

BREAKING NEWS – December 2011

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Uranium Energy Corp. (US\$ 3.00)

AMEX	:	UEC
Frankfurt Stock Exchange	:	U6Z
H+L prices (12 months)	:	US\$ 7.08 – 2.20
Issued shares	:	75.6 million
Fully diluted shares	:	86.4 million
Market capitalization	:	US\$ 226.7 million

Next price target: US\$ 7.00

BREAKING NEWS

Uranium Energy, operating the first new ISR uranium mine in the US in five years, realizes first revenues by selling 60,000 pounds of uranium in the first fiscal quarter ended October 31, 2011

On December 13, 2011, Uranium Energy (“UEC”) announced that for the first fiscal quarter of 2012, ended October 31, 2011, it realized first revenues by selling 60,000 pounds of uranium at an average sales price of \$ 52 per pound and an average cash cost of \$ 14 per pound. Recorded revenue was \$ 3.1 million.

- production from the **Palangana ISR Project** located in South Texas, totalled 67,000 pounds of U3O8 and the Company’s **Hobson ISR Processing plant** processed 69,000 pounds of U3O8 for a cumulative cash cost of \$ 18 per pound, with a total of 194,000 pounds processed since the commencement of production to October 31, 2011.

UEC had 134,000 pounds of U3O8 available for sale in inventory produced at an average cash cost of \$ 16 per pound of U3O8, with a market value of \$ 7 million based on the average of the spot prices for uranium at October 31, 2011.

The three-phase start-up of production Area-1 at the Palangana Mine is continuing with the average depth of the wells at approximately 450 feet. Production initially commenced at the Phase I well field (22 production and 27 injection wells) in November 2010, followed by the Phase II well field (32 production and 22 injection wells) in April 2011, with the final Phase III well field (21 production and 18 injection wells) having commenced production in early October 2011.

Production Area 2 well field drilling and casing commenced in November 2011. A total of 72 wells are planned (36 injection and 36 production wells).

The first two phases at PAA-2 is planned to start up in April 2012.

Exploration and development is ongoing at Palangana, with four drill rigs targeting several lightly explored areas. Three mineralised trends were further delineated by drilling 66 holes. Additional delineation drilling and coring are scheduled to be conducted in these areas in the near future.

Additionally, four drill rigs completed delineation of the future Production Area-3 well field during the quarter ended October 31, 2011. Thirty-three delineation holes were drilled, followed by the installation of 18 perimeter monitor wells and 12 interior monitor wells in preparation for a pump test in November, with analytical results anticipated in December.

- ▶ The **Goliad ISR Project** in South Texas has continued to make progress with obtaining the Radioactive Materials Licence (RML) from the Texas Commission of Environmental Quality (TCEQ). This is the only remaining licence to initiate construction at the Project.

UEC expects to have an update on the status of the licence before the end of the calendar year.

Before the Company initiates in-situ recovery of uranium at Goliad's Production Area One, the regional Environmental Protection Agency must complete its review of and concur with the Aquifer Exemption which has already been granted to the Company by TCEQ.

- ▶ Drilling resumed at the **Salvo ISR Project** located in South Texas in October 2011 with two drill rigs completing four exploration holes offsetting known mineralization. During the first fiscal quarter, six additional leases were acquired totalling 724 acres.

Drilling is scheduled to continue throughout the year, and metallurgical and other tests are also being performed to reaffirm ISR amenability at Salvo.

UEC anticipates releasing drilling results by March 2012.

- ▶ In addition to the recently acquired 247,000-acre **Coronel Oviedo** uranium property in Paraguay, UEC acquired a further six prospecting permits covering 740,000 hectares in the same area.

The Coronel Oviedo Project is geologically very similar to the Company's projects in the South Texas uranium belt and is anticipated to be ISR-amenable as initially indicated through pump-test studies. With successful initial exploration here, UEC has initiated a 10,000-metre drill program on this regional-scale project.

UEC closed three transactions during and subsequent to the first quarter.

- **Anderson Project** in Arizona through a stock-for-stock merger with Concentric Energy to acquire Concentric's undivided 10% interest in the Anderson project, a 7,581-acre mineral claim block located in Yavapai County, Arizona, with a previous history of small-scale, open-pit uranium production.

With the acquisition of the Anderson project UEC is one of the leading uranium players in Arizona, a business and energy favourable state. Three of the largest nuclear power plants in the US are located here, with all three plants having recently received their 20-year licence extensions.

● **South Texas Uranium Exploration Data**

On September 7, 2011, UEC completed the acquisition of a major uranium exploration database covering the Goliad formation from Uranium One for consideration comprised of a cash payment of \$ 400,000 and the issuance of 159,326 restricted shares of the Company.

The strategic database is anticipated to significantly advance UEC's ongoing exploration efforts in South Texas.

● **Workman Creek Project, Arizona**

On November 29, 2011, UEC completed the acquisition of an undivided 100% interest in the highly prospective 3,520-acre Workman Creek project located in Gila County, Arizona from Cooper Minerals for consideration of a cash payment of \$ 84,640 and the issuance of 300,000 shares of the Company

Investment recommendation:

UEC, North America's newest emerging uranium producer, is operating the first new ISR uranium mine in the US in five years.

Having a project portfolio of 28 properties in 6 US States with over **35 million pounds U3O8, including 13.2 million pounds U3O8 of NI 43-101 compliant resources**, UEC controls one of the largest uranium exploration and development information libraries in the US.

UEC is developing a regional operating strategy in South Texas with the fully operational Hobson ISR Processing Plant and four ISR projects (Palangana, Goliad, Nichols and Salvo)

ISR projects typical require lower capital and operating costs than conventional uranium mining

Two production zones at the producing **Palangana Project** have NI 43 101 qualified Measured & Indicated resource estimates of **1.06 million pounds U3O8** at an average grade of 0.135% eU3O8.

Six potential production zones have NI 43-101 qualified Inferred resource estimates of **1.15 million pounds U3O8** at an average grade of 0.176% U3O8.

UEC's Hobson ISR Processing Plant processed a total of 194,000 pounds of U3O8 since the commencement of production to October 31, 2011.

UEC is also developing its advanced-stage **Goliad ISR Project** in South Texas, with ISR uranium production expected to begin early 2012. The Project has **resources of 6.9 million pounds U3O8**, of which 5.4 million pounds is Measured and Indicated, and 1.5 million pounds is Inferred. Uranium mineralization as currently defined by historic drilling remains open laterally in all directions, providing excellent potential targets for additional drilling and increasing the size of the resource. Goliad is in the last stage of permitting.

Resource expansion drilling continues at the **Salvo Property**. An updated independent NI 43-101 is in the process of being completed and reports an Inferred mineral resource of 1.2 million tons grading 0.08% U3O8 or 2.84 million pounds U3O8.

In addition, UEC has established an Inferred Mineral resource of 1.3 million pounds of U3O8 for the **Nichols Property**.

Through the recent acquisition of the **Anderson Project**, UEC is now one of the leading uranium players in Arizona.

UEC has also recently acquired the **Coronel Oviedo Project** in Paraguay.

As of October 31, 2011 UEC had cash and cash equivalents of \$ 23.7 million and working capital of \$ 23.0 million.

Having temporarily been hit by the overall negative market sentiment due to Japans Fukushima nuclear disaster, but the Company having strengthened its position, as the US' first new generation uranium producer, in our view, the fundamental outlook for UEC remains unchanged prospective and would justify a strong rebound of its depressed market valuation.

Our next share price objective is US\$ 7.00.