URANIUM ENERGY CORP
Form 10-Q
December 15, 2009

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

[X] Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended **October 31, 2009**

or

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

Commission File Number: **001-33706**

URANIUM ENERGY CORP.

(Exact name of registrant as specified in its charter)

NEVADA	98-0399476
(State or other jurisdiction of incorporation of organization)	(I.R.S. Employer Identification No.)
9801 Anderson Mill Road, Suite 230, Austin, Texas	78750
(Address of principal executive offices)	(Zip Code)

(512) 828-6980

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant has (1) 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 T No £

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

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: **56,959,088** shares of common stock outstanding as of **December 14, 2009.**

URANIUM ENERGY CORP.

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(Unaudited)

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

URANIUM ENERGY CORP.

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

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URANIUM ENERGY CORP.

(An Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
OCTOBER 31, 2009 (Unaudited)

NOTE 1: NATURE OF OPERATIONS

Uranium Energy Corp. (the "Company") was incorporated on May 16, 2003, in the State of Nevada. The Company owns a 100% interest in UEC Resources Ltd. ("UEC Resources"), a private company incorporated in the province of British Columbia, Canada on December 21, 2007. Since November 1, 2004, the Company has acquired mineral leases and entered into joint venture agreements, directly or by way of option, for the purposes of exploring for economic deposits of uranium in the States of Arizona, Colorado, New Mexico, Texas, Utah, and Wyoming. As at October 31, 2009, the Company has interests in approximately 40,904 net acres of mineral properties which have been staked, leased or optioned.

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

The Company commenced operations on May 16, 2003, and has not realized any significant revenues since inception. As at October 31, 2009, the Company has working capital of $21,405,050 and an accumulated deficit of $60,201,191. Although existing cash resources are currently expected to provide sufficient funds through the upcoming year, the capital expenditures required to achieve planned principal operations may be substantial. The continuation of the Company as a going concern for a period of longer than the upcoming year is dependent upon the ability of the Company to obtain necessary financing to continue operations. The Company is in the exploration stage of its mineral property development and to date has not yet established any proven mineral reserves on its existing properties. The continued operations of the Company and the recoverability of the carrying value of its assets are ultimately dependent upon the ability of the Company to achieve profitable operations. To date, the Company has completed private placements and received funding through the exercise of stock options and share purchase warrants for net proceeds of $67,605,646 from the issuance of shares of the Company's common stock.

Unaudited Interim Consolidated Financial Statements

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

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

The accompanying consolidated financial statements include the accounts of Uranium Energy Corp. and its wholly-owned subsidiary, UEC Resources Ltd. All significant inter-company transactions and balances have been eliminated upon consolidation.

Accounting Standards Codification

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

Cash and Cash Equivalents

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

Use of Estimates

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

Fair Value Measurements

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

Mineral Property Costs

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

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

Mineral property exploration costs are expensed as incurred.

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

Databases

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

Restoration and Remediation Costs (Asset Retirement Obligations)

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

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

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

Impairment of Long-Lived Assets

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

Financial Instruments

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

Loss per Common Share

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

Foreign Currency Translation

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

Income Taxes

The Company follows the liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax balances. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to the taxable income in the years in which those differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment. The Company recognizes deferred taxes on unrealized gains directly within other comprehensive income, and concurrently releases part of the valuation allowance resulting in nil impact within OCI or on the balance sheet. As at October 31, 2009, the Company had net operating loss carry forwards; however, due to the uncertainty of realization, the Company has provided a full valuation allowance for the potential deferred tax assets resulting from these losses carry forwards.

Stock-Based Compensation

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

Property and Equipment

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

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

Recently Adopted Accounting Policies

Effective August 1, 2009, the Company adopted ASC 805, *Business Combinations* (formerly SFAS No. 141R, "Business Combinations"). Under ASC 805, an acquiring entity will be required to recognize all the assets acquired and liabilities assumed in a transaction at the acquisition-date fair value with limited exceptions. ASC 805 changes the accounting treatment and disclosure for certain specific items in a business combination. ASC 805 applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The adoption of ASC 805 did not have a material impact on the consolidated financial position, results of operations or cash flows, however this change may have a material impact on the Company's consolidated financial position, results of operations or cash flows in future periods.

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

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

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

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

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

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

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

NOTE 3: RESTRICTED CASH

Restricted cash includes a deposit of $15,000 (July 31, 2009 - $15,000) with the Arizona State Land Department pursuant to exploration activities in the State of Arizona. During the three months ended October 31, 2009, the Company was notified that a certificate of deposit was released by the State of Colorado as the majority of land reclamation was completed to the satisfaction of the State of Colorado. Accordingly a total of $5,418 has been removed from restricted cash. An amount of $805 (July 31, 2009 - $805) remains held by the Wyoming DEQ, LQD.

NOTE 4: AVAILABLE-FOR-SALE SECURITIES

Available-for-sale securities consisted of shares in a publicly traded uranium exploration companies listed on the TSX Venture and Australian Stock Exchanges. As at October 31, 2009, the Company has recorded an unrealized gain of $61,100 on available-for-sale securities which is recognized in accumulated other comprehensive income.

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

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

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This hierarchy requires the Company to minimize the use of unobservable inputs and to use observable market data, if available, when estimating fair value. The fair value of the Company's available-for-sale securities using the following inputs at October 31, 2009, is as follows:

NOTE 5: MINERAL RIGHTS AND PROPERTIES

Uranium Exploration

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

As at October 31, 2009, the Company has interests in 48,432 gross acres (40,904 net mineral acres) of mineral properties that have been staked, leased or optioned pursuant to agreements by the Company in the States of Arizona, Colorado, New Mexico, Texas, Utah, and Wyoming for the purposes of uranium exploration for a total cost of $13,682,537 including $8,217,570 representing the fair value of non-cash compensation. The totals include 3,291 net acres (6,717 gross acres leased by Cibola Resources LLC of which the Company holds a 49% interest). These leases are subject to varying royalty interests, some of which are indexed to the sale price of uranium. As at October 31, 2009, total yearly recurring maintenance payments of approximately $392,000 are required to maintain existing mineral leases.

Goliad Project

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

Acquisition costs for the Moore Option total $8,407,500 as at October 31, 2009, and include the following: (i) cash payments of $200,000, (ii) 750,000 restricted common shares issued on October 11, 2005, with a fair value of $250,000, (iii) 500,000 restricted common shares issued on April 10, 2006, with a fair value of $1,150,000, (iv) 250,000 restricted common shares issued on September 28, 2006, with a fair value of $462,500, (v) 750,000 restricted common shares issued on October 10, 2006, with a fair value of $975,000, and (vi) 750,000 restricted common shares issued on April 11, 2007, with a fair value of $5,370,000. Additionally, the Company has incurred $281,627 in other mineral right and property acquisition charges on the Goliad project, for a cumulative cost of $8,689,127 as at October 31, 2009.

Cibola Resources LLC

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

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

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

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

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

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

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

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

The Company has reimbursed an aggregate of $2,450,000 to NEI (49%) of the capital invested to date. As a result, NEI and the Company hold a 51% and 49% interest, respectively, in Cibola and the Company is obligated to pay 49% of all future commitments under the terms of the Lease. Additionally, the Company has paid or accrued $1,226,596 in exploration costs on behalf of Cibola for a cumulative contribution of $3,676,596 (refer to Note 13).

New River Project

Effective November 1, 2007, the Company entered into a letter agreement to purchase assets, whereby the Company acquired certain mineral exploration claims located in Maricopa County, Arizona, together with database records containing material information regarding the certain mineral claims. On August 25, 2008, the Company entered into an agreement amending the underlying purchase agreement. Under the terms of the amending agreement, the Company will pay an aggregate sum of $300,000, of which $88,000 may be paid with the issuance of restricted common stock. At October 31, 2009, the Company has made cumulative payments of $200,000 consisting of

$162,000 in cash and the issuance of 19,000 restricted common shares. At the time of issuance, these restricted common shares had a fair value of $10,070, resulting in capitalized total charges of $172,070. The Company is currently in the process of renegotiating the terms of the August 25, 2008 amending agreement with respect to the remaining option payments.

Additionally, the Company has incurred $23,000 in other mineral right and property acquisition charges on the New River project, for a cumulative cost of $195,070 as at October 31, 2009.

F-33 Acquisition and Uran Joint Venture (Todilto)

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

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

Additionally, the Company has incurred $91,203 in other mineral right and property acquisition charges on the Todilto project, for a cumulative cost of $203,603 as at October 31, 2009. Pursuant to the Uran joint venture agreement, the Company received a cash payment of $75,000 and 1,000,000 ordinary shares of Uran Limited with a fair value of $17,600 on the date of receipt. Accordingly, cumulative acquisition costs have been reduced by $92,600 as of October 31, 2009.

Holley Option

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

Mineral rights and properties acquisition costs consist of the following:

As at October 31, 2009, the Company has recorded impairment charges of $1,526,508 (July 31, 2009 - $1,526,508) on cumulative acquisition costs of $13,682,537 (July 31, 2009 - $13,672,137).

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

NOTE 6: DATABASES

Database acquisition costs consist of the following:

NOTE 7: LAND USE AGREEMENTS

Land use acquisition costs, including right-of-way and easement agreements consist of the following:

NOTE 8: PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

NOTE 9: DUE TO RELATED PARTIES AND RELATED PARTY TRANSACTIONS

During the three months ended October 31, 2009, the Company had transactions with certain officers and directors of the Company as follows:

(a) incurred $201,372 in management fees paid to directors and officers during the period;

(b) incurred $1,960,000 in stock based compensation for the incremental fair value of options granted to directors and officers that were earned during the period;

(c) incurred $30,666 in general and administrative costs paid to companies controlled by a direct family member of a current officer; and

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

At October 31, 2009, a balance of $51,033 consisting of outstanding management fees and expense reimbursements is reported as due to related parties. All related party transactions involving provision of services or tangible assets were recorded at the exchange amount, which is the value established and agreed to by the related parties.

NOTE 10: CAPITAL STOCK

Capital Stock

The Company's capital stock as at October 31, 2009, was 750,000,000 authorized common shares with a par value of $0.001 per share.

2010 Share Transactions

On August 20, 2009, the Company issued 2,414 fully vested restricted common shares pursuant to a corporate development services agreement. At the time of issuance, the shares had a value of $2.40 per share and $5,794 was recorded as stock-based consulting fees. On October 15, 2009, the Company issued 1,724 fully vested restricted common shares, pursuant to the same agreement. At the time of issuance, the shares had a value of $3.68 per share and $6,344 was recorded as stock-based consulting fees.

On August 20, 2009, the Company issued 29,000 fully vested restricted common shares pursuant to a consulting agreement. At the time of issuance, the shares had a value of $2.40 per share and $69,600 was recorded as stock-based consulting fees.

On August 28, 2009, the Company issued 300,000 fully vested restricted common shares pursuant to consulting agreement (refer to Note 9). At the time of issuance, the shares had a value of $2.59 per share and $777,000 was recorded as stock-based consulting fees.

On September

2, 2009, the Company issued 13,333 fully vested restricted common shares pursuant to a consulting agreement. At the time of issuance, the shares had a value of $2.57 per share and $34,266 was recorded as stock-based consulting fees.

On October

5, 2009, the Company issued 25,000 fully vested restricted common shares pursuant to a consulting agreement. At the time of issuance, the shares had a value of $2.88 per share and $72,000 was recorded as stock-based consulting fees.

On October

5, 2009, the Company issued 2,500 fully vested restricted common shares pursuant to a consulting agreement. At the time of issuance, the shares had a value of $2.88 per share and $7,200 was recorded as stock-based consulting fees.

On October

5, 2009, the Company issued 9,500 fully vested restricted common shares pursuant to a consulting agreement. At the time of issuance, the shares had a value of $2.88 per share and $27,360 was recorded as stock-based consulting fees.

On October

12, 2009, the Company issued 7,000 fully vested restricted common shares pursuant to a consulting agreement. At the time of issuance, the shares had a value of $3.41 per share and $23,870 was recorded as stock-based consulting fees.

During the three months ended October 31, 2009, a total of 222,750 common stock options were exercised for proceeds of $127,675.

Share Purchase Warrants

The December 12, 2007 private placement included a registration rights agreement, requiring a registration statement respecting the investors' securities within the Company declared effective by the SEC within four months from the original date of issuance by the Company of the securities underlying the original subscription agreements. Under the terms of the registration rights agreement, the Company shall use its reasonable best efforts to maintain the effectiveness of the registration statement for a period of not less than three years from the original date of issuance. If the Company fails to maintain the effectiveness of the registration statement for the three year period, additional warrants could be issuable as liquidated damages. Any additional warrant issuance is provided for under the terms of the registration rights agreement whereby 1/100 of an additional warrant was issuable to each such investor for each $1.00 in aggregate subscription price funds paid by the investor to the Company under the private placement and in respect of each 30 day period (or partial period thereof) of delay of the aforementioned registration statement effectiveness. As at October 31, 2009, 944,660 additional warrants could be issuable as liquidated damages through the three year period expiring December 12, 2010.

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The July 7, 2008 and July 18, 2008 private placements included a registration rights agreement, requiring a registration statement respecting the investors' securities within the Company declared effective by the SEC by September 25, 2008. Under the terms of the registration rights agreement, the Company shall use its reasonable best efforts to maintain the effectiveness of the registration statement for a period of not less than two years from the original date of issuance. If the Company fails to maintain the effectiveness of the registration statement for the two year period, additional warrants could be issuable as liquidated damages. Any additional warrant issuance is provided for under the terms of the registration rights agreement whereby 1/100 of an additional warrant was issuable to each such investor for each $1.00 in aggregate subscription price funds paid by the investor to the Company under the private placement and in respect of each 30 day period (or partial period thereof) of delay of the aforementioned registration statement effectiveness. As at October 31, 2009, 1,399,014 additional warrants could be issuable as liquidated damages through the two year period expiring July 7, 2010 and July 18, 2010.

A summary of the Company's common share purchase warrants as at October 31, 2009 and changes during the period is presented below:

The aggregate intrinsic value ("AIV") under the provisions of ASC 718 of the 500,000 compensation warrants previously issued to consultants as at October 31, 2009 was estimated at $850,000.

Stock Options

On December 19, 2005, the Board of Directors of the Company ratified, approved and adopted a Stock Option Plan for the Company in the amount of 5,000,000 options. On April 10, 2006, the Company amended its 2005 Stock Option Plan whereby, subject to adjustment from time to time as provided in Article 11.1, the number of common shares available for issuance under the Plan was increased from 5,000,000 shares to 7,500,000 shares. On October 10, 2006, the Company ratified the 2006 Stock Incentive Plan whereby, subject to adjustment from time to time as provided in Article 18.1, the number of common shares available for issuance under the Plan was increased to 10,000,000 shares. On July 23, 2009, the Company's shareholders approved the adoption of its 2009 Stock Incentive Plan in the amount of 5,000,000 shares.

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

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

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

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

On September 29, 2009, a total of 50,000 stock options were granted to a consultant at an exercise price of $2.94 per share. The term of these options is ten years. The $116,500 fair value of these options was estimated using the Black-Scholes option pricing model with an expected life of 5 years, a risk free interest rate of 1.00%, a dividend yield of 0%, and an expected volatility of 111.66%. Unvested stock options issued to consultants are revalued at each reporting period.

A summary of the Company's stock options as at October 31, 2009 and changes during the period is presented below:

The AIV under the provisions of ASC 718 of all outstanding options as at October 31, 2009 was estimated at $11,528,063. The AIV of options exercised during the three months ended October 31, 2009 was estimated at $614,145.

A summary of options outstanding and exercisable as at October 31, 2009:

Stock Based Compensation

A summary of stock based compensation expense for the three months ended October 31, 2009:

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NOTE 11 COMMITMENTS AND CONTINGENCIES

The Company is currently leasing office premises in New Mexico, Texas and Vancouver, B.C., Canada with total monthly payments of $12,185. All office lease agreements are on a month to month basis with the exception of the New Mexico office lease which expires in March, 2010.

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

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

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

NOTE 13 SUBSEQUENT EVENTS

On October 13, 2009, the Company entered into a securities purchase agreement with URN Resources Inc., a subsidiary of Uranium One Inc., to acquire all of its 99% interest in the South Texas Mining Venture, L.L.P. ("STMV"), a Texas limited liability partnership. Under the terms of the securities purchase agreement, the Company agreed to issue 2,500,000 shares of common stock to acquire STMV. The closing of the acquisition is subject to a number of conditions including, among other things, the receipt by both parties of certain consents and releases at closing.

On October 13, 2009, the Company entered into an agreement in principle, and on November 23, 2009, the Company entered into a formal asset purchase agreement (the "APA") with Everest Exploration, Inc. ("Everest") to acquire substantially all of the assets of Everest including its 1% interest in the South Texas Mining Venture, L.L.P. ("STMV"), a Texas limited liability partnership. This follows the above October 13, 2009 disclosure of the agreement to purchase 99% of STMV from a subsidiary of Uranium One Inc., and an agreement in principle with Everest to purchase its 1% interest. To purchase Everest's assets the Company has agreed to issue 200,000 shares of its common stock and to make an aggregate cash payment of $1,000,000 to Everest to be used, in part, for final reclamation of two properties previously mined and restored by Everest. The closing of the APA is subject to a number of conditions including the receipt by both parties of certain consents and releases.

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

On November 27, 2009, the Company approved a year-end bonus plan. In accordance with the bonus plan, the Company will issue 55,136 shares of its restricted common stock having an aggregate value of $170,922, in addition to a cash component of $441,289, payable to its employees, certain consultants, directors and officers for performance bonuses. The bonuses will be paid in cash, shares of the Company's restricted common stock, or a combination thereof, with the allocation determined by the Company and each individual recipient.

As of the date of issuance of these consolidated financial statements, the Company, STMV and Everest continue to move towards closing of the securities and asset purchase agreements which is envisioned to occur prior to the end of the 2009 calendar year.

The Company has evaluated all events occurring after the October 31, 2009 balance sheet date through December 14, 2009, the date of issuance of these consolidated financial statements for necessary subsequent event disclosures. No other items meet the requirements for subsequent event disclosures.

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

FORWARD-LOOKING STATEMENTS

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

OVERVIEW

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

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

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

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

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

Our principal offices are located at 9801 Anderson Mill Road, Suite 230, Austin Texas, U.S.A., 78750, and our telephone number is (512) 828-6980, and our web site address is www.uraniumenergy.com.

General

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

As of the date of this Quarterly Report, we have interests in uranium exploration mineral properties totaling 48,432 gross acres (40,904 net mineral acres) of properties that have been either leased, staked or optioned which we intend to explore for economic deposits of uranium. These properties are subject to varying net royalty interests. The totals include 3,291 net acres (6,717 gross acres) leased by Cibola Resources LLC in which the Company holds a 49% interest. Many of these properties have been the subject of historical exploration by other mining companies. We believe that our properties are prospective for mineral exploration based on either prior exploration conducted by other companies, or management information and work products derived from various reports, maps, radioactive rock samples, exploratory drill logs, state organization reports, consultants, geological study, and other exploratory information.

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

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

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

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

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

Our Mineral Exploration Properties

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

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

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

Recent Exploration Activities

Goliad

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1970s and 1980s.

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

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

RESULTS OF OPERATIONS

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

Three Months Ended October 31, 2009 Compared to Three Months Ended October 31, 2008

Net production revenues during the three months ended October 31, 2009 and 2008 were $Nil. Our net loss for the three months ended October 31, 2009 was $6,297,727 compared to a net loss of $3,717,086 during three months ended October 31, 2008.

Operating expenses incurred during the three months ended October 31, 2009 increased to $6,317,006 from $3,756,750 over the same period ended October 31, 2008. Significant expenditures and changes are outlined as follows:

- Consulting fees - stock based increased to $1,469,396 during the three months ended October 31, 2009 from $11,404 during the same period ended October 31, 2008. The current and prior period expense consists of the fair value of option and stock grants earned during the period.

- General and administrative costs decreased to $935,192 during the three months ended October 31, 2009 from $1,043,856 during the same period ended October 31, 2008. The change is due to a reduction in our overall operations in conjunction with a shift in our focus from the exploration phase to the permitting phase on the Goliad project.

- Management fees - stock based increased to $1,960,000 during the three months ended October 31, 2009 from $Nil during the same period ended October 31, 2008. The current period expense consists of the fair value of option grants earned during the period.

- Mineral property expenditures decreased to $852,610 during the three months ended October 31, 2009 from $1,814,185 during the same period ended October 31, 2008. The change is due to a shift in our focus from the exploration phase to the permitting phase on the Goliad project.

- Professional fees increased to $306,849 during the three months ended October 31, 2009 from $238,936 during the same period ended October 31, 2008, resulting primarily from increases in legal services relating to our corporate, business development activities.

- Wages and benefits - stock based increased to $384,531 during the three months ended October 31, 2009 from $238,805 during the same period ended October 31, 2008. The current and prior period expense consists of the fair value of option grants earned during the period.

Interest and income decreased to $10,517 during the three months ended October 31, 2009 from $39,664 during the three months ended October 31, 2008, due to significantly lower investment rates during the current period. We recorded a $1,456 loss on sale of assets during the current period realized on the disposal of property and equipment. We also recorded $10,218 in other income relating to technical consulting during the current period.

Our net loss during the three months ended October 31, 2009 was $6,297,727 or $0.11 per share compared to a net loss of $3,717,086 or $0.08 per share during the same period ended October 31, 2008. The weighted average number of shares outstanding was 56,561,182 for the three months ended October 31, 2009 compared to 46,346,505 for the same period ended October 31, 2008.

Transactions with Officers and Directors

Of the $6,317,006 incurred as operating expenses during the three months ended October 31, 2009, an aggregate of $201,372 was incurred payable to certain officers and directors and recorded as management fees, and $1,960,000 was recorded as the fair value of option grants earned by officers and directors and reported as stock-based management fees. At October 31, 2009, a balance of $51,033 is owing to some of our officers.

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

LIQUIDITY AND CAPITAL RESOURCES

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

At October 31, 2009, we had $21,937,209 in cash and working capital of $21,405,050. Generally, we have financed our operations through proceeds from the private placement of equity securities and debt instruments and the exercise of stock options and warrants. We used $2,328,434 net cash during the three months ended October 31, 2009 compared to $3,505,360 net cash used during the same period ended October 31, 2008. See "Plan of Operation and Funding" below.

Operating Activities

Net cash used in operating activities during the three months ended October 31, 2009 was $2,310,139 compared to $3,423,594 during the same period ended October 31, 2008. Significant operating expenditures during the current period included mineral property expenditures and general and administrative costs.

Financing Activities

Net cash provided by financing activities during the three months ended October 31, 2009 was $138,927 compared to $11,593 during the same period ended October 31, 2008. During the current period, we received net proceeds of $127,675 from the exercise of stock options.

Investing Activities

Net cash used in investing activities during the three months ended October 31, 2009 was $157,222 compared to $93,359 in the same period ended October 31, 2008. In the current period, we recovered $5,417 in restricted cash.

Stock Options and Warrants

As at October 31, 2009, we had 7,110,250 stock options and 8,338,375 share purchase warrants outstanding. The outstanding stock options have a weighted average exercise price of $1.11 per share and the outstanding warrants have a weighted average exercise price of $2.97 per share. Accordingly, as at October 31, 2009, the outstanding options and warrants represented a total of 15,448,625 shares issuable for proceeds of approximately $32,657,000 if these options and warrants were exercised in full. The exercise of these options and warrants is at the discretion of the holders and, accordingly, there is no assurance that any of these options or warrants will be exercised.

Plan of Operation and Funding

We have no lines of credit or other bank financing arrangements. Generally, we have financed operations to date through the proceeds of the private placement of equity and debt instruments and the exercise of stock options and warrants. In connection with our business plan, management anticipates to incur operating expenses and capital expenditures relating to: (i) uranium exploration operating activities; (ii) possible future reserve definition; (iii) possible future mining initiatives on current and future properties; and (iv) future possible property acquisitions. We intend to finance these expenses with further issuances of securities, and debt issuances. We may need to raise additional capital to meet long-term operating requirements. Additional issuances of equity or convertible debt securities will result in dilution to our current shareholders. Further, such securities might have rights, preferences or privileges senior to our common stock. Additional financing may not be available upon acceptable terms, or at all. If adequate funds are not available or are not available on acceptable terms, we may not be able to take advantage of prospective new business endeavors or opportunities, which could significantly and materially restrict our business operations.

Going Concern

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

We commenced operations on May 16, 2003, and have not realized any significant revenues since inception. As at October 31, 2009, we have working capital of $21,405,050 and an accumulated deficit of $60,201,191. Existing cash resources are currently expected to provide sufficient funds through the upcoming year. The continuation of the Company as a going concern for greater than 12 months is dependent upon the ability of the Company to obtain necessary financing to continue operations. We are in the exploration stage of our mineral property development and to date have not yet established any known mineral reserves on any of our existing properties. Our continued operations and the recoverability of the carrying value of our assets are ultimately dependent upon our ability to achieve profitable operations. To date we have completed private placements and exercised stock options and warrants for net proceeds of $67,605,646 from the issuance of shares of our common stock. See "Risk Factors" below.

Material Commitments

Cibola Resources LLC

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

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

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

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

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

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

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

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

We are required to contribute 49% of the aforementioned payments in order to retain our interest in the Joint Venture. Through the date of this Quarterly Report, the Company has paid $2,450,000 in acquisition costs, $36,750 in database acquisition costs, and an additional $1,226,596 in exploration costs on behalf of Cibola for a cumulative contribution of $3,676,596.

On November 5, 2009, we entered into an option agreement with Neutron Energy, Inc. ("Neutron"), a Nevada corporation, granting Neutron the exclusive option (the "Option") to purchase and acquire our 49% interest in Cibola

Resources, LLC for a cash payment of US$11,000,000. In order to exercise its Option, Neutron must give us written notice of its intention to exercise the Option by December 31, 2009. If Neutron does not provide us with such written notice of exercise by such date, the Option shall terminate and the Option Agreement shall be of no further force or effect.

New River Project Acquisition

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

F-33 Acquisition

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

Management Fees

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

Office Leases

We are currently leasing office premises in New Mexico, Texas and Vancouver, Canada, for monthly payments totaling $12,185. All office lease agreements are on a month-to-month basis or have maximum remaining terms of no more than six months.

Off-Balance Sheet Arrangements

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

Critical Accounting Policies

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

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

Accounting Standards Codification

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

Mineral Property Costs

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

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

Mineral property exploration costs are expensed as incurred.

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

Databases

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

Restoration and Remediation Costs (Asset Retirement Obligations)

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

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

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

Impairment of Long-Lived Assets

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

Financial Instruments

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

Stock-Based Compensation

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

Recently Adopted Accounting Policies

Effective August 1, 2009, we adopted ASC 805, *Business Combinations*. Under ASC 805, an acquiring entity will be required to recognize all the assets acquired and liabilities assumed in a transaction at the acquisition-date fair value with limited exceptions. ASC 805 changes the accounting treatment and disclosure for certain specific items in a business combination. ASC 805 applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The adoption of ASC 805 did not have a material impact on the consolidated financial position, results of operations or cash flows, however this change may have a material impact on our consolidated financial position, results of operations or cash flows in future periods.

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

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

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

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

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

Effective August 1, 2009, we adopted ASC 815-40, *Derivatives and Hedging, Contracts in Entity's Own Equity* (formerly EITF 07-5). ASC 815-40 provides guidance for determining whether an equity-linked financial instrument (or embedded feature) is indexed to an entity's own stock. ASC 815-40 applies to any freestanding financial instrument or embedded feature that has all of the characteristics of a derivative or freestanding instrument that is potentially settled in an entity's own stock (with the exception of share-based payment awards within the scope of

ASC 718). To meet the definition of "indexed to own stock," an instrument's contingent exercise provisions must not be based on (a) an observable market, other than the market for the issuer's stock (if applicable), or (b) an observable index, other than an index calculated or measured solely by reference to the issuer's own operations, and the variables that could affect the settlement amount must be inputs to the fair value of a "fixed-for-fixed" forward or option on equity shares. ASC 815-40 is effective for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. The adoption of ASC 815-40 did not have a material impact on the consolidated financial position, results of operations or cash flows.

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk

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

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

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Principal Executive Officer and Principal Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is accumulated and communicated to management, including our Principal Executive Officer and Principal Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Based on such evaluation, our Principal Executive Officer and Principal Financial Officer have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures are effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by us in the reports that we file or submit under the Exchange Act.

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

Changes in Internal Controls

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended October 31, 2009, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II

- OTHER INFORMATION

Item 1. Legal Proceedings

As of the date of this Quarterly Report, no director, officer, affiliate or beneficial owner of more than 5% of our common stock is (i) a party adverse to us in any legal proceeding, or (ii) has an adverse interest to us in any legal proceeding. Management is not aware of any other legal proceedings pending or that have been threatened against us or our properties.

Item 1A. Risk Factors

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

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

Consulting Services Agreements

Effective January 29, 2009, we entered into a consulting services agreement. In accordance with the terms of the agreement on August 20, 2009, we issued 29,000 shares of our restricted common stock pursuant to Rule 506 of Regulation D and/or Section 4(2) of the Securities Act of 1933, as amended.

Effective February 9, 2009, we entered into a consulting services agreement. In accordance with the terms of the agreement on September 2, 2009, we issued 13,333 shares of our restricted common stock pursuant to Rule 506 of Regulation D and/or Section 4(2) of the Securities Act of 1933, as amended.

Effective July 6, 2009, we entered into a consulting services agreement. In accordance with the terms of the agreement on August 20, 2009, we issued 2,414 shares of our restricted common stock, and on October 15, 2009, we issued 1,724 shares of our restricted common stock, and on November 20, 2009 we issued 1,380 shares of our restricted common stock pursuant to Rule 506 of Regulation D and/or Section 4(2) of the Securities Act of 1933, as amended.

Effective August 17, 2009, we entered into a consulting services agreement. In accordance with the terms of the agreement on October 5, 2009, we issued 9,500 shares of our restricted common stock, and on November 11, 2009, we issued 9,500 shares of our restricted common stock pursuant to Rule 506 of Regulation D and/or Section 4(2) of the Securities Act of 1933, as amended.

Effective August 28, 2009, we entered into a non-arms length consulting agreement with a company controlled and/or managed by one of our independent directors. In accordance with the terms of the agreement, on August 28, 2009, we issued 300,000 shares of our restricted common stock pursuant to Regulation S and/or Section 4(2) of the Securities Act of 1933, as amended.

Effective September 1, 2009, we entered into a consulting services agreement. In accordance with the terms of the agreement on October 5, 2009, we issued 2,500 shares of our restricted common stock, and on November 11, 2009 we issued 2,500 shares of our common stock pursuant to Rule 506 of Regulation D and/or Section 4(2) of the Securities Act of 1933, as amended.

Effective September 1, 2009, we entered into a consulting services agreement. In accordance with the terms of the agreement on October 12, 2009, we issued 7,000 shares of our restricted common stock pursuant to Regulation S and/or Section 4(2) of the Securities Act of 1933, as amended.

Effective September 9, 2009, we entered into a consulting services agreement. In accordance with the terms of the agreement on October 5, 2009, we issued 25,000 shares of our restricted common stock pursuant to Regulation S and/or Section 4(2) of the Securities Act of 1933, as amended.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Item 5. Other Information

None.

Item 6.

Exhibits

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

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

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SIGNATURES

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

URANIUM ENERGY CORP.

/s/ "Amir Adnani"

Amir Adnani

President, Chief Executive Officer and Principal Executive Officer
Date: December 14, 2009

/s/ "Pat Obara"

Pat Obara

Secretary, Treasurer and Chief Financial Officer
Date: December 14, 2009