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RAILROAD COMMISSION OF TEXAS

SURFACE MINING AND RECLAMATION DIVISION

February 24, 2010

Mr. Josh Leftwich
Environmental Manager
Uranium Energy Corporation (UEC)
400 Mann Street, Suite 900
Corpus Christi, Texas 78401

RECEIVED
APR 23 2010

RE: Weesatche Project, Goliad County
Uranium Exploration Permit No. 123C
Inspection Report

Dear Mr. Leftwich:

Enclosed is a copy of the report for the inspection completed on February 23, 2010, at UEC's Weesatche Project, Goliad County.

If you have any questions, please contact me at (512) 305-8813.

Sincerely,

Mark Schlimgen, Manager
Inspection and Enforcement

MS/sdj
Enclosure

RAILROAD COMMISSION OF TEXAS
SURFACE MINING AND RECLAMATION DIVISION
URANIUM EXPLORATION INSPECTION REPORT

Project Name: Weesatche Permit Number: 123C

Permittee: UEC County: Goliad

Industry Representative(s) Present: James Gale

Inspector: Steve Meadows Date of Inspection: February 23, 2010

I. Field Conditions and Data Collection

Samples Collected: No ☒ Yes ☐ Sample Type: Water ☐ Soil ☐ Vegetation ☐

Average Temperature 42 Soil Condition Moist Date Last Rainfall 2-23-10 Wind Direction/ Velocity (Est.) North at 20

Photographs Attached: No ☐ Yes ☒ (Complete Section IV)

II. Enforcement Action Taken

Notice of Violation Issued: No ☒ Yes ☐ NOV No. _____

Cessation Order Issued: No ☒ Yes ☐ CO No. _____

✓ Steve Meadows 02/23/2010

Inspector Signature Date

Mark Schlinger 2/23/2010

Reviewing Supervisor Signature Date

The Railroad Commission of Texas complies with Federal and State laws applicable to race, religion, national origin, sex, and disability. Information is available upon request by calling (512) 463-7288 or 1-800-735-2989 if special assistance is required.

Project Name: Weesatche
Permit Number: 123C
Inspection Date: February 23, 2010

III. Comments – Inspection Narrative

- *Document the area of the permit inspected*
- *Discuss observations made during the inspection*
- *Document the results of any field tests taken*
- *Provide a summary of any discussions with industry representatives, along with results, and expectations from those discussions*
- *Describe any enforcement action taken during the inspection, along with facts or evidence supporting the enforcement action*

No exploration drilling is currently in progress at UEC Permit No. 123C. During this inspection, the 33100 area of exploration was inspected for site restoration issues. On 9-17-08, 32 exploration boreholes were inspected for compliance with the regulation and permit requirements on this property, also referred to as the Gram lease. At this time, muddy conditions prevented access to the lower portions of the 33100 area; however a selection of drilling locations were inspected on higher ground and no significant restoration issues were noted. The general appearance and typical examples of site restoration efforts in the 33100 area of operation are documented in Photos 1-5.

Incidents of mud pit subsidence noted in the P-107 Jacobs area in last month's inspection report have been repaired as seen in Photos 6-7. Site restoration follow up in other areas of UEC Permit No. 123C will be the subject of future inspections.

Project Name: Weesatche
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VI. Photographs

Photo 1: Exploration area 33100 in UEC Permit No. 123C.

Photo 2: Exploration borehole 33100-13 on 9-17-08.

Project Name: Weesatche
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VI. Photographs

Photo 3: Exploration borehole 33100-17 on 4-23-09.

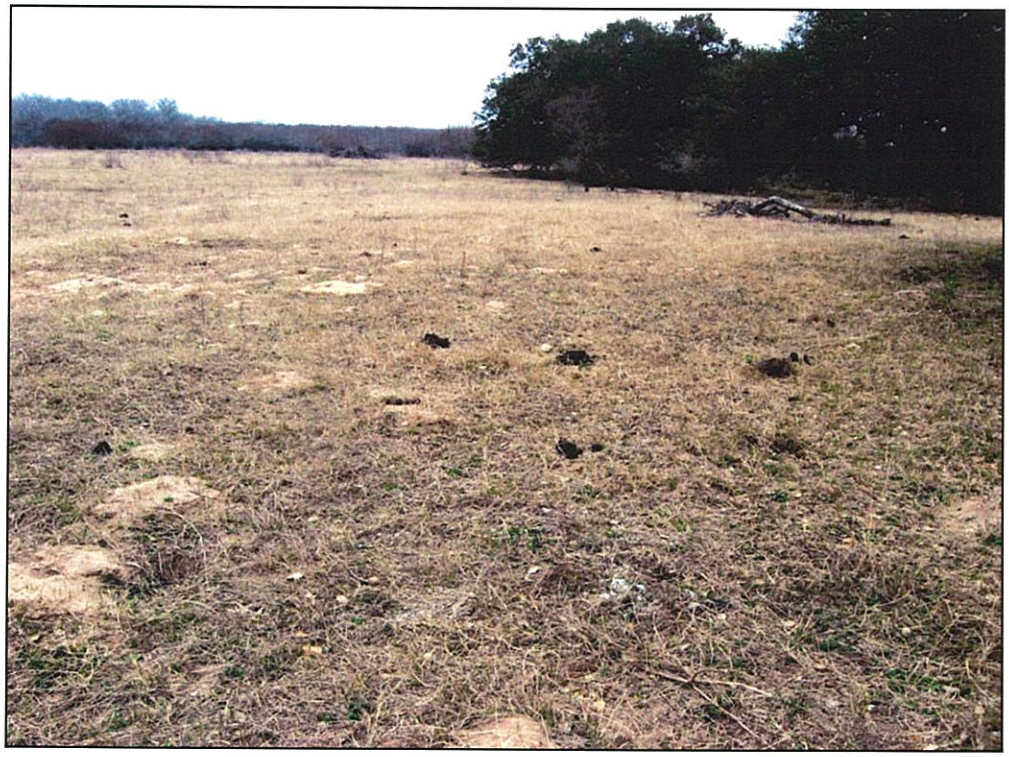

Photo 4: Site restoration at borehole 33100-17 on 2-23-10.

Project Name: Weesatche
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VI. Photographs

Photo 5: Site restoration at 33100 borehole drilling location.

Photo 6: Mud pit subsidence at P-107 location on 1-24-10.

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VI. Photographs

Photo 7: P-107 subsidence repair on 2-23-10.