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RAILROAD COMMISSION OF TEXAS

SURFACE MINING AND RECLAMATION DIVISION

December 7, 2007

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

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

Dear Mr. Leftwich:

Enclosed is a copy of the report for the inspection completed on November 12 and 14, 2007, 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: 123A

Permittee: UEC County: Goliad

Industry Representative(s) Present: Geologist John Pollock

Inspector: Steve Meadows Date of Inspection: Nov 12 & 14, 2007

I. Field Conditions and Data Collection

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

Average Temperature 80 Soil Condition Dry Date Last Rainfall N/A Wind Direction/ Velocity (Est.) Calm

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 12/06/2007

Inspector Signature Date

Mark Schlinger 12-06-07

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: 123A
Inspection Date: November 12&14, 2007

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*

UEC's Permit No. 123A was inspected on November 12 & 14. The reclamation and plugging were verified for a total of 57 exploration boreholes. The general openness of the terrain and the recent plugging dates of these boreholes allowed this number to be verified in the time available. Only one borehole required the use of a backhoe to locate the plug, which considerably speeds up the process. The surface reclamation effort throughout the area inspected looked very good as seen in photo's 1-4. For example there are 6 borehole markers seen in photo 1 and the prompt attention to site reclamation is apparent as these boreholes were recently plugged. The quality of the surface reclamation seen in photo's 3 and 4 show the value of a good backhoe operator. All plugs were verified with a metal probe as seen in photos 7 and 8 and their locations recorded with a GPS device with the exception of borehole No. N223 that required a backhoe to uncover the plug as seen in photos 5 and 6. The coordinates and plugging dates for these 57 exploration boreholes are listed in Table 1 below.

Project Name: Weesatche
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III. Comments – Cont.

Table 1: Inspected Borehole Reclamation

Borehole ID	Northing	Easting
155	382,453	2,530,004
158	382,190	2,529,538
159	381,697	2,528,589
160	381,659	2,528,722
161	381,852	2,528,896
162	381,881	2,528,859
162A	381,915	2,528,937
163	382,419	2,529,824
165	381,621	2,528,727
166	382,223	2,529,440
167	381,674	2,528,806
169	381,946	2,528,835
169A	382,109	2,528,739
170	381,779	2,528,521
170A	381,800	2,528,448
171	381,888	2,528,645
171A	381,889	2,528,527
172	381,708	2,528,964
173	381,691	2,528,662
174	381,789	2,528,990
177	382,151	2,529,338
180	382,469	2,530,090
181	381,608	2,528,533
N140A	378,628	2,526,491
N160	378,219	2,528,175
N165	378,276	2,526,568
N179	377,702	2,528,045
155	382,453	2,530,004

Borehole ID	Northing	Easting
N194	378,590	2,526,735
N195	378,656	2,526,843
N197	378,332	2,527,046
N198	378,321	2,526,485
N199	378,111	2,526,803
N200	378,398	2,528,098
N203	378,707	2,526,486
N204	378,707	2,526,592
N205	378,713	2,526,701
N208	378,229	2,526,963
N209	378,147	2,527,009
N210	378,166	2,526,850
N211	378,063	2,526,936
N213	378,461	2,527,997
N214	378,399	2,528,031
N215	378,326	2,528,069
N216	378,243	2,528,021
N220	378,180	2,526,979
N222	377,738	2,527,935
N223	377,782	2,528,000
N224	377,764	2,528,079
N225	377,694	2,527,957
N226	377,802	2,528,084
N228	378,101	2,526,762
N229	378,044	2,526,800
N230	378,075	2,526,866
N235	377,896	2,528,117
N236	377,923	2,527,905

Project Name: Weesatche
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VI. Photographs

Photo 1: Current reclamation efforts in area of drilling activity.

Photo 2: Current surface appearance. Note markers for boreholes.

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VI. Photographs

Photo 3: Surface Reclamation on Permit No. 123A

Photo 4: Surface work at N203

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VI. Photographs

Photo 5: Locating plug of N223 with backhoe.

Photo 6: Borehole N223 plug located with backhoe

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VI. Photographs

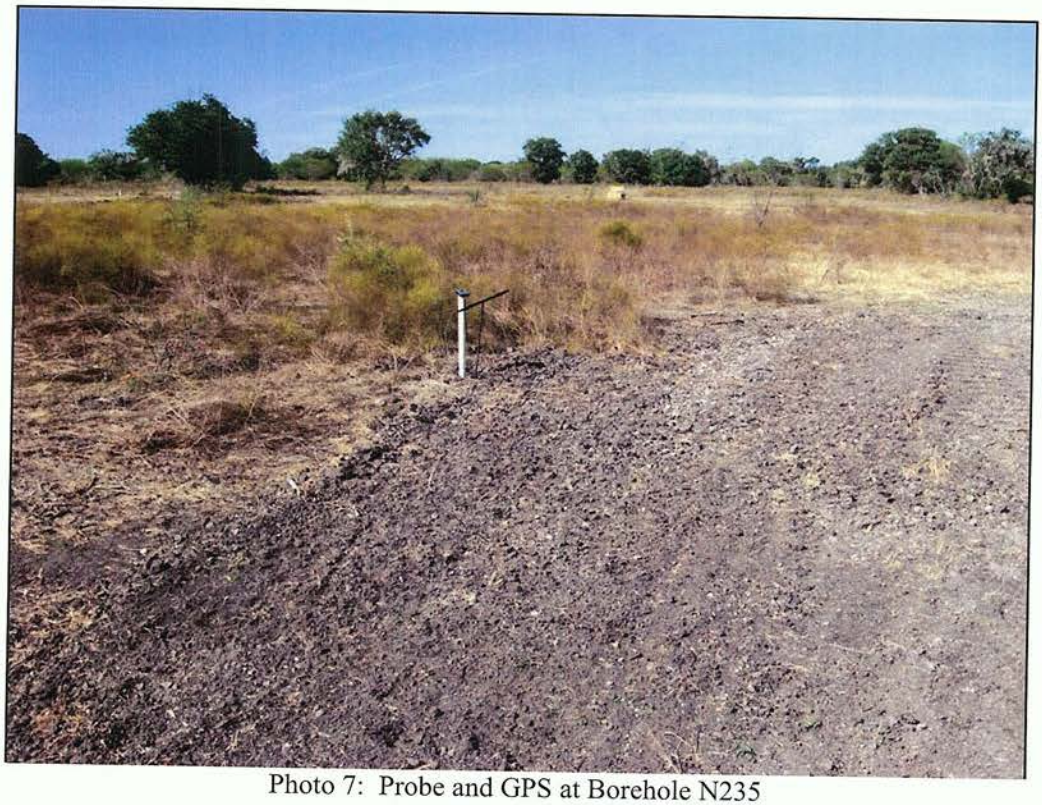

Photo 7: Probe and GPS at Borehole N235

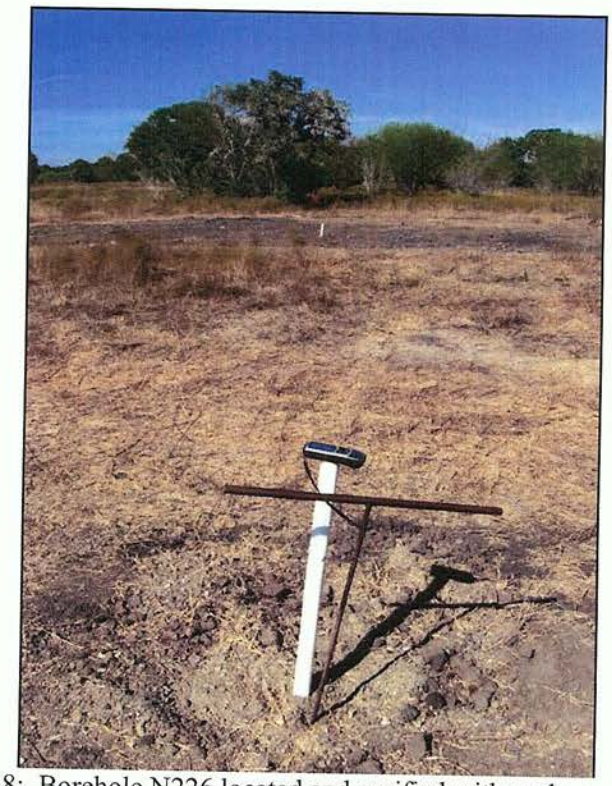

Photo 8: Borehole N226 located and verified with probe and GPS

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VI. Photographs

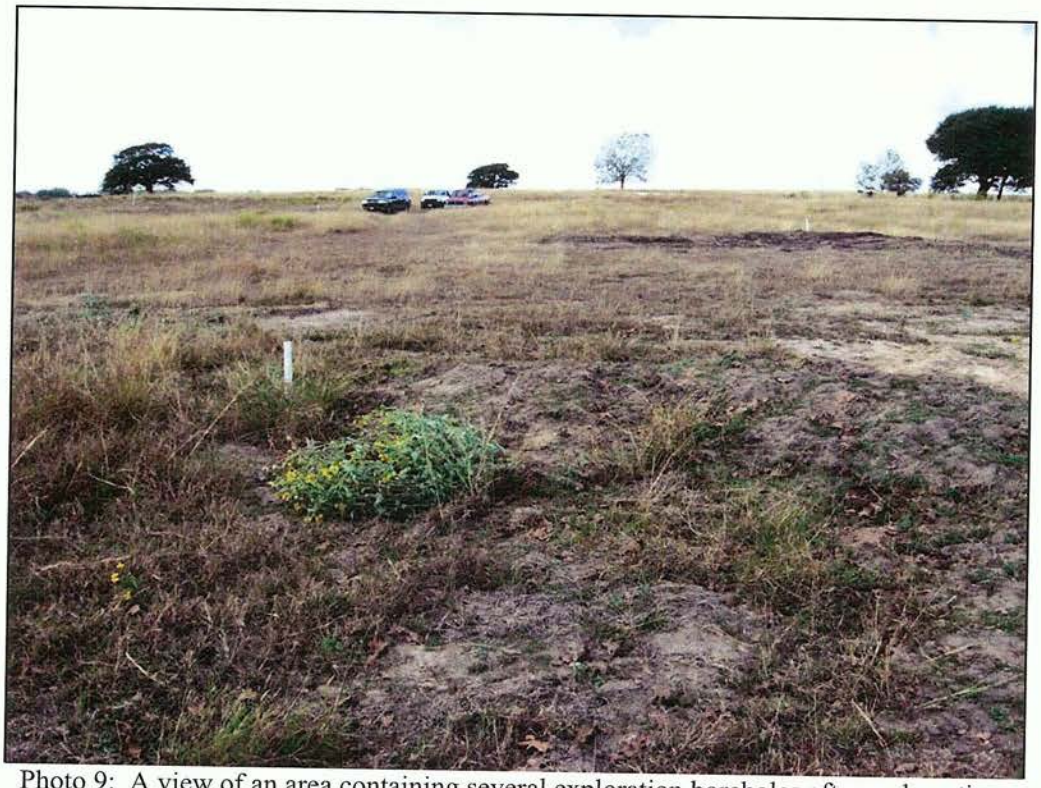

Photo 9: A view of an area containing several exploration boreholes after reclamation.