

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
WASHINGTON, D.C. 20549  
**FORM 10-K**

(Mark One)



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

For the fiscal year ended December 31, 2016

or



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

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

Commission file number 001-33404

**URANIUM RESOURCES, INC.**

(Exact name of Registrant as specified in its charter)

**DELAWARE**

(State of Incorporation)

**75-2212772**

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

**6950 S. Potomac Street, Suite 300**

**Centennial, Colorado**

(Address of principal executive offices)

**80112**

(Zip code)

**(303) 531-0470**

(Registrant's telephone number, including area code)

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

**Title of Each Class**

Common Stock, \$0.001 par value per share

**Name of Each Exchange on Which Registered**

NASDAQ Capital Market

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

**None**

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

No ☒

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

No ☒

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

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

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

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

Large accelerated filer ☐

Accelerated filer ☐

Non-accelerated filer ☐

Smaller reporting company ☒

(Do not check if a  
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 ☒

The aggregate market value of the Common Stock held by non-affiliates of the Registrant at June 30, 2016, was approximately \$10,800,000. Number of shares of Common Stock, \$0.001 par value, outstanding as of March 2, 2017 was 24,493,374 shares.

**DOCUMENTS INCORPORATED BY REFERENCE**

None.

**URANIUM RESOURCES, INC.**  
**ANNUAL REPORT ON FORM 10-K**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016**  
**TABLE OF CONTENTS**

GLOSSARY OF CERTAIN ENERGY METALS INDUSTRY TERMS	4
<b>PART I</b>	<b>7</b>
ITEM 1. DESCRIPTION OF BUSINESS.	7
THE COMPANY	7
OUR STRATEGY	7
RECENT CORPORATE DEVELOPMENTS	7
OVERVIEW OF THE URANIUM INDUSTRY	10
COMPETITION	10
OVERVIEW OF URI PROJECTS	11
THE ISR PROCESS	12
ENVIRONMENTAL CONSIDERATIONS AND PERMITTING	13
AVAILABLE INFORMATION	17
ITEM 1A. RISK FACTORS	18
ITEM 1B. UNRESOLVED STAFF COMMENTS	25
ITEM 2. PROPERTIES	26
URANIUM PROCESSING FACILITIES	26
LITHIUM PROPERTIES	27
URANIUM PROPERTIES	31
SOUTH TEXAS PROPERTIES AND EXPLORATION PROJECTS	36
NEW MEXICO PROJECTS	45
OTHER	50
WORK COMPLETED ON PROPERTIES IN 2016	51
INFRASTRUCTURE	51
INSURANCE	51
ITEM 3. LEGAL PROCEEDINGS	52
DISPUTE OVER KLEBERG SETTLEMENT AGREEMENT	52
TCEQ ADJUDICATORY PROCEEDING FOR THE KINGSVILLE FACILITY	52
OTHER	53
ITEM 4. MINE SAFETY DISCLOSURES	53
<b>PART II</b>	<b>53</b>
ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES	53
STOCK PRICE INFORMATION	53
DIVIDENDS	54

ITEM 6. SELECTED FINANCIAL DATA	54
ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	54
INTRODUCTION	54
RECENT DEVELOPMENTS	54
FINANCIAL POSITION	59
ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	61
ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA	62
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM	62
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	67
ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.	87
ITEM 9A. CONTROLS AND PROCEDURES	87
EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES	87
MANAGEMENT’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING	87
ITEM 9B. OTHER INFORMATION	88
<b>PART III</b>	<b>88</b>
ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE	88
DIRECTORS OF THE COMPANY	88
EXECUTIVE OFFICERS OF THE COMPANY	90
SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE	91
CODES OF ETHICS	91
IDENTIFICATION OF AUDIT COMMITTEE AND FINANCIAL EXPERT	91
ITEM 11. EXECUTIVE COMPENSATION	92
COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION	92
ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS	95
ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE	96
ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES	97
<b>PART IV</b>	<b>98</b>
ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES	98
SIGNATURES	101

## GLOSSARY OF CERTAIN ENERGY METALS INDUSTRY TERMS

Brine	A naturally occurring fluid generally hosted in sedimentary rocks. Its chemical make-up is generally saline and may contain appreciable levels of potash (potassium chloride), magnesium and/or lithium.
Claim	A claim is a tract of land up to 20 acres in size, of which the right to mine is held under the federal General Mining Law of 1872 and applicable local laws.
Concentrates	A product from a mineral processing facility (including uranium). Uranium concentrates are commonly referred to as $U_3O_8$ .
Gross acres	Total acreage of land under which we have mineral rights. May include unleased fractional ownership.
Indian Country	A term derived from jurisdictional determinations in criminal law enforcement proceedings under 18 U.S.C. § 1151 and understood to encompass territory situated within Indian reservations, land owned by Indian Allottees and land within a dependent Indian community.
In-situ recovery (“ISR”)	Groundwater fortified with oxygen and other solubilizing agents is pumped into a permeable ore body causing the uranium contained in the ore to dissolve. The resulting solution is pumped to the surface. The fluid-bearing uranium is then circulated to an ion exchange column on the surface where uranium is extracted from the fluid onto resin beads. The fluid is then reinjected into the ore body. When the ion exchange column’s resin beads are loaded with uranium, they are removed and flushed with a salt-water solution, which strips the uranium from the beads. This leaves the uranium in slurry, which is then dried and packaged for shipment as uranium powder, or yellowcake.
Mineral Resource	A mineralized body which has been delineated by appropriately spaced drilling and/or underground sampling to support a sufficient tonnage and average grade. Such a deposit does not qualify as a reserve, until a comprehensive evaluation based upon unit cost, grade, recoveries, and other material factors conclude legal and economic feasibility.
Net acres	Actual acres under lease which may differ from gross acres when fractional mineral interests are not leased.
Ore	Naturally occurring material from which a mineral or minerals of economic value can be extracted at a reasonable profit.
Probable reserves	Reserves for which quantity and grade and/or quality are computed from information similar to that used for proven (measured) reserves, but the sites for inspection, sampling and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven (measured) reserves, is high enough to assume continuity between points of observation.
Proven reserves	Reserves for which (a) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill-holes; grade and/or quality are computed from the results of detailed sampling and (b) the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth and mineral content of reserves are well-established.
Reclamation	Reclamation involves the returning of the surface area of the mining and ISR wellfield operating areas to a condition similar to pre-mining or ISR.
Reserve	That part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination.
Restoration	Restoration involves returning an aquifer to a condition consistent with our pre-ISR use. The restoration of wellfield can be accomplished by flushing the ore zone with native ground water and/or using reverse osmosis to remove ions to provide clean water for reinjection to flush the ore zone.

Roll front	The configuration of a particular style of sedimentary-hosted uranium mineralization within its host rock. A term depicts a sinuous zone of uranium mineralization that is “C” shaped in cross-section.
Shut-in	A term that refers to ceasing production or the absence of production.
Shut-in royalty	A lease clause permitting the extension of a lease not held by production by payment of a per acre royalty.
Spot price	The price at which uranium may be purchased for delivery within one year.
Surety obligations	A bond, letter of credit, or financial guarantee posted by a party in favor of a beneficiary to ensure the performance of its or another party’s obligations, e.g., reclamation bonds, workers’ compensation bond, or guarantees of debt instruments.
Tailings	Waste material from a mineral processing mill after the metals and minerals of a commercial nature have been extracted; or that portion of the ore which remains after the valuable minerals have been extracted.
Uranium or uranium concentrates	U <sub>3</sub> O <sub>8</sub> or triuranium octoxide.
U <sub>3</sub> O <sub>8</sub>	Triuranium octoxide equivalent contained in uranium concentrates, referred to as uranium concentrate.
Waste	Barren rock in a mine, or uranium in a rock formation that is too low in grade to be mined and milled at a profit.
Yellowcake	Uranium in powder form, the end-result of the ISR or conventional mining process.

## USE OF NAMES

In this Annual Report on Form 10-K, unless the context otherwise requires, the terms “we”, “us”, “our”, “URRE”, “URI”, “Corporation”, or the “Company” refer to Uranium Resources, Inc. and its subsidiaries.

## CURRENCY

The accounts of the Company are maintained in U.S. dollars. All dollar amounts in referenced in this Annual Report on Form 10-K and the consolidated financial statements are stated in U.S. dollars.

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

With the exception of historical matters, the matters discussed in this report are forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from projections or estimates contained herein. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. Such forward-looking statements include, without limitation, statements regarding the adequacy of funding, liquidity, the timing or occurrence of any future drilling or production from the Company’s properties, the ability of the Company to acquire additional properties or partner with other companies, the Company’s anticipated cash burn rate and capital requirements. Words such as “may,” “could,” “should,” “would,” “believe,” “estimate,” “expect,” “anticipate,” “plan,” “forecast,” “potential,” “intend,” “continue,” “project” and variations of these words, comparable words and similar expressions generally indicate forward-looking statements. You are cautioned not to place undue reliance on forward-looking statements. Actual results may differ materially from those expressed or implied by these forward-looking statements. Factors that could cause actual results to differ materially from these forward-looking statements include, among others:

- the availability of capital to URI;
- the spot price and long-term contract price of uranium and lithium;
- risks associated with our foreign operations;
- the ability of URI to enter into and successfully close acquisitions, dispositions or other material transactions;
- government regulation of the mining industry and the nuclear power industry in the United States and the Republic of Turkey;

- operating conditions at our mining projects;
- the world-wide supply and demand of uranium and lithium;
- weather conditions;
- unanticipated geological, processing, regulatory and legal or other problems we may encounter;
- currently pending or new litigation; and
- our ability to maintain and timely receive mining and other permits from regulatory agencies

For a more detailed discussion of such risks and other important factors that could cause actual results to differ materially from those in such forward-looking statements and forward-looking information, please see “Item 1A. Risk Factors” below in this Annual Report on Form 10-K. Although we have attempted to identify important factors that could cause actual results to differ materially from those described in forward-looking statements and forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that these statements will prove to be accurate as actual results and future events could differ materially from those anticipated in the statements. Except as required by law, we assume no obligation to publicly update any forward-looking statements and forward-looking information, whether as a result of new information, future events or otherwise.

## **PART I**

### **ITEM 1. DESCRIPTION OF BUSINESS.**

#### **THE COMPANY**

Uranium Resources, Inc. is an energy metals exploration and development company. We presently hold exploration properties with lithium and uranium exploration potential, a uranium development property in the Republic of Turkey, as well as idled uranium production properties. We were organized in 1977 to acquire and develop uranium projects in South Texas using the ISR process. Near term uranium production potential is now centered on our Temrezli ISR project in Turkey. URI also controls extensive exploration properties in Turkey under eight exploration and operating licenses covering approximately 39,000 acres with numerous exploration targets in Turkey, including the potential satellite Şefaati project, which is 30 miles southwest of the Temrezli project. We have historically produced uranium by ISR methods in the state of Texas where we currently have ISR projects and two licensed processing facilities. We also have approximately 186,000 acres of mineral holdings in the prolific Grants Mineral Belt of the state of New Mexico, and 11,000 acres in the South Texas uranium province. URI acquired these properties over the past 25 years along with an extensive information database of historic drill-hole logs and analysis. URI ceased uranium production in 2009 and none of URI's properties are currently in production. As of March 2, 2017 we had 33 employees.

During 2016, we developed a lithium focus with dominant land positions in highly prospective basins in Nevada and Utah. Our focus is on developing low cost lithium brines.

#### **OUR STRATEGY**

Our vision is to become the leading developer and producer of energy metals, particularly lithium and uranium. Our strategy is to build value for stockholders by advancing our projects towards production when economics allow, while prudently managing our cash and liquidity position for financial flexibility. Our lithium business in Nevada and Utah involves exploration for low cost brine resources with the intent of developing them for production. In Turkey, our focus is on advancing near-term production of the Temrezli project with construction for the project anticipated to begin when the uranium market improves, which is expected to occur in the next two to five years, subject to the receipt of permits, land access and project financing. Our Rosita processing facility in South Texas may be used in the development of the Temrezli project as we plan on relocating key components of the Rosita processing facility from Texas to Turkey for use at the Temrezli project. In Texas, our focus is on fulfilling our environmental obligations with proactive restoration of legacy wellfields while maintaining our processing facilities on standby for potential operating/processing agreements. In New Mexico, we continue to assess the potential for the development of our larger scale projects on a stand-alone basis or with partners. At any time we may have acquisition or partnering opportunities in various stages of active review, including, for example, our engagement of consultants and advisors to analyze particular opportunities, analysis of technical, financial and other confidential information, submissions of indications of interest, participation in preliminary discussions and negotiations and involvement as a bidder in competitive processes.

Our pipeline of projects is prioritized as near-term, mid-term and long-term projects with a goal of achieving sustainable production over time with both lithium and uranium projects so as to take advantage of rising and/or high price environments for both of these metals. Amidst the prevailing low uranium price environment, we continue to balance cash conservation with maintaining readiness to fast track resumption of production at such time as uranium prices show sufficient improvement. We continually adjust near-term and long-term business priorities in accordance with market conditions.

#### **RECENT CORPORATE DEVELOPMENTS**

##### **Equity Financings**

On February 16, 2017, we completed a registered direct offering for gross proceeds of \$4.5 million with Aspire Capital Fund, LLC ("Aspire Capital") whereby Aspire Capital purchased 2,100,000 shares of common stock at a price of \$1.58 and 748,101 pre-funded common stock purchase warrants at a price of \$1.57. The warrants have an exercise price of \$0.01 per share and a term of three years. As of March 2, 2017 all of the warrants have been exercised.

On January 19, 2017, the Company completed a registered public offering for gross proceeds of \$9.7 million. The Company sold 1,399,140 shares of common stock at a price of \$2.01 per share and 3,426,731 pre-funded warrants at a price of \$2.00 per warrant. The warrants have an exercise price of \$0.01. As of March 2, 2017 all of the warrants have been exercised.

On April 4, 2016, the Company completed a registered direct offering with Aspire Capital for gross proceeds of \$1.25 million. The Company sold 375,000 shares of common stock at a price of \$2.17 per share and 200,000 pre-funded warrants at a price of \$2.16 per warrant, which was paid at closing. The warrants have an exercise price of \$0.01 and a term of three years. On June 3, 2016, Aspire Capital exercised all 200,000 outstanding warrants for shares of the Company's common stock.

On February 3, 2016, the Company completed a registered direct offering with Aspire Capital for gross proceeds of \$0.8 million. The Company sold 296,666 shares of common stock at a price of \$2.82 per share. Net proceeds to the Company, after deducting offering expenses, were approximately \$0.8 million.

### **Laramide Asset Sale**

On January 5, 2017, Laramide Resources Ltd. ("Laramide") and the Company closed the sale of the Company's wholly-owned subsidiary Hydro Resources, Inc., which holds the Churchrock and Crownpoint projects, pursuant to a Share Purchase Agreement (the "Laramide SPA"). Under the terms of the Laramide SPA, as amended on December 5, 2016, the Company received the following consideration:

- \$2.5 million in cash, of which \$250,000 was paid in advance on October 21, 2016;
- \$500,000 of Laramide common stock and warrants;
- a \$5.0 million promissory note, secured by a mortgage over the projects. The note has a three-year term and carries an initial interest rate of 5% which then increases to 10% upon Laramide Resources decision regarding commercial production at the Churchrock project. Principal payments of approximately \$1.5 million are due and payable on January 5 in each of 2018, 2019 and \$2.0 million on January 5, 2020. Interest is payable on a quarterly basis, provided however that no interest will be payable prior to the first principal payment in 2018. Laramide will have the right to satisfy up to half of each of these payments by delivering shares of its common stock to the Company, which shares will be valued by reference to the VWAP for Laramide's common stock for the 20 trading days before the respective anniversary of January 5, on which each payment is due;
- a retained 4.0% Net Smelter Returns Royalty ("NSR Royalty") on the Churchrock project, which royalty may be repurchased by Laramide by January 5, 2018 for \$4.95 million; and
- an option to purchase Laramide's La Sal project for \$3.0 million and an option to purchase the La Jara Mesa project for \$5.0 million.

### **Exchange Agreement and RCF Loan Retirement**

On December 5, 2016, the Company entered into a Master Exchange Agreement (as amended, the "Esousa MEA") with Esousa Holdings LLC, a New York limited liability company ("Esousa"). Pursuant to the Esousa MEA, Esousa obtained the unilateral right to acquire shares of our common stock in exchange for one or more convertible promissory notes issued pursuant to that certain loan agreement dated November 13, 2013 (the "RCF Loan") by and among the Company, certain of its subsidiaries and Resource Capital Fund V L.P. ("RCF"), which RCF Loan evidenced \$8.0 million of indebtedness of the Company. Esousa acquired or has the right to acquire the RCF Loan from RCF. On December 5, 2016, Esousa acquired \$2.5 million of the RCF Loan from RCF and exchanged such amount for 2,487,562 shares of our common stock. Additional exchanges of the RCF Loan for shares of our common stock were subject to the prior approval of the Company's stockholders and the effectiveness of a registration statement covering the resale of the shares of our common stock. The Company called to order its Special Meeting of Stockholders on February 8, 2017 at which a quorum was not reached. Accordingly the Special Meeting was not duly convened. Following the Special Meeting, the Company and Esousa agreed to terminate the Esousa MEA. Upon termination of the Esousa MEA, the Company's Board of Directors agreed to repay the \$5.5 million principal and accrued unpaid interest in cash on February 9, 2017 to retire all of the obligations remaining under the RCF Loan.

### **Acquisition of Lithium Properties**

During 2016, the Company staked approximately 11,220 acres of placer mining claims covering a prospective target for lithium-enriched brines in the Columbus Salt Marsh area of west-central Nevada. The target area, known as the Nina property, is situated within a region of known lithium mineralization and is located approximately 45 miles west of Tonopah, Nevada. The Company now calls this the Columbus Basin project.

On October 19, 2016, the Company completed the Sale and Purchase Agreement (the "Mesa SPA") with Mesa Exploration Corp. ("Mesa") to acquire approximately 9,900 acres of certain placer mining claims comprising the Sal Rica project. The target area is situated within a region of known brine-hosted lithium mineralization and is approximately 25



miles north of the town of Wendover, Utah. Subsequent to the purchase of these mining claims from Mesa, the Company staked an additional 3,360 acres of placer mining claims within the project area. As a result, the Sal Rica project is comprised of approximately 13,260 acres of placer mining claims covering a prospective target for lithium-enriched brines. .

Under the terms of the Mesa SPA, the Company acquired a 100% interest in the Sal Rica project, subject to a 2% NSR Royalty, for the following consideration: (i) \$50,000 cash paid to Mesa on October 19, 2016; (ii) 100,000 unregistered shares of the Company's common stock on October 19, 2016, with a resale registration statement filed with the SEC on November 16, 2016; and (iii) 100,000 unregistered shares of the Company's common stock to be issued on October 19, 2017, with a resale registration statement to be filed with the SEC by November 17, 2017.

#### **Common Stock Purchase Agreement with Aspire Capital**

On April 8, 2016, the Company entered into a Common Stock Purchase Agreement ("CSPA") with Aspire Capital Fund LLC ("Aspire Capital") to place up to \$12.0 million in the aggregate of the Company's common stock on an ongoing basis when required by the Company over a term of 30 months. The Company will control the timing and amount of sales to Aspire Capital, and at a price based on the market at that time. As consideration for Aspire Capital entering into the CSPA, the Company issued 240,000 shares of its common stock to Aspire Capital upon the Company's receipt of shareholder approval at its Annual General Meeting of Stockholders which was held on June 7, 2016. These shares had a fair value of \$2.18 per share, which has been included as additional paid in capital in the Company's Balance Sheet as of December 31, 2016. The Company began selling shares of common stock to Aspire Capital under the terms of the CSPA following receipt of stockholder approval for the issuance of up to 5.0 million shares of common stock under the CSPA and effectiveness of an S-1 registration statement relating to the resale of the shares. As of December 31, 2016, the Company had sold 4,760,000 shares of common stock for net proceeds of \$6.7 million under the CSPA.

#### **Reverse Stock Split**

On February 11, 2016, at a Special Meeting of Stockholders, URI received approval for a charter amendment permitting URI to effect a reverse split. On March 7, 2016, following the close of trading, URI effected a one-for-twelve reverse split of its common shares. The consolidated common shares began trading on a split-adjusted basis on March 8, 2016. The primary purpose of the reverse split was to bring URI into compliance with the Nasdaq's \$1.00 minimum bid price requirement to maintain URI's stock listing on Nasdaq.

The reverse split reduced the number of URI's outstanding common stock from 61,820,734 shares to 5,151,692 shares of common stock. In addition, effective upon the reverse stock split, the number of authorized shares of URI's common stock was reduced from 200 million to 100 million. No fractional shares were issued as a result of the reverse stock split. Any fractional shares that would have resulted were settled in cash.

All share data herein has been retroactively adjusted for the reverse stock split.

### **OVERVIEW OF THE LITHIUM INDUSTRY**

The primary use for lithium is a key ingredient in rechargeable batteries for electronic devices and electric vehicles. Lithium ion batteries, as they are known, have been adopted as the standard method of powering electronic devices such as smart phones and small, portable computers for some time, but it is the transportation market that is expected to drive growth for the next decade. Growth in consumption of lithium is expected to average over 6% annually between now and 2025, according to CRU International Limited, with the transportation sector accounting for much of this growth. This major component is expected to rise from 20% to 39% of total demand over the next seven years.

At the same time, lithium prices have risen in response to increased demand. Lithium Carbonate ("LCE") is one form used for battery manufacturing, and prices have risen from \$5,792 per metric ton in 2015 to \$7,300 per metric ton in just over a year. Lithium Hydroxide, a second form of the material, prices have risen from \$6,974 per metric ton to over \$23,000 per metric ton during the same period.

Our new business targets and proposes to mine lithium from the production of lithium salts from brines. This is typically the lowest cost type of processing. While the technologies are well known in some respects, it takes time for deposits to be discovered and developed, which should result in a supply deficit over the next few years. Expected higher prices will encourage investment in the sector and bring new sources of production online over time. CRU International Limited expects long term lithium prices to stabilize at approximately \$6,400 per metric ton and \$9,400 per metric ton for lithium carbonate and lithium hydroxide, respectively. These are considerably higher than the historic prices for these products.

URI is targeting exploration and development of lithium brines because they are characteristically in the lowest operating cost quartile of production, and would be more likely to be profitable in the markets described above.

## **OVERVIEW OF THE URANIUM INDUSTRY**

The only significant commercial use for uranium is as a fuel for nuclear power plants for the generation of electricity. According to the World Nuclear Association (“WNA”), as of January 2017, there were 406 nuclear reactors operable worldwide with annual requirements of about 138 million pounds of uranium, excluding Japan and its 41 operable but idled reactors. Thirty countries including Japan utilized nuclear power in 2016. In addition, the WNA lists 60 reactors under construction, 164 being planned and 347 being proposed.

While global nuclear power generation is expected to increase driving demand through 2030, especially in China, Russia, India and South Korea, UxC Consulting projects continued oversupply and low uncovered demand over the near-to-medium term due to higher inventory levels at utilities. During 2016, term contracting was weak and focused on shorter period mid-term contracts. This restrained the spot market as discretionary buying was also weak. UxC projects that global nuclear power generation will expand to 518 reactors in 36 countries by 2030.

Worldwide uranium production or primary supply in 2016 is estimated by UxC Consulting in its Q4 2016 report at 160 million pounds of  $U_3O_8$ . This is compared with 158 million pounds of primary supply in 2015. Total supply in 2016, including secondary supplies, is expected to total 206 million pounds. Secondary supplies are derived from sales from governments, including the US government, enrichment services and commercial inventories.

Spot prices rose from \$21.00 per pound in January 2005 to a high of \$136.00 per pound in June 2007 in anticipation of sharply higher projected demand as a result of a resurgence in nuclear power and the depletion or unavailability of secondary supplies. The sharp price increase was driven in part by high levels of buying by utility companies, which resulted in most utilities covering their requirements through 2009. A decrease in near-term utility demand coupled with rising levels of supplies from producers and traders led to downward pressure on uranium prices since the third quarter of 2007. A rebound in uranium prices in conjunction with a recovery in commodities in 2010 was curtailed by the Fukushima disaster in Japan in 2011.

In 2015, the average weekly spot price of uranium was \$36.83 per pound compared with \$35.50 in 2014 and \$39.00 per pound in 2013. In 2015, the weekly spot price of uranium reached a high of \$39.50 per pound in March while the low for the year was \$33.75 per pound in December. The year end 2015 spot price was \$34.25 per pound.

In 2016, the average weekly spot price of uranium was \$26.42 per pound compared with \$36.83 in 2015. During 2016, the weekly spot price of uranium reached a high of \$34.85 in January and a low of \$18 in December. The year-end 2016 spot price was \$20.25. As of March 1, 2017, the weekly spot price was \$24.50 per pound.

Some analysts project that uranium prices may have bottomed and expect gradually recovering uranium prices from a supply deficit as uranium market fundamentals for supply and demand improve over time. Secondary supply inventories continue to weigh on the uranium market in the near term but are expected to reduce from depleted government inventories and a rebalancing of the enrichment sector, according to UxC. Demand for uranium is expected to improve from an increase of nuclear power generation in China and other countries.

## **COMPETITION**

There is global competition for lithium and uranium properties, capital, customers and the employment and retention of qualified personnel. We compete with multiple exploration companies for both properties as well as skilled personnel. In the production and marketing of lithium and uranium, there are a number of producing entities globally, some of which are government controlled and several of which are significantly larger and better capitalized than we are. Several of these organizations also have substantially greater financial, technical, manufacturing and distribution resources than we have.

Our future uranium production will also compete with uranium from secondary supplies, including the sale of uranium inventory held by the U.S. Department of Energy. In addition, there are numerous entities in the market that compete with us for properties and operate ISR facilities. If we are unable to successfully compete for properties, capital, customers or employees or with alternative uranium sources, it could have a materially adverse effect on our results of operations.

With respect to sales of lithium and uranium, the Company competes primarily based on price. We will market lithium directly to users of the product, and uranium to utilities and commodity brokers. We are in direct competition with supplies available from various sources worldwide. We believe we compete with multiple lithium exploration and development companies, as well as operating uranium companies.

## **OVERVIEW OF URI PROJECTS**

### ***Lithium Exploration Targets***

We commenced with a program to acquire and explore lithium-enriched brine targets in the western United States. As a consequence of our in-house geological reconnaissance program we identified two prospective project areas for which we have acquired mineral rights: the Columbus Basin project in western Nevada and the Sal Rica project in northwestern Utah.

#### ***Columbus Basin Project***

Our Columbus Basin project is located in western Nevada and is comprised of two blocks of unpatented placer claims that we staked in July and September of 2016. These newly acquired claims, which are owned by the Company, cover portions of a closed drainage basin that has geological characteristics that may be permissive for hosting lithium-enriched brines. Our exploration efforts on the project thus far have been limited to reconnaissance-scale and detailed geochemical sampling.

#### ***Sal Rica Project***

Our Sal Rica project is situated in the area of a closed drainage basin that was once part of the Great Salt Lake/Lake Bonneville area of western Utah. We hold a large group of unpatented placer claims that we acquired in part from Mesa Exploration and other placer claims that we staked in 2016. The project area was explored previously by Quintana Petroleum for potash-enriched brines, and as part of their shallow drilling program they identified anomalous levels of lithium-enriched brines at depths of less than 50 feet from the surface. Our activities at the Sal Rica project thus far have been limited to geologic reconnaissance and geochemical characterization sampling.

### ***Turkey***

Following the November 2015 closing of our acquisition of Anatolia Energy Limited, an Australian public company ("Anatolia Energy"), pursuant to the scheme implementation agreement between the parties dated June 3, 2015 (the "Anatolia Transaction"), URI is focused on advancing to near-term production the Temrezli project in Central Turkey. In Turkey, URI controls extensive exploration properties under eight exploration and operating licenses covering approximately 39,000 acres with numerous exploration targets, including the potential satellite Şefaati project, which is 30 miles southwest of the Temrezli project. The project area enjoys year-round accessibility via paved roads and a number of gravel tracks and trails. Sparsely populated, but with access to major infrastructure such as water and power, the area is gently undulating. The majority of the project area is owned by local families who work the land for grain production.

#### ***Temrezli Project.***

The Temrezli project is wholly owned and operated by URI. Uranium was first discovered by Turkey's Uranium Division of the General Directorate of Mineral Research & Exploration ("MTA") of the Ministry of Energy and Natural Resources in the early 1980s. MTA continued to explore the region for the next 10 years. Following a change to the Turkish Mining Law in 2004 the private sector has been able to explore for radioactive substances. Anatolia Energy, through its subsidiary Adur Madencilik Ltd, commenced exploration at the Temrezli project in 2010 and confirmed the MTA's findings. The uranium mineralization is considered to be epigenetic and related to strata controlled redox boundaries influenced by permeability changes and/or stratabound reductants such as disseminated organic materials in fine grained rocks and iron sulfides.

Anatolia Energy released a preliminary feasibility study in February 2015 indicating cash operating costs of \$16.89 per pound U<sub>3</sub>O<sub>8</sub> and all-in operating costs of approximately \$30.17 per pound U<sub>3</sub>O<sub>8</sub>.

### *Şefaatlı Project.*

The Şefaatlı project area contains the region's second most significant occurrence of uranium mineralization. The Şefaatlı project is located approximately 30 miles southwest of the Temrezli project. The Şefaatlı project has been strengthened by the granting of two new exploration licenses, which expire in May 2018.

### ***Texas***

In Texas, URI has the Kingsville Dome licensed processing facility and approximately 12,000 acres of prospective ISR projects. URI plans on relocating key components of the Rosita processing facility from Texas to Turkey for use at the Temrezli project. These wellfields and the Kingsville Dome facility are on standby for a restart of production when there is a sustained improvement in the uranium market.

Key operational elements of URI's plan for its Texas properties include (1) positioning the Company to return to sustainable production by continuing to evaluate potential brownfield and greenfield exploration opportunities and evaluating synergistic opportunities from existing resources held by other entities; and (2) continuing reclamation activities in South Texas in accordance with the Company's existing agreements and regulatory requirements.

### ***New Mexico***

In New Mexico, URI controls minerals rights encompassing approximately 186,000 acres. URI holds substantial non-reserve mineralized material at its properties in the prolific Grants Mineral Belt in New Mexico, which holds one of the largest known concentrations of sandstone-hosted uranium deposits in the world.

## **THE ISR PROCESS**

The ISR process is dramatically different from conventional mining techniques. The ISR technique avoids the movement and milling of significant quantities of rock and ore and also avoids the creation of mill tailing waste associated with more traditional mining methods. It is generally more cost-effective and environmentally sensitive than conventional mining and processing. Historically, the majority of U.S. uranium production resulted from either open pit surface mines or underground mining.

The ISR process was initially developed for the production of uranium in the mid-1960s, and was first utilized at a commercial-scale project in South Texas in 1975. It became a routinely utilized recovery method in the South Texas uranium district by the late 1970s, where it was employed in about twenty commercial projects, including two operated by us.

In the ISR process, groundwater fortified with oxygen and carbon dioxide is pumped into a permeable ore body within a wellfield, causing the uranium contained in the ore to dissolve. A wellfield consists of a series of injection wells, production (extraction) wells and monitoring wells drilled in specified patterns. Wellfield pattern is crucial to minimizing costs and maximizing efficiencies of production. The resulting solutions from the wellfields are pumped to the surface, where the uranium-bearing water is circulated through an ion exchange column, and uranium is precipitated from the fluid onto resin beads. The uranium-depleted fluid is then re-injected into the subsurface uranium deposit. When the ion exchange column's resin beads are loaded with uranium, they are removed and flushed with a salt-water solution, which liberates the uranium from the beads. This process results in uranium residing in a slurry, which is then dried and packaged for shipment as a uranium concentrate. In order to achieve greater operating efficiencies and reducing capital expenditures when developing new wellfields, we employ a wellfield- specific remote ion exchange process as opposed to a central processing plant, as we had done historically. Instead of piping the solutions over long distances through large diameter pipelines, and mixing the waters of several wellfields together, each wellfield is produced using a dedicated satellite ion exchange facility. This allows ion exchange to take place at the wellfield instead of at the central plant. The satellite facilities allow recovery of uranium from each wellfield using its own native groundwater, thus avoiding the introduction of foreign mineral complexes and the attendant complications of doing so.

## **ENVIRONMENTAL CONSIDERATIONS AND PERMITTING**

### ***United States***

Uranium and lithium extraction is regulated by the federal government, states and, in some cases, by Indian tribes. Compliance with such regulation has a material effect on the economics of our operations and the timing of project development. Our primary regulatory costs have been related to obtaining licenses and permits from federal and state agencies before the commencement of production activities. The current environmental regulatory requirements for the ISR industry are well established. Many ISR projects have gone a full life cycle without any significant environmental impact. However, the process can make environmental permitting difficult and timing unpredictable.

U.S. regulations pertaining to climate change continue to evolve in both the U.S. and internationally. We do not anticipate any adverse impact from these regulations that would be unique to our operations.

### ***Radioactive Material License***

Before commencing ISR operations in Texas and either ISR or conventional mining activity in New Mexico, we must obtain a radioactive material license. Under the federal Atomic Energy Act, the NRC has primary jurisdiction over the issuance of a radioactive material license. However, the Atomic Energy Act also allows for states with regulatory programs deemed satisfactory by NRC to take primary responsibility for issuing the radioactive material license. NRC has ceded jurisdiction for such licenses to Texas, but not to New Mexico. Such ceding of jurisdiction by NRC is hereinafter referred to as the “granting of primacy.”

The Texas Commission of Environmental Quality (“TCEQ”) is the administrative agency with jurisdiction in Texas over the radioactive material license. For operations in New Mexico, radioactive material licensing is handled directly by NRC.

See Item 2, “**Properties**” for the status of our radioactive material license for New Mexico and Texas.

### ***Underground Injection Control (“UIC”) Permits***

The federal Safe Drinking Water Act creates a nationwide regulatory program protecting groundwater. This law is administered by the United States Environmental Protection Agency (the “EPA”). However, to avoid the burden of dual federal and state regulation, the Safe Drinking Water Act allows for the UIC permits issued by states to satisfy the UIC permit required under the Safe Drinking Water Act under two conditions. First, the state’s program must have been granted primacy. Second, the EPA must have granted, upon request by the state, an aquifer exemption. The EPA may delay or decline to process the state’s application if the EPA questions the state’s jurisdiction over the ISR site.

Texas has been granted primacy for its UIC programs, and the TCEQ administers UIC permits. The TCEQ also regulates air quality and surface deposition or discharge of treated wastewater associated with the ISR process.

New Mexico has also been granted primacy for its UIC program. Properties located in Indian Country remain subject to the jurisdiction of the EPA. Some of our properties are located in areas that some alleged to be in Indian Country. The Navajo Nation has been determined eligible for treatment as a state, but it has not requested the grant of primacy from the EPA for uranium related UIC activity. Until the Navajo Nation has been granted primacy, ISR activities that may fall within Indian Country will require a UIC permit from the EPA. Despite some procedural differences, the substantive technical requirements of the Texas, New Mexico and EPA underground injection control programs are very similar.

See Item 2, “**Properties**” and Item 3, “**Legal Proceedings**” for a description of the status of our UIC permits in Texas and New Mexico.

### ***Mining Permits***

All uranium producing states have regulations governing the development, operation and closure of conventional and in-situ recovery mines. In New Mexico, the Mining and Minerals Division of the Energy, Minerals and Natural Resources Department is responsible for issuing permits under the authority of the New Mexico Mining Act of 1978. Well established regulations specify what information is necessary to support mine permit applications and a well-defined application review process. The primary focus of the agency’s review is to ensure that the proposed mine will protect the

environment surrounding the mine area, comply with relevant environmental standards, and be reclaimed to a self-sustaining ecosystem or other approved post-mine land use. Application reviews require consultation with other state agencies, public notice and public hearing opportunities. In addition to mine permits, a discharge permit must be obtained from the New Mexico Environmental Department for mine facilities such as ore pads, waste rock piles and tailings impoundments.

In Texas, the TCEQ regulates uranium mining and issues the necessary license and permits. URI holds a radioactive material license which covers Kingsville Dome, Rosita and Vasquez sites. Each site has a class III injection permit also issued by the TCEQ. Rosita and Vasquez permits have both been renewed in 2014. The Kingsville permit for reclamation activities is in the renewal process. The Kingsville mining permit application was withdrawn, without prejudice to refiling, in June 2016. For additional discussion on the withdrawn permit, see Item 3 – Legal Proceedings, below. Within each area's permit, the TCEQ also issues production area authorizations ("PAAs"). Kingsville holds three PAAs, Rosita holds four, and Vasquez holds two PAAs. Each site also has class I non-hazardous injection permits for operation of waste disposal wells on site, which are regulated by the TCEQ as well. All permits for the disposal wells are active. In addition to the required state permits, the United States Environmental Protection Agency ("USEPA") regulates the underground aquifers and requires areas with uranium mineralization to have that portion of the aquifer exempted before state mining permits are issued. The aquifer exemptions for all three Texas sites have been issued.

#### *Other*

In addition to radioactive material licenses and UIC permits, we are also required to obtain from governmental authorities a number of other permits or exemptions, such as for wastewater discharge, for land application of treated wastewater, and for air emissions.

In order for a licensee to receive final release from further radioactive material license obligations after all of its ISR and post-production reclamation have been completed, approval must be issued by the TCEQ for Texas properties along with concurrence from NRC and for properties in New Mexico by the NRC.

In addition to the costs and responsibilities associated with obtaining and maintaining permits and the regulation of production activities, we are subject to environmental laws, including but not limited to the Comprehensive Environmental Response, Compensation and Liability Act, commonly known as Superfund, and regulations applicable to the ownership and operation of real property in general, including, but not limited to, the potential responsibility for the activities of prior owners and operators.

#### *Reclamation and Restoration Costs and Bonding Requirements*

At the conclusion of ISR or conventional mining, a site is decommissioned and reclaimed, and each well field is restored. Restoration involves returning the aquifer to its pre-development use. Reclamation involves removing evidence of surface disturbance. Restoration can be accomplished by flushing the ore zone with native ground water and/or using reverse osmosis to remove ions, minerals and salts to provide clean water for reinjection to flush the ore zone. Decommissioning and reclamation entails dismantling and removing the structures, equipment and materials used at the site during the ISR and restoration activities.

The Company is required by the state of Texas regulatory agencies to obtain financial surety relating to certain of its future restoration and reclamation obligations. The Company has provided performance bonds issued for the benefit of the Company in the amount of \$9.3 million to satisfy such regulatory requirements. The performance bonds relate primarily to our operations at our Kingsville Dome and Vasquez projects.

In February 2013, the Company secured a new source to satisfy its financial surety obligations for the Texas regulatory agencies. Previously, the Company had met its financial surety obligations through a combination of bank issued letters of credit (the "LOCs") and bonds issued for the benefit of the Company. These financial surety arrangements required the Company to fully collateralize the face amount of the LOC's and the bonds with short term investment vehicles. This requirement resulted in the Company posting \$9.3 million in cash that was restricted for the purpose of collateralizing these obligations. The Company's new financial surety arrangements are provided by Lexon Insurance Company ("Lexon") in the form of bonds issued for the benefit of the Company. The amount of the bonds written by Lexon total approximately \$9.3 million and the collateral requirements of these bonds require the Company to maintain 40% of the value of the bonds in the form of restricted cash.

We estimate that our restoration and reclamation liabilities for prior operations at Kingsville Dome, Vasquez and Rosita at December 31, 2016, are about \$6.4 million, with a carrying value of \$4.8 million recorded as a liability on our balance sheet as of December 31, 2016.

The Company's financial surety obligations are reviewed and revised periodically by the Texas regulatory agencies. In New Mexico surety bonding will be required before commencement of uranium recovery operations and will be subject to annual review and revision by NRC and the state of New Mexico or the EPA.

#### *Lithium-enriched brines*

Lithium-enriched brines on Public Lands, which are managed by either the U.S. Bureau of Land Management or the U.S. Forest Services, in Nevada and Utah can be acquired by staking placer mining claims. Production of lithium-enriched brines in Nevada is regulated in part by the Nevada Division of Water Resources as brine is considered to be a water resource and the Nevada Bureau of Mining Regulation and Reclamation, as well as by the relevant federal land management agency in a manner similar to the requirements for a hard-rock mine.

#### *Water Rights*

Water is essential to the ISR process. It is readily available in South Texas. In Texas water is subject to capture and we do not have to acquire water rights through a state administrative process. In New Mexico, water rights are administered through the New Mexico State Engineer and can be subject to Indian tribal jurisdictional claims. Also in New Mexico, new water rights or changes in purpose or place of use or points of diversion of existing water rights, such as those in the San Juan and Gallup Basins where our properties are located, must be obtained by permit from the State Engineer. Applications may be approved subject to conditions that govern exercise of the water rights.

Water rights are also an essential component for the production of lithium from brine sources. In the case of Nevada, application for water rights must be submitted to the Division of Water Rights, a state agency that holds responsibility for administration of surface and ground water in the state. The state has a well-established process for application to acquire water rights and protection of existing water rights. As is the case in most of the western states, Nevada's water rights administration includes the evaluation of applications for new water rights, the availability of groundwater within a specific locality, point(s) of diversion and use of granted water rights for beneficial use.

### ***Republic of Turkey***

#### *Mining Law*

The mining industry in Turkey is regulated by the Turkish Mining Law (Law No 3213), which was amended recently in February 2015 ("Amended Mining Law") and regulations issued thereunder. Mining rights and minerals are exclusively owned by the state. The ownership of minerals in Turkey is not subject to the ownership of the relevant land. The governmental body with responsibility for implementing the Mining Law and issuing the license and permits is the General Directorate of Mining Affairs ("Migem") under the Ministry of Energy and Natural Resources. The Amended Mining Law distinguishes five groups of minerals. Pursuant to this classification the royalty amount to be paid to the state differs. Uranium mining is listed under Group 4-ç. The three types of licenses granted for prospecting and operating mines under the laws of Turkey are an exploration license, an operation license and an operation permit.

#### *Turkish Atomic Energy Authority ("TAEK")*

Projects that involve radioactive materials are regulated and controlled by TAEK. TAEK was established by Law No. 2690 to exercise the functions assigned to it by this law. ISR mining of uranium is included in these functions by Article 4(b). For projects to be considered as a nuclear facility and for operation, several licenses are required from TAEK. The licensing process moves parallel to the Environmental Impact Assessment ("EIA") procedure. TAEK must accept a licensee as project owner in accordance with the law. Once accepted as owner, a licensee must obtain a site license, a construction license and an operation license to operate.

#### *Institutional Framework for Environmental Management*

The lead government agency with responsibility for environmental protection in Turkey is the Ministry of Environment and Urban Planning ("MEUP"). MEUP has a coordinating role in the development and enforcement of environmental policies in Turkey. MEUP is also responsible for EIA approvals for projects.

### *Permits Required Prior to Construction*

These permits include the Environmental Impact Assessment (from MEUP), the certification as project owner of a nuclear facility (from TAEK), a mine operating permit (from Migem), a site license (from TAEK), a construction license (from TAEK), land access agreements or an expropriation decision and infrastructural permits to construct power, access road, water supply well, etc.

#### *Environmental Impact Assessment (“EIA”) Permit*

The Turkish EIA permitting process can be initiated with the submission of the EIA Application Document (the “AD”) to MEUP. Once the submission is made, the AD is checked by MEUP for compliance with the mandatory AD format and the EIA regulation. If the AD is found suitable, then it is distributed to the EIA Review and Assessment Committee (“RAC”) (made up of representatives of various governmental agencies) and the date of the official Public Meeting is determined. Following MEUP’s review the AD becomes public. The date and place of the hearing is then announced in at least one local and one national newspaper. Following the public hearing, the RAC members upload their comments about the project to the electronic permitting system and the mandatory Terms of Reference (“ToR”) for the EIA report is provided by MEUP following the payment of the EIA permitting fee by the project owner. Once the mandatory ToR is received from MEUP, the project owner and its consultant are allowed a maximum of 18 months to complete the draft EIA report for RAC’s review.

Once a draft comprehensive EIA report is submitted to the MEUP the draft EIA report is checked by MEUP for compliance with the ToR and the EIA regulation. The report is reproduced and distributed to the RAC, and the RAC meeting date is decided. At this stage, the draft EIA report is open to written public comments. Based on the RAC’s decision and consideration of the public comments, the EIA permitting process is given either a “Positive” or “Negative” decision (i.e., the impacts are found acceptable or not). The EIA permitting process is finalized by the Minister’s signature.

#### *Mine Operating Permit*

A mine operating permit must be obtained after all the permits are received prior to construction. Application will be made to Migem requesting the operating permit which is in line with the operating license. Migem will issue the permit after reviewing the application document. This permit will require an affirmative EIA certificate (or a certificate stating that an EIA is not required), land ownership permits, and the workplace opening and operation licenses. The operating permit must be obtained within three years from the effective date of the operating license. Failure to do so may result in penalties. Operational activities must be started within one year following the operating permit date. The royalties paid to the government will also be initiated by the operating permit.

#### *Project Owner of a Nuclear Facility*

According to TAEK, the judicial entities who intend to build and operate a nuclear installation must apply to the TAEK to be recognized as owner. After the recognition of owner, any financial or administrative change in owner’s structure must be notified to TAEK in 30 days

#### *Site License*

Once recognized as an owner, a licensee will prepare the Site Report in order to get the Site License from TAEK. Site Report is prepared in parallel to the EIA Report. However, the review and approval of the report will be done once the affirmative EIA decision is obtained from MEUP.

The Site Report is submitted to TAEK and the decision is released to the applicant by TAEK. An affirmative notification is deemed a site license. The conditions of the license are given to the applicant as an appendix to the license. Following the receipt of the site license, Licensee could proceed with the work related to site preparation, potable water supply and electricity supply, access road, and office building construction etc.

#### *Construction License*

The initial application will be submitted to TAEK with the Preliminary Safety Analysis Report. Following the assessment of the Preliminary Safety Analysis Report the Nuclear Safety Department prepares a limited work permit evaluation report which also includes the view of the Committee. When it is established that the protection measures are



adequate and that the facility can operate without harming the safety and the health of the public, the Commission will issue the limited work permit. The limited work permit requires that the construction starts in 12 months from the date of affirmative decision, otherwise the permit is lost. This period may be extended if valid reasons are submitted to TAEK.

The comments obtained during the evaluation of the Preliminary Safety Analysis Report will be incorporated into the Final Safety Analysis Report. Once this report is accepted and finalized then, the affirmative notification is issued as the construction license

#### *Land Access*

The project area is located in privately owned agricultural lands. These lands have to be either purchased or leased from the owners. If an agreement cannot be reached, then the Licensee can initiate the expropriation process. In addition, in order to use these lands in mining, the land use has to be changed from agriculture to mining. This procedure requires that “Public Benefit Decision” be obtained from the Ministry of Agriculture, Food and Livestock. As a part of the procedure, a site visit will be conducted by the local department of various ministries.

Turkish Law 3213 specifies voluntary land acquisition. This is the preferred method of land acquisition. If this is demonstrated that it would not work, then Licensee can proceed with the expropriation process. Affirmative EIA decision is a prerequisite to initiate the process. The governmental body in charge of expropriation process is the Ministry for Energy and Natural Resources (“ETKB”), and more specifically the General Directorate for Mining Affairs (“MIGEM”). Application will be made to ETKB.

#### *Infrastructural Permits*

Several permits will be required from various offices. These permits include access road permits which are obtained from the Provincial Government and the Department of Transportation, permits for the electricity transmission lines which is handled through the local electricity authority, permits for drilling and installing a water supply well which must be obtained from the State Hydraulic Works (“DSI”) and the domestic water treatment plant must be approved by MEUP prior to installation.

#### *Permits Required Prior to Operation*

During the construction period, the operational period permitting documentation and applications will be made. Prior to start the operation, the permits required include the Trial Environmental Permit, a workplace operating license, a hazardous waste storage permit and the Operating License (from TAEK).

#### *Operating License from TAEK*

At least six months before the start of commissioning of plant components and systems, the applicant, who was granted a construction license, must apply to the Authority for a commissioning permit. Following the evaluation of documents, TAEK may grant the commissioning permit.

### **AVAILABLE INFORMATION**

Our internet website address is [www.uraniumresources.com](http://www.uraniumresources.com). Our Annual Report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to section 13(a) of 15(d) of the Exchange Act, are available free of charge through our website under the tab “Investor Relations” as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC. We also make available on our website copies of materials regarding our corporate governance policies and practices, including our Code of Ethics, Nominating and Governance Committee Charter, Audit Committee Charter and Compensation Committee Charter. You may read and copy any materials we file with the Securities and Exchange Commission (“SEC”) at the SEC’s Public Reference Room at 100 F Street, NE., Washington, DC 20549. You may also obtain a printed copy of the foregoing materials by sending a written request to: Uranium Resources, Inc., 6950 S. Potomac Street, Suite 300, Centennial, Colorado 80112, Attention: Information Request, or by calling 303.531.0470. The information found on our internet website is not part of this or any report filed or furnished to the SEC.

## ITEM 1A. RISK FACTORS

Our business activities are subject to significant risks, including those described below. Every investor or potential investor in our securities should carefully consider these risks. If any of the described risks actually occurs, our business, financial position and results of operations could be materially adversely affected. Such risks are not the only ones we face and additional risks and uncertainties not presently known to us or that we currently deem immaterial may also affect our business.

### Risks Related to Our Business

***URI is not producing any metals at this time. As a result, we currently have no sources of operating cash. If we cannot monetize certain existing assets, partner with another company that has cash resources, find other means of generating revenue other than producing uranium or lithium and/or access additional sources of private or public capital, we may not be able to remain in business.***

As a result of low uranium prices, we ceased production of uranium in 2009. We are not planning to commence production at any of our South Texas properties until we are able to acquire additional reserves or mineralized material and uranium prices recover to levels that will ensure that production, once resumed, is sustainable in the 300,000 to 500,000 pound range per year. Our ability to begin plant construction and wellfield development in Turkey and New Mexico is subject to availability of financing and activation of our permits and licenses. All of our lithium activities are highly prospective and may never generate revenue. We do not have a committed source of financing for the development of our Temrezli project. There can be no assurance that we will be able to obtain financing for this project or our other projects. Our inability to develop the Temrezli or our other properties would have a material adverse effect on our future operations.

Until we begin uranium or lithium production, we have no way to generate cash inflows unless we monetize certain of our assets or through financing activities. Our future uranium or lithium production, cash flow and income are dependent upon the results of exploration as well as our ability to bring on new, as yet unidentified wellfields and to acquire and develop additional reserves. We can provide no assurance that our properties will be placed into production or that we will be able to continue to find, develop, acquire and finance additional reserves. If we cannot monetize certain existing assets, partner with another company that has cash resources, find other means of generating revenue other than producing uranium or lithium and/or access additional sources of private or public capital, we may not be able to remain in business and holders of our securities may lose their entire investment.

***Our ability to function as an operating mining company will be dependent on our ability to mine our properties at a profit sufficient to finance further mining activities and for the acquisition and development of additional properties. The volatility of uranium and lithium prices makes long-range planning uncertain and raising capital difficult.***

Our ability to function as an operating mining company will be dependent on our ability to mine our properties at a profit sufficient to finance further mining activities and for the acquisition and development of additional properties. The volatility of uranium and lithium prices makes long-range planning uncertain and raising capital difficult.

Our ability to operate on a positive cash flow basis will be dependent on mining sufficient quantities of uranium or lithium at a profit sufficient to finance our operations and for the acquisition and development of additional mining properties. Any profit will necessarily be dependent upon, and affected by, the long and short term market prices of uranium and lithium, which are subject to significant fluctuation. Uranium prices have been and will continue to be affected by numerous factors beyond our control. These factors include the demand for nuclear power, political and economic conditions in uranium producing and consuming countries, uranium supply from secondary sources and uranium production levels and costs of production. A significant, sustained drop in uranium prices may make it impossible to operate URI's uranium business at a level that will permit us to cover our fixed costs or to remain in operation.

***The Company has no known lithium mineral reserves and it may not find any lithium and, even if it finds lithium, it may not be in economic quantities.***

The Company has no known lithium mineral reserves at its Columbus Basin project, Sal Rica project or any other property. Additionally, even if the Company finds lithium in sufficient quantities to warrant recovery, it ultimately may not be recoverable. Finally, even if any lithium is recoverable, the Company does not know whether recovery can be done at a profit. The Company's lithium activities are highly prospective and may not result in any benefit to the Company.

***If we are unable to raise additional capital, our business may fail and holders of our securities may lose their entire investment.***

We had approximately \$3.3 million in cash at December 31, 2016 and \$10.4 million at February 28, 2017. On average, URI expended approximately \$0.8 million of cash per month during 2016, which is expected to continue during 2017. There can be no assurance that URI will be able to obtain additional capital after it exhausts its current cash. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the issuance of such securities would likely result in substantial dilution to existing holders of our securities. If we borrow money, we will have to pay interest and may also have to agree to restrictions that limit our operating flexibility.

If additional capital is not available in sufficient amounts or on a timely basis, URI will experience liquidity problems, and URI could face the need to significantly curtail current operations, change our planned business strategies and pursue other remedial measures. Any curtailment of business operations would have a material negative effect on operating results, the value of our outstanding stock is likely to fall, and our business may fail, causing holders of our securities to lose their entire investment.

***Our foreign operations subject us to a number of significant regulatory and legal risks that may have a material adverse impact on our prospects, projects, financial condition and results of operations.***

Our acquisition of Anatolia Energy significantly increased the importance of foreign operations to our future prospects and growth, and our foreign operations expose us to a number of risks. These risks include such things as:

- enforcement of unfamiliar or uncertain foreign real estate, mineral tenure, contract, water use, mine safety and environmental laws and policies;
- challenges to mining, processing and related permits and licenses, or to applications for permits and licenses, by or on behalf of regulatory authorities, indigenous populations, non-governmental organizations or other third parties;
- war, crime, terrorism, sabotage, civil unrest and uncertain political and economic environments;
- renegotiation, nullification or forced modification of existing contracts, licenses, permits, approvals, concessions or the like;
- corruption;
- challenges in overseeing employees and contractors, including the risk that our employees and independent contractors may engage in unauthorized or illegal activity;
- exchange and currency controls and fluctuations;
- limitations on foreign exchange and repatriation of earnings;
- restrictions on mineral production and price controls;
- seizure of mineral production and expropriation or nationalization of property;
- changes in legislation, including changes related to taxation, new or increased mining royalty interests, import and export regulations, foreign ownership, foreign trade and foreign investment;
- high rates of inflation; and
- labor practices and disputes.

In addition, we face the numerous risks as a new acquirer that our expectations may not be realized and that we may encounter unexpected problems. We continue to review Anatolia Energy's operations in Turkey, including compliance with local laws and applicable permitting requirements. In the event we determine material noncompliance, we could face fines or restrictions on our ability to develop our projects in Turkey, which could have a material adverse effect on our prospects, projects, financial condition and results of operations.

In addition, regulatory, permitting and business arrangements in foreign jurisdictions are subject to extensive laws and regulations intended to prevent improper payments, fraud, kickbacks, self-dealing and other abusive practices. These laws and regulations may restrict or prohibit a wide range of business arrangements that are commonplace in such foreign jurisdictions, and violations of such laws and regulations could result in regulatory sanctions and serious harm to our reputation. We have adopted a code of business conduct and ethics, but it is not always possible to identify and deter misconduct, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against us, and we are not successful in defending ourselves, those actions could have a significant impact on our business, including the imposition of significant civil, criminal and administrative penalties.

***The benefits of integrating URI and Anatolia Energy may not be realized.***

To be successful on a going forward basis, we will need to combine and integrate the operations of URI and Anatolia Energy into one company. Integration will require substantial management attention and could detract attention from the day-to-day business of the combined company. We could encounter difficulties in the integration process, such as the need to revisit assumptions about reserves, future production, revenues, capital expenditures and operating costs, including synergies, the loss of key employees or commercial relationships or the need to address unanticipated liabilities. If we cannot integrate URI's and Anatolia Energy's businesses successfully, we may fail to realize the expected benefits of the Anatolia Transaction.

***The Anatolia Transaction is expected to result in an ownership change for URI under Section 382 of the Code, potentially limiting the use of URI's net operating loss carryforwards and certain other tax attributes in future years. In addition, URI's ability to use its net operating loss carryforwards may be further limited if taxable income does not reach sufficient levels.***

As of December 31, 2016, URI had approximately \$235.1 million of net operating loss ("NOL") carryforwards available to reduce U.S. federal taxable income in future years. Under Section 382 of the Code, if a corporation undergoes an "ownership change," the corporation's ability to use its pre-change NOL carryforwards and other pre-change tax attributes to offset its post-change income and taxes may be limited. In general, an "ownership change" occurs if there is a cumulative change in ownership by "5-percent shareholders" that exceeds 50 percentage points over a rolling three-year period.

The Anatolia Transaction is expected to result in an ownership change under Section 382 of the Code for URI, potentially limiting the use of URI's NOL carryforwards in future taxable years for U.S. federal income tax purposes. These limitations may affect the timing of when these NOL carryforwards can be used which, in turn, may impact the timing of when cash is used to pay the taxes of URI and have a negative impact on URI's financial position and results of operations. In addition, URI's ability to use its NOL carryforwards will be dependent on its ability to generate taxable income. Some portion of the NOL carryforwards could expire before URI generates sufficient taxable income.

***Certain of our mineral properties may be subject to defects in title and we are at risk of loss of ownership.***

Many of our mining properties are unpatented mining claims to which we have only possessory title. The validity of unpatented mining claims is often uncertain and such validity is always subject to contest. Unpatented mining claims are generally considered subject to greater title risk than patented mining claims or other real property interests that are owned in fee simple. Because unpatented mining claims are self-initiated and self-maintained, they possess some unique vulnerabilities not associated with other types of property interests. It is impossible to ascertain the validity of unpatented mining claims from public real property records, and, therefore, it can be difficult or impossible to confirm that all of the requisite steps have been followed for location, perfection and maintenance of an unpatented mining claim. The present status of our unpatented mining claims located on public lands allows us the exclusive right to remove locatable minerals, such as uranium and lithium. We are also allowed to use the surface of the land solely for purposes related to mining and processing the mineral-bearing ores. However, legal ownership of the public land remains with the federal government. We remain at risk that the mining claims may be lost either to the federal government or to rival private claimants due to failure to comply with statutory requirements. In addition, we may not have, or may not be able to obtain, all necessary surface rights to develop a property.

We may incur significant costs related to defending the title to our properties. A successful claim contesting our title to a property may cause us to compensate other persons or perhaps reduce our interest in the affected property or lose our rights to explore and develop that property. This could result in us not being compensated for our prior expenditures relating to the property.

***Our business could be adversely affected if we are unable to successfully renegotiate certain leases.***

We are currently seeking to renegotiate the leases relating to our Cebolleta and Juan Tafoya projects. Each of the Cebolleta and Juan Tafoya leases has an initial term of ten years beginning in 2007 and 2006, respectively, and can be extended on a year-to-year basis. The leases require certain annual payments and provide other terms that are the subject of our current negotiations. While we are seeking to amend the current leases or enter into new leases for our Cebolleta and Juan Tafoya projects on terms more favorable to the Company and more reflective of current uranium market conditions, there can be no assurance that we will be successful in such efforts, and the lessors could demand terms that are unacceptable to us or refuse to engage in negotiations. If we are unable to reach agreement with the lessors, we could decide to terminate the Cebolleta and Juan Tafoya leases and abandon the projects. If we were to abandon these projects, it is unlikely we could recoup any of our costs, and abandonment would result in a substantial impairment of our assets. Such an impairment charge could cause the price of our stock to decline.

***Exploration and development of uranium and lithium properties are risky and subject to great uncertainties.***

The exploration for and development of uranium and lithium deposits involves significant risks. It is impossible to ensure that the current and future exploration programs on our existing properties will establish reserves. Whether an ore body will be commercially viable depends on a number of factors, including, but not limited to: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; uranium and lithium prices, which cannot be predicted and which have been highly volatile in the past; mining, processing and transportation costs; perceived levels of political risk and the willingness of lenders and investors to provide project financing; availability of labor, labor costs and possible labor strikes; availability of drilling rigs; and governmental regulations, including, without limitation, regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting materials, foreign exchange, environmental protection, employment, worker safety, transportation, and reclamation and closure obligations. Most exploration projects do not result in the discovery of commercially mineable deposits of minerals and there can be no assurance that any of our exploration stage properties will be commercially mineable or can be brought into production.

***We may enter into acquisitions, dispositions or other material transactions at any time.***

We are regularly engaged in a review of opportunities to acquire or dispose of properties, to partner with other companies on projects or to acquire or merge with companies. We currently, and generally at any time, have such opportunities in various stages of active review, including, for example, our engagement of consultants and advisors to analyze particular opportunities, technical, financial and other confidential information, submission of indications of interest and participation in discussions or negotiations for acquisitions or dispositions. Any such acquisition or disposition could be material to us. We could issue common stock or incur additional indebtedness to fund our acquisitions. Issuances of common stock may dilute existing holders of our securities. In addition, any such acquisition, disposition or other transaction may have other transaction specific risks associated with it, including risks related to the completion of the transaction, the project or the jurisdictions in which the project is located. We could enter into one or more acquisitions, dispositions or other transactions at any time.

***The developments at the Fukushima Daiichi Nuclear Power Plant in Japan continue to have a negative impact on the uranium markets and public acceptance of nuclear energy is uncertain.***

The developments at the Fukushima Daiichi Nuclear Power Plant following the earthquake and tsunami that struck parts of Japan in March 2011 created heightened concerns regarding the safety of nuclear power plants and the ability to safeguard the material used to fuel nuclear power plants. The impact on the perception of the safety of nuclear power resulting from this event may cause increased volatility of uranium prices in the near to mid-term as well as uncertainty involving the continued use and expansion of nuclear power in certain countries. A reduction in the current or the future generation of electricity from nuclear power could result in a reduced requirement for uranium to fuel nuclear power plants which may negatively impact URI in the future.

Maintaining the demand for uranium at current levels and future growth in demand will depend upon acceptance of nuclear technology as a means of generating electricity. The developments at the Fukushima Daiichi Nuclear Power Plant may affect public acceptance of nuclear technology. Lack of public acceptance of nuclear technology would adversely affect the demand for nuclear power and potentially increase the regulation of the nuclear power industry.

***The only significant market for uranium is nuclear power plants world-wide, and there are a limited number of customers.***

We are dependent on a limited number of electric utilities that buy uranium for nuclear power plants. Because of the limited market for uranium, a reduction in purchases of newly produced uranium by electric utilities for any reason (such as plant closings) would adversely affect the viability of our business.

***The price of alternative energy sources affects the demand for and price of uranium.***

The attractiveness of uranium as an alternative fuel to generate electricity may be dependent on the relative prices of oil, gas, coal and hydro-electricity and the possibility of developing other low-cost sources of energy. If the prices of alternative energy sources decrease or new low-cost alternative energy sources are developed, the demand for uranium could decrease, which may result in a decrease in the price of uranium.

***Because of the unique difficulties and uncertainties inherent in new mineral exploration ventures, the Company's lithium exploration activities face a high risk of business failure.***

Potential investors should be aware of the difficulties normally encountered by new mineral exploration ventures and the high rate of failure of such ventures. The likelihood of success of the Company's lithium exploration activities must be considered in light of the potential problems, expenses, difficulties, complications and delays encountered in connection with the exploration of new mineral properties. These potential problems include, but are not limited to, unanticipated problems relating to exploration and additional costs and expenses that may exceed current estimates. The expenditures to be made by the Company in the exploration of its new lithium claims may not result in the discovery of lithium deposits. Problems such as unusual or unexpected formations and other conditions are involved in new mineral exploration and often result in unsuccessful exploration efforts. If the results of the Company's new exploration ventures do not reveal viable commercial mineralization, it may decide to abandon its claims. If this happens, the Company will not benefit from any of the expenditures it will incur in pursuing the claims.

***The Company's experience in uranium exploration may not apply to its plans for lithium exploration or development.***

Although the Company and the members of its management team have significant experience in uranium exploration and development that appears to be synergistic with lithium exploration and development, neither the Company nor any member of its management team has directly engaged in the exploration for or development of lithium deposits. In particular, the Company believes there are similarities between the exploration for and development of lithium brines and the ISR of uranium, but it may not have sufficiently detailed expertise to effectively explore for and develop lithium deposits. The Company's lack of specific lithium experience may lead it to fail to realize the anticipated benefits of its lithium exploration and development activities and may adversely affect its financial condition and results of operations. In addition, the Company may need to hire employees or retain consultants with the requisite experience in lithium exploration and development that are not currently anticipated in the near-term.

***Volatility in lithium prices may make it commercially infeasible for the Company to develop its claims and may result in the Company not receiving an adequate return on invested capital.***

The Company's lithium exploration and development activities may be significantly adversely affected by volatility in the price of lithium. Mineral prices fluctuate widely and are affected by numerous factors beyond its control such as global and regional supply and demand, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and foreign currencies, and the political and economic conditions of mineral-producing countries throughout the world. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company's lithium activities not producing an adequate return on invested capital to be profitable or viable.

***Our operations are each subject to environmental risks.***

We are required to comply with environmental protection laws, regulations and permitting requirements in the United States and the Republic of Turkey, and we anticipate that we will be required to continue to do so in the future. We have expended significant resources, both financial and managerial, to comply with environmental protection laws, regulations and permitting requirements, and we anticipate that we will be required to continue to do so in the future. The material laws and regulations within the U.S. include the Atomic Energy Act, Uranium Mill Tailings Radiation Control Act of 1978, or UMTRCA, Clean Air Act, Clean Water Act, Safe Drinking Water Act, Federal Land Policy Management Act, National Park System Mining Regulations Act, the State Mined Land Reclamation Acts or State Department of

Environmental Quality regulations and the Dodd-Frank Wall Street Reform and Consumer Protection Act, and the rules and regulations of the NNEPA, as applicable.

We are required to comply with the Atomic Energy Act, as amended by UMTRCA, by applying for and maintaining an operating license from the NRC and the state of Texas. Uranium operations must conform to the terms of such licenses, which include provisions for protection of human health and the environment from endangerment due to radioactive materials. The licenses encompass protective measures consistent with the Clean Air Act and the Clean Water Act. Mining operations may be subject to other laws administered by the USEPA and other agencies.

The uranium industry is subject not only to the worker health and safety and environmental risks associated with all mining businesses, but also to additional risks uniquely associated with uranium ISR, mining and milling. The possibility of more stringent regulations exists in the areas of worker health and safety, storage of hazardous materials, standards for heavy equipment used in ISR, mining or milling, the disposition of wastes, the decommissioning and reclamation of exploration, mining and ISR sites, climate change and other environmental matters, each of which could have a material adverse effect on the cost or the viability of a particular project.

We cannot predict what environmental legislation, regulation or policy will be enacted or adopted in the future or how future laws and regulations will be administered or interpreted. The recent trend in environmental legislation and regulation, generally, is toward stricter standards, and this trend is likely to continue in the future. This recent trend includes, without limitation, laws and regulations relating to air and water quality, reclamation, waste handling and disposal, the protection of certain species and the preservation of certain lands. These regulations may require the acquisition of permits or other authorizations for certain activities. These laws and regulations may also limit or prohibit activities on certain lands. Compliance with more stringent laws and regulations, as well as potentially more vigorous enforcement policies or stricter interpretation of existing laws, may necessitate significant capital outlays, may materially affect our results of operations and business or may cause material changes or delays our intended activities.

Our operations may require additional analysis in the future including environmental, cultural and social impact and other related studies. Certain activities require the submission and approval of environmental impact assessments. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. We cannot provide assurance that we will be able to obtain or maintain all necessary permits that may be required to continue our operation or exploration of our properties or, if feasible, to commence development, construction or operation of mining facilities at such properties on terms which enable operations to be conducted at economically justifiable costs. If we are unable to obtain or maintain permits or water rights for development of our properties or otherwise fail to manage adequately future environmental issues, our operations could be materially and adversely affected.

***Closure and remediation costs for environmental liabilities may exceed the provisions we have made.***

Natural resource companies are required to close their operations and rehabilitate the lands in accordance with a variety of environmental laws and regulations. Estimates of the total ultimate closure and rehabilitation costs for extractive operations are significant and based principally on current legal and regulatory requirements and closure plans that may change materially. Any underestimated or unanticipated rehabilitation costs could materially affect our financial position, results of operations and cash flows. Environmental liabilities are accrued when they become known, are probable and can be reasonably estimated. Whenever a previously unrecognized remediation liability becomes known, or a previously estimated reclamation cost is increased, the amount of that liability and additional cost will be recorded at that time and could materially reduce our consolidated net income in the related period.

The laws and regulations governing closure and remediation in a particular jurisdiction are subject to review at any time and may be amended to impose additional requirements and conditions which may cause our provisions for environmental liabilities to be underestimated and could materially affect our financial position or results of operations.

***Because mineral exploration and development activities are inherently risky, we may be exposed to environmental liabilities and other dangers. If we are unable to maintain adequate insurance, or liabilities exceed the limits of our insurance policies, we may be unable to continue operations.***

The business of mineral exploration and extraction involves a high degree of risk. Few properties that are explored are ultimately developed into production. Unusual or unexpected formations, formation pressures, fires, power outages, labor disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labor are other risks involved in extraction operations and the conduct of exploration programs. Previous mining operations may have caused environmental damage at certain of our properties. It may be difficult or impossible to assess the

extent to which such damage was caused by us or by the activities of previous operators, in which case, any indemnities and exemptions from liability may be ineffective. If any of our properties are found to have commercial quantities of minerals, we would be subject to additional risks respecting any development and production activities.

Although we carry liability insurance with respect to our mineral exploration operations, we may become subject to liability for damage to life and property, environmental damage, cave-ins or hazards against which we cannot insure or against which we may elect not to insure because of cost or other business reasons. In addition, the insurance industry is undergoing change and premiums are being increased. If we are unable to procure adequate insurance because of cost, unavailability or otherwise, we might be forced to cease operations.

***Reserve and other mineralized material calculations are estimates only, and are subject to uncertainty due to factors including the price of uranium and lithium, inherent variability of the ore and recoverability of uranium and lithium in the recovery process.***

The calculation of reserves, other mineralized material tons and grades are estimates and depend upon geological interpretation and geostatistical relationships or assumptions drawn from drilling and sampling analysis, which may prove to be unpredictable. There is a degree of uncertainty attributable to the calculation of reserves and mineralized material and their corresponding grades. Until reserves and other mineralized materials are actually mined and processed, the quantity of ore and grades must be considered as an estimate only. In addition, the quantity of reserves and other mineralized materials may vary depending on the price of uranium and lithium. Any material change in the quantity of reserves, other mineralized materials, mineralization or grade may affect the economic viability of our properties.

***Our inability to obtain financial surety would threaten our ability to continue in business.***

Future financial surety requirements to comply with federal and state environmental and remediation requirements and to secure necessary licenses and approvals will increase significantly as future development and production occurs at certain of our sites in the United States and Turkey. The amount of the financial surety for each producing property is subject to annual review and revision by regulators. We expect that the issuer of the financial surety instruments will require us to provide cash collateral for a significant amount of the face amount of the bond to secure the obligation. In the event we are not able to raise, secure or generate sufficient funds necessary to satisfy these requirements, we will be unable to develop our sites and bring them into production, which inability will have a material adverse impact on our business and may negatively affect our ability to continue to operate.

***Competition from better-capitalized companies affects prices and our ability to acquire both properties and personnel.***

There is global competition for uranium and lithium properties, capital, customers and the employment and retention of qualified personnel. In the production and marketing of uranium and lithium, there are a number of producing entities, some of which are government controlled and all of which are significantly larger and better capitalized than we are. Many of these organizations also have substantially greater financial, technical, manufacturing and distribution resources than we have.

Our future uranium production will also compete with uranium recovered from the de-enrichment of highly enriched uranium obtained from the dismantlement of United States and Russian nuclear weapons and imports to the United States of uranium from the former Soviet Union and from the sale of uranium inventory held by the United States Department of Energy. In addition, there are numerous entities in the market that compete with us for properties and are attempting to become licensed to operate ISR and/or underground mining facilities. If we are unable to successfully compete for properties, capital, customers or employees or with alternative uranium sources, it could have a materially adverse effect on our results of operations.

***Because we have limited capital, inherent mining risks pose a significant threat to us compared with our larger competitors.***

Because we have limited capital we may be unable to withstand significant losses that can result from inherent risks associated with mining, including environmental hazards, industrial accidents, flooding, earthquake, interruptions due to weather conditions and other acts of nature which larger competitors could withstand. Such risks could result in damage to or destruction of our infrastructure and production facilities, as well as to adjacent properties, personal injury, environmental damage and processing and production delays, causing monetary losses and possible legal liability. Our business could be harmed if we lose the services of our key personnel.



Our business and mineral exploration programs depend upon our ability to employ the services of geologists, engineers and other experts. In operating our business and in order to continue our programs, we compete for the services of professionals with other mineral exploration companies and businesses. In addition, several entities have expressed an interest in hiring certain of our employees. Our ability to maintain and expand our business and continue our exploration programs may be impaired if we are unable to continue to employ or engage those parties currently providing services and expertise to us or identify and engage other qualified personnel to do so in their place. To retain key employees, we may face increased compensation costs, including potential new stock incentive grants and there can be no assurance that the incentive measures we implement will be successful in helping us retain our key personnel.

***The Company has no history of paying dividends on its common stock, and we do not anticipate paying dividends in the foreseeable future.***

The Company has not previously paid dividends on its common stock. We currently anticipate that we will retain all of our available cash, if any, for use as working capital and for other general corporate purposes. Any payment of future dividends will be at the discretion of our Board of Directors and will depend upon, among other things, our earnings, financial condition, capital requirements, level of indebtedness, statutory and contractual restrictions applicable to the payment of dividends and other considerations that our Board of Directors deems relevant.

***Terms of subsequent financings may adversely impact holders of our securities.***

In order to finance our future production plans and working capital needs, we may have to raise funds through the issuance of equity or debt securities. Depending on the type and the terms of any financing we pursue, holders of our securities' rights and the value of their investment in our common stock could be reduced. A financing could involve one or more types of securities including common stock, convertible debt or warrants to acquire common stock. These securities could be issued at or below the then prevailing market price for our common stock. We currently have no authorized preferred stock. In addition, if we issue secured debt securities, the holders of the debt would have a claim to our assets that would be prior to the rights of holders of our securities until the debt is paid. Interest on these debt securities would increase costs and negatively impact operating results. If the issuance of new securities results in diminished rights to holders of our common stock, the market price of our common stock could be negatively impacted.

***Shareholders could be diluted if we were to use common stock to raise capital.***

We may need to seek additional capital to carry our business plan. This financing could involve one or more types of securities including common stock, convertible debt or warrants to acquire common stock. These securities could be issued at or below the then prevailing market price for our common stock. Any issuance of additional shares of our common stock could be dilutive to existing holders of our securities and could adversely affect the market price of our common stock.

#### **ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.

## **ITEM 2. PROPERTIES**

### **URANIUM PROCESSING FACILITIES**

#### ***Kingsville Dome***

Our Kingsville Dome property is located in Kleberg County and is situated on several tracts of land leased from third parties. The property is situated approximately eight miles southeast of the city of Kingsville, Texas. The project was constructed in 1987 as an up-flow uranium extraction circuit, with complete drying and packaging facilities within the recovery plant. The Kingsville Dome project produced uranium in the period 1988 through 1990, from 1996 to 1999, and most recently from 2007 through 2009. Two independent resin processing circuits and elution systems are part of the plant's processing equipment, and it also has a single drying circuit. As currently configured, the Kingsville Dome plant has a production capacity of 800,000 pounds of  $U_3O_8$  per year.

Uranium production at Kingsville Dome was shut down in 2009 and the plant has been in a standby status since that time. The plant has two 500 gallon per minute reverse osmosis systems for groundwater restoration. The first unit was idled in 2010 and the second unit was idled in January of 2014, when ground water restoration was completed. The plant can serve as a processing facility that can accept resin from multiple satellite facilities. In addition to the processing plant there are four satellite ion exchange systems in the project area. Each of the satellite systems is capable of processing 900 gallons per minute of uranium-bearing ISR fluids from well fields, and these satellite plants can be relocated to alternate extraction sites as needed. As is the case with the main plant, the satellite facilities have been on standby since 2009.

#### ***Rosita***

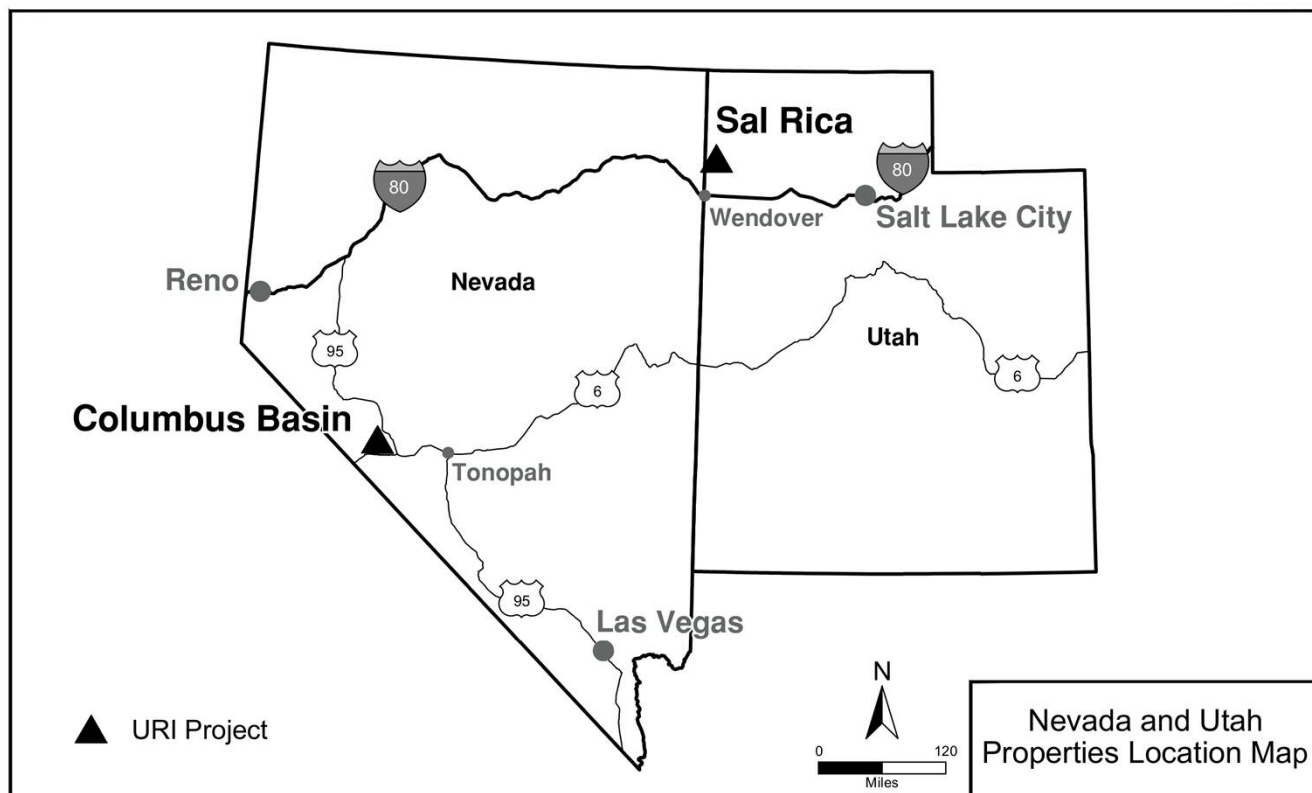
Our Rosita uranium processing plant and associated well fields are located in Duval County, Texas on a 200 acre tract of land owned by the Company. The facility is located within the South Texas uranium province, about 22 miles west of the town of Alice. The plant was constructed in 1990, and was originally designed to operate as an up-flow extraction facility, in a similar manner to our Kingsville Dome plant. Resin was processed at the Rosita plant, and the recovered uranium was precipitated into a slurry, which was then transported to Kingsville Dome for final drying and packaging. Production from the Rosita plant began in 1990 and continued until 1999, when it was placed on standby. In the 2007-2008 period upgrades were made to the processing equipment and additions to the facility were installed, including revisions to the elution and precipitation circuits, and the addition of a full drying system. Construction terminated when the plant was 95% complete, due to production and price declines. We anticipate that the plant will have an operating capacity of 800,000 pounds of  $U_3O_8$  per year when the upgrades have been completed. We are in the process of evaluating a relocation of our Rosita uranium processing plant to the Temrezli project in Turkey.

One satellite ion exchange system is in place at the Rosita project, but only operated for a short period of time in 2008. Loaded resin from the Rosita satellite unit was shipped to Kingsville Dome for processing.

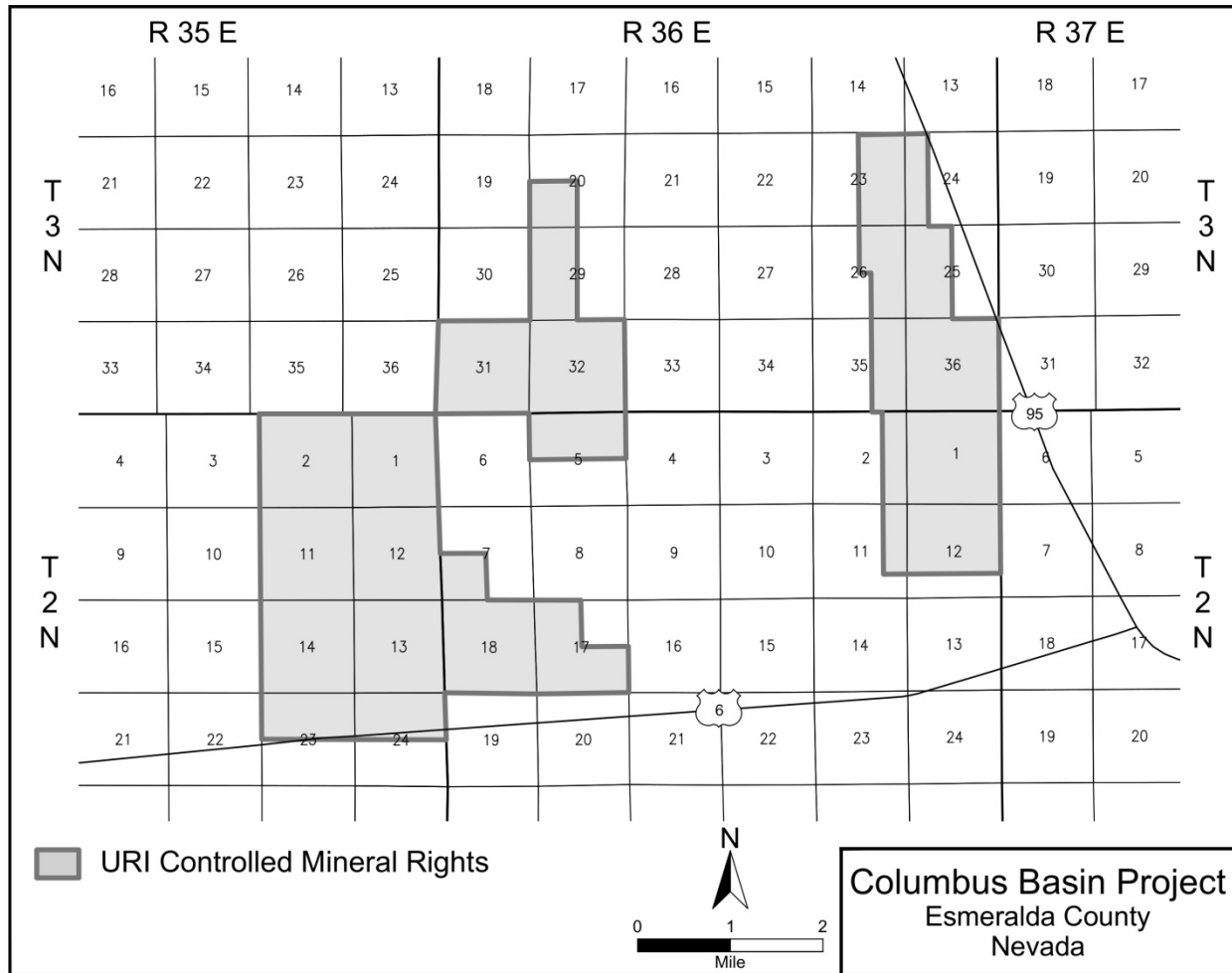
#### ***Vasquez***

The Vasquez project is located in Duval County, Texas, a short distance northwest of the town of Hebbronville. The project is situated on a leased tract of land that is being held until final groundwater restoration has been completed. The Vasquez ISR mine was constructed in 2004. Uranium recovered from wellfields at the Vasquez project was partially processed through a satellite ion exchange system, capable of processing 1,200 gallons per minute, and with final uranium recovery was undertaken at the Kingsville Dome plant. In addition to the satellite recovery facility, there is a 500 gallon per minute reverse osmosis system that has been utilized in our groundwater restoration efforts, which were completed in January, 2014. Uranium recovery efforts at the Vasquez project took place between 2004 and 2008.

## LITHIUM PROPERTIES



In 2016 we acquired land positions for potential lithium development in two prospective basins for lithium brines in the western United States – the Columbus Basin Project in Nevada and the Sal Rica Project in Utah. The Columbus Basin Project is located in western Nevada, approximately 27 miles northwest of the only lithium brine production facility in the United States, the Clayton Valley/Silver Peak lithium brine operation of Albemarle Corporation, and covers an area of approximately 11,200 acres. The Sal Rica Project is comprised of approximately 13,260 acres of placer mining claims covering a prospective target for lithium-enriched brines situated in the Pilot Valley region of northwestern Utah.



### ***Columbus Basin Project, Esmeralda County, Nevada***

*The Property.* We staked the claims that comprise our Columbus Basin lithium brine exploration project in July and September of 2016. The project area covers an area of approximately 11,220 acres, and is comprised of 567 unpatented placer mining claims. The properties do not have any work requirements or royalty obligations attached to them, although we are required to make annual claim maintenance payments of \$87,885 to the US Bureau of Land Management in order to keep the properties in good standing.

*Accessibility.* Our Columbus Basin project is situated in west-central Nevada, about 45 miles west of the town of Tonopah and 140 miles southeast of the city of Reno. All weather access to the project site is excellent; paved highways US-6 traverses the southwest part of our claim block and US-95 is on the eastern border of the project. A county maintained gravel road and several unmaintained trails cross the northern and western parts of the project.

An industrial rated electrical power line is present in the northern part of the project area, and mining related services are available in the nearby town of Tonopah.

*History.* The area of our Columbus Basin project has been the site of exploration for borate mineralization, potash-enriched brines and placer-hosted gold mineralization intermittently since the late 1800s. The Columbus Salt Marsh was the site of prospecting and small-scale production of borate minerals during the period of 1871 to 1881, exploration for potash-enriched brines was carried out, apparently without success, in 1912 and 1913, and placer gold prospecting has been carried out in the region up to the present. We are not aware of any previous significant exploration for lithium-enriched brines on our properties.



### ***Sal Rica Project, Box Elder County, Utah***

*The Property.* Our Sal Rica lithium brine exploration project was acquired from Mesa Exploration Corporation in September, 2016 for a combination of shares in Uranium Resources, Inc. and cash, as well as a two percent NSR royalty, payable to Mesa, on future production from the acquired lands. The property is comprised of approximately 9,900 acres of unpatented placer mining claims that were acquired from Mesa, and an additional 3,360 acres of unpatented placer claims that we staked subsequent to the purchase from Mesa Exploration. These additional placer claims, which adjoin the lands obtained from Mesa, are not subject to production royalties. In total, we hold 663 unpatented placer claims in the project area. Annual fees payable to maintain these properties in good standing are \$102,765, in the form of annual claim maintenance fees payable to the US Bureau of Land Management. There are no other obligations to keep our properties in good standing.

*Accessibility.* The Sal Rica project is situated within the Pilot Valley area of northwestern Utah, approximately 25 miles north of the town of Wendover, and about 100 miles west of Salt Lake City. The project area is accessible from Wendover by maintained gravel roads that flank the east and west sides of the project area, and unmaintained trails and “two-track” roads provide access from the gravel roads to the mining claims.

An electrical line is present in the southwestern part of the project area, and it provides power to a number of local ranches.

*History.* The Sal Rica project area was first explored for minerals by Quintana Petroleum in the mid-1960s, who drilled a series of wide-spaced (generally ranging from 1 to 2 mile spacing) shallow holes in search of potash bearing brines hosted in near-surface aquifers. As part of their exploration program Quintana analyzed material recovered from these drill holes for a range of associated elements, including lithium. Analytical results from this work indicated the presence of anomalous lithium values ranging from 22 to 81 parts per million lithium over an area of about 42 square miles. Mesa Exploration carried out a sampling program on the property in 2016 in an effort to confirm the analytical results, and obtained sample values ranging as high as 80 parts per million lithium and averaging 66 parts per million, consistent with the historical results of Quintana’s drilling.

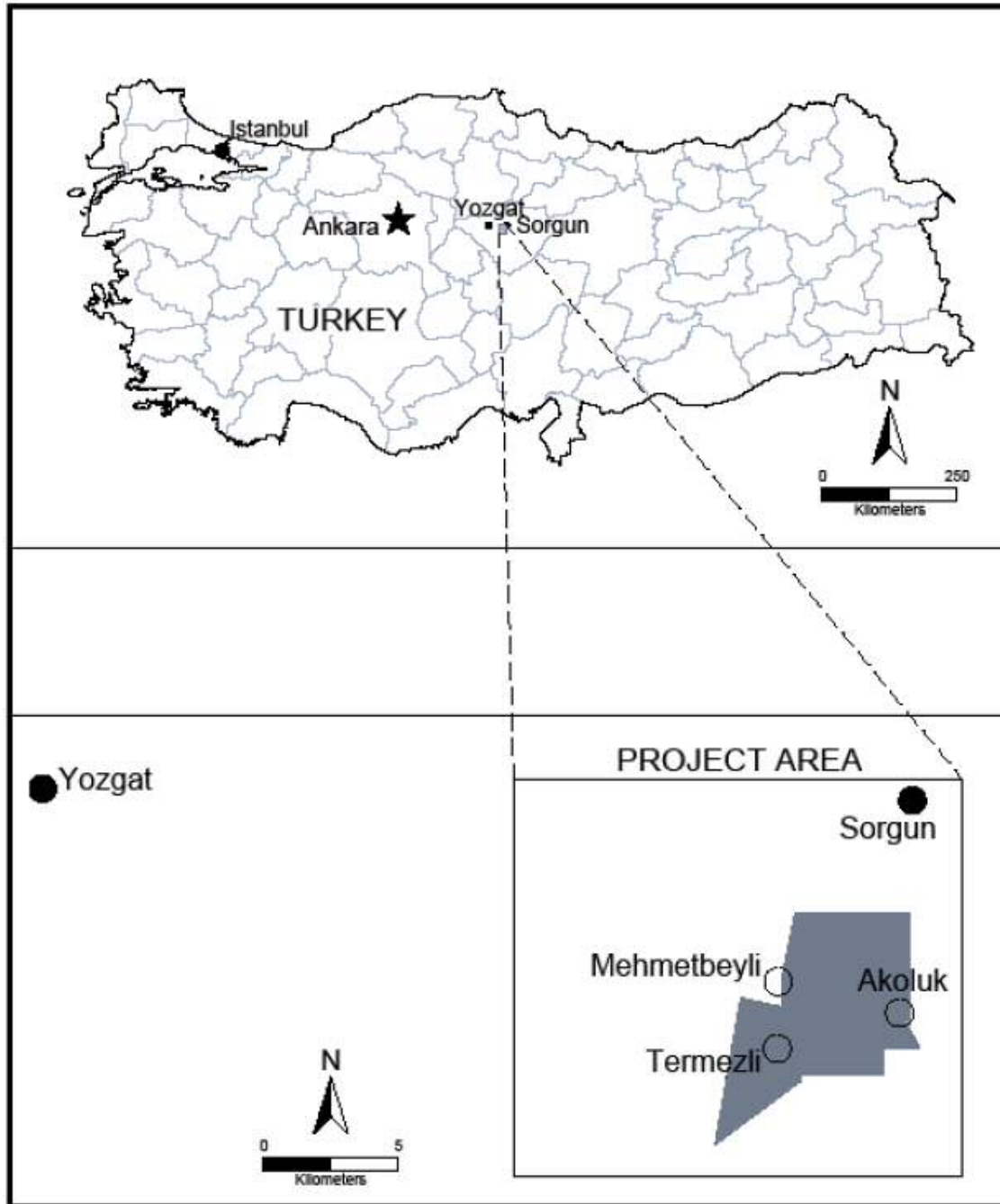
Other than the Quintana and Mesa exploration programs on the property there has been no mineral production from the project area.

*Project Geology.* The Sal Rica project area is situated in the Pilot Valley, a closed drainage basin that covers an area of about 130 square miles along the western margin of the Salt Lake Desert of western Utah. Regional geophysical studies carried out by the staff of the University of Utah, performed between 1957 and 1961, indicated that basin-fill sediments, as potential host rocks for lithium-enriched brines, attain a maximum depth of approximately 5,300 feet. These young and generally porous and permeable rocks were identified as potential host aquifers for lithium-enriched brines. Sampling of these uppermost rock sequences, at depths of 50 feet or less, has demonstrated the presence of anomalous levels of lithium-enriched brines.

*Project Activities.* We first identified the Sal Rica area as a potential target for exploration through a study of available geological and geophysical data, which was followed up by reconnaissance-scale exploration on the property, including collecting a limited number of sediment and brine samples. The results of our sampling show anomalous levels of lithium in sediments and brine sample results that are consistent with the results from the sampling programs carried out by Quintana and Mesa Exploration.

*Permitting Status.* We have not yet applied for any permits from regulatory authorities to carry out detailed exploration activities in the project area.

## URANIUM PROPERTIES



### *Temrezli Project, Yozgat Province, Republic of Turkey*

*The Property.* We acquired the Temrezli uranium project in November 2015. We control five licenses that make up the project area which were granted by the Turkish General Directorate of Mining Affairs. The granted licenses cover an area of approximately 13,490 acres. We hold these licenses through the payment of fees to the Turkish government and the fulfillment of certain physical work obligations on an annual basis. Four of the licenses are classed as “Operating Licenses”, and a change in status to “Operating License” status is pending for the remaining two licenses. Uranium production from the licenses is subject to the payment of a sliding-scale royalty, ranging from 2% to 16% depending upon the sales price of uranium, as defined by Turkish mining law. The sliding-scale royalty payments are to be made to certain agencies of the local

and Turkish governments. A further 1% royalty is payable to the General Directorate of Mining Affairs, who discovered the Temrezli uranium deposit.

*Accessibility.* The Temrezli project is situated in the Central Anatolia Region, Sorgun District of the Yozgat Province, Republic of Turkey. The project is situated near the center of the country, approximately 150 miles east-southeast of the national capital of Ankara. The project area is located about 10 miles south of the city of Sorgun and 45 miles southeast of the provincial capital of Yozgat.

Well maintained all-weather public highways connect Ankara with the provincial capital of Yozgat and the nearby city of Sorgun. Access to the project area from Sorgun to the general project area is provided by all-weather paved roads. A maintained dirt road connects the nearby villages of Akoluk and Mehmetbeyli and crosses the north-central part of the Temrezli project. Several unimproved dirt tracks and farm trails provide access to other parts of the project area, but these roads may become impassable for short periods of time during heavy precipitation.

Suitable sources of electrical power and water are available within the Temrezli property, and various sources of goods and services, as well as labor are readily available in the city of Sorgun, which is approximately 10 miles north of the project.

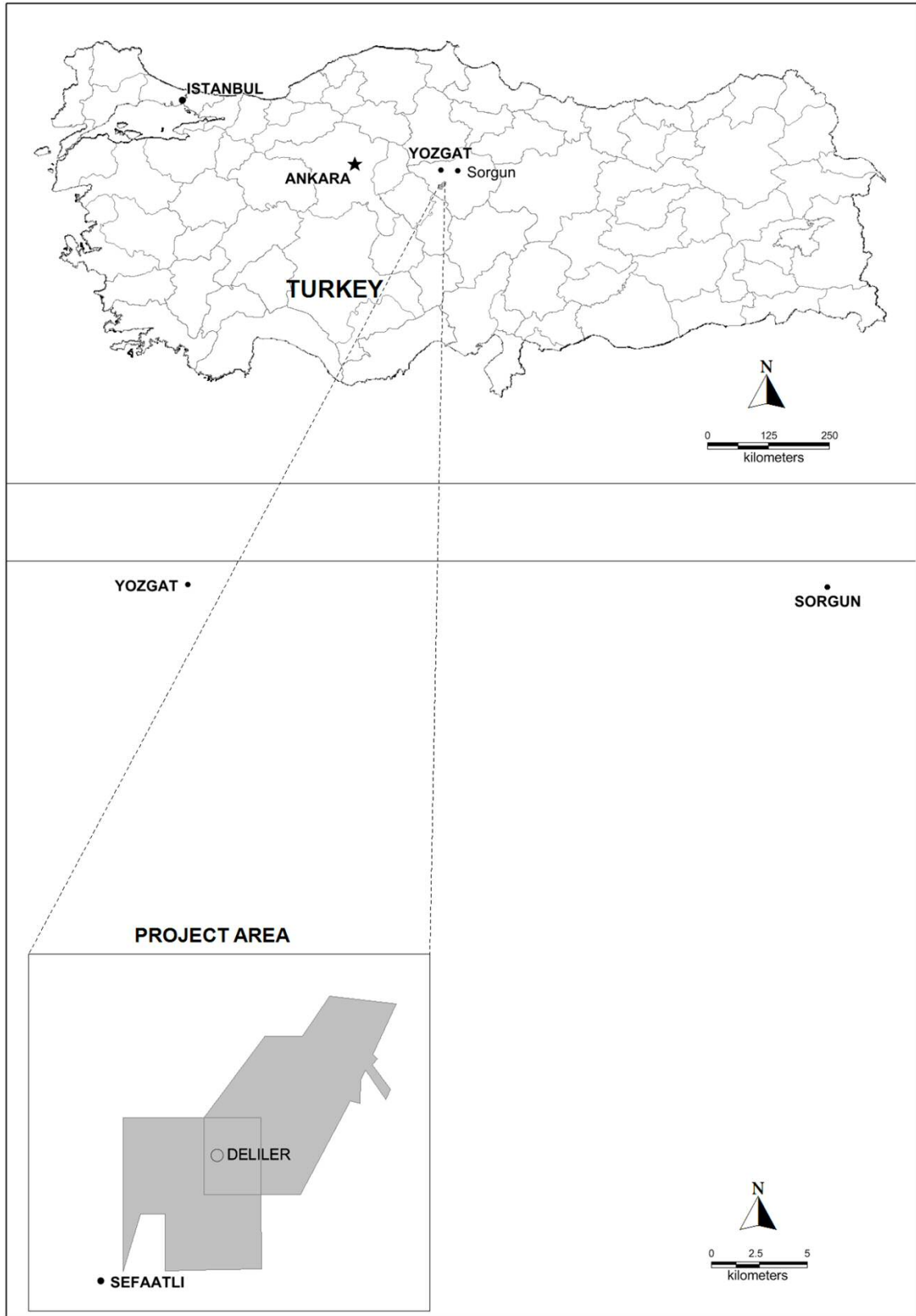
*Project Activities.* An extensive program of diamond core and rotary drilling has been conducted, as well as comprehensive environmental and cultural resources surveys and a wide range of metallurgical testing on uranium mineralization that was originally discovered by an agency of the Turkish government in the 1980s.

Since acquiring the Temrezli project we have continued the various environmental and hydrological studies required for submission of operating permit applications and undertaking further metallurgical tests. We have carried out detailed studies of the quantity and quality of the uranium mineralization at the Temrezli deposit and expect to prepare a detailed economic and operational assessment of the project. The timing of these studies is dependent upon the potential development of the Temrezli project as a future ISR uranium mine.

*Project Geology.* Uranium at the Temrezli project occurs as a series of generally flat lying to gently dipping tabular mineralized bodies that are hosted in medium to coarse-grained nearshore marine sandstones at depths ranging from less than 200 feet to approximately 600 feet beneath the surface. Individual mineralized zones range from a the low 100s to about 1,000 feet in length, several 10s to a 100 feet in width, and about 3 to approximately 30 feet in thickness. The mineralized zones are 100 feet or more beneath the local water table.

*Permitting Status.* We hold permits for exploration and development drilling on the property and hydrological testing of the mineralized zones. We have collected a comprehensive suite of environmental and cultural resource data for the project area, and its immediate vicinity, to serve as the basis for the application of an Environmental Impact Assessment, which, in turn would lead to the issuance of a mine operating permit.





### ***Şefaati Project, Yozgat Province, Republic of Turkey***

*The Property.* The property was acquired in November 2015. We hold three exploration licenses (with License Numbers: 201100582, 201100583 and 200810035) in the project area. These licenses cover an area of approximately 25,113 acres. Two of the licenses are in advanced exploration license status. One license is on a pending operation license status.

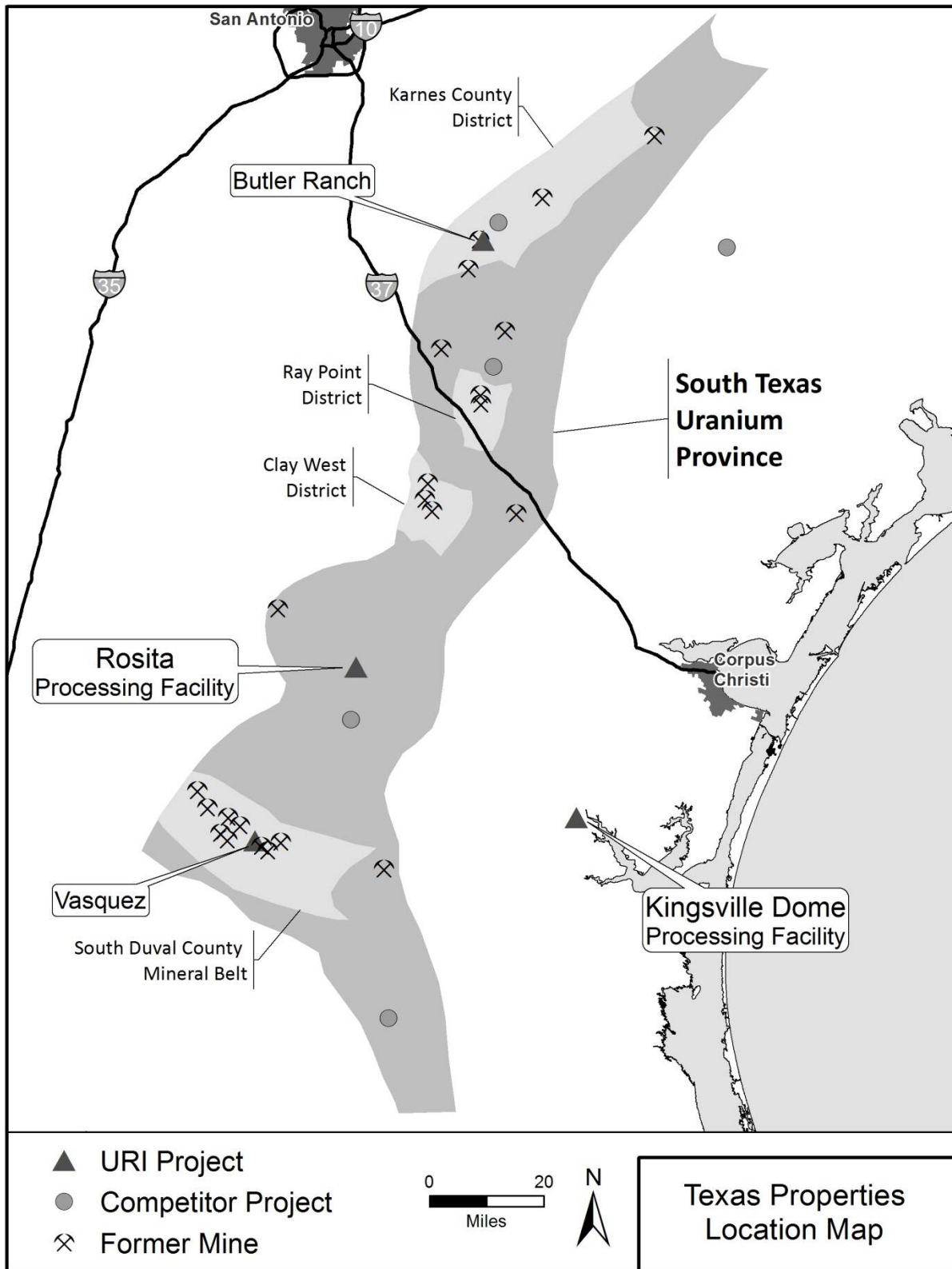
*Accessibility.* The Şefaati project is located in the town of Şefaati district in Yozgat Province in central Turkey. The project area is located about six miles from city of Şefaati and 20 miles southwest of the provincial capital of Yozgat.

Well maintained all-weather public highways connect Ankara with the provincial capital of Yozgat and the nearby city of Şefaati. Access to the properties from Şefaati is provided by all-weather village roads. These roads may become impassable for short periods of time during heavy precipitation.

*Project Activities.* The Şefaati project was first discovered by the Uranium Division of the General Directorate of Mineral Research & Exploration (“MTA”) of the Ministry of Energy and Natural Resources in the late 1980s. MTA conducted over 15,000 meters drilling during their work. The mineralized zones were discovered but the lateral extents of these zones were not identified at that time. Since that time no work was done until the property rights were transferred in 2008 and 2011. Adur completed 117 exploration and resource drill holes with a total of 11,951 meters. We expect to conduct additional drilling on the property in the future to define the resource boundaries.

*Project Geology.* The basement rock in the property consists of Cretaceous aged granite which is overlaid by uranium containing Eocene aged shallow marine sediments. Pliocene limestone is locally covering Eocene units. All these units are overlaid by Quaternary alluvium. Granitic intrusions are considered to be the source of the uranium. Uranium bearing lenses are formed in oxidation reduction boundaries of Eocene aged fine to coarse grained sandstone after uranium was washed and transported by ground and meteoric water.

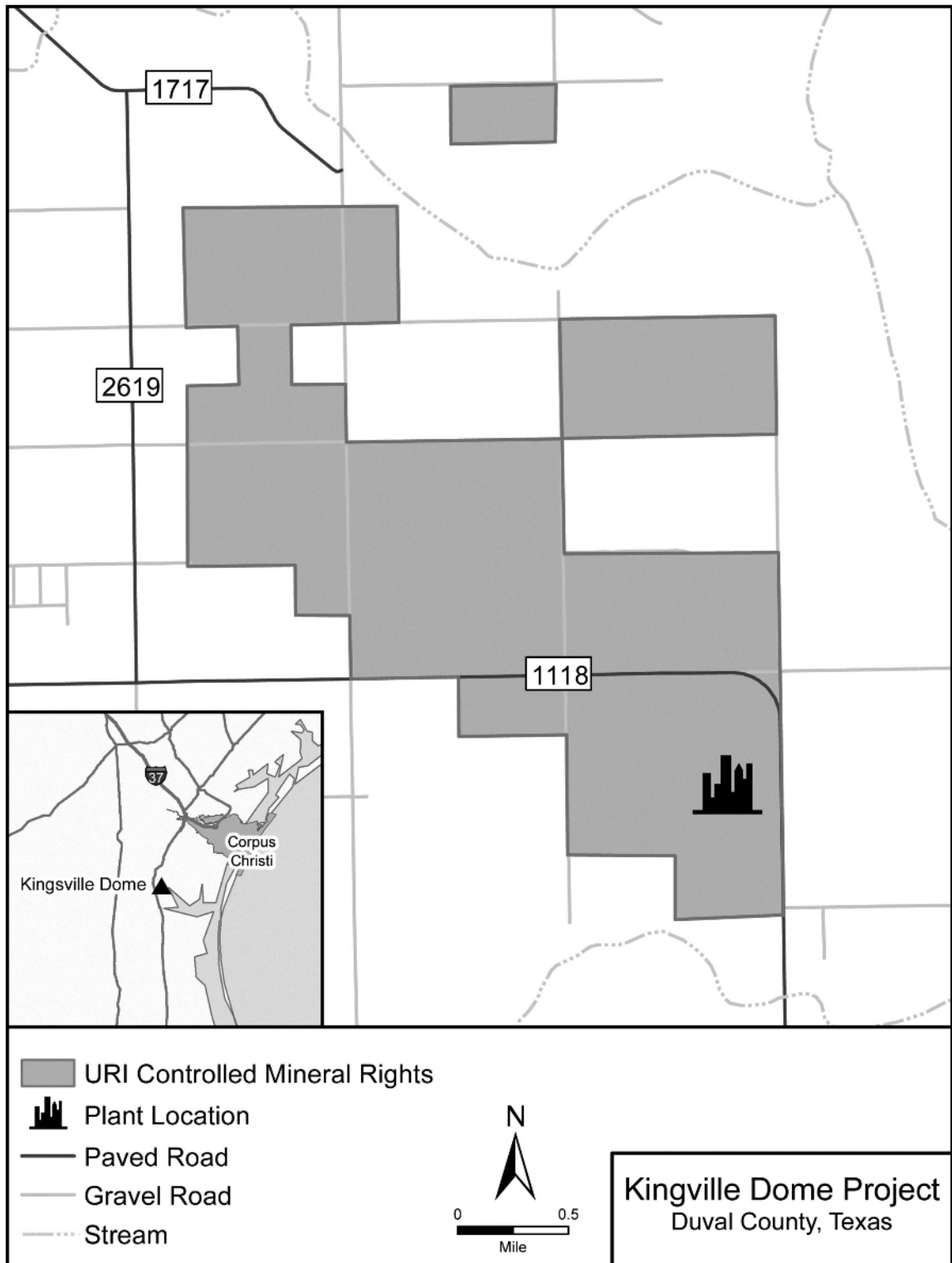
*Permitting Status.* URI holds permits for exploration and development drilling on the property of the mineralized zones.



## **SOUTH TEXAS PROPERTIES AND EXPLORATION PROJECTS**

We currently control three production properties and one exploration project in the state of Texas, all of which are located in the South Texas uranium province, an arcuate belt of sandstone-hosted uranium deposits that extends from near the Texas-Mexico border on the south to an area southeast of the city of San Antonio on the northeast. The belt parallels the present-day coast of the Gulf of Mexico, and is approximately 160 miles long and up to 35 miles in width. The Company's Kingsville Dome, Rosita and Vasquez properties and the Butler Ranch project are all situated within this belt of known uranium deposits. The Kingsville Dome, Rosita and Vasquez properties are owned by our wholly-owned subsidiary URI, Inc. and the Butler Ranch project is owned by the Company's wholly owned subsidiary, Uranco, Inc. The locations of the Kingsville Dome, Rosita and Vasquez production properties and the Butler Ranch project are described below.

From 1988 to 1999 we produced approximately 6.1 million pounds of  $U_3O_8$  from the Kingsville Dome and Rosita projects, and from 2004 to 2009, Kingsville Dome, Rosita and Vasquez produced an additional 1.4 million pounds of  $U_3O_8$ .



### ***Kingsville Dome Project, Kleberg County, Texas:***

*The Property.* The Kingsville Dome project is located in central Kleberg County, South Texas, approximately 35 miles southwest of the city of Corpus Christi and eight miles southeast of the town of Kingsville. The project is comprised of numerous mineral leases from private landowners, covering an area of approximately 2,434 gross and 2,227 net acres of mineral rights. The leases are held through the payment of annual rents, and the leases provide for the payment of production royalties, ranging from 6.25% to 9.375%, based upon uranium sales from the respective leases. The leases have expiration dates ranging from 2000 to 2007; however we continue to hold most of these leases through our ongoing restoration activities. With a few minor exceptions, the leases contain clauses that permit us to extend the leases not held by production by payment of royalties ranging from \$10 to \$30 per acre.

*Accessibility.* Access to the Kingsville Dome process facility is very good, as an improved company-owned private road connects the facility with Texas Farm to Market Road 1118 about eight miles southeast of Kingsville, Texas, and about four miles east of U.S. Highway 77 at the town of Ricardo. Numerous county and ranch roads, some of which are only intermittently maintained, provide access to the entire project area.

Suitable electrical power is present at the site of the Kingsville Dome process plant, and additional power lines throughout the areas of the wellfields throughout the project area.

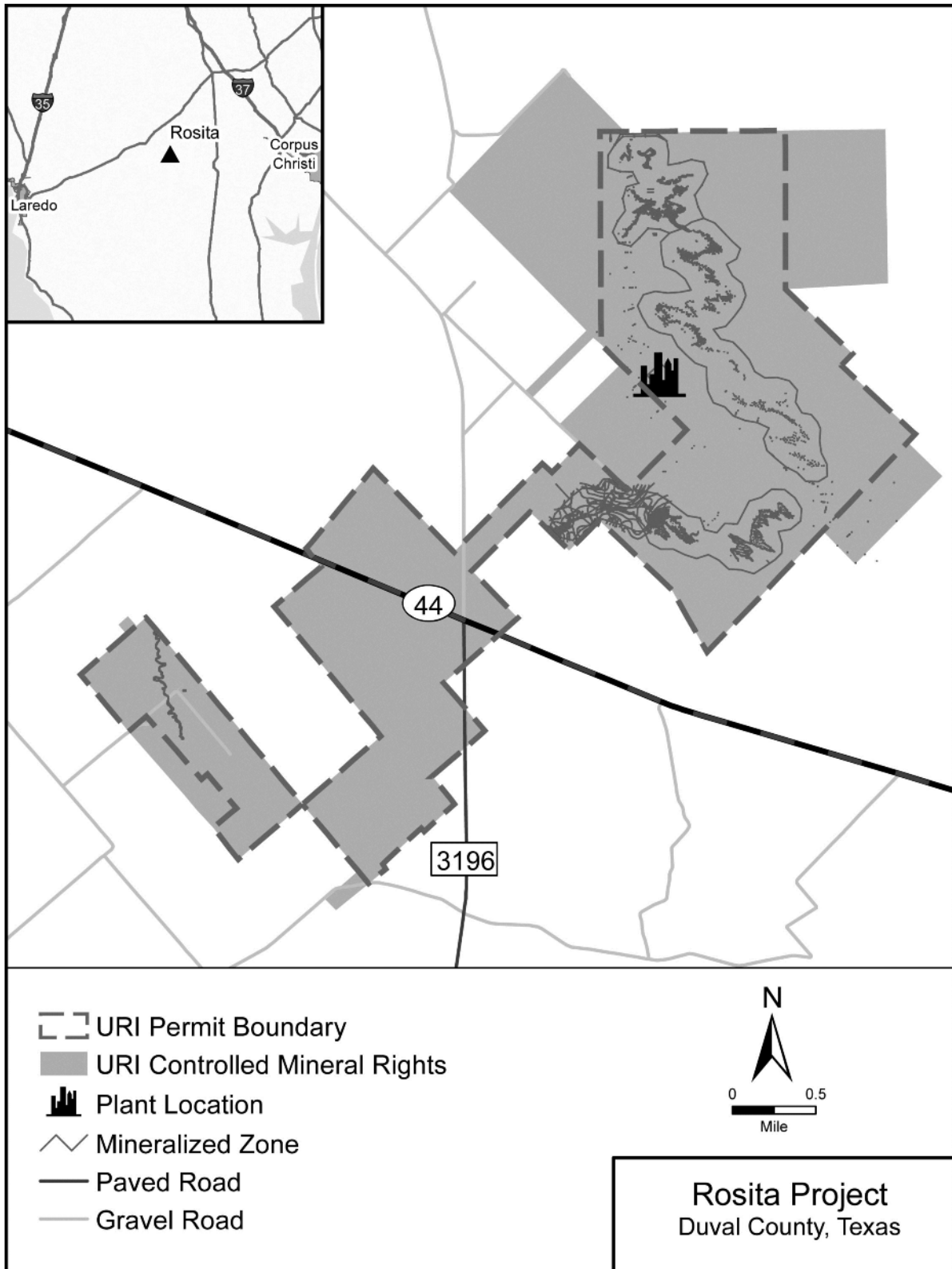
*History.* Initial production from the Kingsville Dome uranium deposit commenced in May 1988. From the onset of production until July, 1999 we produced a total of 3.5 million pounds of  $U_3O_8$  from the project area. Production was suspended in July, 1999, due to depressed uranium prices, but it resumed in April, 2006. Production in 2006 was 94,100 pounds of  $U_3O_8$ , 338,100 pounds in 2007, 252,000 pounds in 2008 and 56,000 pounds in 2009. We have not produced any uranium at the Kingsville Dome project since 2009. The Kingsville Dome project currently contains insignificant mineralized material.

*Project Geology.* Uranium mineralization at the Kingsville Dome project occurs as roll-front deposits hosted in porous and permeable sandstones of the Goliad Formation, at depths ranging from 600 to 750 feet beneath the surface. The mineralization is localized along the southwestern to northern flanks of the Kingsville Dome geological feature, which also hosts oil and gas deposits in geological units that are situated well below the Goliad Formation sandstones. We do not control those oil and gas deposits.

*Restoration and Reclamation.* The Company completed the groundwater restoration program during 2013 and entered the required stabilization period. As a result, the Company did not incur any costs related to restoration and reclamation activities during 2015 and 2016. During 2016, we conducted stability and standby care activities at the Kingsville Dome project, as required by our permits and licenses.

There are three TCEQ authorized production areas at the Kingsville Dome project. In 2012, restoration was completed within ten wellfields located in production areas 1 and 2. In 2013, URI, Inc. continued to sample and observe the wellfields in production areas 1 and 2 during a stabilization period required by TCEQ rules, and on October 15, 2013 we declared to TCEQ that groundwater restoration was complete in production areas 1 and 2. Groundwater restoration for production area 3 was conducted throughout 2013, completed in December 2013 and simultaneously placed into stability. Subject to regulatory approval, groundwater restoration is completed for the entire project. Since we began our groundwater activities in 1998, we have processed and cleaned approximately 2.6 billion gallons of groundwater at the Kingsville Dome project.

*Permitting Status.* A radioactive material license issued by the TCEQ is in timely renewal. On September 26, 2012, we filed the requisite application for renewal of our UIC permit, and on December 12, 2012, we filed an amendment to the application that would provide for resumption of uranium recovery activities. We have requested to withdraw our UIC permit and resubmit at a later date. The request to withdraw is under consideration by the TCEQ. As new areas are proposed for production, additional authorizations under the area permit would be required. The permit for the waste disposal well 248 (WDW248) was submitted for renewal and is undergoing technical review by the TCEQ.



### ***Rosita Project, Duval County, Texas***

*The Property.* The Rosita project is located in north-central Duval County Texas, about 14 miles southeast of the town of Freer and 60 miles west-northwest of the city of Corpus Christi. Our property holdings consist of mineral leases from private landowners covering approximately 2,759 gross and net acres of mineral rights. The nearby Rosita South property (also known as the Cadena area) consists of mineral leases from private land owners on approximately 1,795 gross and 1,479 net acres. All of the leases for the Rosita and Rosita South areas provide for payment of sliding scale royalties that are based upon the price of uranium, ranging from 6.25% to 18.25% of uranium sales produced from the leased lands. Under the terms of the leases the lands can be held after the expiration of their primary term and secondary terms, as long as we are carrying out restoration and reclamation activities. The leases have primary and secondary terms ranging from 2012 to 2015, and provisions to extend the leases beyond the initial terms. We hold these leases by payment of annual property rental fees ranging from \$10 to \$30 per acre.

*Accessibility.* Access to the Rosita project and process facility is good, from an improved company-owned private drive that connects with an unpaved but maintained county road, which in turn connects with to Texas Farm to Market Road 3196, about one mile northeast of the intersection of State Highway 44 and FM 3196 in Duval County.

Electrical power for the Rosita project is readily available, with an industrial-scale power line extending to the Rosita process plant.

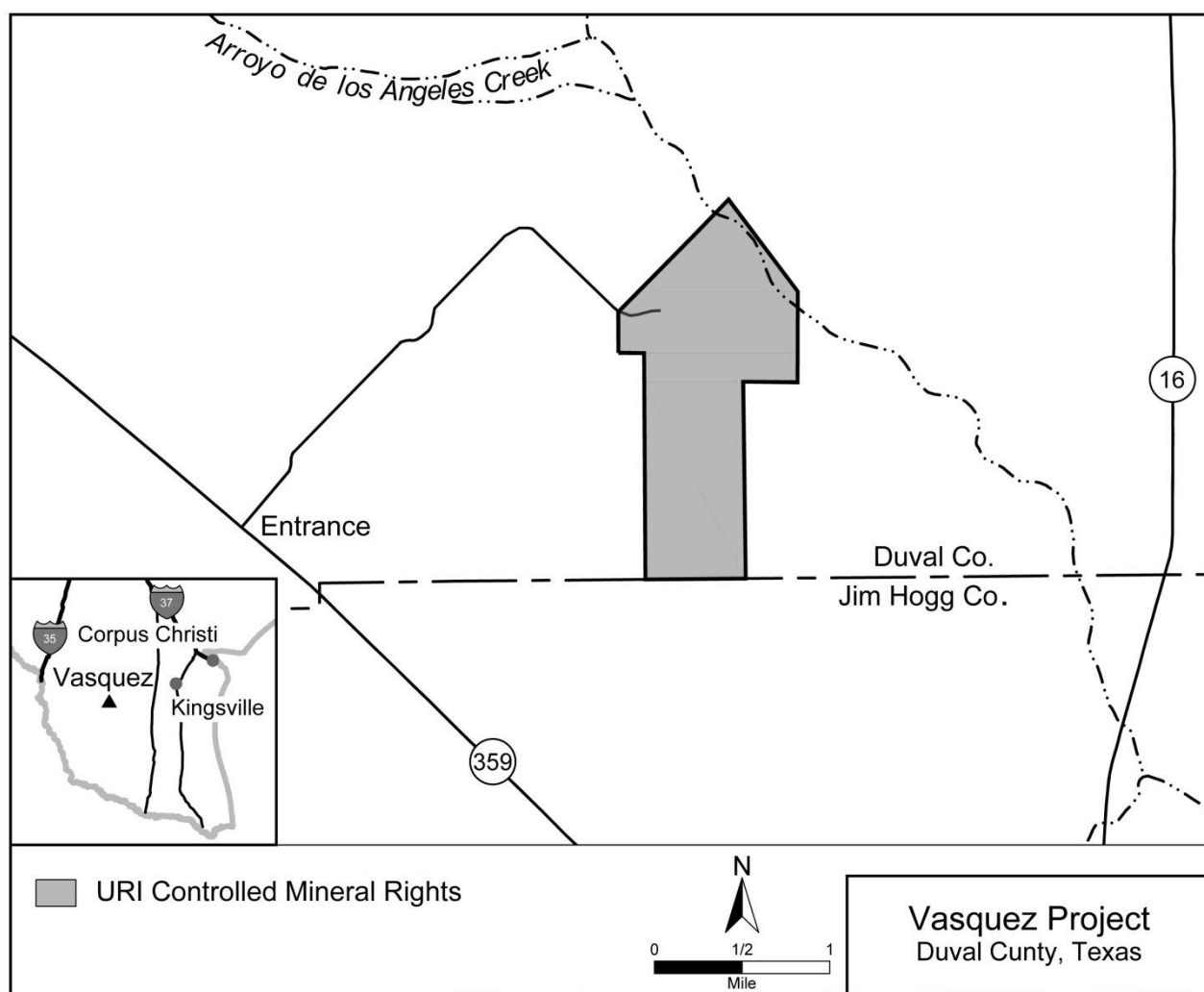
*History.* Initial production of uranium from the Rosita project, utilizing the in-situ recovery (ISR) process, commenced in 1990, and continued until July 1999. During that time we produced 2.64 million pounds of  $U_3O_8$ . Production was halted in July of 1999 due to depressed uranium prices, and resumed in June 2008. Technical difficulties, coupled with a sharp decline in uranium prices led to the decision to suspend production activities in October, 2008, after the production of 10,200 pounds of  $U_3O_8$ . We have had no production from the Rosita project since that time.

*Project Geology.* Uranium mineralization at the Rosita project occurs as roll-fronts hosted in porous and permeable sandstones of the Goliad Formation, at depths ranging from 125 to 350 feet below the surface.

*Restoration and Reclamation.* The Rosita project is comprised of four TCEQ authorized production areas. Production areas 1 and 2 are depleted, and groundwater restoration has been completed to regulatory standards. Production areas 3 and 4 contain immaterial uranium reserves that have yet to be produced. Production areas 1 and 2 consist of seven wellfields whose groundwater has been restored by the circulation and processing of approximately 1.3 billion gallons of reverse osmosis treated water. In 2013 we completed the final phase of TCEQ required stabilization in production areas 1 and 2. The Company began plugging wells in production areas 1 and 2 in 2014 and completed those activities in 2015. TCEQ has accepted that plugging was completed in accordance with the approved closure plan. Remaining wells for other uses are being transferred or reclassified in order to complete closure of the two production areas. During 2016, the Company incurred costs relating to surface reclamation and standby of the aforementioned production areas. Surface reclamation is now underway and is expected to continue through 2017.

*Permitting Status.* A radioactive material license issued by the Texas Commission on Environmental Quality (TCEQ) for the Rosita project is in timely renewal. On August 30, 2012, we filed the requisite application for renewal of our underground injection control permit and it was issued on October 20, 2014. Production could resume in areas already included in existing production area authorizations. As new areas are proposed for production, additional authorizations from the TCEQ under the permit will be required.





### ***Vasquez Project, Duval County, Texas***

***The Property.*** Our Vasquez project is located in southwestern Duval County, Texas, about seven miles north-northwest of the town of Hebbbronville and 100 miles southwest of Corpus Christi. The property consists of a mineral lease on 872 gross and net acres. While the primary term of the mineral lease expired in February 2008, we continue to hold the lease by carrying out restoration activities. We pay an annual rental fee to the property owner, and the lease provides for the payment of a sliding-scale production royalty of 6.25% of uranium sales below \$25.00 per pound, increasing to 10.25% for uranium sales occurring at or above \$40.00 per pound of  $U_3O_8$ .

***Accessibility.*** Access to the Vasquez project area is good from a Company-owned and improved private drive to an improved ranch road that connects to Texas State Highway 359, a short distance northwest of Hebbbronville.

Adequate electrical power is available in the project area, with a power line extending onto the property to service our facilities at the Vasquez project.

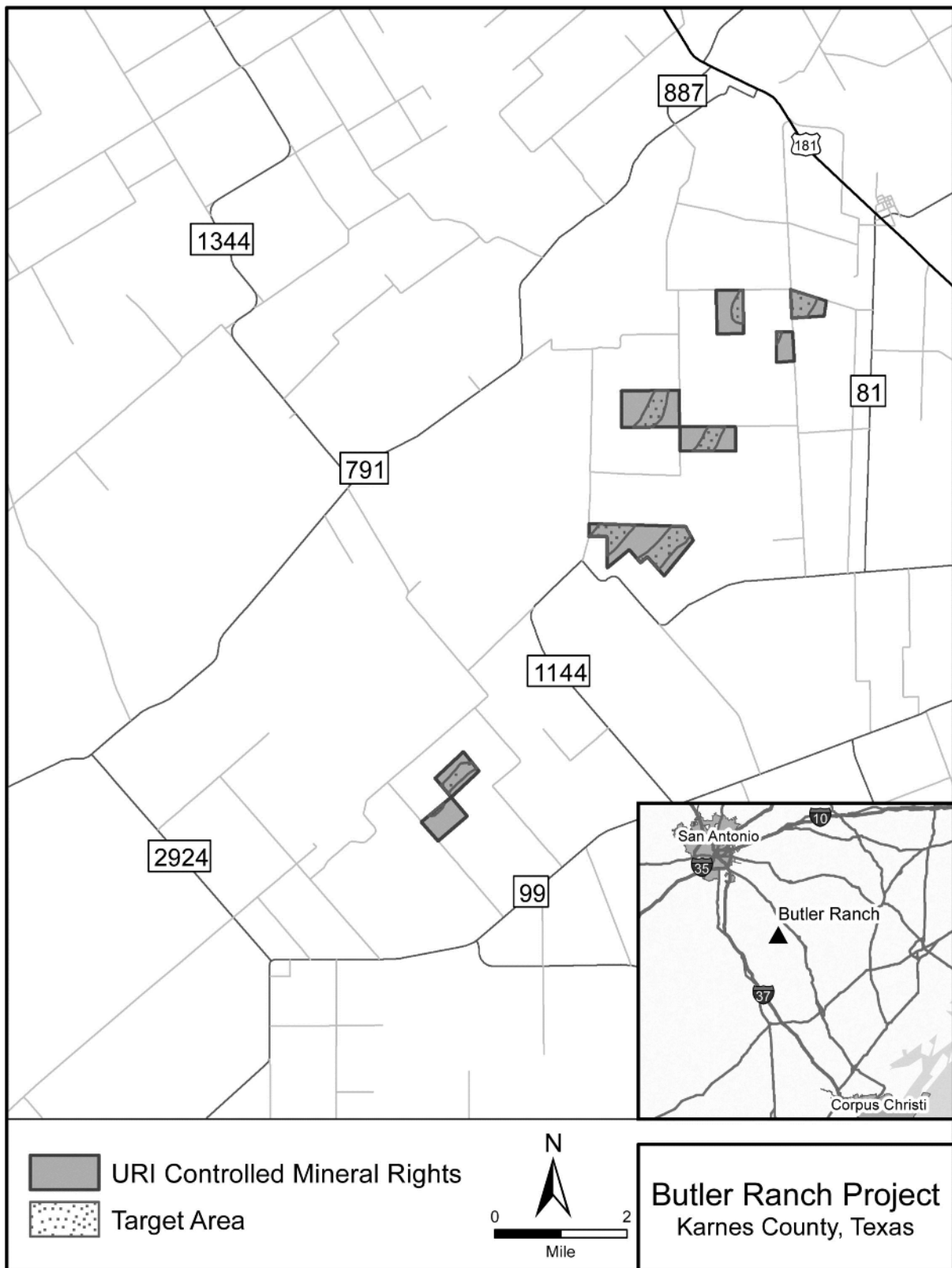
***History.*** We commenced production from the Vasquez project in October 2004, but we have had no production from the project since 2008.

***Project Geology.*** Uranium mineralization at the Vasquez project occurs as roll-fronts within porous and permeable sandstones the Oakville Formation, at depths ranging from 200 to 250 feet below the surface.

*Restoration and Reclamation.* We conducted restoration and reclamation activities at the Vasquez project through 2013, and since 2014 the project has been in the required groundwater stabilization period. As a result, the Company did not incur significant costs for restoration activities during 2016.

The Vasquez project consists of two authorized production areas. Production area 1 consists of five wellfields and production area 2 consists of two wellfields. At the end of 2013, groundwater restoration was completed at all wellfields in all production areas. In 2014, both production areas were placed into stability and remained in this status for all of 2016. Subject to regulatory approval, groundwater restoration has been completed for the entire project. Since the commencement of groundwater restoration activities at the end of 2007, we have treated approximately 640 million gallons of groundwater at the Vasquez project.

*Permitting Status.* A radioactive material license issued by the TCEQ is in timely renewal. On July 10, 2012 we filed the requisite application for renewal of our underground injection control permit. On September 23, 2014 the renewal was issued by the TCEQ. Vasquez UIC permit URO3050 was approved for a restoration range table amendment in 2016 and is currently awaiting approval of the restoration table amendment. Approval is expected in early 2017 and we will be able to proceed with the final phase of stabilization and begin plugging and abandonment of the site.



### ***Butler Ranch Project, Karnes County, Texas***

*The Property.* We acquired the Butler Ranch project from Rio Grande Resources in 2014, as part of a larger property exchange with them. Our property is comprised of nine fee leases that cover an area of about 1,322 gross or 1,262 net acres of mineral rights. We can hold the leases by payment of annual rental fees, ranging from \$10 to \$25 per acre. Each of the leases makes provision for the payment of royalties of 10% of sales to the property owners. Leases have initial terms of 8 to 10 years and have provisions to “hold by drilling” and identifying uranium mineralization on the specific properties.

*Accessibility.* The Butler Ranch project is located in the southwestern end of Karnes County, Texas, about 45 miles southeast of the city of San Antonio, and 12 miles northwest of the town of Kenedy. Numerous paved state and federal highways are present within close proximity of the project area, and maintained farm and oilfield access roads cross all parts of the project.

Numerous electrical lines, many of which are of industrial grade to service oil and gas production facilities, are present throughout the area of the project.

*History.* The project is situated in the southwestern end of the Karnes County uranium mining district, which was one of the largest uranium production areas in Texas. Numerous open pit mines were developed and operated in the area, including important production operations by Conoco, Susquehanna-Western, Pioneer Nuclear, and Chevron Resources. The historic uranium activities focused upon deposits that were situated above the water table, and the mineralization recovered from the open pit mines was processed in conventional mills owned and operated by Conoco, Susquehanna-Western, Pioneer Nuclear and Chevron Resources.

There has not been any uranium production from the Company’s properties.

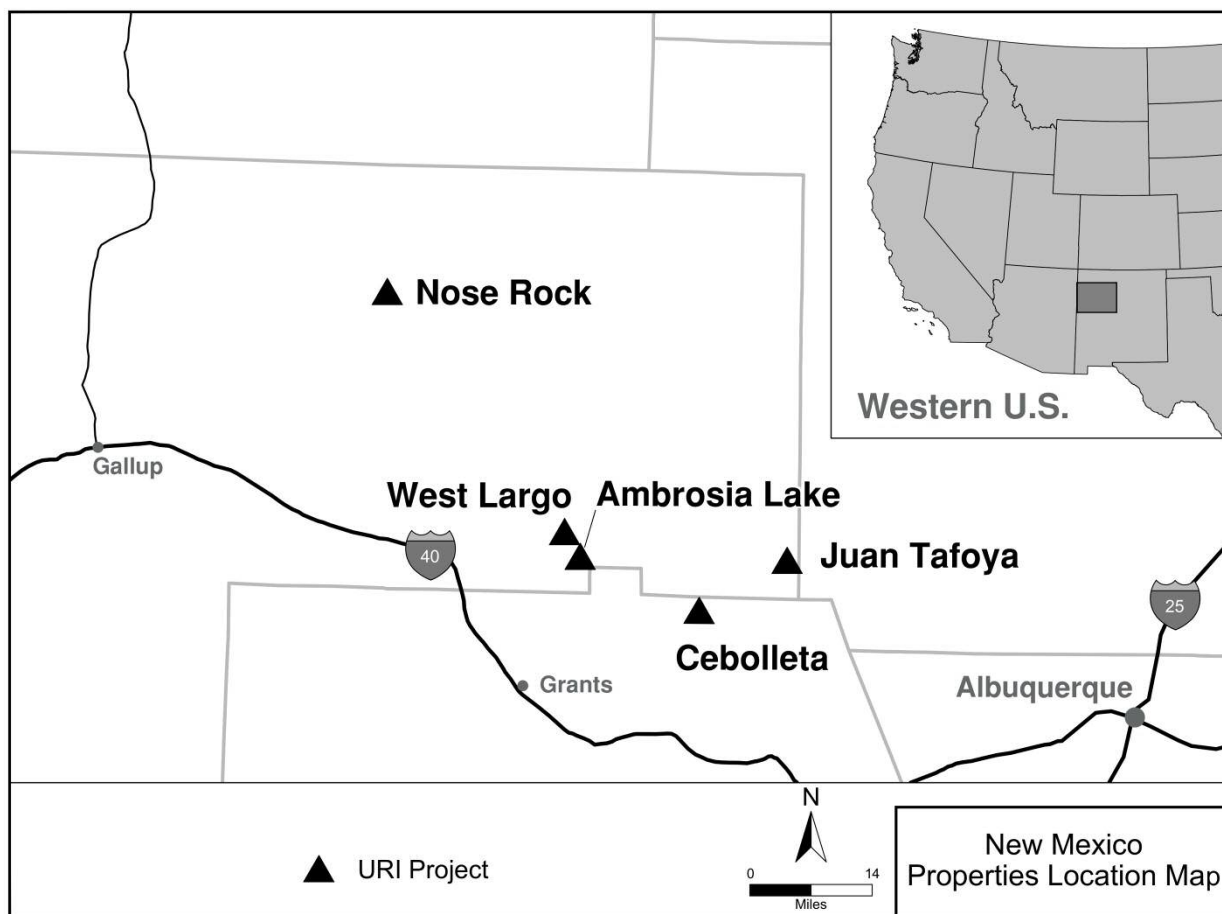
*Project Geology.* Uranium mineralization at Butler Ranch occurs primarily in the form of roll-front deposits hosted primarily in sandstones of the Jackson Group, including the Deweesville and Stones Switch units. Some mineralization in the area occurs as tabular bodies associated with lignite (carbonaceous material) or in somewhat permeable units in the Conquista Clay as well.

Historical mining activities in the project area focused upon deposits that were positioned above the water table, while our targets are situated below the water table and may be suitable for in-situ recovery methods.

*Project Activities.* We carried out a short exploration drilling program on one lease in the project area in late February and early March 2015. The exploration program was comprised of five conventional rotary drill holes that totaled 1,620 feet, and was designed to test for extensions of an adjoining zone of uranium mineralization. All five of our drill holes encountered indications of uranium mineralization, requiring further study.

In 2015, we acquired a substantial amount of historical exploration drilling information and other geological data for our properties in the Butler Ranch area. Detailed technical studies of this information have been carried out, and this new information is being combined with other data that we hold in order to further evaluate the potential of the Butler Ranch project.

*Permitting Status.* We received an exploration drilling permit for the Butler Ranch project in February 2015 from the Texas Railroad Commission, which the Company did not renew in 2016.

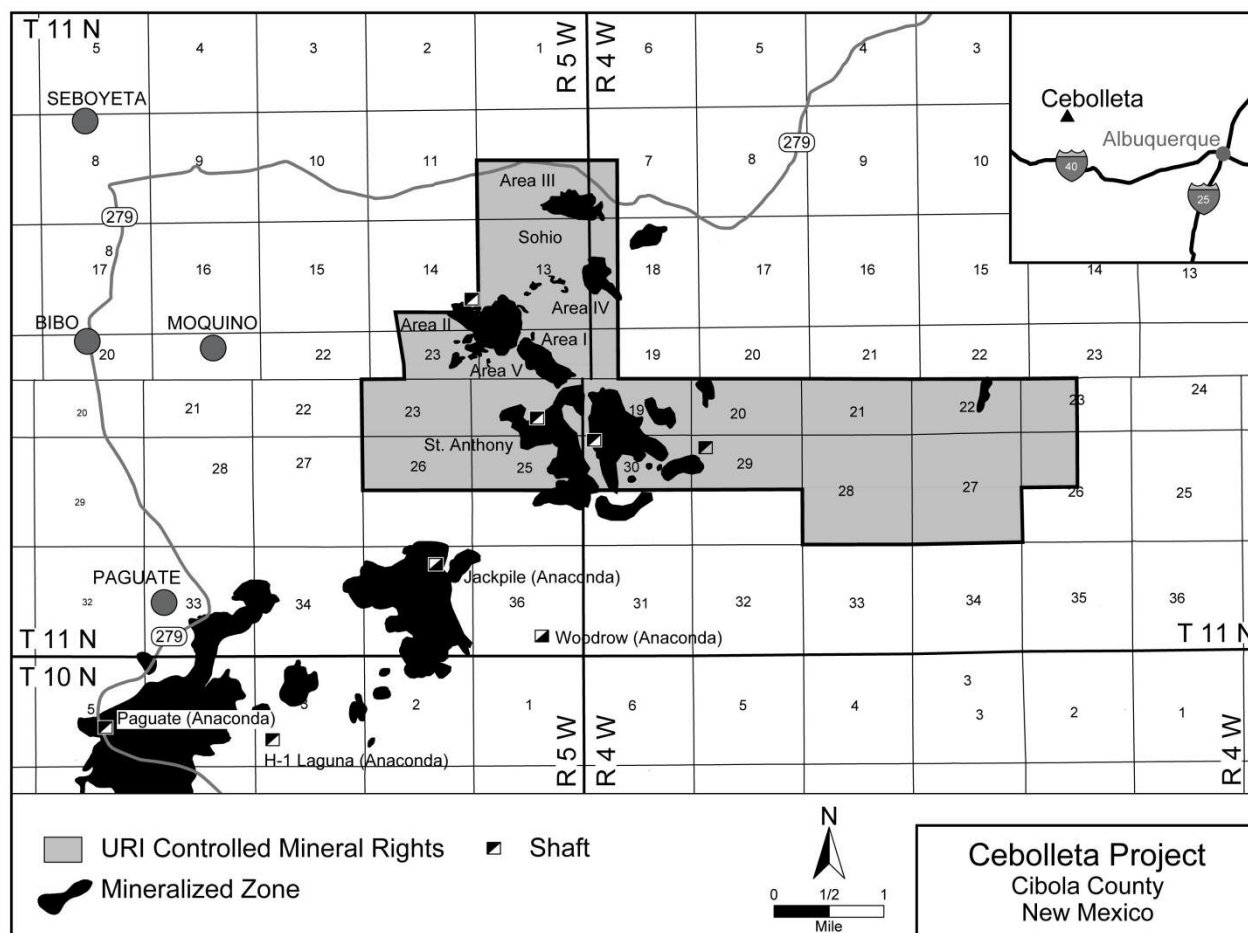


## **NEW MEXICO PROJECTS**

### ***General***

We hold a significant portfolio of properties throughout the extent of the Grants mineral belt of west-central New Mexico (see the above map). Included within our New Mexico property portfolio are fee surface and mineral rights that we own, fee surface and mineral rights leased from third parties, state of New Mexico mining leases, and owned patented and unpatented lode mining claims. Collectively, this property position represents one of the largest mineral rights holdings in the Grants mineral belt.

The Grants mineral belt is an approximately 100 mile long northwesterly trending belt of sandstone-hosted uranium deposits that historically have been the largest source of uranium production in the United States. During the period of mining activity in the Grants mineral belt, generally between the early 1950s and the mid-1980s, more than 80 underground and open pit mines were developed and operated by several mining companies. At various times during the productive life of the Grants mineral belt, six uranium processing mills were built and operated by the Anaconda Company, Homestake Mining Company, Kerr-McGee, Phillips Petroleum, Sohio Western and United Nuclear.



### ***Cebolleta Project***

*General.* Our Cebolleta project is located in west-central New Mexico, approximately 45 miles west-northwest of the city of Albuquerque. It is situated in the Laguna mining district, an area that has seen considerable uranium mining activity since the 1950s.

*The Property.* In March 2007, we entered into a lease with La Merced del Pueblo de Cebolleta (the “Cebolleta Land Grant”), a privately held land grant, to lease the Cebolleta property (the “Cebolleta Lease”), which is composed of approximately 6,717 acres of fee (deeded) surface and mineral rights. The Cebolleta Lease was affirmed by the New Mexico District Court in Cibola County in April 2007. The Cebolleta Lease provides for: (i) a term of ten years and so long thereafter as Cibola is conducting operations on the Cebolleta property; (ii) initial payments to the Cebolleta Land Grant of \$5,000,000; (iii) a recoverable reserve payment equal to \$1.00 multiplied by the number of pounds of recoverable uranium reserves upon completion of a feasibility study to be completed within six years, less (a) the \$5,000,000 referred to in (ii) above, and (b) not more than \$1,500,000 in annual advance royalties previously paid pursuant to (iv); (iv) annual advanced royalty payments of \$500,000; (v) gross proceeds royalties ranging from 4.50% to 8.00% based on the then current price of uranium; (vi) employment opportunities and job-skills training for the members of the Cebolleta Land Grant and (vii) funding of annual higher education scholarships for the members of the Cebolleta Land Grant. The Cebolleta Lease provides us with the right to explore for, mine, and process uranium deposits present on the Cebolleta project. In February 2012, we entered into an amendment of the Cebolleta Lease (the “Cebolleta Lease Amendment”) amending the Cebolleta Lease, subject to approval of the Thirteenth Judicial District. Pursuant to the Cebolleta Lease Amendment, the date for the completion of the feasibility study was extended from April 2013 to April 2015. In addition, the date has been further extended subject to a reduction in the \$6,500,000 initial payment and annual advance royalty payments deductions to the recoverable reserve payment. The Company intends to negotiate with the Cebolleta Land Grant on the terms for the continuation of the Cebolleta Lease.

*Accessibility.* The Cebolleta project is situated in the eastern-most portion of Cibola County, New Mexico. It is located approximately 45 miles west-northwest of the city of Albuquerque, and about 10 miles north of the town of Laguna. A major transcontinental highway (US Interstate Highway I-40) traverses the region about 12 miles south of the project and a well-maintained state of New Mexico paved highway, New Mexico State Highway 279 connects I-40 at the village of Laguna with the settlement of Seboyeta, which is located approximately four miles northwest of the project. An all-weather graded gravel road and several private roads of varying quality cross the project lands and provide access to nearly all parts of the project area. During periods of precipitation access to the immediate project area on the unmaintained private roads may be hindered due to muddy ground conditions, but these events are normally of short duration.

One power line is present at the north end of the project area, and a major high voltage electrical transmission line and sub-station are present approximately five miles northeast of the main part of the Cebolleta project area.

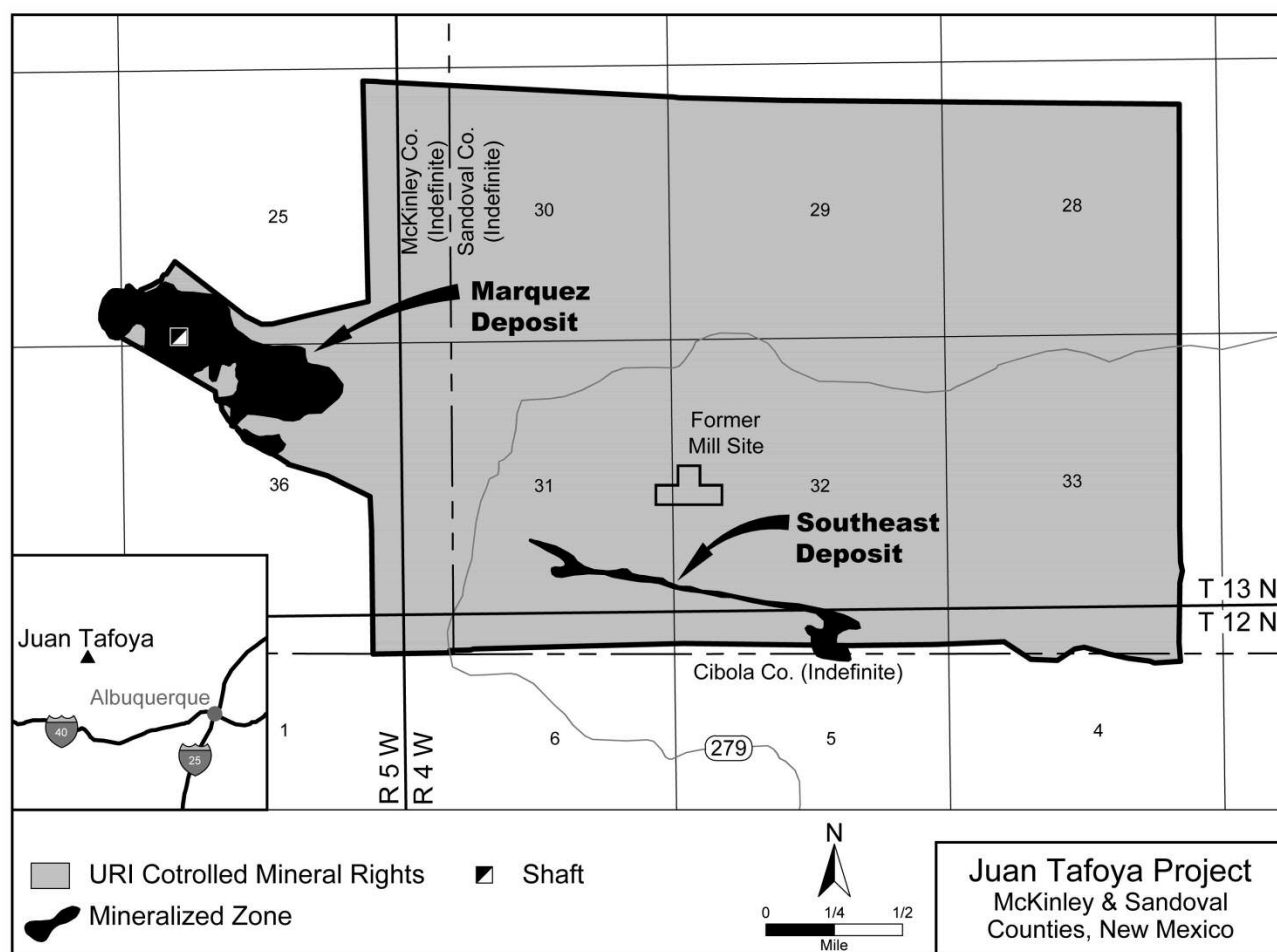
*History.* Parts of the Cebolleta project were developed as open pit and underground mines, and uranium was produced from the project area during the 1960s, through the early 1980s. Initial production was attained from a small underground mine in the St. Anthony area developed by Climax Uranium in the 1950s. The project was revitalized in the mid-1960s after various leases were acquired by United Nuclear, who also conducted an extensive exploration program on the property, and subsequently developed two open pit and one underground mine on the southern part of the project area. United Nuclear ceased uranium production from their holdings in the project area in 1979.

Sohio Western Mining and Reserve Oil and Minerals carried out an extensive exploration drilling program on lands that comprise the northern part of the current Cebolleta project area, and subsequently discovered five discrete uranium deposits. Sohio developed one underground mine, and constructed a uranium processing mill on a nearby parcel of land the early to mid-1970s. Sohio operated the mine and mill complex until it was shut down in 1981. There has been no uranium production from the property since 1981.

*Project Geology.* The Cebolleta project is the site for six sandstone-hosted uranium deposits that occur as discrete flat-lying tabular bodies of uranium mineralization that are hosted within the Jackpile sandstone unit of the Jurassic-age Morrison Formation. The mineralized bodies are contained within channels in the Jackpile sandstone, and are found at depths ranging from approximately 250 to 850 feet below the surface. The deposits are situated above the local and regional water tables.

*Project Activities.* The Company completed a Technical Report for the Cebolleta project in April 2014. Based on the quantity and quality of the mineral resource, the Technical Report recommends that we advance the Cebolleta project to a Preliminary Economic Assessment or scoping level study. The Cebolleta Technical Report recommended proceeding with the next step of “confirmation drilling” with the objective of raising the confidence levels of a significant portion of the mineral resources. Another recommendation in the Technical Report was to drill and develop an initial resource model and mineral resource estimate for the historic St. Anthony mine area. Under our current cash conservation measures and business priorities, we are not contemplating any current work at Cebolleta.

*Permitting Status.* The Company does not hold any permits for work on the Cebolleta project.



### Juan Tafoya Project

*General.* Our Juan Tafoya project is located in west-central New Mexico, near the eastern end of the Grants mineral belt. It is situated approximately 45 miles west-northwest of the city of Albuquerque, and 25 miles northeast of the town of Laguna.

Exploration programs carried out by Bokum Resources, DeVilliers Nuclear, Exxon, and Kerr-McGee during the late 1960s and 1970s discovered a group of sandstone-hosted uranium deposits that were determined to be southeasterly extensions of the Grants mineral belt. Ownership consolidation efforts resulted in the various properties and deposits falling under the control of Bokum and Kerr-McGee. Bokum, and their project partner Long Island Lighting Company undertook a development program on the Juan Tafoya project that resulted in the construction of a uranium mill and the partial development of shafts to access the largest uranium deposit on the Juan Tafoya project. Development of the Juan Tafoya project was halted because of the bankruptcies of the partners, and the project was ultimately abandoned and a portion of the surface facilities (mine infrastructure) and mill were dismantled. There has not been any uranium production from deposits on the Juan Tafoya project lands.

The project has an industrial grade power line and there are three water wells present on the property. A 14-foot diameter concrete-lined shaft is present at the larger of the two uranium deposits, and a 6-foot diameter steel cased “ventilation” shaft is in place.

*The Property.* The Juan Tafoya project is comprised of lands covering an area of approximately of 4,097 acres of fee (deeded) surface and mineral rights that are owned by the Juan Tafoya Land Corporation (“JTLC”) and 24 leases with private owners of small tracts covering a combined area of approximately 115 acres. The JTLC lease (the “JT Lease”) has a term of ten years, and it can be extended on a year-to-year basis thereafter, so long as we are conducting operations on the Juan Tafoya project. Additionally, the JT Lease required: (i) an initial payment to JTLC of \$1,250,000; (ii) annual rental payments of \$225,000 for the first five years of the lease and \$337,500 for the second five years; (iii) after the second five years, annual base rent of \$75 per acre; (iv) a gross proceeds royalty of 4.65% to 6.5% based on the prevailing price of uranium; (v)



employment opportunities and job-skills training programs for shareholders of the JTLC or their heirs, (vi) periodic contributions to a community projects fund if mineral production commences from the Juan Tafoya project and (vii) funding of a scholarship program for the shareholders of the JTLC or their heirs. We are obligated to make the first ten years' annual rental payments notwithstanding the right to terminate the JT Lease at any time, unless (a) the market value of uranium drops below \$25 per pound, (b) a government authority bans uranium mining on the Juan Tafoya project, or (c) the project is deemed uneconomical by an independent engineering firm. The Company intends to negotiate with the JTLC on the terms for the continuation of the JT Lease.

The fee mineral leases covering the individually-owned small tracts have similar royalty provisions as the JTLC lease and have annual rental obligations of \$9,526.

The JT Lease and the "small tract" fee mineral leases provide us with the right to explore for, mine and process uranium deposits present on the leased premises.

In January 2007, we entered into a letter agreement with International Nuclear, Inc. to acquire certain technical data relating to the Juan Tafoya project. Pursuant to the letter agreement, a cash payment was made and a royalty was assigned to International Nuclear, Inc. of \$0.25 per pound of uranium recovered from the Juan Tafoya project by the Company with a maximum payout of \$1,000,000.

*Accessibility.* The Juan Tafoya project is located in west-central New Mexico, about 25 miles north of the town of Laguna. Access to the project area from Albuquerque is over a four lane Interstate highway (US I-40) to the town of Laguna (a distance of approximately 45 miles) and a paved two-lane highway (for a distance of 15 miles) to the village of Seboyeta and a further 16 miles over a well-maintained all weather gravel road. Several private roads of varying quality cross the project lands and provide access to nearly all parts of the project area. Vehicle access to most parts of the Juan Tafoya project area is good, except for short periods following rain or snow storms.

*History.* The Juan Tafoya project has been of considerable interest to the U.S. uranium industry since the late 1960s to early 1970s. Exploration and pre-development activities were carried out on and adjacent to the Juan Tafoya project by several companies, including Bokum Resources, DeVilliers Nuclear, Exxon, Kerr-McGee and Nuclear Dynamics, but no mining operations were ever undertaken on the Juan Tafoya project.

The Juan Tafoya project was nearly fully developed for uranium mining and processing, with the construction of a mill and related mine infrastructure. However, all plant and equipment have been removed from the Juan Tafoya project and the project has no significant plant or equipment, including subsurface improvements and equipment. However, there is a 12-foot diameter concrete lined shaft (to a depth of about 1,850 feet) and a five-foot diameter steel lined ventilation shaft (to a depth of about 2,200 feet) at the northwestern end of the Marquez deposit.

*Project Geology.* The uranium mineralization in the Juan Tafoya project is hosted within sandstones of the Westwater Canyon Member, which comprises approximately the lower half of the Morrison Formation. Mineralization in the Marquez deposit, which is the larger of the two defined deposits, occurs as a series of elongate lenses that get progressively deeper to the east. These lenses appear to have shapes that are reminiscent of "trend-type" deposits elsewhere in the Grants mineral belt and are thought not to be amenable to ISR methods. The mineralized zones at the Juan Tafoya project are below the water table, at depths of approximately 2,100 feet from the surface.

*Project Activities.* A Technical Report was completed for the Juan Tafoya project in June 2014. The Technical Report concluded that the Juan Tafoya project was ready for the next stage of in-fill confirmation drilling to upgrade the mineral resources. The Technical Report recommended follow-up work in two phases:

- *Phase 1.* Conduct a confirmation drilling program of approximately 35,000 feet in 16 holes; and
- *Phase 2.* Prepare a Preliminary Economic Assessment including hydrogeological work, geotechnical analysis, conceptual mining methods study, and capital and operating costs, based upon the results of the Phase 1 work program.

Under our current cash conservation measures and business priorities, we are not contemplating any near-term work at the Juan Tafoya project.

*Water Rights.* Under the terms of the JTLC lease the Company has the right to utilize approximately 1,800 acre feet of water rights that are owned by the JTLC.

*Permits.* We have completed numerous meteorological, archaeological, biological, and radiological surveys of the Juan Tafoya project, in order to support applications for drilling permits. We hold a Sub-part 4 Regular Exploration Permit, MK023ER-R3, issued by the New Mexico Energy, Minerals and Natural Resources Department that allows us to conduct exploration drilling at the Juan Tafoya project.

## **OTHER**

### ***New Mexico Properties***

We hold approximately 34,000 acres of other immaterial properties in New Mexico including the Ambrosia Lake, Nose Rock and West Largo projects. We do not currently have any plans to explore these projects in the near-term.

### ***Azarga Uranium Corp. Transaction, Custer and Fall River Counties, South Dakota***

We hold a 30% net proceeds interest from future uranium production from certain unpatented lode mining claims, fee leases and state leases currently controlled by Azarga Uranium Corp. (formerly Powertech Uranium) (“Azarga”) in the Dewey-Burdock area, Custer and Fall River Counties, South Dakota. Prior to our acquisition of Neutron Energy Inc. Neutron transferred its property interests in the Dewey-Burdock area to Azarga for which Neutron received (i) a 30% net proceeds interest of future uranium production and sales from Neutron’s former lands in the Dewey-Burdock area, (ii) 327 acres of mining claims and state leases along with associated historical drilling data for properties situated near Edgemont, South Dakota, (iii) 4,117 acres of mining claims in the Ambrosia Lake mining district in New Mexico and (iv) 1,709 acres of mining claims and leases in the Shirley Basin area of Wyoming. Azarga has filed permit applications with the NRC and USEPA and submitted a Plan of Operation to the BLM for its Dewey-Burdock uranium ISR project.

Our former acreage in the Dewey-Burdock area that is subject to the 30% net proceeds interest payable to us consists of approximately 1,620 acres of unpatented lode mining claims and private leases within Azarga’s proposed Dewey-Burdock permit area and an additional 4,667 acres of prospective claims and leases elsewhere within their project permit area.

## **WORK COMPLETED ON PROPERTIES IN 2016**

Property	Statement of Operations(1)			Balance Sheet		
	Operating Expenses	Mineral Property Expenses	Impairment	Property, Plant & Equipment	Restoration Liability(2)	Total Expenditures
<i>(expressed in thousands of dollars)</i>						
Columbus Basin project	\$ -	\$ 232	\$ -	\$ -	\$ -	\$ 232
Sal Rica project	-	524	-	-	-	524
Temrezli project	498	-	-	-	-	498
Rosita project	307	95	-	-	53	455
Kingsville Dome project	612	167	-	(160)	-	619
Vasquez project	365	96	-	-	-	461
Butler Ranch project	-	12	-	-	-	12
Cebolleta project	-	138	-	-	-	138
Juan Tafoya project	-	47	-	-	-	47
Other	-	155	-	(1,513)	-	(1,358)
	<u>\$ 1,782</u>	<u>\$ 1,466</u>	<u>\$ -</u>	<u>\$ (1,673)</u>	<u>\$ 53</u>	<u>\$ 1,628</u>

- (1) See Item 7—Management Discussion and Analysis below for discussion of 2016 mineral property expense charged to the Statement of Operations.
- (2) For description of 2016 reclamation activities at the Rosita project, see discussion at Item 2—Properties above.

## **INFRASTRUCTURE**

The Company's carrying value of property, plant and equipment at December 31, 2016 by location is as follows:

<i>(thousands of dollars)</i>	Net Property, Plant and Equipment at December 31, 2016				
	Turkey	Texas	New Mexico	Corporate	Net book value
Uranium plant	\$ -	\$ 8,459	\$ -	\$ -	\$ 8,459
Mineral rights and properties	17,968	-	19,102	-	37,070
Other property, plant and equipment	22	1,224	-	141	1,387
Total net book value	<u>\$ 17,990</u>	<u>\$ 9,683</u>	<u>\$ 19,102</u>	<u>\$ 141</u>	<u>\$ 46,916</u>

As noted in the table above, the Company's most significant uranium property infrastructure is located in South Texas. The Company's two licensed processing facilities are located at the Kingsville Dome project and at the Rosita project. The Kingsville Dome facility is currently capable of processing 800,000 pounds of U<sub>3</sub>O<sub>8</sub> annually, expandable to 1.6 million pounds. The Kingsville Dome plant has a carrying value of \$2.0 million. The Rosita facility is also currently capable of processing 800,000 pounds of U<sub>3</sub>O<sub>8</sub> annually, and is also expandable to 1.6 million pounds. The Rosita plant is a newer facility and has a carrying value of \$4.0 million. Each of these plants has been idle since 2009 and each will require approximately \$0.8-\$1.0 million of capital expenditures to return them to current productive capacity. The Company also has portable satellite ion exchange equipment at the Kingsville Dome project and the Rosita project with carrying values at December 31, 2016 of \$1.7 million and \$0.8 million, respectively. We are in the process of evaluating a relocation of our Rosita uranium processing plant to the Temrezli project in Turkey.

## **INSURANCE**

Our properties are covered by various types of insurance including property and casualty, liability and umbrella coverage. We have not experienced any material uninsured or under insured losses related to our properties in the past and believe that sufficient insurance coverage is in place.

### **ITEM 3. LEGAL PROCEEDINGS**

#### **DISPUTE OVER KLEBERG SETTLEMENT AGREEMENT**

On September 28, 2007, the Company filed suit against Kleberg County in the 105<sup>th</sup> Judicial District Court, Kleberg County, Texas for declaratory relief interpreting the December 2004 Settlement Agreement between Kleberg County (the “County”) and the Company as to the level of groundwater restoration the Company agreed to achieve in Kingsville Dome production areas 1 and 2 and for recovery of the Company’s legal fees and costs of the suit. The County filed a counterclaim alleging the Company had breached the terms of the December 2004 Settlement Agreement, asked for a Declaratory Judgment and injunctive relief ordering the Company to cure various alleged breaches of that agreement and asked that the County be awarded its legal fees and costs of the suit. On December 13, 2012, the Court ruled that the Company is permitted to continue ISR operations in the Kingsville Dome project but must continue to restore Well I-11A to its previous use. The Court also ruled that the Company breached the December 2004 Settlement Agreement when it tried to rely on 1987 data (in addition to original 1985 data) drawn from Well I-11 to establish clean-up standards applicable under the December 2004 Settlement Agreement for the well, and the Court awarded nominal damages in the amount of \$20.00. On November 13, 2013, the Court ruled on attorney’s fees and found that neither the Company nor the County was entitled to attorney’s fees.

On February 10, 2014, the County filed a notice of appeal on the merits judgment of December 13, 2012 and the attorney’s fee judgment on November 13, 2013. On February 12, 2014, the Company cross-appealed on both the merits judgment and the attorney’s fees judgment. Following the submission of opening briefs, response briefs and reply briefs in the fall of 2014, on January 15, 2015 an oral hearing on the matter was held before the 13<sup>th</sup> Court of Appeals in Corpus Christi, Texas. On January 28, 2016, the 13<sup>th</sup> Court of Appeals issued a memorandum opinion that found in favor of Kleberg County on four issues: use of 1985 data as opposed to 1987 data to establish the clean-up standards for Well I-11 (upholding the trial court decision); an award of attorney fees to Kleberg County as a result of prevailing on that issue (reversing the trial court decision); requiring specific performance by the Company to restore Well I-11 prior to mining in production area 3 (reversing the trial court decision); and requiring the Company to restore production areas 1 and 2 using groundwater at a rate of 240 million gallons a year (reversing the trial court decision). In addition, the Court of Appeals opinion held in favor of the Company on two issues: the applicability of and notice made by the Company to invoke the force majeure provisions in the Settlement Agreement as regards groundwater restoration activities (upholding the trial court decision); and that the Company provided Kleberg County with proper notice and substantial performance in accordance with the Settlement Agreement (upholding the trial court decision).

On March 14, 2016, URI, Inc. filed a motion for rehearing and reconsideration en banc before the 13<sup>th</sup> Court of Appeals of Texas. URI, Inc. argued that the Court should grant rehearing or reconsideration because its prior opinion, which added new terms to the 2004 Settlement Agreement, ignored established precedent and improperly violated the prohibition against consideration of extraneous matters when interpreting unambiguous contracts. On March 30, 2016, the 13<sup>th</sup> Court of Appeals denied the motion for rehearing en banc. On June 15, 2016, URI, Inc. filed a petition for review with the Texas Supreme Court raising the issue of whether a court may alter the explicit terms of an unambiguous contract based on one party’s subjective belief regarding whether certain data meets the requirements of the contract as well as other related issues. On August 19, 2016, the Supreme Court requested Kleberg County to file a response, and on October 19, 2016, Kleberg County filed a response to the petition for review. On December 5, 2016, URI, Inc. filed its reply pleading that addressed the arguments made by Kleberg County in its response pleading. On January 20, 2017, the Texas Supreme Court informed the parties that it would accept further briefing on the merits and set a briefing schedule that runs through March 28, 2017.

#### **TCEQ ADJUDICATORY PROCEEDING FOR THE KINGSVILLE FACILITY**

In late 2012, the Company’s Texas-based subsidiary, URI Inc., filed an application to renew a radioactive material license for reclamation activities at the Kingsville Dome facility in South Texas with the TCEQ as well as a new application to conduct ISR mining activities at the Kingsville Dome facility. After an extensive period of review by the TCEQ of the applications filed, additional site visits and investigations, and a further exchange of communications and documentation, in July 2015 the TCEQ staff concluded that the applications satisfied regulatory requirements and recommended that the permits should be issued or renewed. As part of the adjudicatory process associated with that decision, TCEQ invited members of the public to comment on its recommendations and several local citizens living near the Kingsville Dome facility requested an opportunity to participate in the process. In October 2015, TCEQ held initial hearings on the matter and concluded that some of the individuals may have standing to raise certain limited concerns and referred the matter to an administrative law judge for further consideration.

On March 3, 2016, the administrative law judge held a preliminary hearing, granted standing to numerous landowners and set a schedule for the proceeding. On June 15, 2016, URI, Inc. filed a motion to abate the proceedings and a request to withdraw the permit application without prejudice pursuant to TCEQ rules and offered to pay other parties expenses (other than attorney's fees) as required by TCEQ rules. The parties disputed the amount of expenses to be paid by URI, Inc., and on September 22, 2016, the administrative law judge issued a "Proposal for Decision" that recommended to the TCEQ that the request to withdraw the permit application without prejudice be approved if URI, Inc. pays Kleberg County \$16,975.25 and pays another named individual \$967.38. URI, Inc. filed exceptions to the Proposal for Decision and Kleberg County filed a reply. On January 23, 2017, the administrative law judge filed its response to the parties' exceptions, concluded that the recommendations contained in the Proposal for Decision did not change, and presented the Proposal for Decision to the TCEQ for its consideration. The TCEQ has not yet scheduled a final hearing on the matter.

## **OTHER**

The Company is subject to periodic inspection by certain regulatory agencies for the purpose of determining compliance by the Company with the conditions of its licenses. In the ordinary course of business, minor violations may occur; however, these are not expected to result in material expenditures or have any other material adverse effect on the Company.

## **ITEM 4. MINE SAFETY DISCLOSURES**

Not Applicable.

## **PART II**

## **ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**

### **STOCK PRICE INFORMATION**

URI's common stock is traded on the NASDAQ Capital Market.

The following table sets forth the intraday high and low sales prices for our common stock as reported on the NASDAQ Capital Market for the periods indicated:

<b>Fiscal Quarter Ending</b>	<b>Common Stock</b>	
	<b>High</b>	<b>Low</b>
December 31, 2016	\$1.67	\$1.06
September 30, 2016	1.83	1.27
June 30, 2016	2.49	1.45
March 31, 2016	6.84	2.42
December 31, 2015	\$10.20	\$4.20
September 30, 2015	16.08	8.16
June 30, 2015	19.20	11.04
March 31, 2015	23.76	15.60

As of March 2, 2017 there were 65 holders of record of URI's common stock.

Following the close of business on March 7, 2016, URI affected a one-for-twelve reverse stock split of its issued and outstanding common stock. The common stock commenced trading on the NASDAQ Capital Market on a split-adjusted basis upon the open of trading on March 8, 2016. The high and low sales prices of our common stock presented in the above table have been adjusted to give effect to the reverse stock split.

## **DIVIDENDS**

We have never paid any cash or other dividends on our common stock, and we do not anticipate paying dividends for the foreseeable future. We expect to retain our earnings, if any, for the growth and development of our business. Any future determination to declare dividends will be made at the discretion of our Board of Directors and will depend on our financial condition, results of operations, capital requirements, general business conditions and other factors that our Board of Directors may consider relevant.

## **ITEM 6. SELECTED FINANCIAL DATA**

Smaller reporting companies are not required to provide the information required by this item.

## **ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following discussion and analysis should be read in conjunction with our consolidated financial statements as of and for the two years ended December 31, 2016, and the related notes thereto appearing elsewhere in this Annual Report on Form 10-K, which have been prepared in accordance with generally accepted accounting principles in the United States ("U.S. GAAP"). This discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Actual results may differ materially from those anticipated in these forward-looking statements as a result of many factors, including, but not limited to, those set forth under the section heading "Item 1A. Risk Factors" above and elsewhere in this Annual Report on Form 10-K. See "Cautionary Note Regarding Forward-Looking Statements" above.

## **INTRODUCTION**

Uranium Resources, Inc. is an energy metals exploration and development company. We presently hold exploration properties with lithium and uranium exploration potential, a uranium development property in the Republic of Turkey, as well as idled uranium production properties. We were organized in 1977 to acquire and develop uranium projects in South Texas using the ISR process. Near term uranium production potential is now centered on our Temrezli ISR project in Turkey. URI also controls extensive exploration properties in Turkey under eight exploration and operating licenses covering approximately 39,000 acres with numerous exploration targets in Turkey, including the potential satellite Şefaattli project, which is 30 miles southwest of the Temrezli project. We have historically produced uranium by ISR methods in the state of Texas where we currently have ISR projects and two licensed processing facilities. We also have approximately 186,000 acres of mineral holdings in the prolific Grants Mineral Belt of the state of New Mexico, and 11,000 acres in the South Texas uranium province. URI acquired these properties over the past 25 years along with an extensive information database of historic drill-hole logs and analysis. URI ceased uranium production in 2009 and none of URI's properties are currently in production.

During 2016, we developed a lithium focus with dominant land positions in highly prospective basins in Nevada and Utah. Our focus is on developing low cost lithium brines.

## **RECENT DEVELOPMENTS**

### **Equity Financings**

On February 16, 2017, we completed a registered direct offering for gross proceeds of \$4.5 million with Aspire Capital whereby Aspire Capital purchased 2,100,000 shares of common stock at a price of \$1.58 and 748,101 pre-funded common stock purchase warrants at a price of \$1.57. The warrants have an exercise price of \$0.01 per share and a term of three years. As of March 2, 2017 all of the warrants have been exercised.

On January 19, 2017, the Company completed a registered public offering for gross proceeds of \$9.7 million. The Company sold 1,399,140 shares of common stock at a price of \$2.01 per share and 3,426,731 pre-funded warrants at a price of \$2.00 per warrant. The warrants have an exercise price of \$0.01. As of March 2, 2017 all of the warrants have been exercised.

On April 4, 2016, the Company completed a registered direct offering with Aspire Capital for gross proceeds of \$1.25 million. The Company sold 375,000 shares of common stock at a price of \$2.17 per share and 200,000 pre-funded warrants at a price of \$2.16 per warrant, which was paid at closing. The warrants have an exercise price of \$0.01 and a term of three years. On June 3, 2016, Aspire Capital exercised all 200,000 outstanding warrants for shares of the Company's common stock.

On February 3, 2016, the Company completed a registered direct offering with Aspire Capital for gross proceeds of \$0.8 million. The Company sold 296,666 shares of common stock at a price of \$2.82 per share. Net proceeds to the Company, after deducting offering expenses, were approximately \$0.8 million.

#### **Laramide Asset Sale**

On January 5, 2017, the Company completed the sale of its wholly-owned subsidiary Hydro Resources, Inc., which holds the Churchrock and Crownpoint projects, to Laramide. Under the terms of the Laramide SPA, as amended on December 5, 2016, the Company received the following consideration:

- \$2.5 million in cash, of which \$250,000 was paid in advance on October 21, 2016;
- \$500,000 of Laramide common stock and warrants;
- a \$5.0 million promissory note, secured by a mortgage over the projects. The note has a three-year term and carries an initial interest rate of 5% which then increases to 10% upon Laramide Resources decision regarding commercial production at the Churchrock project. Principal payments of approximately \$1.5 million are due and payable on January 5 in each of 2018, 2019 and \$2.0 million on January 5, 2020. Interest is payable on a quarterly basis, provided however that no interest will be payable prior to the first principal payment in 2018. Laramide has the right to satisfy up to half of each of these payments by delivering shares of its common stock to the Company, which shares will be valued by reference to the VWAP for Laramide's common stock for the 20 trading days before the respective anniversary of January 5, on which each payment is due;
- a retained 4.0% NSR Royalty on the Churchrock project, which royalty may be repurchased by Laramide by January 5, 2018 for \$4.95 million; and
- an option to purchase Laramide's La Sal project for \$3.0 million and an option to purchase the La Jara Mesa project for \$5.0 million.

#### **Exchange Agreement and RCF Loan Retirement**

On December 5, 2016, the Company entered into the Esousa MEA with Esousa. Pursuant to the Esousa MEA, Esousa obtained the unilateral right to acquire shares of our common stock in exchange for one or more convertible promissory notes issued pursuant to that certain loan agreement dated November 13, 2013 (the "RCF Loan") by and among the Company, certain of its subsidiaries and Resource Capital Fund V L.P. ("RCF"), which RCF Loan evidenced \$8.0 million of indebtedness of the Company. Esousa acquired or has the right to acquire the RCF Loan from RCF. On December 5, 2016, Esousa acquired \$2.5 million of the RCF Loan from RCF and exchanged such amount for 2,487,562 shares of our common stock. Additional exchanges of the RCF Loan for shares of our common stock were subject to the prior approval of the Company's stockholders and the effectiveness of a registration statement covering the resale of the shares of our common stock. The Company called to order its Special Meeting of Stockholders on February 8, 2017 at which a quorum was not reached. Accordingly the Special Meeting was not duly convened. Following the Special Meeting, the Company and Esousa agreed to terminate the Esousa MEA. Upon termination of the Esousa MEA, the Company's Board of Directors agreed to repay the \$5.5 million principal and accrued unpaid interest in cash on February 9, 2017 to retire all of the obligations remaining under the RCF Loan.

#### **Acquisition of Lithium Properties**

During 2016, the Company staked approximately 11,220 acres of placer mining claims covering a prospective target for lithium-enriched brines in the Columbus Salt Marsh area of west-central Nevada. The target area, known as the Nina property, is situated within a region of known lithium mineralization and is located approximately 45 miles west of Tonopah, Nevada. The Company now calls this the Columbus Basin project.

On October 19, 2016, the Company closed the Mesa SPA with Mesa to acquire approximately 9,900 acres of certain placer mining claims comprising the Sal Rica project. The target area is situated within a region of known brine-hosted lithium mineralization and is approximately 25 miles north of the town of Wendover, Utah. Subsequent to the purchase of these mining claims from Mesa, the Company staked an additional 3,360 acres of placer mining claims to expand the project area. As a result, the Sal Rica project is comprised of approximately 13,260 acres of placer mining claims covering a prospective target for lithium-enriched brines.

Under the terms of the Mesa SPA, the Company acquired a 100% interest in the Sal Rica project, subject to a 2% NSR Royalty, for the following consideration: (i) \$50,000 cash paid to Mesa on October 19, 2016; (ii) 100,000 unregistered shares of the Company's common stock on October 19, 2016, with a resale registration statement filed with the SEC on November 16, 2016; and (iii) 100,000 unregistered shares of the Company's common stock to be issued on October 19, 2017, with a resale registration statement to be filed with the SEC by November 17, 2017.

### **Common Stock Purchase Agreement with Aspire Capital**

On April 8, 2016, the Company entered into the CSPA with Aspire Capital to place up to \$12.0 million in the aggregate of the Company's common stock on an ongoing basis when required by the Company over a term of 30 months. The Company will control the timing and amount of sales to Aspire Capital, and at a price based on the market at that time. As consideration for Aspire Capital entering into the CSPA, the Company issued 240,000 shares of its common stock to Aspire Capital upon the Company's receipt of shareholder approval at its Annual General Meeting of Stockholders which was held on June 7, 2016. These shares had a fair value of \$2.18 per share, which has been included as additional paid in capital in the Company's Balance Sheet as of December 31, 2016. The Company began selling shares of its common stock to Aspire Capital under the terms of the CSPA following receipt of stockholder approval for the issuance of up to 5.0 million shares of common stock under the CSPA and effectiveness of an S-1 registration statement relating to the resale of the shares. As of December 31, 2016, the Company had sold 4,760,000 shares of common stock for net proceeds of \$6.7 million under the CSPA.

### **Reverse Stock Split**

On February 11, 2016, at a Special Meeting of Stockholders, URI received approval for a charter amendment permitting URI to effect a reverse split. On March 7, 2016, following the close of trading, URI effected a one-for-twelve reverse split of its common shares. The consolidated common shares began trading on a split-adjusted basis on March 8, 2016. The primary purpose of the reverse split was to bring URI into compliance with the Nasdaq's \$1.00 minimum bid price requirement to maintain URI's stock listing on Nasdaq.

The reverse split reduced the number of URI's outstanding common stock from 61,820,734 shares to 5,151,692 shares of common stock. In addition, effective upon the reverse stock split, the number of authorized shares of URI's common stock was reduced from 200 million to 100 million. No fractional shares were issued as a result of the reverse stock split. Any fractional shares that would have resulted were settled in cash.

All share data herein has been retroactively adjusted for the reverse stock split.

## **RESULTS OF OPERATIONS**

### ***Summary***

Our consolidated net loss for the years ended December 31, 2016 and 2015 was \$19.6 million and \$15.1 million or \$3.73 and \$5.63 per share, respectively. The principal components of these year-over-year changes are as follows:

	<b>For the year ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
	<i>(thousands of dollars)</i>	
Mineral property expenses	\$ (3,248)	\$ (4,470)
General and administrative	(7,650)	(7,488)
Acquisition related expenses	-	(3,048)
Other operating expenses	(2,400)	(1,746)
Non-operating income/(expenses)	(6,307)	1,609
Total	<u>\$ (19,605)</u>	<u>\$ (15,143)</u>

### ***Mineral property expenses***

Mineral property expenses for the year ended December 31, 2016 were \$3.2 million, as compared with \$4.5 million for the year ended December 31, 2015.



The following table details our mineral property expenses for the years ended December 31, 2016 and 2015.

	For the years ended December 31,	
	2016	2015
	<i>(thousands of dollars)</i>	
<b>Restoration/Recovery expenses</b>		
Kingsville Dome project	\$ -	\$ -
Rosita project	9	77
Vasquez project	-	-
Total restoration/recovery expenses	9	77
<b>Standby care and maintenance expenses</b>		
Kingsville Dome project	612	646
Rosita project	298	406
Vasquez project	365	416
Temrezli project	498	407
Total standby care and maintenance expenses	1,773	1,875
<b>Exploration and evaluation costs</b>	486	620
<b>Land maintenance and holding costs</b>	980	1,898
<b>Total mineral property expenses</b>	<u>\$ 3,248</u>	<u>\$ 4,470</u>

For the year ended December 31, 2016, mineral property expenses decreased by \$1.2 million as compared with the corresponding period in 2015. This decrease was due to reductions in land maintenance and holding costs of \$0.9 million, exploration and evaluation costs of \$0.1 million, standby care and maintenance expenses of \$0.1 million and restoration/recovery expenses of \$0.1 million, which were the result of the following:

- a decrease of \$0.4 million as the Company terminated its agreement with United Nuclear Corporation (“UNC”) to purchase data for the Cebolleta project. The Company returned all of the data to UNC and, as a result, has no further obligations under the agreement;
- a decrease of \$0.3 million for lease renewal bonuses that were paid during 2015 to extend certain leases at our South Texas properties;
- a decrease of \$0.3 million in lease payments for the Juan Tafoya project as the Company received a deferral of the annual rental payment from October 2016 to April 2017;
- a decrease of \$0.2 million related to the termination or sale of certain projects in South Texas and New Mexico;
- a decrease of \$0.6 million related to exploration programs at the Alta Mesa Este and Butler Ranch projects in South Texas during 2015. The Company did not undertake any similar exploration programs during 2016; and
- the above decreases were partially offset by an increase of \$0.8 million related to the Company’s recent acquisitions of lithium projects, as discussed above under “- Recent Developments – Acquisition of Lithium Properties.”

### ***General and administrative expenses***

Significant expenditures for general and administrative expenses for the years ended December 31, 2016 and 2015 were:

	<b>For the year ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
	<i>(thousands of dollars)</i>	
Stock compensation expense	\$ 195	\$ 950
Salaries and payroll burden	3,055	2,276
Legal, accounting, public company expenses	3,129	2,557
Insurance and bank fees	525	571
Consulting and professional services	104	443
Office expenses	541	568
Other expenses	101	123
Total	<u>\$ 7,650</u>	<u>\$ 7,488</u>

General and administrative expenses increased by \$0.2 million as compared with the corresponding period in 2015. This increase was mostly due to the following:

- an increase in the Company's salaries and payroll burden of \$0.8 million, which was the result of performance-based bonuses recorded during 2016;
- an increase in legal, accounting, public company expenses of \$0.6 million, which was primarily due to legal costs associated with the TCEQ permit renewal process at our Kingsville Dome project and legal costs associated with the Esousa MEA;
- a decrease in stock-based compensation expense of \$0.8 million as there were fewer awards outstanding during 2016 as the Company has not made any stock-based awards since 2014; and
- a decrease in consulting and professional services of \$0.3 million, which was the result of the Company's ongoing cost reduction efforts during 2016.

### ***Acquisition related expenses***

During 2015, we incurred acquisition related costs associated with the Anatolia Transaction of \$3.0 million. These costs were mostly the result of legal and accounting costs of \$1.7 million and consultant fees, including investment banking fees, of \$1.3 million.

### ***Non-operating income and expenses***

#### ***Loss on extinguishment of convertible debt***

On December 5, 2016 the Company entered into the Esousa MEA with Esousa whereby Esousa purchased \$2.5 million of the Company's convertible debt and exchanged such debt into shares of common stock of the Company. As a result, the exchange of shares was considered an inducement under accounting rules and the Company recorded a loss of \$3.3 million which was the difference between the fair value of shares exchanged and the fair value of the shares issuable pursuant to the terms of the RCF Loan.

#### ***Gain on disposal/exchange of uranium properties***

On June 26, 2015, we entered into a Purchase and Exchange Agreement ("PEA") with Energy Fuels Inc. and a subsidiary of Energy Fuels Inc. (collectively, "Energy Fuels"), pursuant to which at closing on July 31, 2015 subsidiaries of URI transferred ownership of the Roca Honda project, including mineral fee lands and unpatented lode mining claims to Energy Fuels. In exchange, Energy Fuels delivered to URI (i) \$2.5 million in cash, (ii) 76,455 shares of Energy Fuels

common stock with a fair value upon closing of \$0.3 million, which we sold on February 22, 2016 for \$0.2 million (iii) Energy Fuels' 4% gross royalty covering 5,640 acres on seven mineral leases in the state of Wyoming at the Kendrick and Barber areas of the Lance uranium ISR project, which is currently under construction by Peninsula Energy Limited, and (iv) unpatented lode mining claims covering 640 acres located near Churchrock, New Mexico, which are contiguous with our Churchrock project.

We also retained a 4% royalty on Section 17 of the Roca Honda project. The royalty can be repurchased by Energy Fuels upon payment to URI of \$5.0 million cash at any time at Energy Fuel's sole discretion prior to the date on which the first royalty payment becomes due.

The divestiture of the Roca Honda project was accounted for as an asset disposal and the non-cash considerations received from Energy Fuels was recorded at fair value. The fair value of the shares of Energy Fuels common stock received was determined using the closing share price of Energy Fuels stock on July 31, 2015. The fair value of the unpatented lode mining claims and mineral leases was determined based upon the per pound value of similar transactions involving unproved uranium assets within the last three years. We determined that the Lance Royalty had de minimus value and therefore determined the fair value to be nil. The following gain was included in our Statement of Operations and was determined using the fair value amounts of the purchase consideration less the carrying value of the Roca Honda project:

<i>(thousands of dollars)</i>		
Total Consideration Received	\$	4,916
Carrying value of Roca Honda project		(648)
Gain on disposal of Roca Honda project	\$	4,268

#### *Interest expense*

Interest expense of \$2.8 million for the year ended December 31, 2016 consisted of interest of \$0.9 million payable to RCF, amortization of the debt discount of \$1.8 million and amortization of the establishment fee of \$0.1 million. Interest expense of \$2.6 million for the year ended December 31, 2015 consisted of interest of \$0.7 million payable to RCF, amortization of the debt discount of \$1.8 million and amortization of the establishment fee of \$0.1 million.

#### *Commitment Fees*

Commitment fees expense of \$0.3 million for the nine months ended December 31, 2016 was the result of the Company's issuance of 75,000 shares of common stock to Aspire Capital on February 4, 2016 as consideration for Aspire Capital entering into the Option Agreement. The shares had a fair value of \$4.44 per share.

### **FINANCIAL POSITION**

#### ***Operating Activities***

Net cash used in operating activities was \$12.3 million for the year ended December 31, 2016, as compared with \$12.0 million for the year ended December 31, 2015. The increase of \$0.3 million in cash used is primarily due to an increase in cash used for accounts payable of \$3.5 million in 2016, which was partially offset by a decrease in cash expenditures related to acquisition costs for the Anatolia Transaction of \$3.0 million in 2015 which was not replicated in 2016.

#### ***Investing Activities***

Net cash provided by investing activities was \$0.3 million for the year ended December 31, 2016, as compared with \$1.1 million for the same period in 2015. For the 2016 period, the Company received \$0.2 million from the sale of short-term investments and \$0.1 million from the release of restricted cash accounts in Turkey. For the 2015 period, the Company received \$2.5 million from Energy Fuels Inc. as partial consideration for the sale of the remaining Roca Honda project assets, which was offset by cash paid for the Anatolia Transaction of \$1.4 million, which represented the amount loaned by URI to Anatolia Energy to fund operations prior to completion of the Anatolia Transaction, offset by cash received from Anatolia Energy upon completion of the Anatolia Transaction.

### ***Financing Activities***

Net cash provided by financing activities was \$14.5 million for the year ended December 31, 2016. During 2016, we received net cash proceeds of \$0.8 million and \$1.2 million upon closing the February 4, 2016 and April 4, 2016 registered direct offerings, respectively, \$6.7 million in net proceeds were received from the sale of common stock to Aspire Capital under the terms of the CSPA and \$5.8 million in net proceeds were received from the sale of common stock sold through the Company's ATM program.

Net cash provided by financing activities was \$6.3 million for the year ended December 31, 2015. For 2015, we received net proceeds of \$5.4 million from a registered direct offering completed on March 6, 2015, net proceeds of \$0.7 million from a registered direct offering completed on December 18, 2015 and \$0.3 million in net proceeds from common stock sold through our ATM program. Partially offsetting these amounts were payments made for withholding taxes on net share settlements of equity awards of \$0.1 million.

### ***Liquidity and Capital Resources***

At December 31, 2016, the Company had a working capital deficit of \$4.2 million as compared with a working capital deficit of \$8.9 million as of December 31, 2015. The decrease in the working capital deficit of \$4.7 million was primarily due to an increase in cash and cash equivalents of \$2.4 million and an aggregate decrease in accounts payable and accrued liabilities of \$2.0 million. The increase in cash and cash equivalents and the decrease in accounts payable and accrued liabilities reflect the Company's fundraising efforts during 2016, which included the completion of registered direct offerings on April 4, 2016 and February 4, 2016 for net proceeds of \$1.2 million and \$0.8 million, respectively, \$6.7 million in net proceeds from the sale of common stock to Aspire Capital under the terms of the CSPA and \$5.8 million in net proceeds from the sale of common stock sold through the Company's at-the-market sales program.

Subsequent to December 31, 2016, the Company received \$2.2 million upon completion of the sale of its wholly-owned subsidiary Hydro Resources, Inc to Laramide on January 5, 2017 and received an aggregate \$13.4 million upon completion of a public offering on January 19, 2017 and a registered direct offering on February 16, 2017. In addition, the Company repaid the remaining \$5.5 million outstanding under the RCF Loan on February 9, 2017.

As a result of the above, the Company's cash balances were \$10.4 million at February 28, 2017, which the Company expects will provide it the necessary liquidity through the first quarter of 2018. The Company also has \$4.3 million available for future sales under the CPSA with Aspire Capital, but would need to obtain stockholder approval before issuing any additional shares under the CPSA. The Company continues to explore additional opportunities to raise capital, further monetize its non-core assets and identify ways to reduce its cash expenditures.

While the Company has been successful in the past raising funds through equity and debt financings as well as through the sale of non-core assets, no assurance can be given that additional financing will be available to it in amounts sufficient to meet the Company's needs or on terms acceptable to the Company. In the event that funds are not available, the Company may be required to materially change its business plans.

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

We have no off-balance sheet arrangements.

### ***Critical Accounting Policies***

Our significant accounting policies are described in Note 3 to the consolidated financial statements in Item 8 of this Annual Report on Form 10-K. We believe our most critical accounting policies involve those requiring the use of significant estimates and assumptions in determining values or projecting future costs.

### *Property, Plant and Equipment*

We review and evaluate our long-lived assets for impairment when events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Impairment is considered to exist if the total estimated future cash flows on an undiscounted basis are less than the carrying amount of the assets. An impairment loss is measured and recorded based on discounted estimated future cash flows or upon an estimate of fair value that may be received in an exchange transaction. Future cash flows are estimated based on estimated quantities of recoverable minerals, expected U3O8 prices (considering current and historical prices, trends and related factors), production levels, operating costs of production, availability and cost of capital and restoration and reclamation costs, based upon the projected remaining future uranium production from each project.

The significant assumptions used in determining the future cash flows for our uranium properties and uranium plant assets at December 31, 2016 included an average long-term U3O8 price of \$51.40 per pound and average operating costs and capital expenditure costs based on third-party and internal cost estimates. Estimates and assumptions used to assess recoverability of our long-lived assets and measure fair value of our uranium properties are subject to risk uncertainty. Changes in these estimates and assumptions could result in the impairment of our long-lived assets. Events that could result in the impairment of our long-lived assets include, but are not limited to, decreases in the future U3O8 prices, decreases in the estimated recoverable minerals and any event that might otherwise have a material adverse effect on our costs.

During 2016 and 2015, we recorded impairments of \$1.7 million and \$1.0 million, respectively, to reduce the carrying value of property, plant and mine equipment. Existing proven and probable reserves and value beyond proven and probable reserves, including mineralization that is not part of the measured, indicated or inferred resource base, are included when determining the fair value of uranium properties upon acquisition and, subsequently, in determining whether the assets are impaired. The term “recoverable minerals” refers to the estimated amount of uranium that will be obtained after taking into account losses during processing and treatment. In estimating future cash flows, assets are grouped at the lowest level for which there is identifiable cash flows that are largely independent of future cash flows from other asset groups.

### *Asset Retirement Obligations*

Regarding our reserve for asset retirement obligations, significant estimates were utilized in determining the future costs to complete the groundwater restoration, plugging and abandonment of wellfields and surface reclamation at our ISR sites. Estimating future costs can be difficult and unpredictable as they are based principally on current legal and regulatory requirements and ISR site closure plans that may change materially. The laws and regulations governing ISR site closure and remediation in a particular jurisdiction are subject to review at any time and may be amended to impose additional requirements and conditions which may cause our provisions for environmental liabilities to be underestimated and could materially affect our financial position or results of operations. Estimates of future asset retirement obligation costs are also subject to operational risks such as acceptability of treatment techniques or other operational changes.

## **ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Smaller reporting companies are not required to provide the information required by this item.

## **ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

### **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Stockholders  
Uranium Resources, Inc.

We have audited the accompanying consolidated balance sheets of Uranium Resources, Inc. and subsidiaries (collectively, the “Company”) as of December 31, 2016 and 2015, and the related consolidated statements of operations, shareholders’ equity, and cash flows for each of the years then ended. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Uranium Resources Inc. and subsidiaries as of December 31, 2016 and 2015, and the results of their operations and their cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

/s/Hein & Associates LLP  
Denver, Colorado  
March 2, 2017

**URANIUM RESOURCES, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(expressed in thousands of dollars, except share amounts)

	Notes	December 31, 2016	December 31, 2015
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and cash equivalents		\$ 3,309	\$ 865
Short-term available-for-sale investments	3	-	226
Prepaid and other current assets		602	914
<b>Total Current Assets</b>		3,911	2,005
Property, plant and equipment, at cost:			
Property, plant and equipment		112,964	114,496
Less accumulated depreciation and depletion		(66,048)	(65,684)
Net property, plant and equipment	3,4	46,916	48,812
Restricted cash			
		3,964	4,026
Long-term assets held for sale	5	2,123	2,123
<b>Total Assets</b>		<u>\$ 56,914</u>	<u>\$ 56,966</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>Current Liabilities:</b>			
Accounts payable		\$ 610	\$ 3,046
Accrued liabilities		1,981	1,569
Convertible loan net of discount	6	5,431	6,154
Current portion of asset retirement obligations	7	121	121
<b>Total Current Liabilities</b>		8,143	10,890
Asset retirement obligations, net of current portion	7	4,668	4,242
Other long-term liabilities and deferred credits	8	500	800
Long-term liabilities related to assets held for sale	5	555	555
<b>Total Liabilities</b>		13,866	16,487
<b>Commitments and Contingencies</b>	6,7,8,12		
<b>Stockholders' Equity:</b>			
Common stock, 100,000,000 shares authorized, \$.001 par value;			
Issued shares - 16,675,419 and 4,530,211, respectively			
Outstanding shares - 16,667,394 and 4,522,186, respectively	9	17	5
Paid-in capital	9, 10	280,191	258,096
Accumulated other comprehensive loss		-	(67)
Accumulated deficit		(236,902)	(217,297)
Less: Treasury stock (8,025 and 8,025 shares, respectively), at cost		(258)	(258)
<b>Total Stockholders' Equity</b>		43,048	40,479
<b>Total Liabilities and Stockholders' Equity</b>		<u>\$ 56,914</u>	<u>\$ 56,966</u>

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

URANIUM RESOURCES, INC.			
CONSOLIDATED STATEMENTS OF OPERATIONS			
(expressed in thousands of dollars, except share and per share amounts)			
		For the Year Ended December 31,	
	Notes	2016	2015
<b>Operating Expenses:</b>			
Mineral property expenses	4	\$ (3,248)	\$ (4,470)
General and administrative		(7,650)	(7,488)
Acquisition related expenses	3	-	(3,048)
Accretion of asset retirement obligations	7	(480)	(450)
Depreciation and amortization		(247)	(336)
Impairment of uranium properties	4	(1,673)	(960)
Total operating expenses		(13,298)	(16,752)
<b>Non-Operating Income/(Expenses):</b>			
Loss on extinguishment of convertible debt	6	(3,322)	-
Interest expense	6	(2,800)	(2,645)
Commitment fees		(333)	-
Gain on disposal/exchange of uranium properties	3	-	4,268
Other income/(expense), net		148	(14)
Total other income/(expense)		(6,307)	1,609
<b>Net Loss</b>		<u>\$ (19,605)</u>	<u>\$ (15,143)</u>
<b>Other Comprehensive Loss</b>			
Unrealized fair value decrease on available-for-sale securities		\$ (49)	\$ (67)
Transfer to realized loss upon sale of available-for-sale securities		116	-
<b>Comprehensive Loss</b>		<u>\$ (19,538)</u>	<u>\$ (15,210)</u>
<b>BASIC AND DILUTED LOSS PER SHARE</b>			
		\$ (3.73)	\$ (5.63)
<b>WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING</b>			
		5,251,954	2,690,559

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



**URANIUM RESOURCES, INC.**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
(expressed in thousands of dollars, except share amounts)

	Common Stock							
	Shares	Amount	Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Treasury Stock	Total	
Balances, January 1, 2015	2,099,375	\$ 2	\$ 233,547	\$ -	\$ (202,154)	\$ (258)	\$ 31,137	
Net loss	-	-	-	-	(15,143)	-	(15,143)	
Common stock issued, net of issuance costs	559,428	1	6,391	-	-	-	6,392	
Common stock issued for acquisition of Anatolia Energy	1,709,724	2	14,561	-	-	-	14,563	
Common stock issued for acquisition related fees	79,841	-	743	-	-	-	743	
Common stock issued for loan interest	52,861	-	722	-	-	-	722	
Options issued for business combinations	-	-	1,308	-	-	-	1,308	
Stock compensation expense and related share issuances, net of shares withheld for the payment of taxes	20,957	-	950	-	-	-	950	
Minimum withholding taxes on net share settlements of equity awards	-	-	(126)	-	-	-	(126)	
Unrealized holding loss on available-for-sale securities	-	-	-	(67)	-	-	(67)	
Balances, December 31, 2015	4,522,186	\$ 5	\$ 258,096	\$ (67)	\$ (217,297)	\$ (258)	\$ 40,479	
Net loss	-	-	-	-	(19,605)	-	(19,605)	
Common stock issued, net of issuance costs	8,930,061	9	13,940	-	-	-	13,949	
Common stock issued for extinguishment of convertible debt	2,487,562	3	5,820	-	-	-	5,823	
Common stock issued for settlement of accounts payable	214,991	-	850	-	-	-	850	
Common stock issued for purchase of lithium properties	100,000	-	132	-	-	-	132	
Common stock issued for loan interest	83,000	-	304	-	-	-	304	
Common stock issued for commitment fees	315,000	-	856	-	-	-	856	
Stock compensation expense and related share issuances, net of shares withheld for the payment of taxes	14,594	-	195	-	-	-	195	
Minimum withholding taxes on net share settlements of equity awards	-	-	(2)	-	-	-	(2)	
Unrealized holding loss on available-for-sale securities	-	-	-	67	-	-	67	
Balances, December 31, 2016	16,667,394	\$ 17	\$ 280,191	\$ -	\$ (236,902)	\$ (258)	\$ 43,048	

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

**URANIUM RESOURCES, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS AND SUPPLEMENTAL CASH FLOW INFORMATION**  
(expressed in thousands of dollars)

		<b>For the Year Ended December 31,</b>	
	<b>Notes</b>	<b>2016</b>	<b>2015</b>
<b>Operating Activities:</b>			
Net loss		\$ (19,605)	\$ (15,143)
Reconciliation of net loss to cash used in operations:			
Accretion of asset retirement obligations	7	480	450
Amortization of debt discount	6	1,839	1,809
Amortization of convertible loan establishment fee	6	100	100
Loss on extinguishment of convertible debt	6	3,322	-
Decrease in restoration and reclamation accrual	7	(54)	(178)
Depreciation and amortization		247	336
Stock compensation expense	10	195	950
Common stock issued as payment of commitment fees		333	-
Common stock issued as payment of acquisition related costs	3	-	745
Gain on disposal/exchange of uranium properties	3	-	(4,268)
Impairment of uranium properties	4	1,673	960
Common stock issued for lithium property acquisition		278	-
(Gain)/loss on disposal of fixed assets		-	(18)
Loss on sale of marketable securities		116	-
Effect of changes in operating working capital items:			
(Increase)/decrease in receivables		89	(72)
Decrease in prepaid and other current assets		53	203
Increase/(decrease) in payables, accrued liabilities and deferred credits		(1,375)	2,107
<b>Net Cash Used In Operating Activities</b>		<b>(12,309)</b>	<b>(12,019)</b>
<b>Cash Flows From Investing Activities:</b>			
Acquisition of Anatolia Energy, net of cash acquired	3	-	(1,436)
Purchases of equipment		(26)	(31)
Proceeds from disposal of property, plant and equipment	3	-	2,518
Proceeds from the sale of other short-term assets		247	-
Release of restricted cash		62	-
<b>Net Cash Provided By Investing Activities</b>		<b>283</b>	<b>1,051</b>
<b>Cash Flows From Financing Activities:</b>			
Payments on borrowings		-	(4)
Issuance of common stock, net	9	14,472	6,393
Payment of minimum withholding taxes on net share settlements of equity awards		(2)	(126)
<b>Net Cash Provided By Financing Activities</b>		<b>14,470</b>	<b>6,263</b>
Net increase/(decrease) in cash and cash equivalents		2,444	(4,705)
Cash and cash equivalents, beginning of period		865	5,570
<b>Cash and Cash Equivalents, End of Period</b>		<b>\$ 3,309</b>	<b>\$ 865</b>
<b>Cash Paid During the Period for:</b>			
Interest		\$ 600	-
<b>Supplemental Non-Cash Information with Respect to Investing and Financing Activities:</b>			
Common stock issued for acquisition of Anatolia Energy		\$ -	\$ 14,563
Stock options issued for acquisition of Anatolia Energy		-	1,308
Common stock issued for payment of loan interest	5,9	304	722
Common stock issued for payment of commitment fees		523	-
<b>Total Non-Cash Investing and Financing Activities for the Period</b>		<b>\$ 827</b>	<b>\$ 16,593</b>

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

**URANIUM RESOURCES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Principles of Consolidation***

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S.") and include the accounts of URI and its wholly-owned subsidiaries. All significant intercompany transactions have been eliminated in consolidation.

***Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles in the U.S. ("US GAAP") requires management to make certain estimates and assumptions. Such estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant estimates included in the preparation of the financial statements are related to asset retirement obligations; stock-based compensation; derivative liabilities and asset impairment, including estimates used to derive future cash flows or market value associated with those assets.

***Cash and Cash Equivalents***

We consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. We maintain cash deposits in excess of federally insured limits. We monitor the soundness of the financial institution and believe the risk is negligible.

***Available-for-Sale Investments***

We determine the appropriate classification of our investments at the time of purchase and re-evaluate such determinations each reporting date. Marketable equity securities are categorized as available-for-sale and carried at fair market value on the Balance Sheet.

Unrealized gains and losses are included as a component of accumulated other comprehensive loss, unless an other-than-temporary impairment in value has occurred in which case the unrealized loss would be charged to current period loss as an impairment charge. Unrealized gains and losses originally included in accumulated other comprehensive income are reclassified to current period net loss when the sale of securities occurs or when a security is impaired.

***Property, Plant and Equipment***

***Facilities and Equipment***

Expenditures for new facilities or equipment and expenditures that extend the useful lives of existing facilities or equipment are capitalized and recorded at cost. The facilities and equipment are amortized using the units of production method. During the periods that our facilities are not in production, depreciation of our facilities and equipment is suspended as the assets are not in service.

***Mineral Properties***

Mineral rights acquisition costs are capitalized when incurred, and exploration costs are expensed as incurred. When we determine that a mineral right can be economically developed in accordance with U.S. GAAP, the costs then incurred to develop such property will be capitalized. During the periods that our facilities are not in production, depletion of our mineral interests, permits, licenses and development properties is suspended as the assets are not in service. If mineral properties are subsequently abandoned or impaired, any undepleted costs will be charged to loss in that period.

URANIUM RESOURCES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

*Other Property, Plant and Equipment*

Other property, plant and equipment consists of corporate office equipment, furniture and fixtures and transportation equipment. Depreciation on other property is computed based upon the estimated useful lives of the assets. Repairs and maintenance costs are expensed as incurred. Gain or loss on disposal of such assets is recorded as other income or expense as such assets are disposed.

*Asset Impairment*

The Company reviews and evaluates its long-lived assets for impairment when events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Impairment is considered to exist if the total estimated future cash flows on an undiscounted basis are less than the carrying amount of the assets. An impairment loss is measured and recorded based on discounted estimated future cash flows or upon an estimate of fair value that may be received in an exchange transaction. Future cash flows are estimated based on quantities of recoverable minerals, expected uranium prices, production levels and operating costs of production and capital, based upon the projected remaining future uranium production from each project. Existing proven and probable reserves and value beyond proven and probable reserves, including mineralization that is not part of the measured, indicated or inferred resource base, are included when determining the fair value of mine site reporting units at acquisition and, subsequently, in determining whether the assets are impaired. The term “recoverable minerals” refers to the estimated amount of uranium that will be obtained after taking into account losses during processing and treatment. In estimating future cash flows, assets are grouped at the lowest level for which there are identifiable cash flows that are largely independent of future cash flows from other asset groups. The Company’s estimates of future cash flows are based on numerous assumptions and it is likely that actual future cash flows will be significantly different than the estimates, as actual future quantities of recoverable minerals, uranium prices, production levels and operating costs of production and availability and cost of capital are each subject to significant risks and uncertainties.

*Assets held for sale*

The Company considers assets to be held for sale when management approves and commits to a formal plan to actively market the assets for sale at a price reasonable in relation to fair value, the asset is available for immediate sale in its present condition, an active program to locate a buyer and other actions required to complete the sale have been initiated, the sale of the asset is expected to be completed within one year and it is unlikely that significant changes will be made to the plan. Upon designation as held for sale, the Company records the carrying value of the assets at the lower of its carrying value or its estimated fair value, less costs to sell.

*Restricted Cash*

At December 31, 2016 and 2015, the Company had pledged certificates of deposit and money market accounts of \$4.0 million and \$4.0 million, respectively, in order to collateralize performance bonds required for future restoration and reclamation obligations related to our South Texas production properties. These funds are not readily available to the Company and are not included in cash equivalents.

*Fair Value of Financial Instruments*

Our financial instruments consist of cash equivalents and restricted cash. U.S. GAAP defines “fair value” as the price that would be received to sell an asset or be paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price) and establishes a fair-value hierarchy that prioritizes the inputs used to measure fair value using the following definitions (from highest to lowest priority):

- Level 1 — Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 — Observable inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data by correlation or other means.

URANIUM RESOURCES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- Level 3 — Prices or valuation techniques requiring inputs that are both significant to the fair-value measurement and unobservable.

The Company considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents. The Company continually monitors its positions with, and the credit quality of, the financial institutions with which it invests. Periodically throughout the year, the Company has maintained balances in various U.S. operating accounts in excess of U.S. federally insured limits.

The following table presents information about financial instruments recognized at fair value on a recurring basis as of December 31, 2016 and 2015, and indicates the fair value hierarchy:

December 31, 2016					
(thousands of dollars)	Level 1	Level 2	Level 3	Total	
<b>Assets</b>					
Restricted cash	\$ 3,964	\$ -	\$ -	\$	3,964
Total assets recorded at fair value	\$ 3,964	\$ -	\$ -	\$	3,964

December 31, 2015					
(thousands of dollars)	Level 1	Level 2	Level 3	Total	
<b>Assets</b>					
Short-term available-for-sale investments	\$ 226	\$ -	\$ -	\$	226
Restricted cash	4,026	-	-		4,026
Total assets recorded at fair value	\$ 4,252	\$ -	\$ -	\$	4,252

### ***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 ISR projects to the pre-existing or background average quality after the completion of mining. Asset retirement obligations, consisting primarily of estimated restoration and reclamation costs at the Company's South Texas ISR projects, are recognized in the period incurred and recorded as liabilities at fair value. Such obligations, which are initially estimated based on discounted cash flow estimates using level 3 inputs, are accreted to full value over time through charges to accretion expense. In addition, the asset retirement cost is capitalized as part of the asset's carrying value and amortized over the life of the related asset. If the Company does not have a recorded value for the related asset, then the asset retirement cost is expensed as incurred. Asset retirement obligations are periodically adjusted to reflect changes in the estimated present value resulting from revisions to the estimated timing or amount of restoration and reclamation costs. As the Company completes its restoration and reclamation work at its properties, the liability is reduced by the carrying value of the related asset retirement liability which is based upon the percentage of completion of each restoration and reclamation activity. Any gain or loss upon settlement is charged to income or expense and is included as part of the Company's mineral property expense for the period. The Company reviews and evaluates its asset retirement obligations annually or more frequently at interim periods if deemed necessary.

### ***Loss Per Share***

Basic loss per share is computed using the weighted-average number of shares outstanding during the period. Diluted loss per share is not presented as the effect on the basic loss per share would be anti-dilutive. At December 31, 2016 and 2015, we had 745,841 and 1,123,901 in potentially dilutive securities, respectively.

### ***Foreign Currency***

The functional currency for the companies recently acquired in the Anatolia Transaction was determined to be the U.S. dollar upon completion of the acquisition since our newly acquired foreign subsidiaries are direct and integral components of URI and are dependent upon the economic environment of URI's functional currency. Accordingly, we have translated our monetary assets and liabilities at the period-end exchange rate and the non-monetary assets and liabilities at historical rates, with income and expenses translated at the average exchange rate for the current period. All translation gains and losses have been included in the current period loss.

URANIUM RESOURCES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

***Recently Adopted Accounting Pronouncements***

In August 2014, the Financial Accounting Standards Board (the “FASB”) issued Accounting Standards Update No. 2014-15 (ASU 2014-15), Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern, which provides guidance on determining when and how to disclose going-concern uncertainties in the financial statements. The new standard requires management to perform interim and annual assessments of an entity's ability to continue as a going concern within one year of the date the financial statements are issued. An entity must provide certain disclosures if conditions or events raise substantial doubt about the entity's ability to continue as a going concern. The ASU applies to all entities and is effective for annual periods ending after December 15, 2016, and interim periods thereafter, with early adoption permitted. Upon adopting ASU 2014-15, the Company prepared an annual assessment of its ability to continue as a going concern.

***Recently Issued Accounting Pronouncements***

In January 2017, the FASB issued Accounting Standards Update No. 2017-01 (ASU 2017-01), Business Combinations: Clarifying the Definition of a Business, which clarifies the definition of a business when determining whether a company has acquired or sold a business. The ASU applies to all entities and is effective for annual periods ending after December 15, 2017, and interim periods thereafter, with early adoption permitted under certain circumstances. The Company does not believe that the adoption of this guidance will have a material impact on our financial statements.

In November 2016, the FASB issued Accounting Standards Update No. 2016-18, Statement of Cash Flows: Restricted Cash, which will require that a statement of cash flows explain the change during period in the total of cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. As a result, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The ASU applies to all entities and is effective for fiscal years beginning after December 15, 2018 and interim periods within those fiscal years beginning after December 15, 2019, with early adoption permitted. As a result, upon adoption, the Company will include the restricted cash amount in its beginning-of-period and end-of-period reconciliations of cash on its statement of cash flows. For the year ended December 31, 2016, this would have resulted in the Company including an additional \$4.0 million in its beginning-of-period cash balance and an additional \$4.0 million in its end-of-period cash balance. The Company also would not have recorded a release of restricted cash of \$0.1 million in the investing section of its statement of cash flows.

**2. LIQUIDITY**

At December 31, 2016, the Company had a working capital deficit of \$4.3 million as compared with a working capital deficit of \$8.9 million as of December 31, 2015. The decrease in the working capital deficit of \$4.6 million was primarily due to an increase in cash and cash equivalents of \$2.4 million and an aggregate decrease in accounts payable and accrued liabilities of \$2.0 million. The increase in cash and cash equivalents and the decrease in accounts payable and accrued liabilities are due to the Company's fundraising efforts during 2016, which included the completion of registered direct offerings on April 4, 2016 and February 4, 2016 for net proceeds of \$1.2 million and \$0.8 million, respectively, \$6.7 million in net proceeds from the sale of common stock to Aspire Capital under the terms of the CSPA and \$5.8 million in net proceeds from the sale of common stock sold through the Company's at-the-market sales program.

Subsequent to December 31, 2016, the Company received \$2.2 million upon the completion of the sale of its wholly-owned subsidiary Hydro Resources, Inc to Laramide on January 5, 2017 and received an aggregate \$13.4 million upon completion of a public offering on January 19, 2017 and a registered direct offering on February 16, 2017. In addition, the Company repaid the remaining \$5.5 million outstanding under the RCF Loan on February 9, 2017.

As a result of the above, the Company's cash balances were \$10.4 million at February 28, 2017, which the Company expects will provide it the necessary liquidity through the first quarter of 2018. The Company also has \$4.3 million available for future sales under the CPSA, but would need to obtain stockholder approval before issuing any additional shares to Aspire Capital. The Company continues to explore additional opportunities to raise capital, further monetize its non-core assets and identify ways to reduce its cash expenditures.

While the Company has been successful in the past raising funds through equity and debt financings as well as through the sale of non-core assets, no assurance can be given that additional financing will be available to it in amounts sufficient to meet the Company's needs or on terms acceptable to the Company. In the event that funds are not available, the Company may be required to materially change its business plans.

URANIUM RESOURCES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**3. ACQUISITIONS AND DISPOSALS**

***Acquisition of Lithium Properties***

During 2016, the Company staked approximately 11,220 acres of placer mining claims covering a prospective target for lithium-enriched brines in the Columbus Salt Marsh area of west-central Nevada. The target area, known as the Columbus Basin project, is situated within a region of known lithium mineralization and is located approximately 45 miles west of Tonopah, Nevada.

On September 21, 2016, the Company entered into the Mesa SPA with Mesa to acquire certain placer mining claims comprising the Sal Rica project. The target area is situated within a region of known brine-hosted lithium mineralization and is approximately 25 miles north of the town of Wendover, Utah. The Sal Rica project is comprised of approximately 9,900 acres of placer mining claims covering a prospective target for lithium-enriched brines. Additionally, subsequent to the purchase of these claims from Mesa, the Company staked an additional 3,360 acres of unpatented mining claims within the project area.

Under the terms of the Mesa SPA, the Company acquired a 100% interest in the Sal Rica project, subject to a 2% NSR Royalty, for the following consideration: (i) \$50,000 cash paid to Mesa at closing; (ii) 100,000 unregistered shares of the Company's common stock at closing, with a registration statement filed with the SEC on November 16, 2016; and (iii) 100,000 unregistered shares of the Company's common stock on the first anniversary date of the closing, with a registration statement to be filed with the SEC within 28 days of issue. The closing of the transaction occurred on October 19, 2016 at which time the Company issued 100,000 unregistered shares of common stock and paid \$50,000 to Mesa. As of December 31, 2016, the Company recorded exploration expense of \$0.3 million related to the Mesa SPA, which includes the \$50,000 paid to Mesa on October 19, 2016 and \$278,000 of expense related to the fair value of the shares issued and to be issued to Mesa.

***Acquisition of Anatolia Energy***

On November 9, 2015, the Company completed its acquisition of 100% of the outstanding securities of Anatolia Energy for total consideration of \$17.4 million. The consideration was comprised of \$1.5 million in cash used to fund Anatolia Energy's operating activities prior to completion of the Anatolia Transaction, \$15.9 million in common stock of the Company and listed and unlisted options in the Company. Each ordinary share of Anatolia Energy was exchanged for 0.00548 common shares of URI and each outstanding Anatolia Energy performance share, listed option or unlisted option was converted into a performance share, listed option or unlisted option (as applicable) to acquire common shares of the Company, on the same terms and conditions as were applicable prior to the Anatolia Transaction, except that the number of shares to be received upon conversion and the exercise price were adjusted based on the fair value of the performance share, listed option or unlisted option prior to completion of the Anatolia Transaction, as to preserve the economic value of such performance share or option. As a result, the Company issued 1,709,724 new shares, 266,742 listed options, 310,921 options and 58,286 performance shares. The value of the Company's stock issued as consideration was based upon the opening share price on November 10, 2015 of \$9.00 for those shares issued on the NASDAQ and A\$11.88 (\$8.38) for those shares issued on the ASX. The Company did not include the fair value of the performance shares in its determination of the purchase price as in accordance with accounting rules, expense should not be recognized until it is reasonably certain that the performance condition will be satisfied. As the Company does not believe the performance condition will be satisfied prior to the date the performance shares expire, it did not include the fair value of the performance shares in the determination of the purchase price. The results of Anatolia Energy are included in the Consolidated Statement of Operations commencing November 10, 2015.

Acquisition related costs were \$3.0 million, of which \$0.7 million was settled by the issuance of 79,841 shares of URI's common stock. Subsequent to December 31, 2015, URI issued an additional 117,097 shares of common stock as settlement of \$0.7 million of required termination payments.

Anatolia Energy is an Australian entity that indirectly holds a 100% interest in the Temrezli project located in Central Turkey, which URI plans to advance to near-term production.

The acquisition of Anatolia Energy was accounted for as a business combination with URI deemed to be the acquirer, as, post-combination, URI continues to control the Board of Directors and senior management positions and has overall control over the day-to-day activities of the combined entity.

URANIUM RESOURCES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following summarizes the preliminary allocation of purchase price to the fair value of assets acquired and liabilities assumed as of the acquisition date (in thousands):

<b>Consideration:</b>	
Cash	\$ 1,497
Issuance of 1,709,724 common shares for replacement of Anatolia Energy shares	14,563
Issuance of 266,742 listed options for replacement of Anatolia Energy listed options	424
Issuance of 310,921 options for replacement of Anatolia Energy options	884
Issuance of 58,286 performance shares to replace Anatolia Energy performance shares	-
	<u>\$ 17,368</u>
<b>Fair value of net assets acquired:</b>	
Assets:	
Cash and cash equivalents	\$ 61
Short-term receivables	64
Prepaid and other current assets	217
Restricted cash	85
Property, plant, equipment and uranium interests	17,992
Total assets	<u>18,419</u>
Liabilities:	
Accounts payable and other accrued liabilities	1,051
Total liabilities	<u>1,051</u>
Net assets	<u>\$ 17,368</u>

The carrying value of the current assets and liabilities assumed approximated the fair value due to the short-term nature of these items. The fair value of the uranium properties was estimated using a discounted cash flow approach. Key assumptions used in the discounted cash flow analysis include discount rates, mineral resources, future timing of production, recovery rates and future capital and operating costs.

***Purchase and Exchange Agreement (PEA) with Energy Fuels***

On June 26, 2015, the Company and certain of its subsidiaries entered into the PEA with Energy Fuels, pursuant to which at closing on July 31, 2015 subsidiaries of URI transferred ownership of URI's Roca Honda project, including mineral fee lands and unpatented lode mining claims in Sections 8 and 17 of Township 13 North, Range 8 West, covering approximately 1,240 acres and 3,382 acres of leased claims to Energy Fuels. In exchange, Energy Fuels delivered to URI (i) \$2.5 million in cash, (ii) 76,455 shares of Energy Fuels common stock with a fair value upon closing of \$0.3 million, which were subsequently sold on February 22, 2016 for \$0.2 million, (iii) Energy Fuels' 4% gross royalty covering 5,640 acres on seven mineral leases in the state of Wyoming at the Kendrick and Barber areas of the Lance uranium ISR project, which is currently under construction by Peninsula Energy Limited, and (iv) unpatented lode mining claims covering 640 acres in Section 4 of Township 16 North, Range 18 West, located near Churchrock, New Mexico, which are contiguous with the Company's Churchrock project, as well as claims in Section 34 and leases from the state of New Mexico in Sections 32 and 36, all situated in Township 17 North, Range 16 West.

URI also retained a 4% royalty on Section 17 of the Roca Honda project. The royalty can be repurchased by Energy Fuels upon payment to URI of \$5.0 million cash at any time at Energy Fuel's sole discretion prior to the date on which the first royalty payment becomes due.



URANIUM RESOURCES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The divestiture of the Roca Honda project was accounted for as an asset disposal and the non-cash considerations received from Energy Fuels was recorded at fair value. The fair value of the shares of Energy Fuels common stock received was determined using the closing share price of Energy Fuels stock on July 31, 2015. The fair value of the unpatented lode mining claims and mineral leases was determined based upon the per pound value of similar transactions involving unproved uranium assets within the last three years. The Company determined that the Lance Royalty had de minimus value and therefore determined the fair value to be nil. The following fair value amounts were recorded as the purchase consideration:

<i>(thousands of dollars)</i>	Fair Value
Cash	\$ 2,500
Energy Fuels Inc. common stock	293
Churchrock properties	2,123
Total consideration received	<u>\$ 4,916</u>

The fair value of the shares of Energy Fuel's common stock received were valued using Level 1 inputs of the fair-value hierarchy and the fair value of the unpatented lode mining claims and mineral leases were valued using Level 3 inputs of the fair-value hierarchy (as defined in Note 1 above).

The Company recorded the following gain on disposal of uranium properties within its Consolidated Statement of Operations:

<i>(thousands of dollars)</i>	
Total consideration received	\$ 4,916
Carrying value of Roca Honda project	<u>(648)</u>
Gain on disposal of Roca Honda project	<u>\$ 4,268</u>

#### 4. PROPERTY, PLANT AND EQUIPMENT

	Net Property, Plant and Equipment at December 31, 2016				
<i>(thousands of dollars)</i>	Turkey	Texas	New Mexico	Corporate	Net book value
Uranium plant	\$ -	\$ 8,459	\$ -	\$ -	\$ 8,459
Mineral rights and properties	17,968	-	19,102	-	37,070
Other property, plant and equipment	22	1,224	-	141	1,387
Total net book value	<u>\$ 17,990</u>	<u>\$ 9,683</u>	<u>\$ 19,102</u>	<u>\$ 141</u>	<u>\$ 46,916</u>

	Net Property, Plant and Equipment at December 31, 2015				
<i>(thousands of dollars)</i>	Turkey	Texas	New Mexico	Corporate	Net book value
Uranium plant	\$ -	\$ 8,653	\$ -	\$ -	\$ 8,653
Mineral rights and properties	17,968	1,513	19,102	-	38,583
Other property, plant and equipment	22	1,352	-	202	1,576
Total net book value	<u>\$ 17,990</u>	<u>\$ 11,518</u>	<u>\$ 19,102</u>	<u>\$ 202</u>	<u>\$ 48,812</u>

#### ***Lithium Properties***

##### *Columbus Basin project*

As discussed in Note 3 above, the Company staked approximately 11,220 acres of unpatented placer mining claims in July and September 2016 in the Columbus Salt Marsh area of west-central Nevada. We hold these claims through the payment of annual claim maintenance fees to the U.S. Bureau of Land Management. There are no royalty obligations associated with this project.

URANIUM RESOURCES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

*Sal Rica project*

As discussed in Note 3 above, the Company acquired approximately 9,900 acres of unpatented placer mining claims from Mesa. Additionally, subsequent to the purchase of these mining claims from Mesa, the Company staked an additional 3,360 acres of unpatented placer mining claims. We hold these claims through the payment of annual claim maintenance fees to the U.S. Bureau of Land Management. Additionally, the claims purchased from Mesa are subject to a 2% NSR royalty on future production. The remaining claims staked by the Company are not subject to any royalties or work commitments.

***Uranium Properties***

*Temrezli project*

As discussed in Note 3 above, the Temrezli project was acquired as part of the Anatolia Transaction. The Company controls five licenses that make up the Temrezli project area that were granted to our Turkey-based subsidiary Adur Madencilik Ltd Sti. by the Turkish General Directorate of Mining Affairs. The granted licenses cover an area of about 13,490 acres. We hold these licenses through the payment of fees to the Turkish government and the fulfillment of certain physical work obligations on an annual basis. Uranium production from the licenses is subject to the payment of a sliding scale royalty, ranging from 2% to 16% depending upon the sales price of uranium, as defined by Turkish mining law. The sliding scale royalty payments are to be made to certain agencies of the local and Turkish governments. A further 1% royalty is payable to the General Directorate of Mining Affairs, who discovered the Temrezli uranium deposit.

*Kingsville Dome project*

The Kingsville Dome project consists of mineral leases from private landowners on about 2,434 gross and 2,227 net acres located in central Kleberg County, Texas. The leases are held through the payment of annual rents, and the lease provide for the payment of production royalties ranging from 6.25% to 9.375%, based upon uranium sales from the respective leases. The leases have expiration dates ranging from 2000 to 2007 however we continue to hold most of these leases through our ongoing restoration activities. With a few minor exceptions, the leases contain clauses that permit us to extend the leases not held by production by payment of an annual per acre royalty ranging from \$10 to \$30. We have paid such royalties on all material acreage.

*Rosita project*

The Rosita project consists of mineral leases from private landowners on about 2,759 gross and net acres located in north-central Duval County, Texas. The Rosita South property consists of mineral leases from private land owners on about 1,795 gross acres and 1,479 net acres located in Duval County near the Company's Rosita project. The leases provide for the payment to the landowners of sliding scale royalties based on a percentage of uranium sales. Royalty percentages on average increase from 6.25% up to 18.25% when uranium prices reach \$80.00 per pound. Under the terms of the leases, the lands can be held after the expiration of the primary and secondary terms, as long as are carrying out restoration and reclamation activities. The leases have primary and secondary terms ranging from 2012 to 2015, and provisions to extend the leases beyond the initial terms. We are holding these leases by payment of rentals ranging from \$10 to \$30 per acre.

*Vasquez project*

The Vasquez project is comprised of a mineral lease on 872 gross and net acres located in southwestern Duval County, in South Texas. The primary term expired in February 2008; however we hold the lease by carrying out restoration and reclamation activities. We pay an annual rental fee to the landowner and the lease provides for the payment to the landowner royalties based upon 6.25% of uranium sales below \$25.00 per pound and royalty rate increases on a sliding scale up to 10.25% for uranium sales occurring at or above \$40.00 per pound.

*Butler Ranch project*

The Butler Ranch project was acquired as part of the Company's Asset Exchange Agreement with Rio Grande Resources Corporation in November 2014. The property is comprised of nine fee leases that cover an area of about 1,322 gross or 1,262 net acres of mineral rights. We can hold the leases by payment of annual rental fees, ranging from \$10 to \$25 per acre. Each of the leases makes provision for the payment of royalties of 10% of sales to the property owners. Leases have initial terms of 8 to 10 years and have provisions to "hold by drilling" and identifying uranium mineralization on the specific properties.

URANIUM RESOURCES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

*Cebolleta project*

In connection with the merger of Neutron (and its wholly-owned subsidiary Cibola Resources LLC (“Cibola”)) we acquired the Cebolleta Lease with La Merced del Pueblo de Cebolleta (the “Cebolleta Land Grant”), a privately held land grant, to lease the Cebolleta project, which is composed of approximately 6,717 acres of fee (deeded) surface and mineral rights. The Cebolleta Lease provides for: (i) a term of ten years and so long thereafter as Cibola is conducting operations on the Cebolleta project; (ii) initial payments to the Cebolleta Land Grant of \$5.0 million; (iii) a recoverable reserve payment equal to \$1.00 multiplied by the number of pounds of recoverable uranium reserves upon completion of a feasibility study to be completed within six years, less (a) the \$5.0 million referred to in (ii) above, and (b) not more than \$1.5 million in annual advance royalties previously paid pursuant to (iv); (iv) annual advanced royalty payments of \$0.5 million; (v) gross proceeds royalties from 4.50% to 8.00% based on the then current price of uranium; (vi) employment opportunities and job-skills training for the members of the Cebolleta Land Grant and (vii) funding of annual higher education scholarships for the members of the Cebolleta Land Grant. The Cebolleta Lease provides Cibola with the right to explore for, mine, and process uranium deposits present on the Cebolleta project. In February 2012, Cibola entered into an Amendment of its Mining Lease Agreement (the “Cebolleta Lease Amendment”) amending the Cebolleta Lease, subject to approval of the Thirteenth Judicial District. Pursuant to the Cebolleta Lease Amendment, the date for the completion of the feasibility study was extended from April 2013 to April 2015. In addition, the date has been further extended subject to a reduction in the \$6.5 million initial payment and annual advance royalty payments deduction to the recoverable reserve payment. The Company intends to negotiate with the Cebolleta Land Grant on the terms for the continuation of the Cebolleta Lease.

*Juan Tafoya project*

In connection with the merger with Neutron we acquired the fee interest in 4,097 acres in northwestern New Mexico of fee (deeded) surface and mineral rights owned by the Juan Tafoya Land Corporation (“JTLC”) and 24 leases with private owners of small tracts covering a combined area of 115 acres. The lease has a term of ten years, and it can be extended on a year-to-year basis thereafter, so long as we are conducting operations on the property. Additionally, the lease required: (i) an initial payment of \$1.25 million; (ii) annual rental payments of \$0.2 million for the first five years of the lease and \$0.3 million for the second five years; (iii) after the second five years, annual base rent of \$75 per acre; (iv) a gross proceeds royalty of 4.65% to 6.5% based on the then current price of uranium; (v) employment opportunities and job-skills training programs for shareholders of the JTLC or its heirs, (vi) periodic contributions to a community projects fund if mineral production commences from the Juan Tafoya property and (vii) funding of a scholarship program for the shareholders of the JTLC or its heirs. The Company is obligated to make the first ten years’ annual rental payments notwithstanding the right to terminate the JTLC lease at any time, unless (a) the market value of uranium drops below \$25 per pound, (b) a government authority bans uranium mining on the Juan Tafoya property, or (c) the deposit is deemed uneconomical by an independent engineering firm. The Company intends to negotiate with the JTLC on the terms for the continuation of the JTLC lease.

***Impairment of Property, Plant and Equipment***

The Company recorded the following impairment charges for 2016 and 2015 related to its uranium projects and processing facilities:

	<b>For the years ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
	<i>(thousands of dollars)</i>	
Kingsville Dome project	\$ 160	\$ 160
Butler Ranch project	579	-
Sejita Dome project	534	-
Nell project	209	-
Jack Pump project	191	-
Alta Mesa Este project	-	800
Total Impairment	<u>\$ 1,673</u>	<u>\$ 960</u>

URANIUM RESOURCES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company's recorded impairment charge for 2016 and 2015 of \$0.2 million on its Kingsville Dome project was due to the physical deterioration of its processing plant equipment resulting from the plant's idled status and its proximity to the Texas coastline. The net carrying value of the Kingsville Dome plant equipment after impairment is \$0.2 million which is calculated as \$2.2 million book value less a \$2.0 million liability related to dismantling and decontaminating. The Company also used a third-party estimate of resale value to determine that no further impairment was needed as the Company's third-party estimate of resale value exceeded the \$0.2 million net carrying value of the Kingsville Dome plant equipment.

The Company's recorded impairment charge for 2016 of \$0.6 million on its Butler Ranch project was the result of declining uranium prices during 2016 as the carrying value exceeded the projects cash flows on an undiscounted and discounted basis. As a result, the entire carrying value of the Butler Ranch project was written to nil as it was determined that the entire investment was unrecoverable.

The Company's recorded impairment charges for 2016 of \$0.5 million on its Sejita Dome project, \$0.2 million on its Nell project and \$0.2 million on its Jack Pump project were the result of URI's Board of Directors and management determining that exploration results indicated that these projects should be terminated. The Company's impairment charge for 2015 of \$0.8 million on its Alta Mesa Este project was the result of URI's Board of Directors and management determining that recent exploration results indicated that the Alta Mesa Este project should be terminated. As a result, the carrying values of the projects were written down to nil.

**Mineral Property Expenses**

During the years ending December 31, 2016 and 2015, the Company's mineral property expenses were \$3.2 million and \$4.5 million, respectively. Included within mineral property costs are standby costs for our three idled South Texas ISR projects along with holding, exploration and evaluation costs for all properties. The Company spent the following amounts for each of its material properties:

	For the year ended December 31,	
	2016	2015
	<i>(thousands of dollars)</i>	
Temrezli project, Turkey	\$ 498	\$ 407
Total Turkey projects	498	407
Kingsville Dome project, Texas	779	812
Rosita project, Texas	402	711
Vasquez project, Texas	461	510
Butler Ranch project, Texas	12	443
Other projects, Texas	94	553
Total Texas projects	1,748	3,029
Crownpoint project, New Mexico	5	5
Churchrock project, New Mexico	20	21
Cebolleta project, New Mexico	138	537
Juan Tafoya project, New Mexico	47	384
Other projects, New Mexico	5	87
Total New Mexico projects	215	1,034
Columbus Basin project, Nevada	232	-
Other projects, Nevada	31	-
Total Nevada projects	263	-
Sal Rica project, Utah	524	-
Total Utah projects	524	-
Total expense for the period	\$ 3,248	\$ 4,470

URANIUM RESOURCES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**5. ASSETS HELD FOR SALE**

On April 7, 2016, the Company entered into the Laramide SPA with Laramide Resources for the sale of its wholly-owned subsidiary Hydro Resources, Inc., which holds the Company's Churchrock and Crownpoint projects. On December 5, 2016, the Company and Laramide agreed to amend the terms of the Laramide SPA. Under the terms of the amended Laramide SPA, the Company is set to transfer ownership of the Churchrock and Crownpoint projects in exchange for the following consideration from Laramide Resources at closing:

- \$2.5 million in cash, of which \$250,000 was paid in advance on October 21, 2016;
- \$500,000 of Laramide common stock and warrants;
- a \$5.0 million promissory note, secured by a mortgage over the projects. The note has a three-year term and carries an initial interest rate of 5% which then increases to 10% upon Laramide Resources decision regarding commercial production at the Churchrock project. Principal payments of approximately \$1.5 million are due and payable on January 5 in each of 2018, 2019 and \$2.0 million on January 5, 2020. Interest is payable on a quarterly basis, provided however that no interest will be payable prior to the first principal payment in 2018. Laramide has the right to satisfy up to half of each of these payments by delivering shares of its common stock to the Company, which shares will be valued by reference to the VWAP for Laramide's common stock for the 20 trading days before the respective anniversary of January 5, on which each payment is due;
- a retained 4.0% NSR Royalty on the Churchrock project, which royalty may be repurchased by Laramide by January 5, 2018 for \$4.95 million; and
- an option to purchase Laramide's La Sal project for \$3.0 million and an option to purchase the La Jara Mesa project for \$5.0 million.

The closing under the Laramide SPA occurred on January 5, 2017. As a result, the assets and liabilities associated with the Churchrock and Crownpoint projects have been classified as held-for-sale as of December 31, 2016 and December 31, 2015. Assets held-for-sale includes \$2.1 million related to the portion of the Churchrock project acquired from Energy Fuels Inc. in 2015. Liabilities held for sale consisted of \$105,000 related to a reclamation obligation at the Crownpoint project and \$450,000 related to a royalty obligation payable upon commencement of production at the Crownpoint project.

**6. CONVERTIBLE LOAN**

On November 13, 2013, the Company entered into a loan agreement (the "RCF Loan") with RCF, whereby RCF agreed, subject to the terms and conditions set forth in the RCF Loan, to provide a secured convertible loan facility of up to \$15.0 million to the Company, which was subsequently amended on April 29, 2014 to reduce the amount available thereunder from \$15.0 million to \$8.0 million, all of which has been drawn. No additional amounts may be drawn under the RCF Loan.

Amounts drawn under the RCF Loan originally matured on December 31, 2016 and bore interest at 10% per annum, payable quarterly in arrears in shares of the Company's common stock or, at RCF's election, in cash. The number of shares to be issued as payment for interest is determined based upon the VWAP of the Company's common stock for the 20 trading days preceding the last day of each quarter. Accordingly, the Company issued 38,086 shares of common stock on January 4, 2016 for settlement of interest expense of \$0.2 million related to the three-month period ended December 31, 2015. RCF elected to receive cash in lieu of shares for the March 31, 2016, June 30, 2016 and September 30, 2016 interest payments. On June 10, 2016, the Company paid \$0.3 million to RCF which included \$0.2 million in interest owing from March 31, 2016 and a \$0.1 million interest penalty on the late payment. On July 10, 2016, the Company paid \$0.2 million to RCF in interest owing from June 30, 2016 and on October 11, 2016, the Company paid \$0.2 million to RCF in interest owing from September 30, 2016.

As of December 31, 2016, interest expense of \$0.1 million relating to the three-month period ended December 31, 2016 was included in accrued liabilities on the Company's Condensed Consolidated Balance Sheets. The Company and RCF agreed to defer the payment of interest and include the amount owing in the Tranche 2 commitment of the Esousa MEA (as defined and discussed below).

On December 5, 2016, the Company entered into an agreement to retire the RCF Loan. In accordance with the terms of a Note Purchase Agreement between RCF and Esousa, Esousa agreed to purchase an initial \$2.5 million amount of notes from RCF. In addition, and separately, the Company and Esousa entered into a Master Exchange Agreement ("Esousa

URANIUM RESOURCES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MEA”) to exchange the initial \$2.5 million amount of notes for shares of the Company’s common stock. Esousa also agreed to purchase the remaining \$5.5 million amount of notes from RCF and exchange such notes for shares of the Company’s common stock, subject to certain conditions, as described below.

Under the terms of the Note Purchase Agreement and the Esousa MEA, the retirement consists of two tranches:

- Tranche 1 consisted of 2,487,562 shares of common stock exchanged for the \$2.5 million in principal purchased by Esousa on December 5, 2016. The number of shares issued was determined based on the VWAP over the pricing period which began on December 5, 2016 and ended on December 22, 2016, when Esousa notified the Company that it was ending the pricing period.
- Tranche 2 will consist of the exchange of the remaining \$5.5 million in notes for shares of the Company’s common stock at an exchange price based on the lesser of: (i) the VWAP of the common stock for the trading day of January 19, 2017; and (ii) the VWAP of the common stock for the trading day immediately preceding the date on which the Company files the final amended registration statement.

In addition to the above, the Company and RCF amended the terms of the \$5.5 million notes held by RCF as of December 5, 2016 in order to extend the maturity date from December 31, 2016 to March 31, 2017 to allow the Tranche 2 process to be completed in an orderly fashion. The amendment also required interest to accrue at a rate of 15% per annum beginning January 1, 2017, such rate being the default rate per the original note agreement. No other terms of the notes were changed.

The Tranche 2 exchange was subject to the Company’s receipt of stockholder approval at a Special Meeting which was to be held on February 8, 2017. However, the Company did not reach a quorum at the Special Meeting and as a result, the Esousa MEA was terminated without executing Tranche 2. Following the Special Meeting, the Company’s Board of Directors agreed to repay the remaining \$5.5 million outstanding under the RCF Loan, which was completed on February 9, 2017. No further obligations remain under the RCF Loan, subsequent to the repayment on February 9, 2016.

Upon completion of Tranche 1, the Company recorded a loss on extinguishment of \$3.3 million, which was the result of the transaction being accounted for as an inducement of convertible debt which required the Company to record a loss equal to the difference between the fair value of the shares issued under the Esousa MEA and the fair value of the shares pursuant to the original conversion terms.

The following table represents the key components of the RCF Loan:

	December 31, 2016	December 31, 2015
	<i>(thousands of dollars)</i>	
Debt principal, beginning of period	\$ 8,000	\$ 8,000
Repayment of principal amount	(2,500)	-
Unamortized discount	(69)	(1,846)
Carrying value of convertible loan, end of period	<u>\$ 5,431</u>	<u>\$ 6,154</u>

For the periods ended December 31, 2016 and 2015, the Company recorded amortization of debt discount of \$1.8 million and \$1.8 million, which has been included in interest expense in the Company’s Consolidated Statement of Operations. The remaining discount will be amortized over a period of 0.25 years.

## **7. ASSET RETIREMENT OBLIGATION**

The Company’s mining and exploration activities are subject to various state and federal law and regulations governing the protection of the environment. The Company conducts its operations to protect public health and the environment and believes its operations are in compliance with the applicable laws and regulations in all material respects. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations, but cannot predict the full amount of such future expenditures. Estimated future restoration and reclamation costs are based principally on legal and regulatory requirements.

URANIUM RESOURCES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Changes to the Company's asset retirement obligation are summarized below:

	December 31, 2016	December 31, 2015
	<i>(thousands of dollars)</i>	
Balance, beginning of period	\$ 4,468	\$ 4,196
Liabilities settled	(54)	(178)
Accretion expense	480	450
Balance, end of period	4,894	4,468
Less: Included in liabilities held for sale	(105)	(105)
Less: Current portion	(121)	(121)
Non-current portion	<u>\$ 4,668</u>	<u>\$ 4,242</u>

As of December 31, 2016, the Company's asset retirement obligation was fully secured by surety bonds totaling \$9.2 million, which were partially collateralized with restricted cash totaling \$4.0 million.

## 8. OTHER LONG-TERM LIABILITIES AND DEFERRED CREDITS

Other long-term liabilities and deferred credits on the balance sheet consisted of:

	December 31, 2016	2015
	<i>(thousands of dollars)</i>	
Royalties payable(1)	\$ 500	\$ 500
UNC data purchase contract(2)	—	300
	<u>\$ 500</u>	<u>\$ 800</u>

- (1) Royalties payable were derived during prior years of production. Liabilities do not accrue interest or have a stated maturity date.
- (2) On December 21, 2016, the Company returned the data to UNC. Pursuant to the terms of the Data Purchase Agreement, upon return of the data to UNC, the Data Purchase Agreement would be canceled and the Company would be released from any unpaid obligation. As a result, the Company was released from its \$0.4 million liability and recorded the amount as a reduction in land holding and maintenance costs at its Cebolleta project.

## 9. STOCKHOLDERS' EQUITY

### *Common Stock Issued, Net of Issuance Costs*

#### *Reverse Stock Split*

Immediately following the close of trading on March 7, 2016, the Company effected a one-for-twelve reverse stock split of its common stock. With the reverse stock split, every twelve shares of the Company's issued and outstanding common stock were combined into one issued and outstanding share of common stock. The reverse stock split reduced the number of shares outstanding from approximately 61.8 million shares to approximately 5.2 million shares. In addition, effective upon the reverse stock split, the number of authorized shares of the Company's common stock was reduced from 200 million to 100 million. The reverse stock split did not have any effect on the par value of the Company's common stock. No fractional shares were issued as a result of the reverse stock split. Any fractional shares that would have resulted were settled in cash. All share data herein has been retroactively adjusted for the reverse stock split.

URANIUM RESOURCES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

*Registered Direct Offerings*

On February 3, 2016, URI and Aspire Capital entered into a stock purchase agreement whereby URI sold 296,666 shares of its common stock in a registered direct offering for gross and net proceeds of \$0.8 million. There were no underwriting discounts or placement agent fees.

On April 4, 2016, URI and Aspire Capital completed a registered direct offering whereby URI sold 375,000 shares of its common stock at a price of \$2.17 per share and 200,000 pre-funded common stock purchase warrants at a price of \$2.16 per warrant, which was paid at closing. Gross proceeds from the offering were \$1.2 million, including \$0.4 million from the sale of the pre-funded warrants. The warrants have an exercise price of \$0.01 per share and a term of three years. On June 3, 2016, Aspire Capital exercised all outstanding common stock purchase warrants and the Company issued 200,000 shares of common stock to Aspire Capital as a result.

*Common Stock Purchase Agreement with Aspire Capital*

On April 8, 2016, the Company entered into the CSPA with Aspire Capital to place up to \$12.0 million in the aggregate of the Company's common stock on an ongoing basis when required by the Company over a term of 30 months. The Company will control the timing and amount of sales to Aspire Capital, and at a price based on market prices at that time. As consideration for Aspire Capital entering into the purchase agreement, the Company issued 240,000 shares of its common stock to Aspire Capital upon the Company's receipt of stockholder approval at its Annual General Meeting of Stockholders which was held on June 7, 2016. Following effectiveness of an S-1 registration statement relating to the resale of the shares subject to the CSPA on June 3, 2016 and receipt of stockholder approval for the issuance of up to 5.0 million shares of its common stock on June 7, 2016, the Company began selling shares of its common stock to Aspire Capital under the terms of the CSPA.

During the year ended December 31, 2016, the Company sold 4,760,000 shares of common stock for net proceeds of \$6.7 million under the CSPA. As of March 2, 2017, approximately \$4.3 million of the aggregate \$12.0 million remained available for future sales under the CSPA. The Company would need to obtain stockholder approval before issuing additional shares to Aspire Capital.

*Option Agreement*

On February 3, 2016, the Company issued 75,000 shares of common stock, with a fair value on the date of issuance of \$0.3 million, to Aspire Capital as consideration for Aspire Capital entering into an option agreement (the "Option Agreement") by which Aspire Capital granted the Company the right at any time or times prior to April 30, 2017 to require Aspire Capital to enter into up to two common stock purchase agreements, each having a term of up to 24 months and collectively requiring Aspire Capital to purchase up to \$10 million in the aggregate of our common stock at such times and in such amounts as elected by the Company under the terms of the option agreement. The parties terminated the Option Agreement upon entering into the CSPA.

*At-the-Market Sales*

On October 31, 2011, the Company entered into an At-The-Market Sales Agreement with BTIG LLC (the "ATM Sales Agreement"), a global securities trading firm that acts as our sales agent. Under the ATM Sales Agreement, the Company may from time to time sell shares of its common stock having an aggregate offering amount up to \$15.0 million in "at-the-market" offerings, which shares are registered under the Company's currently effective registration statement on Form S-3. The Company filed a prospectus supplement dated November 17, 2015 with the Securities and Exchange Commission in connection with the offering, relating to shares of its common stock having an aggregate offering price of up to \$6.0 million. The Company pays BTIG a commission equal to 3.0% of the gross proceeds from the sale of any shares pursuant to the ATM Sales Agreement.

During the year ended December 31, 2016 the Company sold 3,298,396 shares of common stock for net proceeds of \$5.8 million under the ATM Sales Agreement. As of December 31, 2016, the Company had fully utilized its ATM Sales Agreement and, as a result, no capacity remained available for future sales.



URANIUM RESOURCES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

***Common Stock Issued for Extinguishment of Debt***

As discussed in Note 6, above, on December 5, 2016 the Company issued 2,487,562 shares of its common stock to Esousa in exchange for the retirement of \$2.5 million in principal of the Company's RCF Loan. The exchange was accounted for as an inducement and resulted in the Company recording a \$5.8 million increase to additional paid in capital. This \$5.8 million increase represents the \$2.5 million principal amount that was extinguished and the \$3.3 million loss recorded upon the extinguishment of the debt.

***Common Stock Issued for RCF Loan Interest and Fees***

As discussed in Note 6 above, unless RCF elects to receive cash, RCF receives common shares of the Company for the payment of interest owing on the RCF Loan. For the year ended December 31, 2016, the Company issued 38,086 shares of common stock for the payment of \$0.2 million in accrued interest and fees for the three-month period ended December 31, 2015.

On December 5, 2016, the Company issued 44,914 shares to Esousa for the payment of interest owing on the \$2.5 million in principal amount of the RCF Loan that Esousa purchased from RCF. The fair value of the shares issued was \$61,981 which has been included in interest expense.

***Common Stock Issued for Purchase of Lithium Properties***

As discussed in Note 4, above, the Company entered into the Mesa SPA on September 21, 2016 to acquire certain placer mining claims comprising the Sal Rica project. Under the terms of the Mesa SPA, the Company issued 100,000 shares of common stock with a fair value of \$0.1 million to Mesa upon closing which occurred on October 19, 2016.

***Common Stock Issued for fees related to the Anatolia Transaction***

On January 8, 2016, the Company issued 117,097 shares of common stock with a fair market value per share of \$6.00 in satisfaction of \$0.7 million in required termination payments related to the Anatolia Transaction.

On June 30, 2016, the Company issued 47,229 shares of common stock with a fair market value per share of \$1.60 in satisfaction of \$0.1 million in fees related to the Anatolia Transaction.

On August 1, 2016, the Company issued 50,665 shares of common stock with a fair market value per share of \$1.42 in satisfaction of \$0.1 million in required termination payments related to the Anatolia Transaction.

**10. STOCK BASED COMPENSATION**

Stock-based compensation awards consist of stock options, restricted stock units, restricted stock awards and bonus shares issued under the Company's equity incentive plans which include: the 2013 Omnibus Incentive Plan (the "2013 Plan"); the 2007 Restricted Stock Plan (the "2007 Plan"); the Amended and Restated 2004 Directors' Stock Option and Restricted Stock Plan (the "2004 Directors' Plan"); and the 2004 Stock Incentive Plan (the "2004 Plan"). Upon approval of the 2013 Plan by the Company's stockholders on June 4, 2013, the Company's authority to grant new awards under all plans other than the 2013 Plan was terminated. Under the 2013 Plan, the Company may grant awards of stock options, stock appreciation rights, restricted stock awards ("RSAs"), restricted stock units ("RSUs"), unrestricted stock, dividend equivalent rights, performance shares and other performance-based awards, other equity-based awards and cash bonus awards to eligible persons. The maximum number of the Company's common stock that may be reserved for issuance under the 2013 Plan is 1,000,000 shares of common stock, plus unissued shares under the prior plans. Equity awards under the 2013 Plan are granted from time to time at the discretion of the Compensation Committee of the Board (the "Committee"), with vesting periods and other terms as determined by the Committee with a maximum term of 10 years. The 2013 Plan is administered by the Committee, which can delegate the administration to the Board, other Committees or to such other officers and employees of the Company as designated by the Committee.

As of December 31, 2016, 54,460 shares of common stock were available for future issuances under the 2013 Plan. For the years ended December 31, 2016 and 2015, the Company recorded stock-based compensation cost of \$0.2 million and \$1.0 million, respectively, which has been included in general and administrative expense.

URANIUM RESOURCES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

In addition, upon completion of the Anatolia Transaction, the Company issued 374,749 replacement options and performance shares to the option holders and performance share holders of Anatolia Energy. The number of replacement options and performance shares was based upon the Black-Scholes value with the exercise prices of the replacement options and performance shares determined using the exchange rate of 0.00548. The options and performance shares were issued with the same terms and conditions as were applicable prior to the Anatolia Transaction.

***Bonus Shares***

In March 2015, in accordance with the Company's 2013 Plan, the Company awarded its executives bonuses that were paid out in common stock of the Company. The bonus shares were valued using the closing share price of the Company's common stock on the date of grant. The bonus shares vested immediately and had a grant date fair value of \$0.3 million.

***Stock Options***

Stock options are valued using the Black-Scholes option pricing model on the date of grant. The Company estimates forfeitures based on historical trends. There were no stock option grants during 2016 and 2015.

The following table summarizes stock options outstanding and changes during the years ended December 31, 2016 and 2015:

	December 31, 2016		December 31, 2015	
	Number of Stock Options	Weighted Average Exercise Price	Number of Stock Options	Weighted Average Exercise Price
Stock options outstanding at beginning of period	326,424	\$ 24.89	13,413	\$ 302.16
Granted	-	-	314,086	14.21
Expired	(210,872)	19.13	(1,075)	356.93
Canceled or forfeited	(4,724)	438.89	-	-
Stock options outstanding at end of period	110,828	\$ 18.24	326,424	\$ 24.89
Stock options exercisable at end of period	110,723	\$ 18.22	316,005	\$ 25.16

The following table summarizes stock options outstanding and exercisable by stock option plan at December 31, 2016:

	Outstanding Stock Options		Exercisable Stock Options	
Stock Option Plan	Number of Stock Options Outstanding	Weighted Average Exercise Price	Number of Stock Options Exercisable	Weighted Average Exercise Price
2004 Plan	4,792	\$ 35.14	4,792	\$ 35.14
2004 Directors' Plan	1,390	629.52	1,390	629.52
2013 Plan	417	35.88	312	35.88
Replacement Stock Options	104,229	9.33	104,229	9.33
	<u>110,828</u>	<u>\$ 18.24</u>	<u>110,723</u>	<u>\$ 18.22</u>

***Restricted Stock Units***

Time-based and performance-based RSUs are valued using the closing share price of the Company's common stock on the date of grant. The final number of shares issued under performance-based RSUs is generally based on the Company's prior year performance as determined by the Committee at each vesting date, and the valuation of such awards assumes full satisfaction of all performance criteria.

URANIUM RESOURCES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table summarizes RSU activity for the years ending December 31, 2016 and 2015:

	December 31, 2016		December 31, 2015	
	Number of RSUs	Weighted- Average Grant Date Fair Value	Number of RSUs	Weighted- Average Grant Date Fair Value
Unvested RSUs at beginning of period	32,699	\$ 34.25	45,390	\$ 34.12
Granted	-	-	-	-
Forfeited	(7,627)	34.61	(1,667)	32.20
Vested	(16,423)	29.09	(11,024)	34.04
Unvested RSUs at end of period	<u>8,649</u>	<u>\$ 43.71</u>	<u>32,699</u>	<u>\$ 34.25</u>

***Restricted Stock Awards***

Time-based and performance-based RSAs are valued using the closing share price of the Company's common stock on the date of grant. Vesting based on performance criteria is generally based on the Company's performance as determined by the Committee at each vesting date, and the valuation of such grants assumes full satisfaction of all performance criteria. Employee participants who receive restricted stock awards have all of the rights of a shareholder, including the right to vote shares of restricted stock that are the subject of the grant and the right to receive any regular cash dividends paid out of current earnings.

The following table summarizes RSA activity during the years ended December 31, 2016 and 2015:

	December 31, 2016		December 31, 2015	
	Number of RSAs	Weighted- Average Grant Date Fair Value	Number of RSAs	Weighted- Average Grant Date Fair Value
Unvested RSAs at beginning of period	1,366	\$ 40.01	2,223	\$ 62.65
Forfeited	(410)	44.84	(104)	80.40
Vested	(956)	37.94	(753)	101.26
Unvested RSAs at end of period	<u>-</u>	<u>\$ -</u>	<u>1,366</u>	<u>\$ 40.01</u>

***Performance Shares***

The Company issued 58,286 replacement performance shares upon completion of the Anatolia Transaction. These performance shares entitle each holder to convert their performance share into a share of the Company's common stock upon the Company declaring a mineral resource estimate for the Temrezli project of at least 15.0 million lbs. As the Company did not anticipate this performance condition to be met prior to the February 10, 2016 expiry date, the Company did not recognize the fair value of these performance shares. All performance shares expired on February 10, 2016 without the performance conditions met.

URANIUM RESOURCES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

# **11. FEDERAL INCOME TAXES**

The Company recognizes future tax assets and liabilities for each tax jurisdiction based on the difference between the financial reporting and tax bases of assets and liabilities using the enacted tax rates expected to be in effect when the taxes are paid or recovered. A valuation allowance is provided against net future tax assets for which the Company does consider the realization of such assets to meet the required “more likely than not” standard.

The Company’s future tax assets and liabilities at December 31, 2016 and 2015 include the following components:

	<b>December 31,</b>	
	<b>2016</b>	<b>2015</b>
	<i>(thousands of dollars)</i>	
Deferred tax assets:		
Non-Current:		
Net operating loss carryforwards	\$ 85,995	\$ 80,491
Mineral properties	11,608	13,970
Capital loss carryforwards	618	618
Restoration reserves	1,623	1,478
Capitalized transaction costs	1,140	1,145
Other	5,562	946
Deferred tax assets	106,546	98,648
Valuation allowance	(101,523)	(96,203)
Net deferred tax assets	5,023	2,445
Deferred tax liabilities:		
Current:		
Prepays and other	70	68
	70	68
Non-Current:		
Derivatives	(956)	(956)
Property, plant and equipment	(4,137)	(1,557)
Deferred tax liabilities	(5,093)	(2,513)
Net deferred tax asset (liability)	\$ -	\$ -

The composition of our valuation allowance by tax jurisdiction is summarized as follows:

	<b>December 31,</b>	
	<b>2016</b>	<b>2015</b>
	<i>(thousands of dollars)</i>	
United States	\$ 92,448	\$ 87,304
Australia	11,113	11,066
Turkey	(2,038)	(2,167)
Total valuation allowance	\$ 101,523	\$ 96,203

The valuation allowance increased \$5.3 million from the year ended December 31, 2015 to the year ended December 31, 2016. This was the result of an increase in the net deferred tax assets, primarily net operating loss carryforwards (“NOLs”), equity based compensation and exploration spending on mineral properties. Because we are unable to determine whether it is more likely than not that the net deferred tax assets will be realized, we continue to record a 100% valuation against the net deferred tax assets.

At December 31, 2016, we had U.S. net operating loss carryforwards of approximately \$235.1 million, which expire from 2018 to 2036. This included approximately \$32.8 million in net operating loss carryforwards associated with the Neutron merger. In addition, at December 31, 2016 we had Australian net operating loss carryforwards of \$14.1 million, including approximately \$13.3 million associated with the Anatolia Transaction, which are available indefinitely, subject to

URANIUM RESOURCES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

continuing to meet relevant statutory tests, and net operating loss carryforwards in Turkey of approximately \$1.8 million, which expire from 2017 to 2020.

Section 382 of the Internal Revenue Code could apply and limit our ability to utilize a portion of the U.S. net operating loss carryforwards. Following the issuance of the Company's Common Stock in 2001, the Neutron merger in 2012 and the Anatolia Transaction in 2015, the ability to utilize the net operating loss carryforwards will be severely limited on an annual and aggregate basis. A formal Section 382 study has not been completed, therefore the actual usage of US net operating loss carryforwards has not been determined. Similar limitations apply to the state net operating loss carryforwards related to the Neutron acquisition.

For financial reporting purposes, loss from operations before income taxes consists of the following components:

	For the calendar year ended December 31,	
	2016	2015
	<i>(thousands of dollars)</i>	
United States	\$ (18,798)	\$ (14,858)
Australia	(158)	(76)
Turkey	(649)	(209)
	<u>\$ (19,605)</u>	<u>\$ (15,143)</u>

A reconciliation of expected income tax on net income at statutory rates is as follows:

	Year ended December 31,	
	2016	2015
	<i>(thousands of dollars)</i>	
Net loss	\$ (19,605)	\$ (15,143)
Statutory tax rate	34%	34%
Tax recovery at statutory rate	(6,666)	(5,149)
Foreign tax rate	97	(33)
Mineral property adjustments	9	(2,394)
Foreign deferred costs and other adjustments	-	(800)
Operating loss carryforward adjustment	(10)	(5,488)
Nondeductible write-offs	1,250	96
Change in valuation allowance	5,320	13,768
Income tax expense (recovery)	<u>\$ -</u>	<u>\$ -</u>

We do not have any uncertain tax positions. Should we incur interest and penalties relating to tax uncertainties, such amounts would be classified as a component of the interest expense and operating expense, respectively.

Uranium Resources, Inc., and its wholly owned subsidiaries, files in the U.S. federal jurisdiction and various state jurisdictions. Anatolia Energy Limited and Anatolia Uranium Pty Ltd file in the Australian jurisdiction and Adur Madencilik files in the Turkish jurisdiction.

The years still open for U.S. audit are generally the current year plus the previous three. However, because we have NOLs carrying forward, certain items attributable to closed tax years are still subject to adjustment by applicable taxing authorities through an adjustment to tax losses carried forward to open years.

## **12. COMMITMENTS AND CONTINGENCIES**

### ***Environmental Considerations***

The Company's uranium recovery operations are subject to federal and state regulations for the protection of the environment, including water quality. Future closure and reclamation costs are provided for as each pound of uranium is produced on a unit-of-production basis. The Company reviews its reclamation obligations each year and determines the appropriate unit charge. The Company also evaluates the status of current environmental laws and their potential impact on their accrual for costs. The Company believes its operations are materially compliant with current environmental regulations.

URANIUM RESOURCES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

***Sales Contracts***

In March 2006, the Company first amended its sales contracts with Itochu Corporation (“Itochu”) and UG U.S.A., Inc. (“UG”) that superseded the previously existing contracts. Each contract provides for delivery of one-half of our actual production from our properties in Texas currently owned or hereafter acquired by the Company (excluding two specifically identified large ranch properties in South Texas). Uranium deliveries from the inception of the contracts through December 31, 2015 have totaled approximately 510,000 pounds to Itochu and 480,000 pounds to UG.

In July 2013, the Company amended its uranium supply contract with Itochu to include a new sales pricing structure, new delivery dates and quantity levels. Pursuant to the amended agreement, Itochu would purchase one-half of all production from the Company’s Vasquez, Rosita or Kingsville properties up to three million pounds of U3O8. Any new production outside of Texas is not subject to the agreement. The purchase price will be based on published market prices at the time of delivery subject to a five percent discount when the market price is \$56.50 per pound of U3O8 or less, or seven percent when greater than \$56.50 per pound. Under the UG contract all production from our Texas properties will be sold at a price equal to the month-end long-term contract price for the second month prior to the month of delivery less \$6 per pound until (i) 600,000 pounds have been sold in a particular delivery year and (ii) an aggregate of 3 million pounds of uranium has been sold. After the 600,000 pounds in any year and 3 million pounds total have been sold, UG will have a right of first refusal to purchase other Texas production at a price equal to the average spot price for a period prior to the date of delivery less 4%.

**13. GEOGRAPHIC AND SEGMENT INFORMATION**

The Company has one reportable operating segment, consisting of uranium and lithium exploration and development activities. These activities are focused principally in the United States and the Republic of Turkey. We reported no revenues during the years ended December 31, 2016 and 2015. Geographic location of property, plant and equipment, including mineral rights, and mineral property expenses, is provided in Note 4, above.

**14. SUBSEQUENT EVENTS**

***Laramide Asset Sale***

As discussed in Note 5 above, on January 5, 2017, the Company completed the sale of its wholly-owned subsidiary Hydro Resources, Inc., which holds the Churchrock and Crownpoint projects, to Laramide.

***RCF Loan Retirement***

As discussed in Note 6 above, on February 9, 2017 the Company and Esousa terminated the Esousa MEA after the Company failed to reach a quorum at a Special Meeting of Stockholders on February 8, 2017. Following termination of the Esousa MEA, the Company’s Board of Directors agreed to repay the \$5.5 million principal and accrued unpaid interest in cash on February 9, 2017. As a result, the Company no longer has any obligations outstanding under the RCF Loan

***Equity Financings***

On February 16, 2017, we completed a registered direct offering for gross proceeds of \$4.5 million with Aspire Capital whereby Aspire Capital purchased 2,100,000 shares of common stock at a price of \$1.58 and 748,101 pre-funded common stock purchase warrants at a price of \$1.57. The warrants have an exercise price of \$0.01 per share and a term of three years. As of March 2, 2017 all of the pre-funded warrants have been exercised.

On January 19, 2017, the Company completed a registered public offering for gross proceeds of \$9.7 million. The Company sold 1,399,140 shares of common stock at a price of \$2.01 per share and 3,426,731 pre-funded warrants at a price of \$2.00 per warrant. The warrants have an exercise price of \$0.01. As of March 2, 2017, all of the pre-funded warrants have been exercised.

## **ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.**

None.

## **ITEM 9A. CONTROLS AND PROCEDURES**

### **EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES**

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in its filings with the SEC is recorded, processed, summarized and reported within the time period specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management has recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply judgment in evaluating its controls and procedures.

During the fiscal period covered by this report, the Company's management, with the participation of the Chief Executive Officer and Chief Financial Officer of the Company, carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")). Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of December 31, 2016.

### **MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. The Company's internal control over financial reporting is designed, under the supervision of the Company's Chief Executive Officer and Chief Financial Officer, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. The Company's internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

The Company's management conducted an evaluation of the effectiveness of the Company's internal control over financial reporting as of December 31, 2016. This evaluation was based on the framework in *Internal Control—Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 framework). All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP.

Based on management's evaluation under the framework in *Internal Control—Integrated Framework (1992)*, management concluded that internal control over financial reporting was effective as of December 31, 2016.

This annual report does not include an attestation report of the Company's independent public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's independent public accounting firm pursuant to rules of the SEC that permit the Company to provide only management's report in this annual report.

### *Changes in Internal Controls over Financial Reporting*

There were no changes in the Company's internal control over financial reporting during the quarter ended December 31, 2016 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **ITEM 9B. OTHER INFORMATION**

None.

## **PART III**

## **ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

### **DIRECTORS OF THE COMPANY**

Our Board currently consists of four directors. The directors hold office from election until the next Annual Meeting of Stockholders and until their successors are elected and qualified or until their death, resignation or removal.

In the paragraphs below, we describe each director's individual management and leadership experience for at least the last five years, which we believe, in the aggregate, creates a well-rounded and capable Board of Directors and contributes to the overall effectiveness of our Board and each of its Committees. There are no family relationships among any director or executive officer.

Following each director's biography below, we have highlighted certain notable skills and qualifications that contributed to his selection as a member of our Board of Directors.

<b>Name</b>	<b>Age</b>	<b>Director Since</b>	<b>Primary Occupation</b>
Christopher M. Jones	58	2013	Interim Chairman of the Board, President and Chief Executive Officer, Uranium Resources, Inc.
Marvin K. Kaiser	75	2007	Founder, Whippoorwill Consulting LLC
Tracy A. Stevenson	66	2013	Founding Member of Bedrock Resources, LLC
Patrick N. Burke	47	2016	Managing Director, Rowan Hall Capital

#### ***Christopher M. Jones***

#### **President and Chief Executive Officer**

#### **Interim Chairman of the Board, Chairman of the Health, Safety, Environment and Public Affairs Committee**

Christopher M. Jones has served as President and Chief Executive Officer and a director since April 2013 and was appointed as the interim Chairman of the Board in March 2016. Mr. Jones has more than 30 years' experience in the mining industry and was most recently President, Chief Executive Officer and a director of Wildcat Silver Corporation from August 2008 to May 2012, where he and his team effectively doubled the size of Wildcat Silver's resources twice using proven metallurgical technologies. Prior to that, Mr. Jones was the Chief Operating Officer and the Mining General Manager at Albion Sands Energy from April 2004 to June 2008. Mr. Jones also held management positions at RAG Coal West Inc., Phelps Dodge Sierrita Corp. and Cyprus Amax Coal Company. He is a member of the American Institute of Mining, Metallurgical, and Petroleum Engineers and is a Professional Engineer registered in Utah and Alberta. Mr. Jones received a Bachelor of Science degree in Mining Engineering at the South Dakota School of Mines and a Master of Business Administration degree from Colorado State University.

Mr. Jones has extensive executive and leadership experience as a result of his prior employment in management roles at other companies within the mining industry, which enables him to provide valuable counsel to the Company on issues of strategic planning and corporate governance. In addition, Mr. Jones has a history of leading various mining and production operations, as well as exploration and development projects, which will be useful to the Company in its efforts to develop its asset base in New Mexico and position its South Texas operations for a return to production.



***Marvin K. Kaiser***

**Chairman of the Audit and the Nominating and Corporate Governance Committees and Member of the Compensation Committee**

Marvin K. Kaiser has served as a director since July 2007 and is Chairman of the Audit Committee. Since 2006, Mr. Kaiser has owned Whippoorwill Consulting LLC, a consulting practice specializing in the natural resource industry. In February 2006, Mr. Kaiser retired from The Doe Run Company, a privately held natural resources company and the largest integrated lead producer in the Western Hemisphere, where he served as Executive Vice President and Chief Administrative Officer. Prior to his thirteen years with Doe Run, Mr. Kaiser held the positions of Chief Financial Officer for Amax Gold, Olympic Mining Corporation and Ranchers Exploration at various times over a 24-year period. Mr. Kaiser graduated from Southern Illinois University with a Bachelor of Science degree in Accounting in 1963. He is a Certified Public Accountant and is experienced in all aspects of corporate finance and management. Mr. Kaiser currently serves as a director of Aurania Resources Ltd. Mr. Kaiser previously served as a director of New West Gold Corporation from May 2006 through September 2007, Constellation Copper Corporation from August 2006 through December 2008, El Capitan Precious Metals Inc. from September 2007 through April 2009, Gryphon Gold Corporation from November 2008 to December 2013, and Brigus Gold Corp. (formerly named Apollo Gold Corporation) from May 2006 to March 2014.

Mr. Kaiser's qualifications include over 40 years in the mining and exploration industries. In addition, Mr. Kaiser's background in accounting and his prior experience serving on the audit committees of other public companies make him a valuable advisor to the Company on financial and accounting issues and uniquely qualify him to serve as the Company's Audit Committee financial expert.

***Tracy A. Stevenson***

**Chairman of the Compensation Committee and Member of the Audit, Nominating and Corporate Governance and Health, Safety, Environment and Public Affairs Committees**

Tracy A. Stevenson has served as a director since December 2013. Mr. Stevenson has served as a director of Vista Gold Corp. since November 2007 and previously served as a director of Ivanhoe Mines Ltd. from May 2010 to April 2012 and as a director of Quaterra Resources Inc. from 2007 to 2013, where he was its Non-Executive Chairman from February 2008. Mr. Stevenson is a Certified Public Accountant (inactive), graduated magna cum laude with a Bachelor of Science degree in Accounting from the University of Utah and spent four years with a predecessor of the firm PricewaterhouseCoopers LLP.

Mr. Stevenson's extensive experience in finance as a founding member of a financial advisory firm, as a Certified Public Accountant and in executive roles at other companies in the mining industry enables him to provide valuable counsel to the Company on financial matters and business opportunities related to the Company's business strategy. In addition, Mr. Stevenson's board service at other companies in the mining industry provides him deep industry knowledge and allows him to provide important corporate governance insight to the Company.

***Patrick N. Burke***

**Member of the Audit, Compensation, Nominating and Corporate Governance and Health, Safety, Environment and Public Affairs Committees**

Patrick N. Burke has served as a director since March 2016. Mr. Burke serves as a director for ASX listed ATC Alloys Limited (formerly Hazelwood Resources Limited), Pan Pacific Petroleum NL, Triton Minerals Ltd and Bligh Resources Ltd. and has acted as a Director for a number of other ASX and AIM listed small to mid-cap resources companies over the past ten years. Mr. Burke holds a Bachelor of Laws degree from the University of Western Australia and has extensive legal and corporate advisory experience developed over more than twenty two years working in law firms, corporate advisory firms and with various companies.

Mr. Burke's legal expertise in corporate, commercial and securities law and his fulsome experience as a director at other companies over the past decade enable him to provide counsel to the Company on strategic planning, corporate governance, potential capital raising and mergers and acquisitions.

### *Criteria for Nomination to the Board*

The Nominating and Corporate Governance Committee of the Board of Directors identifies director candidates based on input provided by a number of sources, including members of the Committee, other directors, our stockholders, members of management and third parties. The Nominating and Corporate Governance Committee does not distinguish between nominees recommended by our stockholders and those recommended by other parties. Any stockholder recommendation must be sent to the Secretary of Uranium Resources, Inc. at 6950 S. Potomac Street, Suite 300, Centennial, Colorado 80112, and must include detailed background information regarding the suggested candidate that demonstrates how the individual meets the Board membership criteria discussed below. The Nominating and Corporate Governance Committee also has the authority to consult with or retain advisors or search firms to assist in the identification of qualified director candidates.

As part of the identification process, the Nominating and Corporate Governance Committee takes into account each candidate's business and professional skills, experience serving in management or on the board of directors of companies similar to the Company, financial literacy, independence, personal integrity and judgment. In conducting this assessment, the Nominating and Corporate Governance Committee will, in connection with its assessment and recommendation of candidates for director, consider diversity (including, but not limited to, gender, race, ethnicity, age, experience and skills) and such other factors as it deems appropriate given the then-current and anticipated future needs of the Board and the Company, and to maintain a balance of perspectives, qualifications, qualities and skills on the Board. The Board of Directors does not have a formal diversity policy for directors. However, the Board of Directors is committed to an inclusive membership. Although the Nominating and Corporate Governance Committee may seek candidates that have different qualities and experiences at different times in order to maximize the aggregate experience, qualities and strengths of the Board members, nominees for each election or appointment of directors will be evaluated using a substantially similar process. Incumbent directors who are being considered for re-nomination are re-evaluated both on their performance as directors and their continued ability to meet the required qualifications.

### *Arrangements Regarding Election of Directors*

Under a Stockholders' Agreement between RCF and the Company dated March 1, 2012, as subsequently modified by a Bridge Loan Agreement between the Company and RCF dated December 17, 2012 and the RCF Loan dated November 13, 2013, which was subsequently amended on April 29, 2014 and November 5, 2014, the Company and RCF have the following arrangements regarding the election of directors: (i) so long as RCF and its affiliates own or hold shares of URI common stock which in the aggregate exceed 10% of the Company's issued and outstanding common stock, RCF will be entitled to have one designee placed in nomination for a seat on the Company's Board of Directors; and (ii) so long as RCF and its affiliates own or hold shares of URI common stock which in the aggregate exceed 25% of the Company's issued and outstanding common stock, RCF will be entitled to have an additional designee placed in nomination for a seat on the Company's Board of Directors. Tracy A. Stevenson currently serves as the only RCF designee to the Company's Board of Directors.

## **EXECUTIVE OFFICERS OF THE COMPANY**

The executive officers serve at the discretion of the Board of Directors. All officers are employed on a full-time basis.

<b>Name</b>	<b>Age</b>	<b>Position</b>
Christopher M. Jones	58	President and Chief Executive Officer
Jeffrey L. Vigil	63	Vice President – Finance and Chief Financial Officer
Dean T. (Ted) Wilton	69	Vice President and Chief Geologist
Dain A. McCoig	37	Vice President – South Texas Operations

Please see above under "Directors of the Company" for information about Christopher M. Jones, the Company's President and Chief Executive Officer. The following paragraphs set forth certain information concerning the business experience of the Company's other executive officers.

**JEFFREY L. VIGIL** joined the Company as Vice President – Finance and Chief Financial Officer in June 2013. Mr. Vigil is a mining industry financial veteran with more than thirty years of financial management experience in both production stage and development stage enterprises. Previously, he served in various financial positions, including Chief Financial Officer, at Energy Fuels, a uranium company, from April 2009 to May 2013, where he was responsible for financial and management reporting, equity financings, tax planning and compliance, treasury functions and risk management. Mr. Vigil also managed financial, operational and legal due diligence for a number of acquisitions. Prior to Energy Fuels, he served as Chief Financial Officer for Koala Corporation, which filed for voluntary reorganization under Chapter 11 of the U.S. Bankruptcy Code in March 2007. Mr. Vigil is a graduate of the University of Wyoming with a Bachelor of Science degree in Accounting and is a licensed Certified Public Accountant in the state of Colorado.

**DEAN T. (TED) WILTON** joined the Company in April 2012 as Vice President and Chief Geologist. On February 1, 2017, Mr. Wilton assumed the position of Chief Geologist and transitioned to a part-time role within the Company. Mr. Wilton, who has over 40 years of experience in the mining industry, is responsible for the development and implementation of exploration and delineation policies related to both the exploration and development of existing properties as well as identifying potential new projects. Mr. Wilton has a comprehensive range of experience from greenfield to advanced stage mineral exploration and development programs in a variety of regions from North America and Latin America to Australia and New Zealand. He has participated in the discovery of a number of uranium and gold deposits over his career which includes a variety of technical and leadership roles at Freeport McMoRan, Inc., Kinross Gold Corporation, Neutron Energy, Inc., Victoria Gold Corporation and Klondex Mines Ltd. Prior to joining the Company in April 2012, Mr. Wilton served as Vice President – Exploration for Klondex Mines Ltd. from January 2012 to March 2012, Vice President – Exploration for Victoria Gold Corporation from January 2011 to December 2011, and as Chief Geologist for Neutron Energy, Inc. from March 2005 to December 2010. Mr. Wilton is a graduate of the New Mexico Institute of Mining and Technology and was honored with the 2011 Distinguished Alumni Achievement award. He is a Registered Professional Geologist (Wyoming) and a Certified Professional Geologist (AIPG).

**DAIN A. MCCOIG** joined the Company in 2004 as Plant Engineer and was promoted to Kingsville Dome Plant Supervisor in 2005, Senior Engineer in August 2008, Manager – South Texas Operations in April 2010 and Vice President – South Texas Operations in January 2013. Mr. McCoig earned a Bachelor of Science degree in Mechanical Engineering from Colorado School of Mines in 2002 and attained his certification as a Professional Engineer from the Texas Board of Professional Engineers in 2010.

## **SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16 of the Exchange Act, requires our directors and executive officers and persons who own more than 10% of our outstanding common stock to file reports of ownership and changes in ownership of our common stock. To our knowledge, based on a review of those forms and written representations, in 2016 all required forms were filed on time with the SEC, other than (i) a Form 4 filing that was filed one day late for Mr. Vigil on June 17, 2016 for a single transaction, (ii) a Form 4 filing that was filed four days late for Mr. Jones on November 17, 2016 for two transactions, (iii) a Form 4 filing that was filed four days late for Mr. Vigil on November 17, 2016 for two transactions, (iv) a Form 4 filing that was filed four days late for Mr. McCoig on November 17, 2016 for two transactions, (v) a Form 4 filing that was filed 164 days late for Mr. Kaiser on November 17, 2016 for a single transaction, (vi) a Form 4 filing that was filed 164 days late for Mr. Stevenson on November 17, 2016 for a single transaction and (vii) a Form 3 filing that was filed five days late for Mr. Burke on March 31, 2016 for a single transaction.

## **CODES OF ETHICS**

The Company has adopted a Code of Ethics for Senior Financial Officers, which is applicable to the Company's chief executive officer, chief financial officer, controller, treasurer and chief internal auditor, and a Code of Business Conduct and Ethics, which is applicable to all of the Company's directors, officers and employees. Copies of the codes are available on our website at <http://urres.client.shareholder.com> under "Corporate Governance," or in print, without charge, to any stockholder who sends a request to the office of the Secretary of Uranium Resources, Inc. at 6950 S. Potomac Street, Suite 300, Centennial, Colorado 80112.

## **IDENTIFICATION OF AUDIT COMMITTEE AND FINANCIAL EXPERT**

We have a separately-designated Audit Committee established in accordance with Section 3(a)(58)(A) of the Exchange Act. The members of the Audit Committee are identified below.

Members: Marvin K. Kaiser (Chair)  
Tracy A. Stevenson  
Patrick N. Burke

The Board of Directors has determined that Mr. Kaiser, the chairman of the Audit Committee, satisfies the criteria adopted by the SEC to serve as an "audit committee financial expert." In addition, the Board of Directors has determined that each of Messrs. Kaiser, Stevenson and Burke, constituting all members of the Audit Committee, is an independent director pursuant to the requirements under the Exchange Act and NASDAQ listing standards and is able to read and understand the Company's fundamental financial statements.

## ITEM 11. EXECUTIVE COMPENSATION

### COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During 2016, the Compensation Committee consisted of Tracy A. Stevenson (Chair), Marvin K. Kaiser and Patrick N. Burke. No member of the Compensation Committee is now, or was during 2016, an officer or employee of the Company. No member of the Compensation Committee had any relationship with the Company or any of its subsidiaries during 2016 pursuant to which disclosure would be required under applicable rules of the SEC pertaining to the disclosure of transactions with related persons. None of the executive officers of the Company currently serves or served during 2016 on the board of directors or compensation committee of another company at any time during which an executive officer of such other company served on the Company's Board of Directors or Compensation Committee.

### 2016 SUMMARY COMPENSATION TABLE

The following table sets forth information regarding 2016 and 2015 compensation for each of our 2016 NEOs;

Name and Principal Position	Year	Salary (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan	Bonus (\$)	All Other Compensation	Total (\$)
					Compensation (\$)(1)		(\$)(2)	
Christopher M. Jones	2016	275,000			—	165,000	26,659	466,659
President and CEO	2015	275,000	—	—	110,500	—	1,145	386,645
Jeffrey L. Vigil	2016	200,000			—	60,000	1,253	261,253
Vice President – Finance and CFO	2015	200,000	—	—	40,200	—	1,145	241,345
Dean T. (Ted) Wilton <sup>(3)</sup>	2016	175,000			—	52,500	814	228,314
Chief Geologist	2015	175,000	—	—	35,175	—	744	210,919

- (1) The amounts shown under Non-Equity Incentive Plan Compensation reflect earnings by the named executive officers under URI's short-term earnings program for the fiscal year in which such amounts are earned, regardless of when paid. Bonuses under URI's short-term incentive program are generally paid the year following the year in which the bonus is earned. Bonuses were paid in 2016 as a result of 2015 performance.
- (2) Includes life insurance premiums paid by the Company on behalf of the named officer, with the exception of Mr. Jones which includes life insurance premiums of \$1,253 paid by the Company on his behalf and \$25,407 paid to Mr. Jones as compensation for his position as interim Chairman of the Board of Directors.
- (3) On February 1, 2017, Mr. Wilton assumed the title of Chief Geologist. Previously, Mr. Wilton was the Company's Vice President and Chief Geologist.

### 2016 GRANTS OF PLAN-BASED AWARDS

There were no grants of plan-based awards made to the NEOs during 2016.

### EMPLOYMENT AGREEMENTS

On March 12, 2013, the Company entered into an employment agreement with Mr. Jones in connection with his joining the Company as President and CEO. Pursuant to his employment agreement, Mr. Jones is entitled to an annual base salary of \$275,000, has a target bonus equal to 60% of his base salary, and was awarded 2,083 shares of the Company's restricted stock and an option to purchase 4,583 shares of the Company's common stock. In the event of a change of control (as defined therein), if Mr. Jones is terminated without cause (as defined therein), demoted or has his responsibilities materially changed, or circumstances arise that constitute good reason (as defined therein), the Company will pay Mr. Jones a severance amount equal to two years of base salary, in a lump sum within 30 days after his termination or termination of the agreement. If the Company otherwise terminates Mr. Jones without cause or fails to renew the employment agreement, or Mr. Jones otherwise terminates his employment for good reason, the Company will pay Mr. Jones severance in the amount of one year of base salary in a lump sum within 30 days after the termination date.

On June 11, 2013, the Company entered into an employment agreement with Mr. Vigil in connection with his joining the Company as Vice President – Finance and CFO. Pursuant to his employment agreement, Mr. Vigil is entitled to an annual base salary of \$200,000 and has a target bonus equal to 30% of his base salary. The employment agreement also provides for a grant of 6,666 RSUs to Mr. Vigil. In the event of a change of control (as defined therein), if Mr. Vigil is terminated without cause (as defined therein), demoted or has his responsibilities materially changed, or circumstances arise that constitute good reason (as defined therein), the Company will pay Mr. Vigil a severance amount equal to one year of base salary, in a lump sum within 30 days after his termination or termination of the agreement. If the Company otherwise terminates Mr. Vigil without cause or fails to renew the employment agreement, or Mr. Vigil otherwise terminates his employment for good reason, the Company will pay Mr. Vigil severance in the amount of six months of base salary in a lump sum within 30 days after the termination date.

Each employment agreement also contains customary confidentiality, non-competition and non-solicitation provisions. Each executive has agreed not to perform any work in the United States related in any way to uranium mining, or to solicit customers, suppliers or employees of the Company, during the term of the employment agreement and for a period of one year thereafter in the case of Mr. Jones or six month thereafter in the case of Mr. Vigil.

Other than the foregoing employment agreements, we do not have any other employment agreements with our executive officers.

## 2016 OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

The following table shows outstanding stock option awards classified as exercisable and unexercisable as of December 31, 2016 for the NEOs. The table also shows unvested and unearned stock awards and RSUs assuming a market value of \$1.37 a share, the closing market price of the Company's stock on December 31, 2016.

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
Christopher M. Jones	2,546	2,037 <sup>(1)</sup>	32.76	3/12/2023	—	—
	—	—	—	—	3,255 <sup>(1)</sup>	4,459
Jeffrey L. Vigil	—	—	—	—	1,302 <sup>(1)</sup>	1,784

- (1) The reported award represents the unvested portion of RSUs that vest as follows: one-third in equal installments on January 2, 2015, 2016 and 2017, and the remaining two-thirds over three years subject to the achievement of performance objectives.

## 2016 OPTION EXERCISES AND STOCK VESTED

The following table sets forth certain information regarding options, restricted stock awards and restricted stock units exercised and vested, respectively, during 2016 for the NEOs.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
Christopher M. Jones	—	—	7,622	29,525
Jeffrey L. Vigil	—	—	4,323	7,853
Dean T. (Ted) Wilton	—	—	—	—

## **POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL**

### ***Employment Agreements***

The Company has entered into employment agreements with each of Mr. Jones and Mr. Vigil. See "Employment Agreements" above. In the event of a change of control, if either executive is terminated without cause (as defined therein), demoted or has his responsibilities materially changed, or circumstances arise that constitute good reason (as defined therein), the Company will pay severance in an amount equal to two years of base salary in the case of Mr. Jones and one year of base salary in the case of Mr. Vigil, in each case in a lump sum within 30 days after his termination or termination of the agreement. If the Company otherwise terminates either executive, including following the disability of either executive, without cause, or fails to renew either employment agreement, or either executive otherwise terminates his employment for good reason, the Company will pay severance in an amount equal to one year of base salary in the case of Mr. Jones and six months of base salary in the case of Mr. Vigil, in each case in a lump sum within 30 days after the termination date. The employment agreements automatically terminate upon the death of the executive.

The employment agreements define "change of control" as (i) any person or group of affiliated or associated persons (other than RCF or RMB Australia Holdings, Ltd. or related entities) acquires more than 50% of the voting power of the Company; (ii) the consummation of a sale of all or substantially all of the assets of the Company; (iii) the dissolution of the Company; (iv) a majority of the members of the Board are replaced during any 12-month period; or (v) the consummation of any merger, consolidation, or reorganization involving the Company in which, immediately after giving effect to such merger, consolidation or reorganization, less than 50.1% of the total voting power of outstanding stock of the surviving or resulting entity is then "beneficially owned" (within the meaning of Rule 13d-3 under the Exchange Act) in the aggregate by the stockholders of the Company immediately prior to such merger, consolidation or reorganization.

### ***Equity Incentive Plans***

Upon a change in control, the stock options granted under our 2004 Plan, the restricted stock granted under our 2007 Plan and any awards under our 2013 Plan will immediately vest in full, to the extent not already vested, for all of our NEOs.

## **BOARD OVERSIGHT OF RISK MANAGEMENT**

The Board of Directors has overall responsibility for risk oversight with a focus on the most significant risks facing the Company. The Board of Directors relies upon the President and Chief Executive Officer to supervise day-to-day risk management, who reports directly to the Board and certain Committees on such matters as appropriate.

The Board of Directors delegates certain oversight responsibilities to its Committees. For example, while the primary responsibility for financial and other reporting, internal controls, compliance with laws and regulations and ethics rests with the management of the Company, the Audit Committee provides risk oversight with respect to the Company's financial statements, the Company's compliance with legal and regulatory requirements and corporate policies and controls, and the independent auditor's selection, retention, qualifications, objectivity and independence. Additionally, the Compensation Committee provides risk oversight with respect to the Company's compensation programs, and the Nominating and Governance Committee provides risk oversight with respect to the Company's governance structure and processes and succession planning. The Board and each Committee consider reports and presentations from the members of management responsible for the matters considered to enable the Board and each Committee to understand and discuss risk identification and risk management.

## ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

### STOCK OWNERSHIP OF OFFICERS AND DIRECTORS

The following table shows, as of March 2, 2017, the number of shares of URI common stock beneficially owned by each director, by each of the named executive officers identified in the 2016 Summary Compensation Table on page 92 in this Annual Report on Form 10-K, and by all current directors and executive officers as a group. The percentage of beneficial ownership is based on 24,493,374 shares of common stock outstanding as of the close of business on March 2, 2017. The information in this table is based solely on statements in filings with the SEC or other reliable information.

Name of Individual or Group	Number of Shares of URI Common Stock Beneficially Owned <sup>(1)</sup>	Percent of Class
Christopher M. Jones	23,338	*
Marvin K. Kaiser	5,722	*
Tracy A. Stevenson	1,425	*
Patrick Burke	5,558	*
Jeffrey L. Vigil	7,207	*
Dean T. (Ted) Wilton	1,098	*
All current directors and executive officers as a group (7 persons)	46,134	*

\* Represents less than 1%.

(1) Includes the following shares that directors and executive officers have the right to acquire within 60 days after March 18, 2016 through the exercise of vested stock options: Christopher M. Jones, 2,546 shares; Marvin K. Kaiser, 1,390 shares; Tracy A. Stevenson, 313 shares; Patrick N. Burke 5,558 shares; and all current directors and executive officers as a group, 10,015 shares. Except as otherwise noted, the directors and executive officers exercise sole voting and investment power over their shares shown in the table and none of the shares are subject to pledge.

### STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

None.

### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table provides information as of December 31, 2016 with respect to the shares of URI common stock that may be issued under our equity compensation plans.

Plan Category	Number of shares issuable under outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column(a)) (c)
Equity compensation plans approved by security holders <sup>(1)(2)</sup>	96,594	\$ 160.39 <sup>(3)</sup>	54,460
Equity compensation plans not approved by security holders	—	—	—
Total	96,594	\$ 160.39 <sup>(3)</sup>	54,460

(1) Includes our 2013 Plan, 2007 Restricted Stock Plan, 2004 Directors' Plan and Restricted Stock Plan and 2004 Stock Incentive Plan. Our 2013 Omnibus Incentive Plan is the only equity compensation plan under which we currently issue equity awards. As of June 4, 2013, our 2013 Plan superseded our prior plans.

(2) Upon completion of the Anatolia Transaction, the Company assumed Anatolia Energy's stock-compensation plans. URI will make no further issuances or grants under the Anatolia Energy plans. At December 31, 2016, there were 104,229 shares underlying exercisable options with a weighted-average exercise price of \$14.21

(3) Weighted average exercise price of outstanding options only.

## 2016 DIRECTOR COMPENSATION

### *Annual Compensation*

In 2016, the compensation of non-employee directors consisted of an annual \$50,000 cash retainer, earned at a rate of \$12,500 per quarter. The compensation of our Interim Chairman of the Board, Mr. Jones, consisted of \$8,000 per quarter. The compensation of the prior Chairman of the Board, Mr. Cryan, consisted of \$27,500 per quarter. All of our directors are also reimbursed for reasonable out-of-pocket expenses related to attendance at Board and Committee meetings.

In addition, each non-employee director earned \$1,250 per quarter for each Committee served upon, with the Chairman of each Committee earning either an additional \$2,500 per quarter (in the case of the Audit and Compensation Committees) or \$1,250 per quarter (in the case of the Nominating and Corporate Governance and the Health, Safety, Environment and Public Affairs Committees) for such service.

### *Initial Option Grant*

Non-employee directors receive a one-time grant of an option to purchase 417 shares of the Company's common stock when first appointed to the Board. This award vests ratably over four years starting on the anniversary of the grant date.

### *2016 Non-Employee Director Compensation*

The following table summarizes all compensation earned by the Company's directors, excluding Mr. Jones, whose compensation is set forth in the 2016 Summary Compensation Table, in the year ended December 31, 2016.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards \$( <sup>(1)</sup> )	Total (\$)
Marvin K. Kaiser	78,970	—	78,970
Terence J. Cryan <sup>(2)</sup>	27,143	—	27,143
Tracy A. Stevenson	72,508	—	72,508
Mark K. Wheatley <sup>(2)</sup>	15,659	—	15,659
Patrick N. Burke	55,577	—	55,577

- (1) Represents the grant date fair value of equity awards granted during 2016 in accordance with FASB ASC Topic 718. See Note 10 – Stock Based Compensation of the Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K for a discussion of valuation assumptions for stock and option awards.
- (2) Mr. Cryan and Mr. Wheatley resigned from the Board effective March 16, 2016 and Mr. Burke was appointed to the Board effective the same date.

The number of RSUs and vested and unvested stock options held by each non-employee director at fiscal year-end 2016 is shown below:

Name	Number of Vested Options	Number of Unvested Options	Restricted Stock Units
Marvin K. Kaiser	1,390	—	556
Tracy A. Stevenson	312	104	556
Patrick N. Burke	5,558	—	—

## ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

### RELATED PARTY TRANSACTIONS

None.



## DIRECTOR INDEPENDENCE

The Board annually reviews all relationships that directors have with the Company to affirmatively determine whether the directors are "independent" under NASDAQ listing standards. The Board has determined that each of Messrs. Kaiser, Stevenson and Burke is "independent" and as a result, each member of the Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee is "independent." In arriving at the foregoing independence determination, the Board of Directors considered transactions and relationships between each director or any member of his immediate family and the Company, its subsidiaries or its affiliates. The Board has determined that the directors designated as "independent" have no relationship with the Company that would interfere with the exercise of their independent judgment in carrying out the responsibilities of a director.

## ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

### AUDIT AND NON-AUDIT FEES

The following table presents fees billed for professional audit services rendered by Hein & Associates LLP, the Company's independent registered public accountants, for the audit of the Company's annual financial statements for 2015 and 2016, and fees billed for other services rendered by Hein & Associates LLP.

	2015	2016
Audit fees <sup>(1)</sup>	\$243,126	\$196,807
Audit-related fees	15,023	—
Tax fees	—	—
All other fees	—	—

(1) Audit fees include fees for the audits of the Company's consolidated financial statements and for services that are usually provided by an auditor in connection with statutory and regulatory filings and engagements.

### AUDIT COMMITTEE PRE-APPROVAL POLICIES AND PROCEDURES

The Audit Committee is required to pre-approve the audit and non-audit services performed by the independent auditor to assure that the provision of such services does not impair the auditor's independence. All of the foregoing services were pre-approved by the Audit Committee.

## PART IV

### ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

Exhibit Number	Description
2.1	Scheme Implementation Agreement, dated June 3, 2015, between the Company and Anatolia Energy Limited (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on June 4, 2015).
2.2	Purchase and Exchange Agreement, dated June 26, 2015, among Energy Fuels Inc., Strathmore Resources (US) Ltd., the Company, Uranco, Inc., Neutron Energy, Inc. and Hydro Resources, Inc. (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on June 26, 2015).
2.3	Share Purchase Agreement, dated April 7, 2016, among the Company, URI, Inc. and Laramide Resources, Ltd. (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on April 8, 2016).
2.4	Amendment to Share Purchase Agreement, dated December 14, 2016, among the Company, URI, Inc. and Laramide Resources, Ltd. (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on December 14, 2016).
2.5	Amendment No. 2 to Share Purchase Agreement, effective December 22, 2016, among the Company, URI, Inc. and Laramide Resources, Ltd. (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on January 10, 2017).
3.1	Restated Certificate of Incorporation of the Company, as amended through March 8, 2016 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on March 8, 2016).
3.2	Amended and Restated Bylaws of the Company effective November 9, 2015 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on November 9, 2015).
4.1	Stockholders' Agreement, dated as of March 1, 2012, by and between Uranium Resources, Inc. and Resource Capital Fund V L.P. (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on March 7, 2012).
4.2	Registration Rights Agreement, dated as of March 1, 2012, by and among Uranium Resources, Inc. and Resource Capital Fund V L.P. (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on March 7, 2012).
4.3	Registration Rights Agreement dated as of April 8, 2016, between the Company and Aspire Capital Fund, LLC (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on April 11, 2016).
4.4	Form of Warrant (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on March 6, 2015).
4.5	Form of Warrant (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on April 4, 2016).
4.6	Form of Pre-Funded Warrant (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on December 6, 2016).
4.7	Form of options expiring June 15, 2017 (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on November 13, 2015).
4.8	Form of options expiring November 28, 2018 (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on December 6, 2016).
4.9	Form of options expiring October 8, 2019 (incorporated by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K filed on November 13, 2015).
4.10	Form of options expiring November 30, 2017 (incorporated by reference to Exhibit 4.5 to the Company's Current Report on Form 8-K filed on November 13, 2015).
4.11	Form of options expiring November 30, 2017 (incorporated by reference to Exhibit 4.6 to the Company's Current Report on Form 8-K filed on November 13, 2015).

- 4.12 Form of options expiring January 20, 2020 (incorporated by reference to Exhibit 4.7 to the Company's Current Report on Form 8-K filed on November 13, 2015).
- 4.13 Form of options expiring February 28, 2019 (incorporated by reference to Exhibit 4.8 to the Company's Current Report on Form 8-K filed on November 13, 2015).
- 4.14 Form of options expiring March 2, 2018 (incorporated by reference to Exhibit 4.9 to the Company's Current Report on Form 8-K filed on November 13, 2015).
- 4.15 Form of options expiring March 6, 2017 (incorporated by reference to Exhibit 4.10 to the Company's Current Report on Form 8-K filed on November 13, 2015).
- 4.16 Form of options expiring June 30, 2019 (incorporated by reference to Exhibit 4.11 to the Company's Current Report on Form 8-K filed on November 13, 2015).
- 10.1\* Uranium Resources, Inc. 2004 Stock Incentive Plan (incorporated by reference to Exhibit 10.35 to the Company's Quarterly Report on Form 10-QS/A for the quarterly period ended September 30, 2005).
- 10.2\* Uranium Resources, Inc. 2007 Restricted Stock Plan (incorporated by reference to Exhibit 10.44 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2007).
- 10.3\* Amended and Restated 2004 Directors' Stock Option Plan dated April 10, 2007 (incorporated by reference to Exhibit 10.43 to the Company's Post- Effective Amendment No. 1 to Registration Statement on Form S-3 filed April 11, 2007, SEC File No. 333-133960)
- 10.4\* Amended and Restated 2004 Directors' Stock Option and Restricted Stock Plan dated April 1, 2010 (incorporated by reference to Exhibit 10.43.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2010).
- 10.5\* Uranium Resources, Inc. 2013 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 7, 2013).
- 10.6\* Form of Restricted Stock Agreement under the Company's 2013 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on June 7, 2013).
- 10.7\* Form of Non-Qualified Stock Option Agreement under the Company's 2013 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on June 7, 2013).
- 10.8\* Form of Restricted Stock Unit Agreement under the Company's 2013 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on June 7, 2013).
- 10.9\* Employment Agreement, dated March 12, 2013, between the Company and Christopher M. Jones (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2013).
- 10.10\* Employment Agreement, effective June 14, 2013, between the Company and Jeffrey L. Vigil (incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2013).
- 10.11 Stock Purchase Agreement, dated February 4, 2016, between the Company and Aspire Capital Fund, LLC. (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on February 4, 2016).
- 10.12 Securities Purchase Agreement, dated as of April 4, 2016, between the Company and Aspire Capital Fund, LLC. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 4, 2016).
- 10.13 Common Stock Purchase Agreement, dated as of April 4, 2016, between the Company and Aspire Capital Fund, LLC. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 11, 2016).
- 10.14 Master Exchange Agreement, dated as of December 4, 2016, between the Company and Esousa Holdings LLC (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on December 6, 2016).
- 10.15 Amendment No. 1 to Master Exchange Agreement, dated as of December 14, 2016, between the Company and Esousa Holdings LLC (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 14, 2016).

- 10.16 Amendment No. 2 to Master Exchange Agreement, dated as of January 20, 2016, between the Company and Esousa Holdings LLC (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on January 26, 2017).
- 10.17 Placement Agency Agreement, dated as of January 13, 2017, between the Company and Dawson James Securities, Inc. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on January 19, 2017).
- 21.1 Subsidiaries of the Registrant.
- 23.1 Consent of Independent Registered Public Accounting Firm.
- 31.1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 101 The following financial information from the Annual Report on Form 10-K of Uranium Resources, Inc. for the year ended December 31, 2016, formatted in XBRL (extensible Business Reporting Language): (i) Consolidated Statements of Operations, (ii) Consolidated Balance Sheets, (iii) Consolidated Statements of Cash Flows, (iv) Consolidated Statements of Changes in Equity, and (v) Notes to the Condensed Consolidated Financial Statements.

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\* Indicates management contract or compensatory plan or arrangement.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: March 2, 2017

URANIUM RESOURCES, INC.

By: /s/ Christopher M. Jones

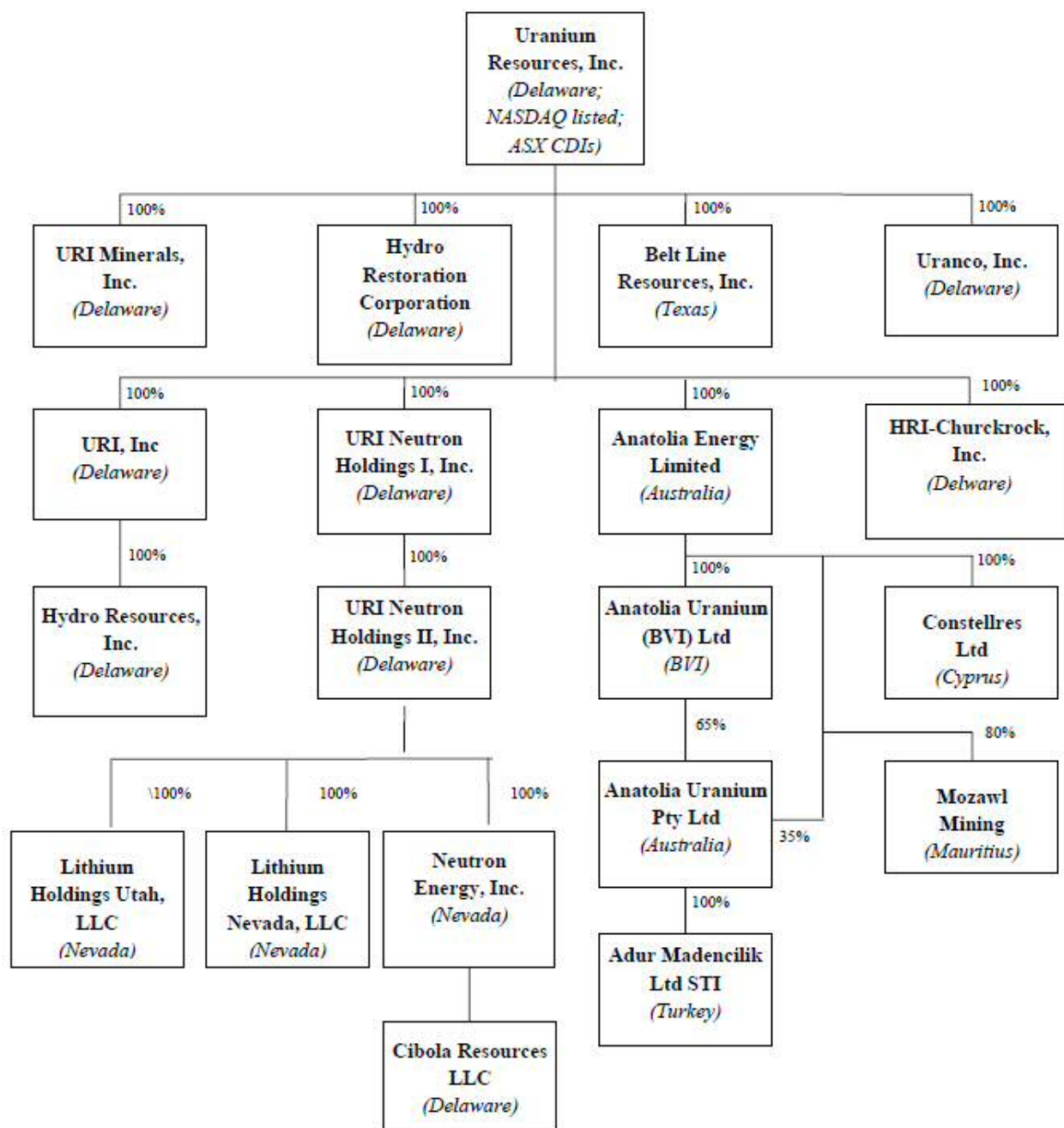
Christopher M. Jones,  
*President and Chief Executive Officer*

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Date
<u>/s/ Christopher M. Jones</u> Christopher M. Jones, <i>President, Chief Executive Officer and Interim Chairman of the Board (Principal Executive Officer)</i>	March 2, 2017
<u>/s/ Jeffrey L. Vigil</u> Jeffrey L. Vigil, <i>Vice President—Finance and Chief Financial Officer (Principal Financial and Accounting Officer)</i>	March 2, 2017
<u>/s/ Marvin K. Kaiser</u> Marvin K. Kaiser, <i>Director</i>	March 2, 2017
<u>/s/ Tracy Stevenson</u> Tracy Stevenson, <i>Director</i>	March 2, 2017
<u>/s/ Patrick Burke</u> Patrick Burke, <i>Director</i>	March 2, 2017

# Organizational Chart

December 31, 2016



**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in Registration Statements on Form S-8 (No. 333-196881, No. 333-193075, No. 333-156433, No. 333-134208, and No. 333-119661) and Form S-3 (No. 333-216243, No. 333-214657, No. 333-213232, No. 333-212845, No. 333-210793, No. 333-209024, No. 198084, No. 333-196880, No. 333-195605, No. 333-187964, No. 333-184175, , and No. 333-174845) of Uranium Resources, Inc. of our report dated March 2, 2017, relating to our audit of the consolidated financial statements which appears in this Annual Report on Form 10-K of Uranium Resources, Inc. for the year ended December 31, 2016.

/s/ Hein & Associates LLP

Hein & Associates LLP

Denver, Colorado  
March 2, 2017

**Certification of Chief Executive Officer  
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Christopher M. Jones, certify that:

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

Date: March 2, 2017

/s/ Christopher M. Jones

Title: *Interim Chairman of the Board, President and  
Chief Executive Officer*



**Certification of Chief Financial Officer  
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Jeffrey L. Vigil, certify that:

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

Date: March 2, 2017

/s/ Jeffrey L. Vigil  
\_\_\_\_\_  
Title: Vice President—Finance and Chief Financial Officer

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER  
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Christopher M. Jones, President and Chief Executive Officer of Uranium Resources, Inc. (the “Company”), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Annual Report on Form 10-K of the Company for the period ended December 31, 2016 which this certification accompanies fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Christopher M. Jones

Christopher M. Jones

*Interim Chairman of the Board, President and Chief*

*Executive Officer*

March 2, 2017

**CERTIFICATION OF CHIEF FINANCIAL OFFICER  
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Jeffrey L. Vigil, Vice President—Finance and Chief Financial Officer of Uranium Resources, Inc. (the “Company”), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Annual Report on Form 10-K of the Company for the period ended December 31, 2016 which this certification accompanies fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Jeffrey L. Vigil

Jeffrey L. Vigil

*Vice President—Finance and Chief Financial  
Officer*

Date: March 2, 2017