

UREX ENERGY CORP.  
Form 10QSB  
August 14, 2007  
UNITED STATES

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 10-QSB**

(Mark One)

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **June 30, 2007**

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF  
THE EXCHANGE ACT

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

Commission file number **000-501191**

**UREX ENERGY CORP.**

(Exact name of registrant as specified in its charter)

**Nevada**

(State or other jurisdiction of incorporation or organization)

**98-0201259**

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

**10580 N. McCarran Blvd., Building 115-208**

**Reno, Nevada 89503**

(Address of principal executive offices)

**775.747.0667**

(Issuer's telephone number)

**Not Applicable**

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

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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 is a shell company (as defined in rule 12b-2 of the Exchange Act).

Yes

No

**APPLICABLE ONLY TO CORPORATE ISSUERS**



**PART I - FINANCIAL INFORMATION**

**Item 1. Financial Statements.**

It is the opinion of management that the interim consolidated financial statements for the quarter ended June 30, 2007 include all adjustments necessary in order to ensure that the interim consolidated financial statements are not misleading.

Our interim consolidated financial statements are stated in United States dollars and are prepared in accordance with United States generally accepted accounting principles.

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Urex Energy Corporation

(An Exploration Stage Company)

## CONSOLIDATED BALANCE SHEETS

June 30, 2007

	June 30, 2007 (Unaudited)	March 31, 2007 (Audited)
<b>ASSETS</b>		
Current Assets		
Cash	\$ 146,719	\$ 170,878
Fund held in trust	1,455,101	1,665,773
Due from related party	6,478	5,433
Total current assets	1,608,298	1,842,084
Total Assets	\$ 1,608,298	\$ 1,842,084
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 49,469	\$ 61,092
Note payable to related party	22,500	22,500
Notes payable	404,089	399,391
Total current liabilities	476,058	482,983
Commitments and contingencies		
Stockholders' Equity		
Common stock, \$.001 par value 300,000,000 shares authorized 84,425,600 shares issued and outstanding	84,426	84,426
Additional paid-in capital	8,057,574	8,057,574
Deficit accumulated during the exploration stage	(7,004,543)	(6,766,061)
Cumulative transaction gain (loss)	(5,217)	(16,838)
Total stockholders' equity	1,132,240	1,359,101
Total Liabilities and Stockholders' Equity	\$ 1,608,298	\$ 1,842,084

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

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Urex Energy Corporation

(An Exploration Stage Company)

## CONSOLIDATED STATEMENTS OF OPERATIONS

For the three months ended June 30, 2007 and 2006

and For the periods February 6, 2002 (Date of Inception) to June 30, 2007

(Unaudited)

	For the Three Months Ended June 30, 2007	For the Three Months Ended June 30, 2006	For the Period from February 6, 2002 (inception) to June 30, 2007
REVENUES	\$ -	\$ -	\$ -
OPERATING EXPENSES			
Management fees	33,006	30,000	224,958
Professional fees	13,570	17,088	196,182
Consulting fees	-	10,000	278,996
Exploration costs	125,744	-	272,929
Interest on loans	4,697	2,513	30,177
Investor relation fees	53,803	-	129,577
Travel	-	-	36,266
General and administrative	9,109	1,663	104,694
Impairment of intangible asset	-	-	5,735,753
Total operating expenses	239,929	61,264	7,009,532
Loss from operations before interest income	(239,929)	(61,264)	(7,009,532)
Interest income	1,447	-	4,989
Net loss before provision for income taxes	(238,482)	(61,264)	(7,004,543)
Provision for income taxes	-	-	-
Net loss	(238,482)	(61,264)	(7,004,543)
Weighted average common shares outstanding - Basic and diluted	84,426,000	41,147,000	
Net loss per share   basic and diluted	\$ (0.00)	\$ (0.00)	

The accompanying notes are an integral part of these financial statements

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Urex Energy Corporation

(An Exploration Stage Company)

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

For the period February 6, 2002 (Date of Inception) to June 30, 2007

	Common Stock 300,000,000 shares authorized		Additional			Total
	Shares	Par Value	Paid-in	Accumulated	Currency	Shareholders'
	Issued	\$.001 per share	Capital	Deficit	Translation	Equity
	-	\$ -	\$ -	\$ -	\$ -	\$ -
Shares issued at \$0.001	33,420,000	33,420	(31,920)	-	-	1,500
Shares issued at \$0.01	34,534,000	34,534	(19,034)	-	-	15,500
Net loss	-	-	-	-	-	-
	67,954,000	\$ 67,954	\$ (50,954)	\$ -	\$ -	\$ 17,000
Shares issued at \$0.05	5,458,600	5,459	6,791	-	-	12,250
Net loss	-	-	-	(25,559)	-	(25,559)
	73,412,600	\$ 73,413	\$ (44,163)	\$ (25,559)	\$ -	\$ 3,691
Shares issued at \$0.05	5,681,400	5,681	7,069	-	-	12,750
Net loss	-	-	-	(3,076)	-	(3,076)
	79,094,000	\$ 79,094	\$ (37,094)	\$ (28,635)	\$ -	\$ 13,365
Cancellation of shares	(668,400)	(668)	668	-	-	-
Net loss	-	-	-	(35,689)	-	(35,689)
	78,425,600	\$ 78,426	\$ (36,426)	\$ (64,324)	\$ -	\$ (22,324)
Net loss	-	-	-	(155,183)	-	(155,183)
	78,425,600	\$ 78,426	\$ (36,426)	\$ (219,507)	\$ -	\$ (177,507)
Shares issued for acquisition	16,000,000	16,000	5,584,000	-	-	5,600,000
Shares issued at \$0.25	10,000,000	10,000	2,490,000	-	-	2,500,000
Cancellation of shares	(20,000,000)	(20,000)	20,000	-	-	-
Net loss for the period	-	-	-	(6,546,554)	-	(6,546,554)
Net change in foreign currency translation	-	-	-	-	(16,838)	(16,838)
	84,425,600	\$ 84,426	\$ 8,057,574	\$ (6,766,061)	\$ (16,838)	\$ 1,359,101
Net loss for the period	-	-	-	(238,482)	-	(238,482)
Net change in foreign currency translation	-	-	-	-	11,621	11,621
	84,425,600	84,426	8,057,574	(7,004,543)	(5,217)	1,132,240

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

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Urex Energy Corporation

(An Exploration Stage Company)

## CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three months ended June 30, 2007 and 2006

and For the periods February 6, 2002 (Date of Inception) to June 30, 2007

	Three Months Ended June 30, 2007	Three Months Ended June 30, 2006	For the Period from February 6, 2002 (inception) to June 30, 2007
Cash Flows From Operating Activities			
Net loss	\$ (238,482)	\$ (61,264)	\$ (7,004,543)
Amortization		-	2,500
Impairment of goodwill		-	5,735,753
Changes in current assets and current liabilities:			
(Increase) decrease in accounts receivable	(1,045)	(5,000)	(6,478)
(Increase) decrease in prepaid expense		(6,049)	-
Bank indebtedness		16,000	-
Increase (decrease) in accounts payable	(6,925)	30,657	(43,403)
Net cash used in operating activities	(246,452)	(25,656)	(1,316,171)
Cash Flows From Investing Activities			
Option agreement	-	-	(2,500)
Website development		(7,021)	(7,021)
Assignment agreement advance	-	-	(50,000)
Net cash used in investing activities	-	(7,021)	(59,521)
Cash Flows From Financing Activities:			
Proceeds from line of credit	-	-	-
Proceeds from the issuance of common stock	-	-	2,542,000
Proceeds from notes payable	-	-	561,208
Repayment of notes payable	-	-	(150,000)
Notes payable	-	2,513	-
Notes payable to related party	-	-	22,500
Net cash provided by financing activities	-	2,513	2,975,708
Effect of Exchange Rate Changes on Cash	11,621	-	1,804
Cash held in trust	-	-	(1,665,773)
Cash released from trust during current period	210,672	-	210,672
	222,293	-	(1,453,297)
Increase (decrease) in cash and cash equivalents	(24,159)	(30,164)	146,719
Cash and Cash Equivalents, Beginning of Period	170,878	34,572	-
Cash and Cash Equivalents, End of Period	\$ 146,719	\$ 4,408	\$ 146,719
Supplemental Disclosure of Cash Flow Information:			
Cash paid for interest	\$ -	\$ -	\$ -
Cash paid for income taxes	\$ -	\$ -	\$ -

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Urex Energy Corporation

(An Exploration Stage Company)

CONSOLIDATED STATEMENTS OF OPERATIONS

For the three months ended June 30, 2007 and 2006

and For the periods February 6, 2002 (Date of Inception) to June 30, 2007

(Unaudited)

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

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**UREX ENERGY CORP.**

(An Exploration Stage Company)

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2007

Note 1 Interim Reporting

While the information presented in the accompanying interim three months consolidated financial statements is unaudited, it includes all adjustments, which are, in the opinion of management, necessary to present fairly the financial position, results of operations and cash flows for the interim periods presented in accordance with accounting principles generally accepted in the United States of America. These interim financial statements follow the same accounting policies and methods of their application as the Company's March 31, 2007 annual consolidated financial statements. All adjustments are of a normal recurring nature. It is suggested that these interim financial statements be read in conjunction with the Company's March 31, 2007 annual financial statements.

Operating results for the three months ended June 30, 2007 are not necessarily indicative of the results that can be expected for the year ended March 31, 2008.

Note 2 Nature and Continuation of Operations

Urex Energy Corp, (the Company) was incorporated in the State of Nevada on February 6, 2002 and changed its fiscal year end from September 30 to March 31. In July 2006, the Company changed its name from Lakefield Ventures, Inc. to its current name. The Company has been in the exploration stage since its formation and has not realized any revenues from its planned operations. The Company is primarily engaged in the acquisition and exploration of mining properties. Upon location of a commercial minable reserve, the Company expects to actively prepare the site for its extraction and enter into a development stage. The Company's common shares are publicly traded on the OTC Bulletin Board.

Going Concern

These financial statements have been prepared assuming the Company will continue as a going concern. The Company has accumulated a deficit of \$7,004,543 since inception, has yet to achieve profitable operations and further losses are anticipated in the development of its business, raising substantial doubt about the Company's ability to continue as a going concern. At June 30, 2007, the Company had a working capital of \$1,132,240. Its ability to continue as a going concern is dependent upon the ability of the Company to generate profitable operations in the future and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary should the Company be unable to continue as a going concern. The Company anticipates that additional funding will be in the form of equity financing from the sale of common stock and/or commercial borrowing. There can be no assurance that capital will be available, it will be on terms acceptable to the Company. The issuances of additional equity securities by the Company would result in a dilution in the equity interests of its

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**UREX ENERGY CORP.**

(An Exploration Stage Company)

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2007 Page 2

Note 2

Summary of Significant Accounting Policies (Cont d)

Going Concern (Cont d)

current stockholders. The Company may also seek to obtain short-term loans from the directors of the Company. There are no current arrangements in place for equity funding or short-term loans.

The financial statements have, in management's opinion, been properly prepared within the framework of the significant accounting policies summarized below:

Basis of Presentation

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

Principles of Consolidation

The consolidated financial statements include the accounts of the parent company, Urex Energy Corp. and its wholly-owned subsidiary, United Energy Metals, Inc. All significant intercompany accounts and transactions have been eliminated

Exploration Stage Company

The Company is an exploration stage company as defined in the Statements of Financial Accounting Standards (SFAS) No. 7 Accounting and Reporting by Development Stage Enterprises . It is primarily engaged in the acquisition and exploration of mining properties. All losses accumulated since inception, have been considered as part of the Company's exploration stage activities.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that 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.

Mineral Property Costs

Mineral property acquisition, exploration and development costs are expensed as incurred until such time as economic reserves are quantified. From that time forward, the Company will capitalize all costs to the extent that future cash flows from mineral reserves equal or exceed the costs deferred. The deferred costs will be amortized over the

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**UREX ENERGY CORP.**

(An Exploration Stage Company)

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2007 Page 3

Note 2

Summary of Significant Accounting Policies - (cont'd)

Mineral Property Costs (Cont d)

recoverable reserves when a property reaches commercial production. Costs related to site restoration programs will be accrued over the life of the project. To date, the Company has not established any proven reserves on its mineral properties.

Financial Instruments

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgement, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair value. For the purpose of this disclosure, the fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation.

The carrying values of cash, accounts payable and loan payable approximate fair value because of the short-term nature of these instruments. Management is of the opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments.

Environmental Costs

Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations, and which do not contribute to current or future revenue generation, are expensed. Liabilities are recorded when environmental assessments and/or remedial efforts are probable, and the cost can be reasonably estimated. Generally, the timing of these accruals coincides with the earlier of completion of a feasibility study or the Company's commitments to plan of action based on the then known facts.

Income Taxes



The Company uses the assets and liability method of accounting for income taxes pursuant to SFAS No. 109 "Accounting for Income Taxes" (SFAS 109). Under the assets and liability method of SFAS 109, deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. A deferred tax asset will be recorded when it is more likely than not that it will be realized. Since the Company is in the exploration stage and has had continuous losses, no deferred tax asset or income taxes have been recorded in the financial statements.

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**UREX ENERGY CORP.**

(An Exploration Stage Company)

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2007 - Page 4

Note 2

Summary of Significant Accounting Policies - (cont'd)

Basic and Diluted Loss Per Share

The Company reports basic loss per share in accordance with the SFAS No. 128, "Earnings Per Share". Basic loss per share is computed using the weighted average number of shares outstanding during the period. Diluted loss per share has not been provided as it would be anti-dilutive.

Foreign Currency Translation

The Company's subsidiary is located and operates outside of the United States of America. It maintains its accounting records in Argentinean Pesos as follows:

At the transaction date, each asset, liability, revenue and expense is recorded into Argentinean Pesos by the use of the exchange rate in effect at that date. At the year end,

monetary assets and liabilities are translated into US dollars by using the exchange rate in effect at that date. The resulting foreign exchange gains and losses are included in operations.

Note 3 Mineral Properties

In December 2005, the Company acquired 100% interest in the La Jara Mesa Extension uranium property consisting of 137 unpatented mining claims of approximately 2,740 acres through staking, in the Grants Mining District of Cibola County in New Mexico, USA. The Company plans to commence a drilling exploration program as soon as financing is arranged.

Note 4

Merger and Acquisition

Urex Energy Corp.

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The Company established a wholly owned subsidiary in the State of Nevada named Urex Energy Corp. ( Urex ) on June 8, 2006. Concurrently, the Company and Urex entered into an agreement and plan of merger whereby Urex and Lakefield agreed to be merged with and into Lakefield, with Lakefield remaining as the surviving company under the name "Urex Energy Corp."

The Company s authorized capital was increased due to the merger from 150,000,000 common shares to 300,000,000 common shares, and included an additional authorized 10,000,000 preferred shares with par value of \$0.001 per share.

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**UREX ENERGY CORP.**

(An Exploration Stage Company)

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2007 Page 5

Note 4

Merger and Acquisition (cont d)

United Energy Metals, SA

On September 22, 2005, the Company entered into an Assignment Agreement with International Mineral Resources Ltd. (IMR), whereby IMR assigned its right, title and interest in the Option Agreement entered between IMR and United Energy Metals, SA (UEM) to the Company. The Option Agreement allows for the holder of the option to acquire 99.8% of UEM, an Argentina company which in turn holds a 100% interest in a commanding property position of 170,000 hectares adjacent to the Cerro Solo Uranium deposit known as the Rio Chubut property. As consideration for the assignment of the Option from IMR to the Company, the Company is required to issue to IMR 8,000,000 common shares of the Company and pay IMR \$50,000. Furthermore, IMR will retain a 5% net smelter royalty.

The Company paid IMR \$50,000 in January 2006 and issued 8,000,000 common shares of the Company to IMR in June 2006. This acquisition was recorded as a purchase of UEM. The value of UEM was determined as the consideration paid plus the fair market value of the shares issued. The purchase price was then allocated against the fair market value of the assets and liabilities assumed, with the balance recorded as goodwill. Because UEM has no proven mineral reserves, the amount allocated toward goodwill was considered 100% impaired and written off at the date of acquisition.

Note 5 Related Party Transactions

On December 10, 2004, the Company issued a note payable in the amount of \$25,000 to the former President of the Company for the purpose of funding exploration activities. The note bears no interest and is due and payable on demand. As of June 30, 2007, the balance of the loan is \$22,500.

Effective October 1, 2005, the Company began paying a management consulting fee to Minera Teles Pires Inc., a company controlled by the President and director of the Company. The agreement provides a fixed fee of \$10,000 per month of which \$5,000 is paid and the other \$5,000 deferred until financing is obtained by the Company. During the period ended June 30, 2007, the Company incurred \$30,000 in management fees from Minera Teles Pires Inc.

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**UREX ENERGY CORP.**

(An Exploration Stage Company)

## NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2007 - Page 6

Note 6

Promissory Notes Payable

The promissory notes payable are unsecured and bear interest at 5% per annum. They are due on demand.

	June 30,	March 31,
	<u>2007</u>	<u>2007</u>
September 05, 2005	\$ 77,936	\$ 77,057
November 15, 2005	89,490	88,456
December 01, 2005	20,284	20,049
January 06, 2006	107,401	106,151
July 14, 2006	<u>108,978</u>	<u>107,678</u>
	<u>\$ 404,089</u>	<u>\$ 399,391</u>

During the year ended March 31, 2007, the Company repaid the \$150,000 promissory notes payable entered into on August 31, 2006, with an accrued interest of \$4,537.

Note 7 Airborne Magnetic/Spectrometer Survey

On April 22, 2007, the Company entered into an Agreement with New-Sense Geophysics Limited to carry out an airborne magnetic/spectrometer survey over the properties in Argentina. The total contract price is \$327,512.

Mobilization/Demobilization	\$20,000
Data collection and processing	307,512
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	\$327,512

## Payment schedule:

An initial payment due on signing 30% of contract value

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	plus mobilization/demobilization (paid)
On completion of first production flight	30% of contract value
On completion of flying	30% of contract value
On delivery of final maps and reports	balance of contract value

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**Item 2. Management's Discussion and Analysis or Plan of Operation.**

This quarterly report contains forward-looking statements as that term is defined Section 27A of the United States Securities Act of 1933 and Section 21E of the United States Securities Exchange Act of 1934. These statements relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may", "should", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "potential" or "continue" or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks in the section entitled "Risk Factors", that may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to actual results.

Our interim consolidated financial statements are stated in United States dollars and are prepared in accordance with United States generally accepted accounting principles. The following discussion should be read in conjunction with our interim consolidated financial statements and the related notes that appear elsewhere in this quarterly report. The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed below and elsewhere in this quarterly report, particularly in the section entitled "Risk Factors" of this quarterly report.

In this quarterly report, unless otherwise specified, all dollar amounts are expressed in United States dollars. All references to "common shares" refer to the common shares in our capital stock. As used in this quarterly report, the terms "we", "us", "our" and "Urex" mean Urex Energy Corp., unless otherwise indicated.

*Corporate History*

We were incorporated in Nevada on February 6, 2002 under the name of Lakefield Ventures Inc. Effective June 2, 2006, we increased our authorized common stock from 50,000,000 shares, par value \$0.001, to 150,000,000 shares, par value \$0.001, and we effected a 11.4 for one (1) forward stock split of our issued and outstanding common stock. Effective July 3, 2006, we changed our name from Lakefield Ventures Inc. to Urex Energy Corp. as a result of a merger with Urex Energy Corp., our wholly-owned subsidiary that was incorporated solely to effect the name change. In addition, on July 3, 2006, we effected a two (2) for one (1) forward stock split of our authorized, issued and outstanding common stock.

Our principal executive office is located at 10580 N. McCarran Blvd., Building 115-208, Reno, Nevada. The telephone number of our principal executive office is 775.747.0667.

We are also registered as a foreign company in Argentina, and our legal address in Argentina is 1052 San Martin Avenue, 3rd Floor, Office 17, Ciudad Mendoza, Province of Mendoza, Argentina.

We have one majority-owned subsidiary, United Energy Metals S.A., an Argentina company, of which we own 99.8% of the issued and outstanding capital stock.

Since inception, we have been primarily engaged in the acquisition and exploration of uranium mining properties, but have not yet realized any revenues from our planned operations. Currently, we have two uranium prospects, the Rio Chubut Property located in the Chubut Province of Patagonia, Southern Argentina and the La Jara Mesa Property located in Cibola County, New Mexico.



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*Plan Of Operations And Cash Requirements*

The exploration programs on both of our properties have been delayed due to the exploration permits not being granted by the controlling authorities. We expect these permits to be granted in 2007. Consequently, expenditures are under projections. During the next twelve month period, we plan to complete a Phase 1 initial exploration program on the La Jara Mesa Property and the Rio Chubut Property. We anticipate that this program will cost \$1.1 million as set forth below:

La Jara Mesa Extension: Proposed Exploration Expenditures (\$USD)

Salaries & Wages	\$	40,000
Consulting and Technical Services	\$	50,000
Surface work	\$	265,000
Environmental	\$	10,000
Property Costs	\$	24,000
Administrative & General	\$	34,000
Machinery expense	\$	24,000
<b>TOTAL</b>	<b>\$</b>	<b>447,000</b>

Rio Chubut: Proposed Exploration Expenditures (\$USD)

Salaries & Wages	\$	40,000
Consulting and Technical Services	\$	170,000
Surface work	\$	360,000
Environmental	\$	10,000
Property Costs	\$	15,000
Administrative & General	\$	34,000
Machinery expense	\$	24,000
<b>TOTAL</b>	<b>\$</b>	<b>663,000</b>

In addition, we anticipate incurring the following costs during the next twelve month period: \$60,000 on professional fees; \$60,000 on salaries and wages; \$30,000 on travel costs; \$50,000 on promotional expenses; \$60,000 on other administrative expenses; and an additional \$630,000 in surface work and drilling. As a result, we anticipate that we will incur approximately \$2,000,000 in operating expenses during the next twelve month period.

We incurred a net loss of \$238,482 for the three month period ended June 30, 2007 compared to a net loss of \$61,264 for the three month period ended June 30, 2006. As of June 30, 2007 we had working capital of \$1,132,240 compared to a working capital of \$1,359,101 as of March 31, 2007.

As indicated above, our estimated working capital requirements and projected operating expenses for the next twelve month period total \$2,000,000. Our current working capital will likely be sufficient to cover our estimated capital requirements during the next twelve month period, however, we may be required to raise additional funds through the issuance of equity securities or through debt financing. There can be no assurance that we will be successful in raising the required capital or that actual cash requirements will not exceed our estimates. We intend to fulfill any additional cash requirement through the sale of our equity securities.

Given that we are an exploration stage company and have not generated revenues to date, our cash flow projections are subject to numerous contingencies and risk factors beyond our control, including exploration and development risks, competition from well-funded competitors, and our ability to manage growth. We can offer no assurance that our expenses will not exceed our projections. If our expenses exceed estimates, we will require additional monies during the next twelve months to execute our business plan.

There are no assurances that we will be able to obtain further funds required for our continued operation. There can be no assurance that additional financing will be available to us when needed or, if available, that it can be

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obtained on commercially reasonable terms. If we are not able to obtain additional financing on a timely basis, we will not be able to meet our other obligations as they become due and we will be forced to scale down or perhaps even cease the operation of our business.

There is substantial doubt about our ability to continue as a going concern as the continuation of our business is dependent upon obtaining further long-term financing, successful exploration and development of our property interests and, finally, achieving a profitable level of operations. The issuance of additional equity securities by us could result in a significant dilution in the equity interests of our current stockholders. Obtaining commercial loans, assuming those loans would be available, will increase our liabilities and future cash commitments.

#### *Exploration and Development Costs*

We have applied for a permit to start an exploration program in regards to our La Jara Mesa Property consisting of approximately 3200 metres (10,000 feet) of drilling planned (10 holes) and currently are awaiting approval of exploration permits. The drill program is designed to test for the extension of uranium mineralization defined at Laramide Resources La Jara Meza Deposit located on the south-western corner of the property. Depending on the results from the initial round of drilling, a second phase drilling program may follow in 2007.

Our proposed budget is also expected to support a seismic refraction geophysical survey followed by a 5,000 meter (15,000 foot) drill program (40 drill holes) in regards to our Rio Chubut Property, which is designed to test for new uranium ore bodies in the central Chubut Province, Argentina which is adjacent to the Cerro Solo uranium deposit. We are also awaiting approval of exploration permits by Chubut regulatory officials.

#### *Capital Expenditures*

As of June 30, 2007, except as set out below, our company did not have any material commitments for capital expenditures and management does not anticipate that our company will spend additional material amounts on capital expenditures during the next twelve month period.

On April 22, 2007, we entered into an Agreement between our company and New-Sense Geophysics Limited whereby we engaged New-Sense Geophysics to carry out an airborne magnetic/spectrometer survey over certain of our properties in Argentina in consideration for installment payments of an aggregate of \$327,512 to be paid on the completion of certain of the services in connection with the airborne magnetic/spectrometer survey.

#### *Employees*

We have no employees. Our operations are conducted by management, all of whom are consultants. We do not expect any material changes in the number of employees over the next twelve month period. Given the early stage of our development and exploration properties, we intend to continue to outsource our professional and personnel requirements by retaining consultants on an as needed basis. However, if we are successful in our initial and any subsequent drilling programs, we may retain additional employees.

#### RESULTS OF OPERATIONS

As at June 30, 2007, we had working capital of \$1,132,240. Our interim consolidated financial statements report a net loss of \$238,482 for the three month period ended June 30, 2007 as compared to a net loss of \$61,264 for the three

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month period ended June 30, 2006. Our accumulated net loss for the period from February 6, 2002, our date of inception, to June 30, 2007 was \$7,004,543.

Our total liabilities as of June 30, 2007 were \$476,058, as compared to total liabilities of \$482,983 as at March 31, 2007. The change was primarily due to a decrease in accounts payable and accrued liabilities.

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*Cash Flow Used in Operating Activities*

Operating activities used cash of \$246,452 for the three month period ended June 30, 2007, compared to using \$25,656 for the three month period ended June 30, 2006. The increase in cash used during the three month period ended June 30, 2007 was primarily due to an increase in our net loss for the three month period ended June 30, 2007.

*Cash Flow Used in Investing Activities*

Investing activities did not use or generate any cash for the three month period ended June 30, 2007, compared to using \$7,021 for the three month period ended June 30, 2006. The decrease in cash used during the three month period ended June 30, 2007 was due to a lack of investing activities during the three months ended June 30, 2007.

*Cash Flow Provided by Financing Activities*

Financing activities did not use or generate any cash for the three month period ended June 30, 2007 as compared to generating cash of \$2,513 for the three month period ended June 30, 2006. The decrease in cash generated from financing activities for the three month period ended June 30, 2007 was due to a lack of financing activities for the period ended June 30, 2007.

*Trends and Uncertainties*

Our ability to generate revenues in the future is dependent on whether we successfully explore and develop our current property interests or any property interests that we may acquire in the future. We cannot predict whether or when this may happen and this causes uncertainty with respect to the growth of our company and our ability to generate revenues.

*Off-Balance Sheet Arrangements*

Our company has no outstanding derivative financial instruments, off-balance sheet guarantees, interest rate swap transactions or foreign currency contracts. Neither our company nor our operating subsidiary engages in trading activities involving non-exchange traded contracts.

**CRITICAL ACCOUNTING POLICIES**

The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying disclosures of our company. Although these estimates are based on management's knowledge of current events and actions that our company may undertake in the future, actual results may differ from such estimates.

*Going Concern*

We have suffered recurring losses from operations. The continuation of our company as a going concern is dependent upon us attaining and maintaining profitable operations and raising additional capital.

Due to the uncertainty of our company's ability to meet our current operating expenses and the capital expenses noted above, in their report on the annual financial statements for the period ended March 31, 2007, our company's independent auditors included an explanatory paragraph regarding concerns about our company's ability to continue as a going concern.

The continuation of our company's business is dependent upon us raising additional financial support. The issuance of additional equity securities by our company could result in a significant dilution in the equity interests of

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our company's current stockholders. Obtaining commercial loans, assuming those loans would be available, will increase our company's liabilities and future cash commitments.

There are no assurances that our company will be able to obtain further funds required for our continued operations. As noted herein, we intend to pursue various financing alternatives to meet our immediate and long-term financial requirements. There can be no assurance that additional financing will be available to our company when needed or, if available, that it can be obtained on commercially reasonable terms. If we are not able to obtain the additional financing on a timely basis, we will be unable to conduct our operations as planned, and we will not be able to meet our other obligations as they become due. In such event, we will be forced to scale down or perhaps even cease our operations.

#### *Basis of consolidation and presentation*

The consolidated financial statements include the results of operations of all subsidiaries over which we hold a majority interest. The results of operations of these companies are accounted for using the consolidated method of accounting. All material inter-company accounts and transactions have been eliminated.

#### *Foreign Currency Translation*

Our offices are located and we conduct operations outside of the United States of America. We maintain our accounting records in Argentinean Pesos as follows:

At the transaction date, each asset, liability, revenue and expense is recorded into Argentinean Pesos by the use of the exchange rate in effect at that date. At the year end, monetary assets and liabilities are translated into US dollars by using the exchange rate in effect at that date. The resulting foreign exchange gains and losses are included in operations.

#### **NEW ACCOUNTING PRONOUNCEMENTS**

##### *Accounting changes and error corrections*

In May 2005, the Financial Accounting Standards Board (FASB) issued SFAS No. 154, "Accounting Changes and Error Corrections" (SFAS 154), which replaces Accounting Principles Board (APB) Opinion No. 20, "Accounting Changes," and SFAS No. 3, "Reporting Accounting Changes in Interim Financial Statements - An Amendment of APB Opinion No. 28." SFAS 154 provides guidance on the accounting for and reporting of accounting changes and error corrections, and it establishes retrospective application, or the latest practicable date, as the required method for reporting a change in accounting principle and the reporting of a correction of an error. SFAS 154 is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2006. We will adopt SFAS 154 in the first quarter of fiscal year 2007 and do not expect it to have a material impact on our consolidated results of operations and financial condition.

##### *Fair value measurements*

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" (SFAS 157). SFAS 157 provides guidance for using fair value to measure assets and liabilities. SFAS 157 addresses the requests from investors for expanded disclosure about the extent to which companies measure assets and liabilities at fair value, the information



used to measure fair value and the effect of fair value measurements on earnings. SFAS 157 applies whenever other standards require (or permit) assets or liabilities to be measured at fair value, and does not expand the use of fair value in any new circumstances. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and will be adopted by the Company in the first quarter of fiscal year 2009. At this time, the Company is unable to determine the effect that its adoption of SFAS 157 will have on its consolidated results of operations and financial condition.

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*Accounting for uncertainty in income taxes*

In July 2006, the FASB issued FASB Interpretation (FIN) No. 48, "Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109" (FIN 48). FIN 48 clarifies the accounting for uncertainty in income taxes by prescribing the recognition threshold a tax position is required to meet before being recognized in the financial statements. It also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The cumulative effects, if any, of applying FIN 48 will be recorded as an adjustment to retained earnings as of the beginning of the period of adoption. FIN 48 is effective for fiscal years beginning after December 15, 2006, and we are required to adopt it in the first quarter of fiscal year 2008. We are currently evaluating the effect that the adoption of FIN 48 will have on our consolidated results of operations and financial condition and are not currently in a position to determine such effects, if any.

*Taxes collected from customer and remitted to governmental authorities*

In June 2006, the FASB ratified Emerging Issues Task Force (EITF) Issue No. 06-3 (EITF 06-3), How Taxes Collected from Customers and Remitted to Governmental Authorities Should Be Presented in the Income Statement (That Is, Gross versus Net Presentation). EITF 06-3 applies to any tax assessed by a governmental authority that is directly imposed on a revenue producing transaction between a seller and a customer. EITF 06-3 allows companies to present taxes either gross within revenue and expense or net. If taxes subject to this issue are significant, a company is required to disclose its accounting policy for presenting taxes and the amount of such taxes that are recognized on a gross basis. We currently present such taxes net. EITF 06-3 is required to be adopted during the first quarter of fiscal year 2008. These taxes are currently not material to our consolidated financial statements.

*Accounting for rental costs incurred during a construction period*

In September 2006, the FASB issued FASB Staff Position (FSP) No. FAS 13-1 (As Amended), Accounting for Rental Costs Incurred during a Construction Period (FAS 13-1). This position requires a company to recognize as rental expense the rental costs associated with a ground or building operating lease during a construction period, except for costs associated with projects accounted for under SFAS No. 67, Accounting for Costs and Initial Rental Operations of Real Estate Projects. FAS 13-1 is effective for reporting periods beginning after December 15, 2005 and was adopted by our company in the first quarter of fiscal year 2007. Our adoption of FAS 13-1 will not materially affect our consolidated results of operations and financial position.

*Effects of Prior Year Misstatements when Quantifying Misstatements in the Current Year Financial Statements*

In September 2006, the Securities and Exchange Commission (SEC) issued Staff Accounting Bulletin (SAB) No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements" (SAB 108). SAB 108 provides guidance on the consideration of the effects of prior year misstatements in quantifying current year misstatements for the purpose of a materiality assessment. SAB 108 establishes an approach that requires quantification of financial statement errors based on the effects of each on a company's balance sheet and statement of operations and the related financial statement disclosures. Early application of the guidance in SAB 108 is encouraged in any report for an interim period of the first fiscal year ending after November 15, 2006, and will be adopted by our company in the first quarter of fiscal year 2007. We do not expect the adoption of SAB 108 to have a material impact on our consolidated results of operations and financial condition.

*Instruments issued as employee compensation*

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FSP FAS 123(R)-5 was issued on October 10, 2006. The FSP provides that instruments that were originally issued as employee compensation and then modified, and that modification is made to the terms of the instrument solely to reflect an equity restructuring that occurs when the holders are no longer employees, then no change in the recognition or the measurement (due to a change in classification) of those instruments will result if both of the following conditions are met: (a). There is no increase in fair value of the award (or the ratio of intrinsic

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value to the exercise price of the award is preserved, that is, the holder is made whole), or the antidilution provision is not added to the terms of the award in contemplation of an equity restructuring; and (b). All holders of the same class of equity instruments (for example, stock options) are treated in the same manner. The provisions in this FSP shall be applied in the first reporting period beginning after the date the FSP is posted to the FASB website. We do not expect the adoption of FSP FAS 123(R)-5 to have a material impact on its consolidated results of operations and financial condition.

#### *Fair Value Option for Financial Assets and Financial Liabilities*

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities - Including an amendment of FASB Statement No. 115* (SFAS 159). SFAS 159 allows companies to choose to measure many financial instruments and certain other items at fair value. SFAS 159 will become effective for the Company beginning in fiscal 2009. We are currently evaluating what effects the adoption of SFAS 159 will have on our future results of operations and financial condition.

#### RISK FACTORS

Much of the information included in this annual report includes or is based upon estimates, projections or other "forward-looking statements". Such forward-looking statements include any projections or estimates made by us and our management in connection with our business operations. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions, or other future performance suggested herein. We undertake no obligation to update forward-looking statements to reflect events or circumstances occurring after the date of such statements.

Such estimates, projections or other "forward-looking statements" involve various risks and uncertainties as outlined below. We caution readers of this annual report that important factors in some cases have affected and, in the future, could materially affect actual results and cause actual results to differ materially from the results expressed in any such estimates, projections or other "forward-looking statements". In evaluating us, our business and any investment in our business, readers should carefully consider the following factors.

*We have had negative cash flows from operations and if we are not able to continue to obtain further financing our business operations may fail.*

To date we have had negative cash flows from operations and we have been dependent on sales of our equity securities and debt financing to meet our cash requirements and have incurred a net loss of \$238,482 for the three month period ended June 30, 2007, and cumulative losses of \$7,004,543 from inception to June 30, 2007. As of June 30, 2007 we had working capital of \$1,132,240. We do not expect to generate positive cash flow from operations in the near future. There is no assurance that actual cash requirements will not exceed our estimates. Any decision to further expand our company's operations or our exploration properties is anticipated to involve consideration and evaluation of several significant factors including, but not limited to:

- costs to bring each property into production, including exploration work, preparation of production feasibility studies, and construction of production facilities;
- availability and costs of financing;
- ongoing costs of production;
- market prices for the minerals to be produced;
- environmental compliance regulations and restraints; and
- political climate and/or governmental regulation and control.



The occurrence of any of the aforementioned events could adversely affect our ability to meet our business plans.

We depend almost exclusively on outside capital to pay for the continued exploration and development of our properties. Such outside capital may include the sale of additional stock and/or commercial borrowing. Capital may not continue to be available if necessary to meet these continuing development costs or, if the capital is available, that it will be on terms acceptable to us. The issuance of additional equity securities by us would result in a significant dilution in the equity interests of our current stockholders. Obtaining commercial loans, assuming those loans would be available, will increase our liabilities and future cash commitments.

If we are unable to obtain financing in the amounts and on terms deemed acceptable to us, we may be unable to continue our business and, as a result, we may be required to scale back or cease our business operations, the result of which would be that our stockholders would lose some or all of their investment.

*A decline in the price of our common stock could affect our ability to raise further working capital and adversely impact our operations.*

A prolonged decline in the price of our common stock could result in a reduction in the liquidity of our common stock and a reduction in our ability to raise capital. Because our operations have been primarily financed through the sale of equity securities, a decline in the price of our common stock could be especially detrimental to our liquidity and our continued operations. Any reduction in our ability to raise equity capital in the future would force us to reallocate funds from other planned uses and would have a significant negative effect on our business plans and operations, including our ability to develop new products and continue our current operations. If our stock price declines, we may not be able to raise additional capital or generate funds from operations sufficient to meet our obligations.

*We have a history of losses and fluctuating operating results which raises doubt about our ability to continue as a going concern.*

From inception through to June 30, 2007, we have incurred aggregate losses of approximately \$7,004,543. Our loss from operations for the three month period ended June 30, 2007 was \$238,482. There is no assurance that we will operate profitably or will generate positive cash flow in the future. In addition, our operating results in the future may be subject to significant fluctuations due to many factors not within our control, such as general economic conditions, market price of minerals and exploration and development costs. If we cannot generate positive cash flows in the future, or raise sufficient financing to continue our operations, then we may be forced to scale down or even close our operations. Until such time as we generate revenues, we expect an increase in development costs and operating costs. Consequently, we expect to incur operating losses and negative cash flow until our properties enter commercial production.

*We have a limited operating history and if we are not successful in continuing to grow our business, then we may have to scale back or even cease our ongoing business operations.*

We have no history of revenues from operations and have no significant tangible assets. We have yet to generate positive earnings and there can be no assurance that we will ever operate profitably. Our company has a limited operating history and must be considered in the development stage. The success of our company is significantly dependent on a successful acquisition, drilling, completion and production program. Our company's operations will be subject to all the risks inherent in the establishment of a developing enterprise and the uncertainties arising from the absence of a significant operating history. We may be unable to locate recoverable reserves or operate on a profitable basis. We are in the development stage and potential investors should be aware of the difficulties normally encountered by enterprises in the development stage. If our business plan is not successful, and we are not able to operate profitably, investors may lose some or all of their investment in our company.

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*Trading in our common shares on the OTC Bulletin Board is limited and sporadic making it difficult for our shareholders to sell their shares or liquidate their investments.*

Our common shares are currently quoted on the OTC Bulletin Board. The trading price of our common shares has been subject to wide fluctuations. Trading prices of our common shares may fluctuate in response to a number of factors, many of which will be beyond our control. The stock market has generally experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of companies with no current business operation. There can be no assurance that trading prices and price earnings ratios previously experienced by our common shares will be matched or maintained. These broad market and industry factors may adversely affect the market price of our common shares, regardless of our operating performance.

In the past, following periods of volatility in the market price of a company's securities, securities class-action litigation has often been instituted. Such litigation, if instituted, could result in substantial costs for us and a diversion of management's attention and resources.

*Because of the early stage of development and the nature of our business, our securities are considered highly speculative.*

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by our company may be affected by numerous factors which are beyond the control of our company and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment and such other factors as government regulation, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection, the combination of which factors may result in our company not receiving an adequate return of investment capital.

*As our properties are in the exploration and development stage, there can be no assurance that we will establish commercial discoveries on our properties.*

The mining and exploration business relies upon the accuracy of determinations as to whether a given deposit has significant mineral reserves and resources. This reliance is important in that reported mineral reserves and resources are only estimates and do not represent with certainty that estimated mineral reserves and resources will be recovered or that they will be recovered at the rates estimated. Mineral reserve and resource estimates are based on limited sampling, and inherently carry the uncertainty that samples may not be representative. Mineral reserve and resource estimates may require revision (either upward or downward) based on actual production experience. Market fluctuations in the price of metals, as well as increased production costs or reduced recovery rates, may render certain mineral resources uneconomic. Inaccurate estimates may result in a misallocation of resources such that an excess amount could be allocated to a less than economic deposit or, conversely, failure to develop a significant deposit.

*Our company will be subject to operating hazards and risks which may adversely affect our company's financial condition.*

Mineral exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Our operations will be subject to all the hazards and risks normally incidental to exploration, development and production of metals, such as unusual or unexpected formations, cave-ins or pollution, all of which could result in work stoppages, damage to property and possible environmental damage. We do not have general liability insurance covering our operations and do not presently intend to obtain liability insurance as to such hazards and liabilities. Payment of any liabilities as a result could have a materially adverse effect upon our company's financial condition.

*Our company's activities will be subject to environmental and other industry regulations which could have an adverse effect on the financial condition of our company.*

Our activities are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation generally provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailing disposal areas, which may result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards and enforcement, and more stringent fines and penalties for non-compliance. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations could have an adverse effect on the financial condition of our company.

Our operations, including exploration and development activities and commencement of production on our properties, which will require permits from various federal, state, provincial and local governmental authorities, are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labor standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Companies engaged in the development and operation of mines and related facilities generally experience increased costs and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities. Such actions may cause operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

*Our current property interests are located in North and South America, and the current and future economic, political and social conditions, as well as the governmental policies of the respective jurisdictions, could have an adverse effect on our company's overall financial condition and ability to generate revenues.*

We expect that a substantial portion of our business, including future assets and operations of our company, will be located and conducted in North and South America, including Argentina and New Mexico. The economy of such countries differs from the economies of most developed countries in many respects. While the economies of such countries, including Argentina and Mexico, have experienced significant growth in the past twenty years, growth has been uneven, both geographically and among various sectors of the economy. The governments of such countries have implemented various measures to encourage economic growth and guide the allocation of resources. While some of these measures benefit the overall economy of such countries, they may have a negative effect on our operations. For example, our operating results and financial condition may be adversely affected by government control over capital investments or changes in tax regulations applicable to us. If there are any changes in any policies by such governments and our proposed business is negatively affected as a result, then our financial results, including our ability to generate revenues and profits, will also be negatively affected.

*Competition may have an adverse impact on our company's ability to acquire suitable mineral properties, which may have an adverse impact on our company's operations.*

Significant and increasing competition exists for the limited number of mineral acquisition opportunities available. As a result of this competition, some of which is with large established mining companies with substantial capabilities and greater financial and technical resources than our company, we may be unable to acquire attractive mineral properties on terms we consider acceptable. Accordingly, there can be no assurance that any proposed exploration and development program will yield any reserves or result in any commercial mining operation.





*We currently rely on certain key individuals and the loss of one of these certain key individuals could have an adverse effect on our company.*

Our company's success depends to a certain degree upon certain key members of our management. These individuals are a significant factor in our company's growth and success. We do not have key man insurance in place in respect of any of our senior officers or personnel and we do not anticipate obtaining such insurance in the near future. The loss of the service of members of our management and certain key employees could have a material adverse effect on our company. In particular, the success of our company is highly dependant upon the efforts of our president and director, Mr. Richard Bachman, the loss of whose services would have a material adverse effect on the success and development of our company.

*We are an exploration stage company, and there is no assurance that a commercially viable deposit or reserve exists on any of our properties that we have, or might obtain, an interest.*

We are an exploration stage company and cannot give assurance that a commercially viable deposit, or reserve, exists on any properties for which our company currently has or may have an interest. Therefore, determination of the existence of a reserve depends on appropriate and sufficient exploration work and the evaluation of legal, economic, and environmental factors. If we fail to find a commercially viable deposit on any of our properties, our financial condition and results of operations will be adversely affected in a material manner.

*Investors' interests in our company will be diluted and investors may suffer dilution in their net book value per share if we issue additional shares or raise funds through the sale of equity securities.*

Our constating documents authorize the issuance of 310,000,000 shares, consisting of 300,000,000 shares of common stock, par value \$0.001 per share and 10,000,000 shares of preferred stock, par value \$0.001. In the event that we are required to issue any additional shares or enter into private placements to raise financing through the sale of equity securities, investors' interests in our company will be diluted and investors may suffer dilution in their net book value per share depending on the price at which such securities are sold. If we issue any such additional shares, such issuances will cause a reduction in the proportionate ownership and voting power of all other shareholders. Further, any such issuance may result in a change in our control.

*Trading of our stock may be restricted by the Securities and Exchange Commissions "Penny Stock" regulations which may limit a stockholder's ability to buy and sell our stock.*

The United States Securities and Exchange Commission has adopted regulations which generally define "penny stock" to be any equity security that has a market price (as defined) less than \$5.00 per share or an exercise price of less than \$5.00 per share, subject to certain exceptions. Our securities are covered by the penny stock rules, which impose additional sales practice requirements on broker-dealers who sell to persons other than established customers and "accredited investors." The term "accredited investor" refers generally to institutions with assets in excess of \$5,000,000 or individuals with a net worth in excess of \$1,000,000 or annual income exceeding \$200,000 or \$300,000 jointly with their spouse. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document in a form prepared by the Securities and Exchange Commission which provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction and monthly account statements showing the market value of each penny stock held in the customer's account. The bid and offer quotations, and the broker-dealer and salesperson compensation information, must be given to the customer orally or in writing prior to effecting the transaction and must be given to the customer in writing before or with the customer's confirmation. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from these rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for the stock that is subject to these penny stock rules. Consequently, these penny stock rules may affect the ability of broker-dealers to trade our securities. We believe that the penny stock rules discourage investor interest in and limit the marketability of, our common stock.



*NASD sales practice requirements may also limit a stockholder's ability to buy and sell our stock.*

In addition to the penny stock rules described above, the NASD has adopted rules that require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, the NASD believes that there is a high probability that speculative low priced securities will not be suitable for at least some customers. The NASD requirements make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may limit your ability to buy and sell our stock and have an adverse effect on the market for our shares.

### **Item 3. Controls and Procedures.**

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports filed under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our President (who is also our Secretary) to allow for timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and our management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As of June 30, 2007, the end of the three month period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our President (who is also our Secretary), of the effectiveness of the design and operation of our disclosure controls and procedures. Based on the foregoing, our President (who is also our Secretary) concluded that our disclosure controls and procedures were effective as of the end of the period covered by this annual report.

There have been no significant changes in our internal controls over financial reporting that occurred during the quarter ended June 30, 2007 that have materially or are reasonably likely to materially affect, our internal controls over financial reporting.

## **PART II - OTHER INFORMATION**

### **Item 1. Legal Proceedings.**

We know of no material, active or pending legal proceedings against our company, nor are we involved as a plaintiff in any material proceeding or pending litigation. There are no proceedings in which any of our directors, officers or affiliates, or any registered or beneficial shareholder, is an adverse party or has a material interest adverse to our interest.

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

None.

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

None.

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

None.



**Item 5. Other Information.**

None.

**Item 6. Exhibits and Reports of Form 8-K.**

Exhibit Number	Description
3.1	Articles and Bylaws incorporated by reference from our Registration Statement on Form 10-SB filed on February 27, 2003
3.2	Certificate of Amendment to the Articles of Incorporation dated June 2, 2005 incorporated by reference from our quarterly report on Form 10-QSB filed on November 17, 2006
3.3	Certificate of Change dated June 2, 2005 incorporated by reference from our quarterly report on Form 10-QSB filed on November 17, 2006
3.4	Certificate of Amendment to the Articles of Incorporation incorporated by reference from our annual report on Form 10-KSB filed on July 14, 2006
3.5	Certificate of Change incorporated by reference from our annual report on Form 10-KSB filed on July 14, 2006
3.6	Articles of Incorporation of Urex Energy Corp. incorporated by reference from our annual report on Form 10-KSB filed on July 14, 2006
3.7	Articles of Merger incorporated by reference from our Current Report on Form 8-K filed on July 5, 2006
3.8	Certificate of Change incorporated by reference from our Current Report on Form 8-K filed on July 5, 2006
3.9	Certificate of Correction with respect to the Certificate of Change incorporated by reference from our Current Report on Form 8-K filed on July 5, 2006
3.10	Certificate of Correction with respect to the Articles of Merger incorporated by reference from our Current Report on Form 8-K filed on July 5, 2006
10.1	Consulting Agreement between our company and Minera Teles Pires Inc., dated September 27, 2005 incorporated by reference from our annual report on Form 10-KSB filed on July 14, 2006
10.2	Assignment Agreement between our company and International Mineral Resources Inc., dated September 22, 2005 incorporated by reference from our Current Report on Form 8-K filed on September 29, 2005
10.3	Option Agreement between International Mineral Resources Inc. and United Energy Metals S.A., dated September 21, 2005 incorporated by reference from our annual report on Form 10-KSB filed on July 14, 2006
10.4	Agreement and Plan of Merger between Urex Energy Corp. and Lakefield Ventures Inc., dated June 8, 2006 incorporated by reference from our annual report on Form 10-KSB filed on July 14, 2006

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- 10.5 Form of Subscription Agreement with certain investors incorporated by reference from our Current Report on Form 8-K filed on November 30, 2006
- 10.6 Form of Series A Warrant Certificate with certain investors incorporated by reference from our Current Report on Form 8-K filed on November 30, 2006
- 10.7 Form of Series B Warrant Certificate with certain investors incorporated by reference from our Current Report on Form 8-K filed on November 30, 2006
- 10.8 Agreement with New-Sense Geophysics Limited incorporated by reference from our Annual Report on Form 10-KSB filed on July 17, 2007
- 31\* Section 302 Certification of Richard Bachman, dated February 15, 2007
- 32\* Section 906 Certification of Richard Bachman, dated February 15, 2007
- 99.2 Independent Review of the Rio Chubut Uranium Project prepared by Brian Cole, P.Geo., dated September 23, 2005 incorporated by reference from our annual report on Form 10-KSB filed on July 14, 2006

\* Filed herewith.

#### **SIGNATURES**

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

#### **UREX ENERGY CORP.**

By: /s/ Richard Bachman

Richard Bachman

President and Director

Dated: August 14, 2007

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