

UREX ENERGY CORP.
Form 10KSB
July 14, 2006

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-KSB

x

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

For the fiscal year ended March 31, 2006

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 000-501191

UREX ENERGY CORP.

(Exact Name of Registrant as Specified in its Charter)

Nevada
(State or other Jurisdiction of Incorporation
or Organization)

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

Reno, Nevada

98-0201259
(IRS Employer
Identification Number)

89503

Edgar Filing: UREX ENERGY CORP. - Form 10KSB

(Address of Principal Executive Offices)

(Zip Code)

(775) 747-0667

(Registrant's Telephone Number, Including Area Code)

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

Title of Each Class

Name of each Exchange on which registered

None

None

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

Title of Each Class

Name of each Exchange on which registered

Common Shares

OTC Bulletin Board

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 the filing requirements for the past 90 days: Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-B 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-KSB or any amendment to this Form 10-KSB:

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

Yes No

State issuer's revenues for its most recent fiscal year. **Nil**

Aggregate market value of outstanding Common Stock held by non-affiliates: As of July 10, 2006, the aggregate market value of outstanding Common Stock of the registrant held by non-affiliates was approximately \$44,782,800.

Outstanding Common Stock: As of March 31, 2006, the Company had 39,212,800 shares of Common Stock outstanding. As of July 10, 2006, the Company had 94,425,600 shares of Common Stock outstanding after taking into account the forward stock split on a basis of two new shares for each one old share, which was effective July 3, 2006.

Transitional Small Business Disclosure Format (Check one): Yes No

TABLE OF CONTENTS

	Page
USE OF NAMES	1
CURRENCY	1
METRIC CONVERSION TABLE	1
UNCERTAINTY OF FORWARD-LOOKING STATEMENTS	1
PART I	
ITEM 1. DESCRIPTION OF BUSINESS AND RISK FACTORS	1
ITEM 2. DESCRIPTION OF PROPERTY	8
ITEM 3. LEGAL PROCEEDINGS	13
ITEM 4. SUBMISSION OF MATTERS TO VOTE OF SECURITY HOLDERS	13
PART II	
ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS	13
ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS	14
ITEM 7. FINANCIAL STATEMENTS	19
ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE	20
ITEM 8A. CONTROLS AND PROCEDURES	20
ITEM 8B. OTHER INFORMATION	20
PART III	
ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT	21
ITEM 10. EXECUTIVE COMPENSATION	23
ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS	24
ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS	25

ITEM 13. EXHIBITS	26
-------------------	----

PART IV

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES	27
---	----

USE OF NAMES

In this report, the terms Urex and Company, unless the context otherwise requires, mean Urex Energy Corp. and its subsidiaries.

CURRENCY

Unless otherwise specified, all dollar amounts in this report are expressed in United States dollars.

METRIC CONVERSION TABLE

To Convert Imperial Measurement Units	To Metric Measurement Units	Multiply by
Acres	Hectares	0.4047
Feet	Meters	0.3048
Miles	Kilometers	1.6093
Tons (short)	Tonnes	0.9071
Gallons	Liters	3.7850
Ounces (troy)	Grams	31.103
Ounces (troy) per ton (short)	Grams per tonne	34.286

UNCERTAINTY OF FORWARD-LOOKING STATEMENTS

This document, including any documents that are incorporated by reference, contains forward-looking statements concerning, among other things, mineralized material, proven or probable reserves and cash operating costs. Such statements are typically punctuated by words or phrases such as anticipates, estimates, projects, foresees, management believes, and words or phrases of similar import. Such statements are subject to certain risks, uncertainties or assumptions. If one or more of these risks or uncertainties materialize, or if underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or projected. Important factors that could cause actual results to differ materially from those in such forward-looking statements are identified in this document under Part I Item 1. Description of the Business and Risk Factors. The Company assumes no obligation to update these forward-looking statements to reflect actual results, changes in assumptions, or changes in other factors affecting such statements.

PART I

ITEM 1. DESCRIPTION OF BUSINESS AND RISK FACTORS

General Overview

Urex Energy Corp. (the **Company** or **Lakefield** or **Urex**) was incorporated under the laws of the State of Nevada on February 6, 2002 under the name Lakefield Ventures Inc. Subsequently, on June 8, 2006, Lakefield established a wholly owned subsidiary, Urex Energy Corp., a company incorporated under the laws of the State of Nevada. Also on June 8, 2006, Urex and Lakefield entered into an agreement and plan of merger (the **Merger Agreement**), whereby Urex and Lakefield agreed for Urex to be merged with and into Lakefield, with Lakefield remaining as the surviving company under the name Urex Energy Corp. (the **Merger**). The Merger became effective as of July 3, 2006. The Merger Agreement was completed in accordance with the laws of the State of Nevada.

Since inception, Urex has not been in bankruptcy, receivership or similar proceedings. Other than as disclosed above, the Company has one majority-owned subsidiary, United Energy Metals S.A., an Argentina company, of which the Company owns 99.8% of the issued and outstanding capital stock, and the Company has not had any material reclassification, merger, consolidation, purchase or sale of a significant amount of assets not in the ordinary course of its business. The Company's year end is March 31.

The Company's Articles of Incorporation currently provide that the Company is authorized to issue 310,000,000 shares of which 300,000,000 are shares of common stock, par value \$0.001 per share (**shares**) and 10,000,000 preferred stock, par value \$0.001. As at July 10, 2006, there were 94,425,600 shares outstanding and nil preferred stock outstanding, after giving effect to the forward stock split of two shares for each one old share. The Company's shares began trading on the OTC Bulletin Board (the **OTCBB**) under the name Lakefield Ventures, Inc. and under the symbol **LKVN** . On June 2, 2005, the Company's authorized common stock was increased from 50,000,000 shares, par value \$0.001 per share, to 150,000,000 shares, par value \$0.001 per share, and the issued and outstanding common stock was forward split on a basis of 11.14 new shares for each one (1) old share. On June 3, 2005, the Company's shares traded under the symbol **LKFV** . Effective July 3, 2006, the Company trades on the OTCBB under the symbol **URXE** .

The Company's principle offices are located at 10580 N. McCarran Blvd., Building 115-208, Reno, Nevada 89503; the Company's telephone number is (775) 747-0667 and its facsimile number is (702) 938-8619.

The Company is also registered as a foreign company in Argentina, and its fixed legal address in Argentina is 1052 San Martin Avenue, 3rd Floor, Office 17, Ciudad Mendoza, Province of Mendoza, Argentina.

Since its inception, the Company has been primarily engaged in the acquisition and exploration of uranium mining properties, and has not yet realized any revenues from its planned operations. The Company's current property portfolio consists of two uranium prospects, located in the United States and Argentina.

The Company does not have defined mineral resources or reserves on any of its exploration properties. Discovering new mineral deposits is dependent on a number of factors including the experience of exploration personnel involved, the location of the property, and most important - stable funding of exploration programs. The commercial viability of a mineral deposit once discovered is also dependent on a number of factors including country of location, size, grade, and proximity to infrastructure, as well as metal prices. The prices of most metals, including uranium, have increased significantly over the past year, improving the probability of successful that a new discovery will be economic, as well as the improving the access to capital to finance on-going activities.

Material Agreements

On September 22, 2005, the Company entered into an assignment agreement (the **Assignment Agreement**) with International Mineral Resources Ltd. (**IMR**), a company organized under the laws of the Turks & Caicos Islands, whereby IMR agreed to assign its right, title and interest in and to an option agreement (the **Option Agreement**) entered into between IMR and United Energy Metals S.A (**UEM**) to the Company. The Option Agreement allows for the holder of the option (the **Option**) to acquire 99.8% of the equity in 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 (such property is known as the **Rio Chubut Property**). On December 7, 2005, IMR exercised the Option to acquire 99.8% of the equity in UEM. As consideration for the assignment of the Option from IMR to the Company, the Company was required to issue 8,000,000 shares of the Company to IMR and pay \$50,000.00 to IMR, with IMR retaining a 5% net smelter royalty in respect of the Rio Chubut Property. As of June 8, 2006, the Company and IMR have completed the Assignment Agreement, and therefore, the Company acquired 99.8% of the equity in UEM.

On April 15, 2002, the Company entered into a mineral property option agreement (the **Mineral Property Option Agreement**) with Peter Hawley, of Val D'Or, Quebec, Canada, whereby the Company could acquire a 90% interest in 6 mineral claims (the **Kayla Property**). The Kayla Property is located in Val D'Or Mining District, in the Levy Township of Quebec, Canada, and is comprised of 95.70 hectares. Under the terms of the Mineral Property Option Agreement, the Company was required to incur exploration expenditures totaling \$150,000 of which \$15,000 (phase 1) was required to be expended by December 31, 2004 and \$135,000 (phase 2) was required to be expended by December 31, 2005. During December 2004, \$15,000 was expensed in accordance with the requirements of phase 1. Subsequent to the completion of phase 1, the Company has opted not to continue with phase 2 of the exploration program on the Kayla Property.

Employees

As of July 10, 2006, the Company had 0 full-time employees (over and above its directors, officers and consultants).

Other Property Interests and Mining Claims

While the Company is actively seeking new prospects, it currently only has interests in the properties discussed below in Item 2 Description of Properties.

Government Regulation

Mining operations and exploration activities are subject to various national, state, provincial and local laws and regulations in Canada, United States and Argentina, as well as other jurisdictions, which govern prospecting, development, mining, production, exports, taxes, labor standards, occupational health, waste disposal, protection of the environment, mine safety, hazardous substances and other matters.

The Company has obtained applications for those licenses, permits and other authorizations currently required to conduct its explorations in Argentina. In Argentina, business licenses for companies, and the acquisition and transfer of exploration and mining permits are all acquired subject to government approval. Such approval may involve many levels of government (i.e. Federal, Provincial, County and/or City approval), and the Company cannot guarantee that all such approvals will be successfully obtained even where its Option has been successfully exercised. Moreover, even where business licenses are issued, there can be no guarantee that the transfer and/or acquisition of exploration and/or mining permits will be approved, nor can the Company guarantee that such approvals will be obtained from all

levels of government required for such approval.

The Company believes that it is and will continue to be in compliance in all material respects with applicable statutes and the regulations passed in Argentina. There are no current orders or directions relating to the Company with respect to the foregoing laws and regulations.

Environmental Regulation

The Company's exploration projects are subject to various federal, state and local laws and regulations governing protection of the environment, in Canada, the United States and in Argentina. These laws are continually changing and, as a general matter, are becoming more restrictive. The Company's policy is to conduct business in a way that safeguards public health and the environment. The Company believes that its operations are conducted in material compliance with applicable laws and regulations.

Changes to current local, state or federal laws and regulations in the jurisdictions where the Company operates or may operate in the future could require additional capital expenditures and increased operating costs. Although the Company is unable to predict what additional legislation, if any, might be proposed or enacted, additional regulatory requirements could impact the economics of its projects.

In the preceding year, there were no material environmental incidents or non-compliance with any applicable environmental regulations. The Company estimates that it will not incur material capital expenditures for environmental control facilities during the current fiscal year.

Competition

The Company competes with other mining companies in connection with the acquisition of prospective properties. There is competition for the limited number of opportunities, some of which is with other companies having substantially greater financial resources than the Company. As a result, the Company may have difficulty acquiring attractive projects at reasonable prices.

The Company believes no single company has sufficient market power to affect the price or supply of minerals in the world market.

Risk Factors

The following risk factors should be considered in connection with an evaluation of the business of the Company:

THE COMPANY'S LIMITED OPERATING HISTORY MAKES IT DIFFICULT FOR YOU TO JUDGE ITS PROSPECTS.

The Company has a limited operating history upon which an evaluation of the Company, its current business and its prospects can be based. You should consider any purchase of the Company's shares in light of the risks, expenses and problems frequently encountered by all companies in the early stages of its corporate development.

LIQUIDITY AND CAPITAL RESOURCES ARE UNCERTAIN.

For the year ended March 31, 2006, the Company had an operating loss of \$155,183. At March 31, 2006, the Company had working capital deficiency of (\$227,507). The Company may need to raise additional capital by way of an offering of equity securities, an offering of debt securities, or by obtaining financing through a bank or other entity. The Company has not established a limit as to the amount of debt it may incur nor has it adopted a ratio of its equity to debt allowance. If the Company needs to obtain additional financing, there is no assurance that financing will be

available from any source, that it will be available on terms acceptable to us, or that any future offering of securities will be successful. If additional funds are raised through the issuance of equity securities, there may be a significant dilution in the value of the Company's outstanding common stock. The Company could suffer adverse consequences if it is unable to obtain additional capital which would cast substantial doubt on its ability to continue its operations and growth.

THE VALUE AND TRANSFERABILITY OF THE COMPANY'S SHARES MAY BE ADVERSELY IMPACTED BY THE LIMITED TRADING MARKET FOR ITS SHARES AND THE PENNY STOCK RULES.

There is only a limited trading market for the Company's shares. The Company's common stock is traded on the over-the-counter market and "bid" and "asked" quotations regularly appear on the OTCBB under the symbol "URXE". There can be no assurance that the Company's common stock will trade at prices at or above its present level, and an inactive or illiquid trading market may have an adverse impact on the market price. In addition, holders of the Company's common stock may experience substantial difficulty in selling their securities as a result of the "penny stock rules," which restrict the ability of brokers to sell certain securities of companies whose assets or revenues fall below the thresholds established by those rules.

FUTURE SALES OF SHARES MAY ADVERSELY IMPACT THE VALUE OF THE COMPANY'S STOCK.

If required, the Company may seek to raise additional capital through the sale of common stock. Future sales of shares by the Company or its stockholders could cause the market price of its common stock to decline.

MINERAL EXPLORATION AND DEVELOPMENT ACTIVITIES ARE SPECULATIVE IN NATURE.

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 the Company may be affected by numerous factors which are beyond the control of the 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 regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection, the combination of which factors may result in the Company not receiving an adequate return of investment capital.

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.

THE COMPANY WILL BE SUBJECT TO OPERATING HAZARDS AND RISKS WHICH MAY ADVERSELY AFFECT THE 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. The Company's 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. The Company does not have general liability insurance covering its operations and does 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 the Company's financial condition

THE COMPANY'S ACTIVITIES WILL BE SUBJECT TO ENVIRONMENTAL AND OTHER INDUSTRY REGULATIONS WHICH COULD HAVE AN ADVERSE EFFECT ON THE FINANCIAL CONDITION OF THE COMPANY.

The Company's 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 would 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, fines and penalties for non-compliance are more stringent. 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 the Company.

The operations of the Company including exploration and development activities and commencement of production on its properties, require permits from various federal, state, provincial and local governmental authorities and such operations 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 thereunder, including orders issued by regulatory or judicial authorities causing 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.

THE COMPANY IS SUBJECT TO A VARIETY OF JURISDICTIONAL RISKS

Several of the known but undeveloped deposits lie in jurisdictions with embryonic mineral or company laws. The region may also rank poorly on corruption indices, or even be subject to civil unrest. These risks would be burdens over and above the potential infrastructure development costs mentioned earlier, and certainly need to be accounted for in the true cost of uranium production. While often difficult to quantify, blanket burdens represented as a percentage of overall cost may provide a proxy, and in some cases can be based on previous experiences in the region.

COMPETITION MAY HAVE AN IMPACT ON THE COMPANY'S ABILITY TO ACQUIRE ATTRACTIVE MINERAL PROPERTIES, WHICH MAY HAVE AN ADVERSE IMPACT ON THE 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 the Company, the Company may be unable to acquire attractive mineral properties on terms it considers acceptable. Accordingly, there can be no assurance that any exploration program intended by the Company on properties it intends to acquire will yield any reserves or result in any commercial mining operation.

DOWNWARD FLUCTUATIONS IN METAL PRICES MAY SEVERELY REDUCE THE VALUE OF THE COMPANY.

The Company has no control over the fluctuations in the prices of the metals that it is exploring for. A significant decline in such prices would severely reduce the value of the Company.

THE COMPANY CURRENTLY RELIES ON CERTAIN KEY INDIVIDUALS AND THE LOSS OF ONE OF THESE CERTAIN KEY INDIVIDUALS COULD HAVE AN ADVERSE EFFECT ON THE COMPANY.

The Company's success depends to a certain degree upon certain key members of the management. These individuals are a significant factor in the Company's growth and success. The loss of the service of members of the management and certain key employees could have a material adverse effect on the Company. In particular, the success of the Company is highly dependant upon the efforts of the President and director of the Company, Mr. Richard Bachman, the loss of whose services would have a material adverse effect on the success and development of the Company.

THE COMPANY DOES NOT MAINTAIN KEY MAN INSURANCE TO COMPENSATE THE COMPANY FOR THE LOSS OF CERTAIN KEY INDIVIDUALS.

The Company does not anticipate having key man insurance in place in respect of any of its senior officers or personnel.

WE ARE AN EXPLORATION STAGE COMPANY, AND THERE IS NO ASSURANCE THAT A COMMERCIALLY VIABLE DEPOSIT OR "RESERVE" EXISTS ON ANY PROPERTIES FOR WHICH THE COMPANY HAS, OR MIGHT OBTAIN, AN INTEREST.

The Company is an exploration stage company and cannot give assurance that a commercially viable deposit, or reserve, exists on any properties for which the Company currently has (through a joint venture agreement) or may have (through potential future joint venture agreements or acquisitions) 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 the Company fails to find a commercially viable deposit on any of its properties, its financial condition and results of operations will be materially adversely affected.

WE REQUIRE SUBSTANTIAL FUNDS MERELY TO DETERMINE WHETHER COMMERCIAL MINERAL DEPOSITS EXIST ON OUR PROPERTIES.

Any potential development and production of the Company's exploration properties depends upon the results of exploration programs and/or feasibility studies and the recommendations of duly qualified engineers and geologists. Such programs require substantial additional funds. Any decision to further expand the Company's operations on these exploration properties is anticipated to involve consideration and evaluation of several significant factors including, but not limited to:

.

Costs of bringing 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.

GENERAL MINING RISKS

Factors beyond the control of the Company may affect the marketability of any substances discovered from any resource properties the Company may acquire. Government regulations relating to price, royalties, allowable production and importing and exporting of minerals can adversely affect the Company. There can be no certainty that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and operations on any projects it may acquire and environmental concerns about mining in general continue to be a significant challenge for all mining companies.

ITEM 2. DESCRIPTION OF PROPERTIES.

1.

La Jara Mesa Extension Property

In December 2005, the Company acquired a 100% interest in the La Jara Mesa Extension uranium property consisting of 137 unpatented mining claims (approximately 2,740 acres) in Grants Mining District, Cibola County, New Mexico. The La Jara Mesa Extension property lies adjacent to Laramide Resources Ltd. La Jara Mesa and Melrich uranium deposits. Between 1950 and 1978, the Grants Mining District produced 135,891 tons of U₃O₈, which ranks it as one of the most prolific uranium districts in the United States. The Company acquired the La Jara Mesa Extension mining claims through staking.

Property Description

The La Jara Mesa deposit lies on the southwest boundary of the Company's claim block and contains five separate areas which have a combined mineral inventory (drill indicated and inferred) of 1,133,310 tons at 0.30% eU₃O₈ containing 7,133,310 pounds of U₃O₈ utilizing a 15% diluted thickness/grade cutoff of 6 feet at 0.16% eU₃O₈ as defined by Homestake Mining Company in 1982. Investors are cautioned that mineral deposits on adjacent properties are not necessarily indicative of mineral deposits on the Company's properties.

The Melrich ore body, lies on the northeast boundary of the Company's claim block and is a north-south trending tabular unit containing an Indicated/Inferred/Potential resource of 1,045,500 tons at an undiluted grade of 0.154% eU₃O₈ for a total of 3,217,000 pounds of U₃O₈ when using a 0.08% eU₃O₈ cutoff per Homestake Mining Company. The ore body is approximately 2,600 feet in length, 500 feet in width, and has an average thickness of 11.8 feet.

Location

The La Jara Mesa deposit is located 18 kilometers northeast of Grants within the San Mateo Mountains in the Southern part of New Mexico, and has a near arid environment (10 inches annual rainfall). The mesa where the deposit occurs is 2440 meters to 2530 meters above sea level.

Local Geology

The uranium mineralization in the area occurs as tabular units within the Brushy Basin member of the Jurassic Morrison formation. The host sandstone is equivalent to the production zone at the Jackpile Mine operated by Anaconda to the east of the project area. The formation is near horizontal and is dry. The Jurassic Morrison formation's Brushy Basin host rock extends under the Company's claim block with drilled uranium reserves on the boundaries.

La Jara Mesa is sandstone hosted roll front type deposit that has been extensively explored by Homestake and others including Pathfinder and Power Resources. Since the early 1980's approximately 500 rotary holes and 18 diamond drill holes were drilled on the property; preliminary metallurgical test work and initial mine planning has also been completed. The Company intends to immediately commission an independent engineering report in compliance with the Canadian securities laws National Instrument 43-101 format. This report will validate and update the existing resource as well as provide recommendations for further exploration and development work.

New Mexico Uranium Districts

New Mexico ranks 2nd in uranium reserves in the U. S., which amounts to 15 million tons ore at 0.277% U₃O₈ (84 million lbs U₃O₈) at \$30/lb (Energy Information Administration, 2000). The most important uranium deposit in the state is sandstone within the Morrison Formation (Jurassic) in the Grants and Shiprock uranium districts, San Juan Basin. More than 340 million lbs of U₃O₈ have been produced from these uranium deposits from 1948 through 2000, accounting for 97% of the total uranium production in New Mexico and more than 30% of the total uranium production in the United States. Figure 1 illustrates the key towns and uranium mining in the surrounding area.

Figure 1: New Mexico Uranium Districts

Figure courtesy of Brugge & Goble, 2002, The History of Uranium Mining and the Navajo People

Only one company in New Mexico, Quivira Mining Co. owned by Rio Algom Ltd. (successor to Kerr McGee Corporation), produced uranium in 1984-2000 from waters recovered from inactive underground operations at Ambrosia Lake, Grants (mine-water recovery)³.

The Grants Uranium Belt, started production in the late 1940s. The boom years in the Belt were 1953-1980, when approximately 350 million pounds of yellow cake were produced. Uranium recovery operations declined dramatically after 1980, when the liquidation of large government Cold War military stockpiles depressed the uranium market. New Mexico ranks second behind Wyoming in uranium reserves. All uranium recovery in the state ceased in December 2002 and operations in the state now are focused on reclamation.

As the price of uranium rises, then the quantity of an economic resource increases. At \$30/pound, the U.S. Energy Information Administration reported the state of New Mexico held 84 million pounds of uranium oxide, grading 0.28/ton, as of Dec 31, 2004. However, at \$50/pound uranium, that quantity would jump to 341 million pounds. The spread on the gross value of the uranium assets between those price levels is nearly \$15 billion! As the spot price escalates, the economic reserves grow.

2.

Rio Chubut Property

The Company's Rio Chubut Property is comprised of 170,000 hectares, located adjacent to the Cerro Solo Uranium deposit. This Uranium deposit is located in the Chubut Province of Patagonia, Southern Argentina. The exploration block is approximately 160 km x 195 km, and borders the Cerro Solo uranium deposit to both the North and South.

Property Acquisition

On September 22, 2005, the Company entered into the Assignment Agreement with International Mineral Resources Ltd. (**IMR**), a company organized under the laws of the Turks & Caicos Islands, whereby IMR agreed to assign its right, title and interest in and to the Option Agreement entered into between IMR and United Energy Metals S.A (**UEM**) to the Company. The Option Agreement allows for the holder of the option (the **Option**) to acquire 99.8% of the equity in 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 (such property is known as the **Rio Chubut Property**).

On December 7, 2005, IMR exercised the Option to acquire 99.8% of the equity in UEM. As consideration for the assignment of the Option from IMR to the Company, the Company was required to issue 8,000,000 shares of the Company to IMR and pay \$50,000.00 to IMR, with IMR retaining a 5% net smelter royalty in respect of the Rio Chubut Property. As of June 8, 2006, the Company and IMR have completed the Assignment Agreement, and therefore, the Company acquired 99.8% of the equity in UEM.

Independent Review

The Company commissioned a review of the Rio Chubut Uranium Project, to evaluate the properties' mineral potential for uranium, and prepare an independent appraisal report. The study, which was prepared by Brian Cole, P.Geol and dated September 23, 2005, is a combined historical document and data review as well as a report on direct observations made during a two-day field visit in June 2005. A copy of such report is attached hereto as Exhibit 99.2.

Property Description and Location

The Rio Chubut Property in Chubut Province, Argentina is centered at:

Property Group	Latitude	Longitude	Aggregate Area
	Centeroid	Centeroid	(hectares)
Rio Chubut Project	43° 45' S	68° 00' W	170,000

The Rio Chubut Property exploration permit (“**cateo**”) particulars are listed in Table 1 below:

Table 1:

Chubut Uranium Project							
<i>List of Cateos</i>							
Cerro Solo Group				Eastern Cateos			
<i>UE No</i>	<i>Cateo No</i>	<i>Recording Date</i>	<i>Area (ha)</i>	<i>UE No</i>	<i>Cateo No</i>	<i>Recording Date</i>	<i>Area (ha)</i>
1	14.548	April 12, 2005	7,889	29	14.601	May 5, 2005	9,981
2	14.549	April 12, 2005	9,982	30	14.602	May 5, 2005	9,979
3	14.550	April 12, 2005	7,893	33	14.603	May 5, 2005	9,979
4	14.551	April 12, 2005	9,614	37	14.604	May 5, 2005	9,976
27	14.552	April 12, 2005	7,086	34	14.605	May 5, 2005	9,979
28	14.553	April 12, 2005	9,961				
5	14.594	May 5, 2005	9,123				
7	14.595	May 5, 2005	10,106				
10	14.596	May 5, 2005	9,982				
13	14.597	May 5, 2005	9,931				
14	14.598	May 5, 2005	8,732				
16	14.599	May 5, 2005	9,982				
18	14.600	May 5, 2005	9,981				
Total Area			120,263				49,893

The project locale encompasses a rectangular area approximately 160 km by 195 km. On the west side lays a contiguous block of 13 exploration permits (**cateos**) covering an aggregate area of approximately 120,000ha. The long axis of the grouping trends north-northeast (**NNE**) and is 74 km long by and average 20km wide. The central embayment plunging into the group from the east that almost bisects the property block is occupied by the Cerro Solo deposit property controlled by Comision Nacional de Energia Atomica (**CNEA**). The old Los Adobes Mine is located 4 km NNE of the Cerro Solo deposit. A 72 ha rectangular reservation surrounds the mine. Cateo No. 14.550 (United Energy No. 3) envelops this reservation, which is also bisected by the main road. Five additional widely separated cateos lie on the east side of the project area. These are nearly 10,000ha in size each.

According to the Argentine Mining Act, the level of cateo filing fees and extent of tenure are contingent upon permit size. Cateos have multi-year tenures before attracting additional governmental maintenance costs. For instance, a

10,000ha cateo attracts no further maintenance fees for 1,100 days (3 years). At that point in time, the property size must be reduced by at least one half and a mining license applied for. Further exploration, feasibility work, and eventually exploitation, pending regulatory approval, can be carried out under a mining license.

The cateos are paper staked with no signifying demarcation monuments being erected. Hence, cateo boundaries have not been surveyed.

Access, Infrastructure, Physiography and Climate

The centre of the project area lays 270km west of the provincial capital of Rawson (population 30,000), a small port city at the mouth of the Rio Chubut. The regional airport serving Rawson is located in the nearby town of Trelew. National Road 25 (**NR 25**), a paved road in sound condition, extends west from Rawson and bisects the project area. A network of aggregate and dirt roads in good condition branch off NR 25 and either cut or touch upon any particular cateo, facilitating reasonable access in most cases. The towns of Paso de Los Indios (population around 1,000) and Las Plumas (population around 500), located along NR 25 bracket the project area to the west and east, respectively. A small hotel and restaurant exists in Paso de Los Indios.

Relief in the project area is low with elevation ranging between 200m and 650m above sea level. Vegetation consists of low shrubs and related brush and grasses. Climate is semi-arid and average annual temperature varies from 6°C to 14°C whereas minimum and maximum temperatures may range from -20°C to 40°C. Although heavy snowfalls can occur, roads stay open most of the year.

The large contiguous Cerro Solo cateo grouping is cut by the Rio Chubut at its southern end. Although the Rio Chubut is wide (>50m) in the project area, it is generally shallow. The Rio Chubut flows east and eventually spills into the Atlantic Ocean at Rawson.

A seasonal dirt airstrip of approximately 800m in length is located 1.7km north of the Cerro Solo deposit and remains clear of vegetation. Minimal work would be required to reactivate the strip.

Local Geology

Volcanic tuffs of the Cretaceous Cerro Barcino formation underlie most of the project area. These tuffs tend to thinly cover much of the underlying fluvial derived rocks deposited in broad braided channel environments. On average, individual braided streams have a propensity to form sandstone bodies.

To date the better uranium deposits have been discovered in sedimentary rocks deposited by braided, high-energy fluvial processes. This includes the Los Adobes Formation in the Cerro Solo area, and the Arroyo del Pajarito member in particular. This member is up to 150m thick within the Cerro Solo deposit. Mineralization can also occur in volcanic tuffs of the Cerro Barcino formation and in surface soils with a caliche association. Caliche is desert soil formed by the near surface crystallization of calcite and/or other soluble minerals by upward-moving solutions.

Faulting at Cerro Solo predominantly strikes northwest and dips eastwards. Most displacement is lateral with a lesser vertical component. However, interaction with the northeast trending conjugate member of the fault set produces a shearing effect.

Office Space

The Company currently has two administrative offices with one in Argentina and one in Reno, Nevada. These office spaces are described in the table below:

Address	Approximate Size	Lease Term	Approximate monthly cost
San Martin 1052 3th Piso Of. 17 Ciudad Mendoza, Mendoza Argentina	750 sq. ft.	No Lease	US\$1000
10580 N. McCarran Blvd. Building 115-208 Reno, NV 89503	500 sq. ft.	No Lease	US\$500

ITEM 3. LEGAL PROCEEDINGS.

Management is not aware of any legal proceedings contemplated by any governmental authority or any other party involving the Company or its properties. None of the Company's directors, officer or affiliates are (i) a party adverse to the Company in any legal proceedings, or (ii) has an adverse interest to the Company in any legal proceedings. Management is not aware of any other legal proceedings pending or that have been threatened against the Company or its properties.

ITEM 4. SUBMISSION OF MATTERS TO VOTE OF SECURITY HOLDERS.

No matters were submitted to a vote of shareholders of the Company during the final quarter of the fiscal year ended March 31, 2006.

PART II**ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.****Market Information**

The Common Shares of the Company are listed and posted for trading on the OTCBB under the symbol URXE. The market for the Company's common stock is limited, volatile and sporadic. The following table sets forth the high and low sale prices relating to the Company's common stock for the last two fiscal years it was listed and posted for trading on the OTCBB. These quotations reflect inter-dealer prices without retail mark-up, mark-down, or commissions, and may not reflect actual transactions.

Quarter Ended

2004	High Trade (1)	Low Trade (1)
June 31, 2004	\$0.55	\$0.55
September 30, 2004	\$0.55	\$0.55
December 31, 2004	\$0.55	\$0.55
March 31, 2005	\$0.55	\$0.55
2005		
June 31, 2005	\$0.55	\$0.55
September 30, 2005	\$0.45	\$0.45
December 31, 2005	\$0.35	\$0.35
March 31, 2006	\$0.76	\$0.60

(1)

These prices do not reflect the forward stock split of two new shares for each one old share, which was effective July 3, 2006.

Holdings

As of June 30, 2006, the Company had at least 41 shareholders of record.

Dividends

The Company has never paid dividends. While any future dividends will be determined by the directors of the Company after consideration of the earnings, financial condition and other relevant factors, it is currently expected that available cash resources will be utilized in connection with the ongoing acquisition, exploration and development programs of the Company.

Section 15(g) of the Securities Exchange Act of 1934

The Company's shares are covered by Section 15(g) of the Securities Exchange Act of 1934, as amended that imposes additional sales practice requirements on broker/dealers who sell such securities to persons other than established customers and accredited investors (generally institutions with assets in excess of \$5,000,000 or individuals with net worth in excess of \$1,000,000 or annual income exceeding \$200,000 or \$300,000 jointly with their spouses). For transactions covered by this Section 15(g), the broker/dealer must make a special suitability determination for the purchase and have received the purchaser's written agreement to the transaction prior to the sale. Consequently, Section 15(g) may affect the ability of broker/dealers to sell the Company's securities and also may affect your ability to sell your shares in the secondary market.

Section 15(g) also imposes additional sales practice requirements on broker/dealers who sell penny securities. These rules require a one page summary of certain essential items. The items include the risk of investing in penny stocks in both public offerings and secondary marketing; terms important to an understanding of the function of the penny stock market, such as "bid" and "offer" quotes, a dealers "spread" and broker/dealer compensation; the broker/dealer compensation, the broker/dealers duties to its customers, including the disclosures required by any other penny stock disclosure rules; the customers rights and remedies in causes of fraud in penny stock transactions; and, the NASD's toll free telephone number and the central number of the North American Administrators Association, for information on the disciplinary history of broker/dealers and their associated persons.

Recent Sales of Unregistered Securities

On June 8, 2006, the Company issued 8,000,000 shares to IMR in connection with an Assignment Agreement entered into between the Company and IMR, dated September 22, 2005. The Company believes that such issuance is exempt from registration under Regulation S promulgated under the Securities Act of 1933, as amended, as the securities were issued to IMR through an offshore transaction which was negotiated outside of the United States and consummated outside of the United States.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION.

The following discussion should be read in conjunction with the Company's consolidated audited financial statements and the related notes for the period ended March 31, 2006 that appear elsewhere in this annual report. The following discussion contains forward-looking statements that reflect the Company's plans, estimates and beliefs. The Company's 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 registration statement, particularly in the section entitled "Risk Factors" beginning on page 7 of this annual report.

The Company's consolidated audited financial statements are stated in United States Dollars and are prepared in accordance with United States Generally Accepted Accounting Principles.

Overview

Urex is a Nevada corporation incorporated on February 6, 2002. Urex is currently in the development stage and is engaged in the acquisition, exploration and development of uranium properties in Argentina and the United States. To this end, the Company, has acquired a 100% interest in the La Jara Mesa Extension uranium property consisting of 137 unpatented claims (approximately 2,740 acres) in the Grants Mining District, Cibola County, New Mexico, through staking. In addition, the Company has recently completed an Assignment Agreement with International Mineral Resources Inc., whereby the Company now owns 99.8% of United Energy Metals S.A., which in turn holds a 100% interest in the Rio Chubut Property comprised of 170,000 hectares located in the Chubut Province of Patagonia, Southern Argentina.

Outlook

The mining industry continues to recharge as secular commodities market have reached the highest values in decades, led by gold, copper, oil and uranium. High prices for precious and base metals are fueling new exploration and projects around the world and generating opportunities for exceptional profit taking and broad based asset diversification.

The Company expects uranium prices to remain strong, due to depleting uranium inventories, reconsideration of nuclear energy by developed nations and the rising energy demand from developing nations. Many developed countries (European Union in particular) are now actively reconsidering the nuclear option. Reasons include the difficulty of meeting Kyoto Protocol targets without a nuclear option and the significantly increased costs associated with producing electricity using traditional fossil fuels. The development of new simplified reactor designs and the improvement in efficiencies of currently operating reactors have also dramatically improved the economics of nuclear power, contributing to increased uranium demand.

PLAN OF OPERATIONS AND CASH REQUIREMENTS

Cash Requirements

For the next 6 months the Company plans to complete a Phase 1 initial exploration programs on the La Jara Mesa Extension and the Rio Chubut Property. The Company anticipates that this program will cost \$1.1 million as detailed in Tables 1 and 2 below.

In addition, the Company anticipates spending over the next year \$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. Total expenditures over the next 12 months are therefore expected to be \$2,000,000.

Therefore, the Company will require additional funds to implement its intended exploration activities on these properties. These funds may be raised through equity financing, debt financing, or other sources, which may result in further dilution in the equity ownership of the Company's shares. There is still no assurance that the Company will be able to maintain operations at a level sufficient for an investor to obtain a return on his investment in the Company's common stock. Further, the Company does not currently generate operating cash flows and may continue to be unprofitable.

During the fiscal year ended March 31, 2006, the Company received cash from financing activities of \$201,575. These funds were obtained from three separate loans by Financia Dacorey S.A. (**Financia**) to the Company, whereby the Company issued a promissory note in Financia's favor for each loan. Each promissory note is due on demand by Financia and is subject to simple interest from the date of advance, and payable at maturity, at a rate of 5% per annum. These proceeds have been and will be used for general working capital and exploration activities.

Over the next 6 months the Company's expected Phase 1 funding requirements to expand on the exploration and development of the Company's properties are as follows:

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

Salaries & Wages	\$40,000
------------------	----------

Consulting and Technical Services	
-----------------------------------	--