

	Three Months Ended January 31,		Six Months Ended January 31,	
	2017	2016	2017	2016
<b>Stock-Based Compensation for Consultants</b>				
Common stock issued for consulting services	\$ 252,895	\$ 633,180	\$ 522,027	\$ 958,775
Stock options issued to consultants	199,979	62,143	278,251	70,778
	452,874	695,323	800,278	1,029,553
<b>Stock-Based Compensation for Management</b>				
Common stock issued to management	54,693	20,932	142,893	36,196
Stock options issued to management	122,326	265,010	367,345	445,325
	177,019	285,942	510,238	481,521
<b>Stock-Based Compensation for Employees</b>				
Common stock issued to employees	106,101	30,303	216,447	30,303
Stock options issued to employees	93,046	50,781	287,338	147,414
	199,147	81,084	503,785	177,717
	\$ 829,040	\$ 1,062,349	\$ 1,814,301	\$ 1,688,791

**NOTE 11: 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,		Six Months Ended January 31,	
	2017	2016	2017	2016
<b>Numerator</b>				
Net Loss for the Period	\$ (4,332,369)	\$ (4,801,505)	\$ (8,585,063)	\$ (9,873,539)
<b>Denominator</b>				
Basic Weighted Average Number of Shares	119,891,769	99,644,030	118,495,845	99,105,173
Dilutive Stock Options and Warrants	-	-	-	-
Diluted Weighted Average Number of Shares	119,891,769	99,644,030	118,495,845	99,105,173
<b>Net Loss per Share, Basic and Diluted</b>	\$ (0.04)	\$ (0.05)	\$ (0.07)	\$ (0.10)

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For the three and six months ended January 31, 2017 and 2016, 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 12: SEGMENTED INFORMATION**

Our 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 January 31, 2017, our long-term assets located in the United States totaled \$32,759,718 or 69% of our Company's total long-term assets of \$47,758,208.

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

Balance Sheet Items	January 31, 2017					
	United States			Canada	Paraguay	Total
	Texas	Arizona	Other States			
Mineral Rights and Properties	\$ 12,964,073	\$ 10,932,198	\$ 705,962	\$ -	\$ 13,080,555	\$ 37,682,788
Property, Plant and Equipment	6,451,458	-	-	12,715	351,832	6,816,005
Reclamation Deposits	1,690,209	15,000	818	-	-	1,706,027
Other Long-Term Assets	-	-	-	-	1,553,388	1,553,388
<b>Total Long-Term Assets</b>	<b>\$ 21,105,740</b>	<b>\$ 10,947,198</b>	<b>\$ 706,780</b>	<b>\$ 12,715</b>	<b>\$ 14,985,775</b>	<b>\$ 47,758,208</b>

Balance Sheet Items	July 31, 2016					
	United States			Canada	Paraguay	Total
	Texas	Arizona	Other States			
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
<b>Total Long-Term Assets</b>	<b>\$ 21,454,696</b>	<b>\$ 10,906,861</b>	<b>\$ 810,945</b>	<b>\$ 14,909</b>	<b>\$ 14,988,259</b>	<b>\$ 48,175,670</b>

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

Statement of Operations	Three Months Ended January 31, 2017					
	United States			Canada	Paraguay	Total
	Texas	Arizona	Other States			
Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Costs and Expenses:						
Cost of sales	-	-	-	-	-	-
Inventory write-down	-	-	-	-	-	-
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)

Statement of Operations	Three Months Ended January 31, 2016					
	United States			Canada	Paraguay	Total
	Texas	Arizona	Other States			
Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Costs and Expenses:						
Cost of sales	-	-	-	-	-	-
Inventory write-down	-	-	-	-	-	-
Mineral property expenditures	564,316	56,379	27,771	-	245,359	893,825
General and administrative	2,098,910	42,538	708	661,608	2,047	2,805,811
Depreciation, amortization and accretion	227,361	-	750	2,386	1,689	232,186
Impairment loss on mineral properties	-	-	86,535	-	-	86,535
	2,890,587	98,917	115,764	663,994	249,095	4,018,357
Loss from operations	(2,890,587)	(98,917)	(115,764)	(663,994)	(249,095)	(4,018,357)
Other income (expenses)	(785,298)	(4,768)	-	818	6	(789,242)
Loss before income taxes	\$ (3,675,885)	\$ (103,685)	\$ (115,764)	\$ (663,176)	\$ (249,089)	\$ (4,807,599)

Statement of Operations	Six Months Ended January 31, 2017					
	United States			Canada	Paraguay	Total
	Texas	Arizona	Other States			
Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Costs and Expenses:						
Cost of sales	-	-	-	-	-	-
Inventory write-down	60,694	-	-	-	-	60,694
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
	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)	39	(1,483,147)
Loss before income taxes	\$ (6,209,199)	\$ (91,364)	\$ (139,129)	\$ (1,198,075)	\$ (964,672)	\$ (8,602,439)

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Statement of Operations	Six Months Ended January 31, 2016					
	United States			Canada	Paraguay	Total
	Texas	Arizona	Other States			
Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Costs and Expenses:						
Cost of sales	-	-	-	-	-	-
Inventory write-down	-	-	-	-	-	-
Mineral property expenditures	1,851,518	209,903	132,150	-	489,274	2,682,845
General and administrative	3,648,603	74,992	1,663	1,350,986	4,960	5,081,204
Depreciation, amortization and accretion	466,348	-	1,500	3,632	3,605	475,085
Impairment loss on mineral properties	-	-	86,535	-	-	86,535
	5,966,469	284,895	221,848	1,354,618	497,839	8,325,669
Loss from operations	(5,966,469)	(284,895)	(221,848)	(1,354,618)	(497,839)	(8,325,669)
Other income (expenses)	(1,553,694)	(9,535)	-	818	11	(1,562,400)
Loss before income taxes	\$ (7,520,163)	\$ (294,430)	\$ (221,848)	\$ (1,353,800)	\$ (497,828)	\$ (9,888,069)

**NOTE 13: SUPPLEMENTAL CASH FLOW INFORMATION**

During the six months ended January 31, 2017 and 2016, we issued 323,592 and 856,403 restricted shares with a fair value of \$353,274 and \$913,775, respectively, for consulting services.

During the six months ended January 31, 2017 and 2016, we issued 536,726 and 104,903 shares with a fair value of \$528,093 and \$111,499, respectively, as compensation to certain management, employees and consultants of the Company under the Stock Incentive Plan.

During the six months ended January 31, 2017 and 2016, we paid \$817,778 and \$817,778, respectively, in cash for interest on its long-term debt.

During the six months ended January 31, 2017, we issued 88,822 restricted shares with a fair value of \$91,488 as settlement of certain of the Company's accounts payable.

During the six months ended January 31, 2017, we issued 46,800 restricted shares with a fair value of \$48,672 as an advance royalty payment for our Workman Creek Project.

Subsequent to January 31, 2017, we issued 738,503 shares with a fair value of \$1,100,000 as payment of anniversary fees to our Lenders.

**NOTE 14: COMMITMENTS AND CONTINGENCIES**

We are renting or leasing various office or storage space located in the United States, Canada and Paraguay with total monthly payments of \$18,602. Office lease agreements expire between May 2017 and March 2021 for the United States and Canada.

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

Fiscal 2017	\$	106,672
Fiscal 2018		198,153
Fiscal 2019		87,203
Fiscal 2020		87,816
Fiscal 2021		58,544
	\$	538,388

We are committed to pay our key executives a total of \$823,000 per year for various management services.

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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.

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, our 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

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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 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 Securities Case’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 filed a motion to dismiss. The plaintiff ultimately decided to abandon his case, which the court dismissed on or about November 17, 2016. No settlement payments or any other consideration was paid by the Company to the plaintiff in connection with the plaintiff’s abandonment of his case.

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. Following the voluntary dismissal of the Federal Derivative Case, Ms. McMahon filed an amended complaint on February 10, 2017, which again asserted that the Company’s directors breached their fiduciary duties relating to the factual allegations in the Securities Case. The Company believes that the Nevada Derivative Case is without merit and intends to vigorously defend the same.

The Company’s Board of Directors received a shareholder demand letter dated September 10, 2015 relating to the allegations in the Securities Case (the “Shareholder Demand”). The letter demands that the Board of Directors initiate an action against the Company’s Board of Directors and two of its executive officers to recover damages allegedly caused to the Company. The Board of Directors appointed a committee of independent directors to evaluate the allegations in the demand letter. Subsequently, the federal district court dismissed the Securities Case, which was based on similar factual allegations, and the Federal Derivative Case was abandoned. The committee of independent directors has now completed its evaluation and recommended that the Board reject the demand. After considering the committee’s recommendation and all other material information relevant to the investigation, the Board voted to reject the demand letter.

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 operation.



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

*The following management's discussion and analysis of the Company's financial condition and results of operations ("MD&A") contain forward-looking statements that involve risks, uncertainties and assumptions including, among others, statements regarding our capital needs, business plans and expectations. In evaluating these statements, you should consider various factors, including the risks, uncertainties and assumptions set forth in reports and other documents we have filed with or furnished to the SEC, including, without limitation, this Form 10-Q Quarterly Report for the three and six months ended January 31, 2017 and our Form 10-K Annual Report for the fiscal year ended July 31, 2016 including the consolidated financial statements and related notes contained therein. 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" as disclosed in our Form 10-K Annual Report for the fiscal year ended July 31, 2016 and Item 1A. Risk Factors under Part II - Other Information of this Quarterly Report.*

### **Introduction**

This MD&A is focused on material changes in our financial condition from July 31, 2016, our most recently completed year end, to January 31, 2017 and our results of operations for the three and six months ended January 31, 2017, and should be read in conjunction with Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations as contained in our Form 10-K Annual Report for Fiscal 2016.

### **Business**

We operate in a single reportable segment and since 2004, as more fully described in our Form 10-K Annual Report for Fiscal 2016, 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 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 have one uranium mine located in the State of Texas, the Palangana Mine, which utilizes ISR mining and commenced extraction of uranium concentrates (" $U_3O_8$ "), 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 January 31, 2017, 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.

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 the acquisition of additional uranium projects.

During the three and six months ended January 31, 2017, we continued our strategic plan for reduced operations implemented in September 2013 to align our operations to a weak uranium market in a challenging post-Fukushima environment. As part of this strategy, we operated our Palangana Mine at a reduced pace to capture residual uranium only, while maintaining Palangana Mine and the Hobson Facility in a state of operational readiness. This strategy also included the deferral of major exploration and pre-extraction expenditures and maintaining the core exploration projects in good standing in anticipation of a recovery in uranium prices.

### **Mineral Rights and Properties**

The following is a summary of significant activities by project for the six months ended January 31, 2017:

#### *Burke Hollow Project*

During the six months ended January 31, 2017, we continued to advance the applications of the Mine Area, Aquifer Exemption and Radioactive Material License at our Burke Hollow Project after receipt of two Class I disposal well permits. The final Mine Area permit was issued by TCEQ and the Aquifer Exemption order was submitted to EPA for approval. The Radioactive Material License application remains under technical review by TCEQ. The spring and fall ecological assessments for the eastern trend extension have been completed.

#### *Yuty Project*

During the six months ended January 31, 2017, we initiated work on a Preliminary Economic Assessment in accordance with the provisions of CSA National Instrument 43-101 for the Yuty Project. Split core samples from eight mineralized drill holes from the Yuty Project were selected and shipped to a United States laboratory where the core samples will undergo individual leach tests for ultimate extraction, bottle roll leach tests and static leach tests in order to further corroborate ISR amenability at the Yuty Project. The results of the testing are anticipated in early 2017.

### **Results of Operations**

For the three and six months ended January 31, 2017, we recorded net losses of \$4,332,369 (\$0.04 per share) and \$8,585,063 (\$0.07 per share), respectively.

For the three and six months ended January 31, 2016, we recorded net losses of \$4,801,505 (\$0.05 per share) and \$9,873,539 (\$0.10 per share), respectively.

During the three and six months ended January 31, 2017 and 2016, we continued with our strategic plan for reduced operations implemented in September 2013 and continued reduced operations at the Palangana Mine to capture residual pounds of U<sub>3</sub>O<sub>8</sub> only. As a result, no U<sub>3</sub>O<sub>8</sub> extraction or processing costs were capitalized to inventories during the three and six months ended January 31, 2017 and 2016.

For the six months ended January 31, 2017, we recorded an inventory write-down of \$60,694 to adjust the U<sub>3</sub>O<sub>8</sub> inventory balance in finished goods and work-in-progress to net realizable value to reflect the market price of U<sub>3</sub>O<sub>8</sub> of \$18.81 per pound at October 31, 2016, less estimated royalties. No inventory write-down was recorded for the six months ended January 31, 2016.

At January 31, 2017, the total value of inventories was \$211,662 (July 31, 2016: \$275,316).

### **Costs and Expenses**

For the three and six months ended January 31, 2017, costs and expenses totaled \$3,591,722 and \$7,119,292, comprised of an inventory write-down of \$Nil and \$60,694, mineral property expenditures of \$1,067,446 and \$1,957,564, general and administrative expenditures of \$2,241,247 and \$4,523,485, depreciation, amortization and accretion of \$128,255 and \$279,607, and impairment loss on mineral properties of \$154,774 and \$297,942, respectively.

For the three and six months ended January 31, 2016, costs and expenses totaled \$4,018,357 and \$8,325,669, comprised of mineral property expenditures of \$893,825 and \$2,682,845, general and administrative expenditures of

\$2,805,811 and \$5,081,204, depreciation, amortization and accretion of \$232,186 and \$475,085, and impairment loss on mineral properties of \$86,535 and \$86,535, respectively.

#### *Mineral Property Expenditures*

During the three and six months ended January 31, 2017, mineral property expenditures totaled \$1,067,446 and \$1,957,564 respectively. During the three and six months ended January 31, 2016, mineral property expenditures totaled \$893,825 and \$2,682,845, respectively. Mineral property expenditures were primarily comprised of costs relating to permitting, property maintenance, exploration and pre-extraction activities and all other non-extraction related activities on our projects.

During the three and six months ended January 31, 2017, mineral property expenditures included expenditures directly related to maintaining operational readiness and permitting compliance of \$301,509 and \$646,897, respectively, and \$462,165 and \$920,798, respectively, for the three and six months ended January 31, 2016 for our Palangana Mine and Hobson Processing Facility.

During the three and six months ended January 31, 2017, pursuant to the SPOA for the Acquisition of the Alto Parana Project, we accrued total costs of \$409,865 and \$522,633 related to maintenance and assessment work required to keep the Alto Parana Project in good standing.

During the three and six months ended January 31, 2016, a credit amount due to re-valuation of ARO totaling \$184,381 was recognized as a result of a downward ARO adjustment to fully depleted underlying mineral rights and properties, which was recorded against the mineral property expenditures.

The following table provides mineral property expenditures on our projects for the periods indicated:

	Three Months Ended January 31,		Six Months Ended January 31,	
	2017	2016	2017	2016
<b>Mineral Property Expenditures</b>				
Palangana Mine	\$ 184,277	\$ 366,131	\$ 385,649	\$ 751,280
Goliad Project	19,849	24,022	49,879	44,831
Burke Hollow Project	110,675	204,708	150,316	926,252
Longhorn Project	906	781	1,053	4,373
Salvo Project	6,843	2,912	15,009	17,075
Anderson Project	269	55,083	15,504	167,216
Workman Creek Project	7,673	1,001	15,920	31,691
Slick Rock Project	12,206	5,036	24,552	53,861
Yuty Project	102,037	91,526	191,712	202,543
Oviedo Project	68,402	153,833	215,070	286,732
Alto Parana Project	409,865	-	522,633	-
Other Mineral Property Expenditures	144,444	173,173	370,267	381,372
Revaluation of Asset Retirement Obligations	-	(184,381)	-	(184,381)
	<b>\$ 1,067,446</b>	<b>\$ 893,825</b>	<b>\$ 1,957,564</b>	<b>\$ 2,682,845</b>

#### *General and Administrative*

During the three and six months ended January 31, 2017, general and administrative expenses totaled \$2,241,247 and \$4,523,485, respectively; and for the three and six months ended January 31, 2016: \$2,805,811 and \$5,081,204, respectively.

The following summary provides a discussion of the major expense categories, including analyses of the factors that caused significant variances compared to the same period last year:

- for the three and six months ended January 31, 2017, salaries, management and consulting fees totaled \$385,285 and \$811,185, respectively, which decreased by \$270,501 and \$507,507 compared to \$655,786 and \$1,318,692 for the three and months ended January 31, 2016, respectively. The decrease was a result of salary reductions and compensating directors, officers and employees with shares of the Company in lieu of cash, which was implemented during Fiscal 2016;

- for the three and six months ended January 31, 2017, office, filing and listing fees, insurance, investor relations and travel expenses totaled \$832,043 and \$1,506,486, respectively, which increased by \$195,000 and \$222,778, compared to \$637,043 and \$1,283,708 for the three and six months ended January 31, 2016 as a result of increased filing and listing fees and insurance expenses during the periods;
- for the three and six months ended January 31, 2017, professional fees totaled \$194,879 and \$391,513, respectively, which decreased by \$255,755 and \$398,500, respectively, compared to \$450,634 and \$790,013 for the three and six months ended January 31, 2016, respectively. Professional fees are comprised primarily of legal services related to regulatory compliance and ongoing legal claims, in addition to audit and taxation services; and
- for the three months ended January 31, 2017, stock-based compensation totaled \$829,040, decreased by \$233,308 compared to \$1,062,348 for the three months ended January 31, 2016 primarily as a result of less shares being issued for consulting services during the current period compared to the same period last year. For the six months ended January 31, 2017, stock-based compensation totaled \$1,814,301, which increased by \$125,510 compared with \$1,688,791 for the six months ended January 3, 2016. Stock-based compensation includes the fair value of stock options granted and the fair value of shares issued to the directors, officers, employees and consultants. During the three and six months ended January 31, 2017 and 2016, we continued to utilize equity-based payments to compensate directors, officers and employees and for certain consulting services as part of our continuing efforts to reduce cash outlays. In July and August 2016, we granted approximately two million stock options to certain directors, officers, employees and consultants. The fair value of these stock options has been amortized on an accelerated basis over the vesting period of the options, resulting in a higher stock-based compensation expense being recognized at the beginning of the vesting periods than at the end of the vesting periods.

#### *Depreciation, Amortization and Accretion*

During the three and six months ended January 31, 2017, depreciation, amortization and accretion totaled \$128,255 and \$279,607, which decreased by \$103,931 and \$195,478, respectively, compared to \$232,186 and \$475,085 for the three and six months ended January 31, 2016. This decrease was primarily the result of certain property and equipment having reached full depreciation or amortization and less accretion expenses on the reduced asset retirement obligations associated with our Palangana Mine as a result of downward revisions during Fiscal 2016. 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 the three months ended January 31, 2017, we abandoned the Nichols Project located in Texas with acquisition costs of \$154,774. During the six months ended January 31, 2017, we abandoned certain 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 statement of operations for the three and six months ended January 31, 2017.

During the three and six months ended January 31, 2016, we abandoned certain mineral interests at the projects located in Colorado and New Mexico with a combined acquisition cost of \$86,535. As a result, an impairment loss on mineral properties of \$86,535 was reported on the consolidated statement of operations for the three and six months ended January 31, 2016.

#### *Other Income and Expenses*

##### *Interest and Finance Costs*

During the three and six months ended January 31, 2017, interest and finance costs totaled \$749,419 and \$1,487,522, respectively, which have remained consistent compared to \$789,770 and \$1,567,463 for the three and six months ended January 31, 2016.

For the three and six months ended January 31, 2017, interest and finance costs were primarily comprised of, amortization of debt discount of \$306,239 and \$601,568, interest paid on long-term debt of \$408,889 and \$817,778, and amortization of annual surety bond premium of \$29,524 and \$58,642, respectively.

For the three and six months ended January 31, 2016, interest and finance costs were primarily comprised of: amortization of debt discount of \$347,723 and \$683,390, interest paid on long-term debt of \$408,889 and \$817,778, and amortization of annual surety bond premium of \$28,391 and \$56,760, respectively.

### Summary of Quarterly Results

	For the Quarters Ended			
	January 31, 2017	October 31, 2016	July 31, 2016	April 30, 2016
Sales	\$ -	\$ -	\$ -	-
Net loss	(4,332,369)	(4,252,694)	(3,777,278)	(3,679,055)
Total comprehensive loss	(4,332,327)	(4,252,734)	(3,777,095)	(3,678,919)
Basic and diluted loss per share	(0.04)	(0.04)	(0.03)	(0.03)
Total assets	76,665,928	53,562,227	56,176,311	59,558,492

	For the Quarters Ended			
	January 31, 2016	October 31, 2015	July 31, 2015	April 30, 2015
Sales	\$ -	\$ -	\$ 3,080,000	\$ -
Net loss	(4,801,505)	(5,072,034)	(5,412,432)	(5,347,729)
Total comprehensive loss	(4,801,724)	(5,072,233)	(5,412,059)	(5,347,522)
Basic and diluted loss per share	(0.05)	(0.05)	(0.06)	(0.06)
Total assets	49,982,462	53,130,380	57,900,257	52,171,028

### Liquidity and Capital Resources

	January 31, 2017	July 31, 2016
Cash and cash equivalents	\$ 27,735,411	\$ 7,142,571
Current assets	28,907,720	8,000,641
Current liabilities	2,346,908	1,822,447
Working capital	26,560,812	6,178,194

At January 31, 2017, we had working capital of \$26,560,812, an increase of \$20,382,618 from our working capital of \$6,178,194 at July 31, 2016. Current assets include \$27,735,411 in cash and cash equivalents, the largest component of current assets. 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.

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. 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 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. 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.

Our anticipated operations including exploration and pre-extraction activities, 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 fees and complying with the restrictive covenants as required under our Credit Facility, and it results in accelerated repayment of our indebtedness and/or enforcement by the Lenders against our 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 electrical 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 to 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 our Palangana Mine and of any future satellite ISR mines, such as our 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***

We filed the 2014 Shelf, which was declared effective on January 10, 2014, 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.

At January 31, 2017, a total of \$80.2 million of the 2014 Shelf was utilized through the following registered offerings and sales of units, with a remaining available balance of \$19.8 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;
- 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; and

- on January 20, 2017: \$26.0 million in gross proceeds through the Equity Financing offering of units consisting of the Company's shares and share purchase warrants and \$19.1 million representing the aggregate exercise price of those share purchase warrants and compensation share purchase warrants should they be exercised in full.

On January 5, 2017, we filed the 2017 Shelf, which, when declared effective by the SEC, will replace the 2014 Shelf and the 2014 Shelf will be deemed terminated. When the 2017 Shelf is declared effective, it will provide 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.

### ***Debt Financing***

On February 9, 2016, we entered into the Second Amended Credit Agreement with our Lenders, whereby the Company and the Lenders agreed to certain further amendments to our \$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 our Hobson Processing Facility, our Goliad Project and our Palangana Mine and for working capital purposes.

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

Subsequent to January 31, 2017, and pursuant to the terms of the Second Amended Credit Agreement, we issued 738,503 shares with a fair value of \$1,100,000, representing 5.5% of the \$20,000,000 principal balance outstanding at January 31, 2017, as payment of anniversary fees to our Lenders.

Refer to Note 8: Long-Term Debt of the Notes to the Condensed Consolidated Financial Statements for the three and six months ended January 31, 2017, and Note 8: Long-Term Debt of the Notes to the Consolidated Financial Statements for Fiscal 2016.

### ***Operating Activities***

Net cash used in operating activities during the six months ended January 31, 2017 was \$5,314,377 (six months ended January 31, 2016: \$7,941,243). Significant operating expenditures included mineral property expenditures, general and administrative expenses and interest payments.

### ***Financing Activities***

Net cash provided by financing activities during the six months ended January 31, 2017 was \$25,910,656 resulting from net proceeds received of \$25,899,128 from the equity financing and an increase of \$11,528 in amounts due to a relate party. On January 20, 2017, we completed the Equity Financing through a public offering of 17,330,836 units at a price of \$1.50 per unit and received net proceeds of \$24,445,411. During the six months ended January 31, 2017, we also received net cash of \$1,415,392 from the exercise of share purchase warrants and net cash of \$38,325 from the exercise of stock options. Net cash provided by financing activities during the six months ended January 31, 2016 was \$272,580, resulting from net cash of \$225,115 received from the exercise of stock options and a \$47,465 increase in amounts due to related parties.

### ***Investing Activities***

Net cash used in investing activities during the six months ended January 31, 2017 was \$3,439 and for the six months ended January 31, 2016 was \$17,622, resulting primarily from the purchase of property, plant and equipment.

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

At January 31, 2017, we had stock options outstanding representing 12,253,000 common shares at a weighted-average exercise price of \$1.35 per share and share purchase warrants outstanding representing 20,486,789 common shares at a weighted-average exercise price of \$1.75 per share. At January 31, 2017, outstanding stock options and warrants represented a total 32,739,789 shares issuable for gross proceeds of approximately \$52,465,000 should these stock options and warrants be exercised in full. At January 31, 2017, outstanding in-the-money stock options and warrants represented a total common shares exercisable for gross proceeds of approximately \$22,570,000 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.

#### **Transactions with a Related Party**

During the three and six months ended January 31, 2017, the Company incurred \$68,736, and \$103,851 (three and six months ended January 31, 2016: \$68,469 and \$98,593), respectively, in general and administrative costs paid to Blender, a company controlled by Arash Adnani, the brother of our President and Chief Executive Officer, for various services including information technology, corporate branding, media, website design, maintenance and hosting, provided to our Company.

During the six months ended January 31, 2017, the Company issued 88,822 restricted common shares with a fair value of \$91,488 as settlement of amounts owed to Blender.

At January 31, 2017, the amount owing to Blender was \$11,528 (July 31, 2016: \$Nil).

#### **Material Commitments**

##### ***Long-Term Debt Obligations***

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

#### **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 our Consolidated Financial Statements as presented under Item 8. Financial Statements and Supplementary Data in our Form 10-K Annual Report for Fiscal 2016.

Refer to “Critical Accounting Policies” under Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations in our Form 10-K Annual Report for Fiscal 2016.

#### **Subsequent Events**

Other than disclosed elsewhere in this Quarterly Report, we had no other material subsequent events to report.

#### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

Refer to Item 7A. Quantitative and Qualitative Disclosures About Market Risk in our Form 10-K Annual Report for Fiscal 2016.



#### **Item 4. Controls and Procedures**

##### **Evaluation of Disclosure Controls and Procedures**

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

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

##### **Changes in Internal Controls**

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during our fiscal quarter ended January 31, 2017, that have materially affected, or are reasonably likely to materially affect our internal control over financial reporting.

## PART II – OTHER INFORMATION

### Item 1. Legal Proceedings

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

On or about 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, our 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 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 Securities Case'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 filed a motion to dismiss. The plaintiff ultimately decided to abandon his case, which the court dismissed on or about November 17, 2016. No settlement payments or any other consideration was paid by the Company to the plaintiff in connection with the plaintiff's abandonment of his case.

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. Following the voluntary dismissal of the Federal Derivative Case, Ms. McMahon filed an amended complaint on February 10, 2017, which again asserted that the Company's directors breached their fiduciary duties relating to the factual allegations in the Securities Case. The Company believes that the Nevada Derivative Case is without merit and intends to vigorously defend the same.

The Company's Board of Directors received a shareholder demand letter dated September 10, 2015 relating to the allegations in the Securities Case (the "Shareholder Demand"). The letter demands that the Board of Directors initiate an action against the Company's Board of Directors and two of its executive officers to recover damages allegedly caused to the Company. The Board of Directors appointed a committee of independent directors to evaluate the allegations in the demand letter. Subsequently, the federal district court dismissed the Securities Case, which was based on similar factual allegations, and the Federal Derivative Case was abandoned. The committee of independent directors has now completed its evaluation, and recommended that the Board reject the demand. After considering the committee's recommendation and all other material information relevant to the investigation, the Board voted to reject the demand letter.

## **Item 1A. Risk Factors**

*In addition to the information contained in our Form 10-K Annual Report for Fiscal 2016, and this Form 10-Q Quarterly 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 Quarterly 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” as disclosed in our Form 10-K Annual Report for Fiscal 2016.*

*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 Quarterly 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, in our Form 10-K Annual Report for Fiscal 2016, 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 our Palangana Mine utilizing ISR and processed those materials at our 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 and Texas, and the Republic of Paraguay.

As more fully described under “Liquidity and Capital Resources” of Item 2. 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 since inception of \$217.9 million at January 31, 2017. 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. Although we generated revenues from sales of U<sub>3</sub>O<sub>8</sub> 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<sub>3</sub>O<sub>8</sub> generated during the six months ended January 31, 2017, 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.

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 a 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 our Palangana Mine and of any future satellite ISR mines, such as our 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.

***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.***

On February 9, 2016, we entered into the Second Amended 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 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, our Palangana Mine, which has been our sole source for the U<sub>3</sub>O<sub>8</sub> sold to generate our revenues from sales of U<sub>3</sub>O<sub>8</sub> 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<sub>3</sub>O<sub>8</sub> generated during the six months ended January 31, 2017, Fiscal 2016, Fiscal 2014 or for any periods prior to Fiscal 2012.

During the six months ended January 31, 2017, we continued to operate our Palangana Mine 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 our 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 our 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 our 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 our 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 our 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 our Hobson Processing Facility and our Palangana Mine, and have recorded a liability of \$3.9 million on our balance sheet at January 31, 2017, 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 our Hobson Processing Facility and our 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 our 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., Transandes Paraguay S.A. and Trier S.A., which are 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 1. 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 136,396,901 shares were issued and outstanding as of January 31, 2017. 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 the 2014 Shelf which was declared effective on January 10, 2014. This 2014 Shelf 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 \$80.2 million has been utilized through public offerings as of January 31, 2017.

We have also filed a 2017 Shelf registration statement, which, when declared effective by the SEC, will replace the 2014 Shelf and the 2014 Shelf will be deemed terminated. When the 2017 Shelf is declared effective, it will provide 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.

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

During our fiscal quarter ended January 31, 2017, we issued the following securities that were not registered under the Securities Act of 1933, as amended (the "Securities Act"):

- on November 25, 2016, we issued 3,333 shares of restricted common stock to one consultant at a deemed issuance price of \$0.86 per share in consideration for services under a consulting agreement. We relied on an exemption from registration under the Securities Act provided by Regulation S and/or Section 4(a)(2) with respect to the issuance of these shares;
- on December 9, 2016, we issued 30,000 shares of restricted common stock to one consultant at a deemed issuance price of \$0.85 per share in consideration for services under a consulting agreement. We relied on an exemption from registration under the Securities Act provided by Regulation S and/or Section 4(a)(2) with respect to the issuance of these shares;
- on December 25, 2016, we issued 3,333 shares of restricted common stock to one consultant at a deemed issuance price of \$1.02 per share in consideration for services under a consulting agreement. We relied on an exemption from registration under the Securities Act provided by Regulation S and/or Section 4(a)(2) with respect to the issuance of these shares;
- on January 1, 2017, we issued 100,000 shares of restricted common stock to one consultant at a deemed issuance price of \$1.02 per share in consideration for services under a consulting agreement. We relied on an exemption from registration under the Securities Act provided by Regulation S and/or Section 4(a)(2) with respect to the issuance of these shares;
- on January 9, 2017, we issued 20,000 shares of restricted common stock to one consultant at a deemed issuance price of \$1.07 per share in consideration for services under a consulting agreement. We relied on an exemption 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 January 18, 2017, we issued 12,500 shares of restricted common stock to one consultant at a deemed issuance price of \$1.12 per share in consideration for services under a consulting agreement. We relied on an exemption from registration under the Securities Act provided by Regulation S and/or Section 4(a)(2) with respect to the issuance of these shares.

## **Item 3. Defaults Upon Senior Securities**

None.

## **Item 4. Mine Safety Disclosures**

Pursuant to Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the “Dodd-Frank Act”), issuers that are operators, or that have a subsidiary that is an operator, of a coal or other mine in the United States, and that is subject to regulation by the Federal Mine Safety and Health Administration under the Mine Safety and Health Act of 1977 (“Mine Safety Act”), are required to disclose in their periodic reports filed with the SEC information regarding specified health and safety violations, orders and citations, related assessments and legal actions, and mining-related fatalities. During the quarter ended January 31, 2017, the Company’s Palangana Mine was not subject to regulation by the Federal Mine Safety and Health Administration under the Mine Safety Act.

**Item 5. Other Information**

Effective March 8, 2017, Mr. Spencer Abraham’s position changed from Executive Chairman to Chairman.

**Item 6. Exhibits**

The following exhibits are included with this Quarterly Report:

<b>Exhibit</b>	<b>Description of Exhibit</b>
31.1	Certification of Chief Executive Officer pursuant to the Securities Exchange Act of 1934 Rule 13a-14(a) or 15d-14(a).
31.2	Certification of Chief Financial Officer pursuant to the Securities Exchange Act of 1934 Rule 13a-14(a) or 15d-14(a).
32.1	Certifications pursuant to the Securities Exchange Act of 1934 Rule 13a-14(b) or 15d-14(b) and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.1NS	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
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

## SIGNATURES

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

### URANIUM ENERGY CORP.

By: /s/ Amir Adnani  
Amir Adnani  
President, Chief Executive Officer (Principal  
Executive Officer) and Director  
Date: March 10, 2017

By: /s/ Pat Obara  
Pat Obara  
Chief Financial Officer (Principal Financial Officer)  
Date: March 10, 2017





## CERTIFICATION

I, Amir Adnani, certify that:

- (1) I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended January 31, 2017 of Uranium Energy Corp.;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- (4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of the internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 10, 2017

/s/ Amir Adnani

By: **Amir Adnani**

Title: President, Chief Executive Officer (Principal Executive Officer) and Director

## CERTIFICATION

I, Pat Obara, certify that:

- (1) I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended January 31, 2017 of Uranium Energy Corp.;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- (4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of the internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 10, 2017

/s/ Pat Obara

By: **Pat Obara**

Title: Chief Financial Officer (Principal Financial Officer)

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER  
AND CHIEF FINANCIAL OFFICER**

**PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

The undersigned, Amir Adnani, the Chief Executive Officer of Uranium Energy Corp., and Pat Obara, the Chief Financial Officer of Uranium Energy Corp., each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to their knowledge, the Quarterly Report on Form 10-Q of Uranium Energy Corp., for the quarterly period ended January 31, 2017 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and that the information contained in the Quarterly Report on Form 10-Q fairly presents in all material respects the financial condition and results of operations of Uranium Energy Corp.

Date: March 10, 2017

*/s/ Amir Adnani*

\_\_\_\_\_

**Amir Adnani**

President, Chief Executive Officer (Principal Executive Officer) and Director

*/s/ Pat Obara*

\_\_\_\_\_

**Pat Obara**

Chief Financial Officer (Principal Financial Officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signatures that appear in typed form within the electronic version of this written statement required by Section 906, has been provided to Uranium Energy Corp. and will be retained by Uranium Energy Corp. and furnished to the Securities and Exchange Commission or its staff upon request.

**Appendix E**  
**UEC Certification Letter regarding**  
**AUC LLC Obligations Under NRC Regulations and License SUA 1602**



Date: May 8, 2017

Andrea Kock, Deputy Director  
US Nuclear Regulatory Commission  
Decommissioning and Uranium Recovery Licensing Directories  
Division of Waste Management and Environmental Protection  
Office of Federal and State Materials and Environmental Management Protection  
Mail Stop T-8F5  
Washington, D.C. 20555-0001

**Re: AUC LLC Source Material License SUA-1602—Notice for Change of Control**

Dear Ms. Kock,

I am writing to you regarding the license application for indirect change of control submitted by AUC LLC (AUC), current holder of United States Nuclear Regulatory Commission (NRC) Combined Source and Byproduct Material License No. SUA-1602, which allows AUC to conduct licensed Atomic Energy Act (AEA) uranium recovery operations at the Reno Creek in-situ uranium recovery (ISR) project in the State of Wyoming. This letter has been prepared in accordance with NRC's guidance in NUREG-1556, Volume 15 (Revision 1) entitled *Consolidated Guidance About Materials Licenses: Guidance About Changes of Control and About Bankruptcy Involving Byproduct, Source or Special Nuclear Materials Licenses, Final Report*.

Uranium Energy Corp (UEC), is seeking to acquire Reno Creek Holdings, Inc., which maintains control of AUC and its current NRC combined source and byproduct material license. In accordance with the above guidance, UEC hereby certifies:

- upon acquisition of Reno Creek Holdings, Inc., UEC will ensure all Reno Creek Holdings, Inc., AUC or other associated employees will maintain compliance with all NRC regulations and license conditions;
- no member of UEC will cause or induce to be caused a violation of said regulations and license conditions; and
- UEC will ensure through Reno Creek Holdings, Inc. and AUC, all personnel will maintain such compliance and AUC will maintain appropriate financial and technical qualifications in accordance with NRC regulations and guidance.

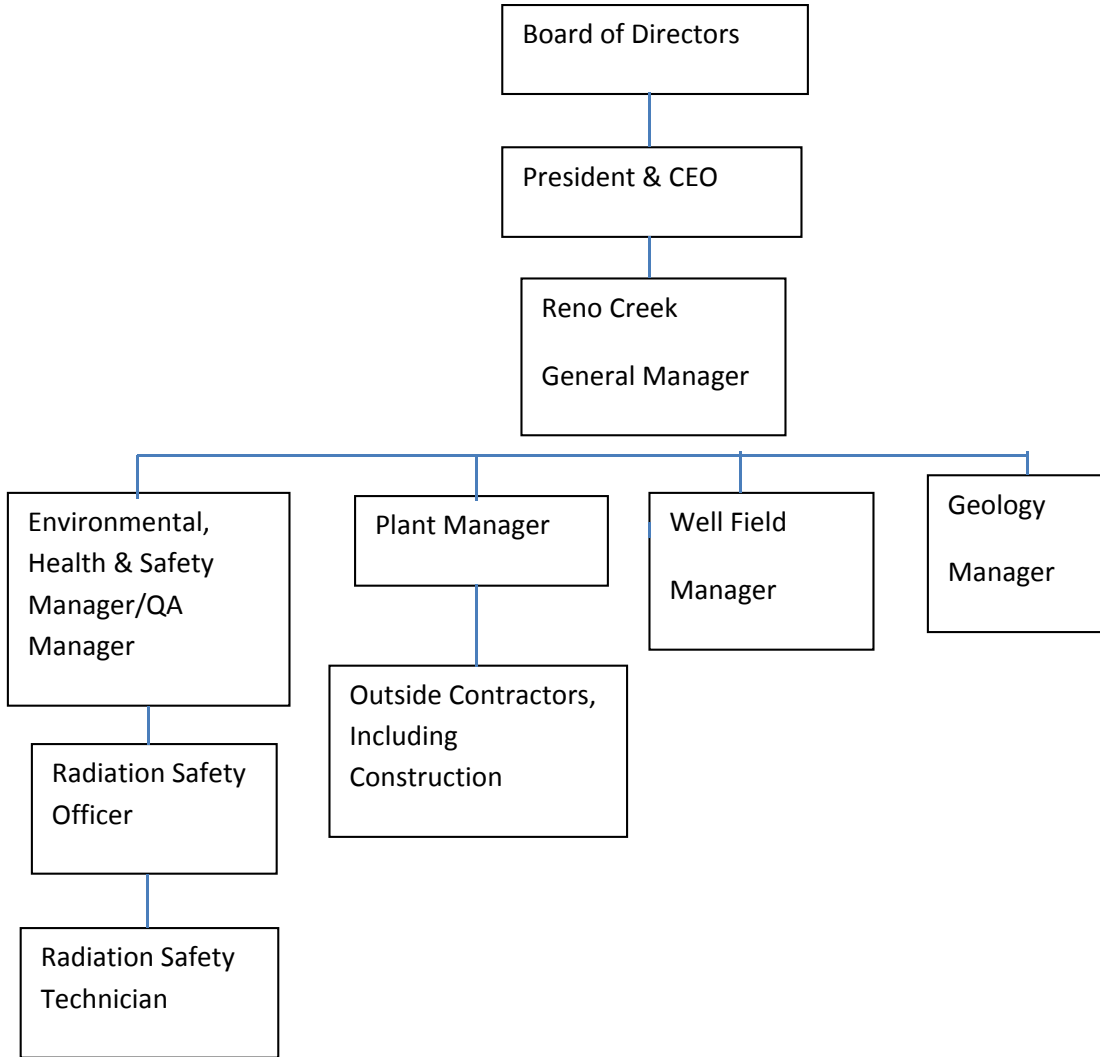
If you have any questions, please do not hesitate to contact me. Thank you for your time and consideration in this matter. We look forward to working with you in the near future.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Amir Adnani', with a long horizontal flourish extending to the right.

Amir Adnani  
CEO, President and Director  
Uranium Energy Corp

**Appendix F**  
**AUC LLC EMPLOYEE ORGANIZATION CHART**  
**(From AUC Application, Technical Report, page 5-79)**



**Appendix G**  
**AUC LLC Surety Arrangements**

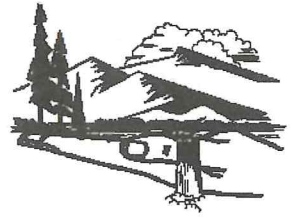
- 1. Letter from WDEQ to AUC LLC approving the reduction in bonded amount, 11-3-2016.**
- 2. Letter from WDEQ to AUC LLC approving the Letter of Credit and verifying the bonded amount, April 24, 2017**





# Department of Environmental Quality

*To protect, conserve and enhance the quality of Wyoming's environment for the benefit of current and future generations.*



Matthew H. Mead, Governor

Todd Parfitt, Director

Mr. Jim Viellenave  
AUC LLC  
1536 Cole Blvd., Suite 230  
Lakewood CO, 80401

**RE: Bond Amount for Permit No.824, AUC LLC, Reno Creek ISR Project**

Dear Mr. Viellenave:

The information presented in the 2015-2016 Annual Report for Permit No. 824 has been reviewed by the Land Quality District III staff, and the Annual Inspection required by W.S. §35-11-411(c) was conducted on October 5, 2016.

In accordance with W.S. §35-11-411(d), the bond amount is set at \$73,973. This represents a decrease of \$38,227 from the current total bond amount of \$112,200. This decrease is a result of delayed development activities and corrected existing well totals. Please contact Mr. Casey Robb, DEQ Bonding Analyst, at (307) 777-6910 for information on how to decrease the bond.

This bond amount is based only on an estimate of the cost of the state performing reclamation in the event of bond forfeiture. If this estimate proves to be less than the amount required, the Department will bring suit to recover the additional cost as allowed under W.S. §35-11-422.

If you have any questions regarding the bond amount, please contact Luke McMahan in the Sheridan District III Office at (307) 675-5619.

Sincerely,

Todd Parfitt  
Director

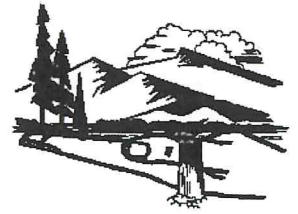
Date: November 3, 2016

cc: Kim Pandullo – Cheyenne DEQ-LQD  
Tammi Pusheck - Cheyenne DEQ-LQD  
Connie Osborne – Cheyenne DEQ  
Casey Robb – DEQ Bonding Analyst  
District III



# Department of Environmental Quality

To protect, conserve and enhance the quality of Wyoming's environment for the benefit of current and future generations.



Matthew H. Mead, Governor



Todd Parfitt, Director

Jim Viellenave  
AUC, LLC  
1536 Cole Blvd Ste 230  
Lakewood, CO 80401

**RE: Bond Decrease Acceptance – Permit No. PT824  
Colorado Business Bank L/C No. 1995**

Dear Mr. Viellenave:

The above referenced Letter of Credit Decrease Amendment has been accepted by the Wyoming Department of Environmental Quality, and a copy is enclosed. The total aggregate bond amount for Permit No. PT824 is now \$73,973.00 in accordance with the November 3, 2016 Director's Bond Letter. The details of the bond decrease are below:

Bond Action	Bonder	Bond No.	Bond Type	Previous Bond Amount	Increase/(Decrease)	Current Bond Amount	Total Required Bond Amount
Decrease	Colorado Business Bank - Golden, CO	1995	Letter of Credit	\$112,200.00	(\$38,227.00)	\$73,973.00	\$73,973.00

Should you have any questions regarding your bond instrument, please feel free to contact Casey Robb (307-777-6910 or [casey.rob2@wyo.gov](mailto:casey.rob2@wyo.gov)).

Sincerely,

Date: 4/24/17

Kyle Wendtland  
Administrator  
Land Quality Division  
Department of Environmental Quality

KW:CR

- cc: District 3 – Luke McMahan
- cc: District 3 – Pat Seurer
- cc: District 3 – Mark Rogaczewski

COPY

**AMENDMENT OF  
IRREVOCABLE STANDBY LETTER OF CREDIT**

Letter of Credit Number: 1995

Date: 02/10/17

Beneficiary Name: Wyoming Department of Environmental Quality  
Herschler Building  
Address: 122 West 25<sup>th</sup> St.  
City, State, Zip Code: Cheyenne, WY 82002

Applicant Name: AUC LLC  
Address: 1536 Cole Blvd., Suite 230  
City, State, Zip Code: Lakewood, CO 80401

This amendment is attached and made part of the original Irrevocable Standby Letter of Credit Number 1995. Except as amended hereby, the terms and conditions of the original Irrevocable Standby Letter of Credit Number 1995 are in full force and effect.

We hereby agree to amend Irrevocable Standby Letter of Credit Number 1995 as follows:

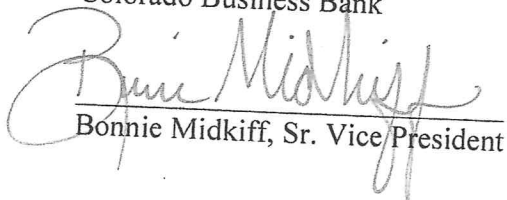
The Expiration Date has been extended to: March 11, 2018  
The amount of Letter of Credit is reduced by \$38,227.00, resulting in a change to the current amount \$73,973.00. This Letter of Credit has a full and final maturity to March 11, 2019

We hereby agree with you that drafts drawn under and in accordance with the terms of this letter of credit will be duly honored upon presentation of drafts(s) and required document(s) at our office no later than the close of business (3:00 Mountain Time) at 1099 18<sup>th</sup> St., Suite 3000 Loan Operations Department 3<sup>rd</sup> floor, Denver, Colorado 80202, U.S.A. on or before the expiry date of this letter of credit.

Unless otherwise expressly stated, this letter of credit and all negotiations hereunder are subject to the International Standby Practices ISP98, as published by the International Chamber of Commerce Publication No. 590, and, to the extent not inconsistent therewith, the laws of the State of Colorado.

Please direct any inquiries with regard to this Letter of Credit to Colorado Business Bank, Loan Operations Department, 1099 18<sup>th</sup> St., Suite 3000 Denver, CO 80202 (303)293-2265.

Colorado Business Bank

  
Bonnie Midkiff, Sr. Vice President