Uranium Energy Corp

October 22, 2012

Mr. Art Dohmann, President
Goliad County Groundwater Conservation District
118 South Market Street
Goliad, TX 77963

Re: Proposed Monitoring Agreement

Dear Mr. Dohmann:

Uranium Energy Corp. (UEC) is pleased to offer the following groundwater monitoring proposal for your consideration.

1. UEC will fund the drilling, casing, screening, and development of two (2) monitor wells in a mutually agreed location outside the Aquifer Exemption Boundary. Because the wells will be very near a known uranium ore body, gamma logging will be required. In this regard, UEC offers its downhole logging services pro bono. The wells will be constructed to Class 3 standards by a qualified water well driller. At least three bids from qualified drillers will be required. The total amount for the drilling, casing, and development of these two wells should not exceed $15,000. Cost exceeding this value will be shared 50:50 between GCGCD and UEC. UEC will have a representative present during the drilling, casing, cementing, development, and sampling of each well. The wells shall be constructed using a minimum of 5 inch PVC SDR 17 casing. The screening of the entire sand interval (approximately 50ft in Sand A and Sand B) will be challenging at best requiring exhaustive development work to insure the entire length of screen is free from drilling muds.
2. UEC will provide funding for the initial two (2) 23 ion water analysis (see Attached Table 1) performed by an EPA-approved third party laboratory to develop baseline values for each well. Either party can analyze any parameter contained within the Attached Table 1, which will constitute the baseline table. The sharing of analytical results from all future testing from these two wells will be given to the landowner, UEC and GCGCD.
3. UEC will fund $1,500 annually for the chemical analysis of groundwater sampled from these two wells for the following constituents: uranium, radium 226, arsenic, chloride. If GCGCD wishes to analyze other constituents listed in Table 1 it will bear the full cost of such analysis. UEC will provide this funding as long as the company is either mining or actively restoring. The wells will be locked to prevent vandalism. UEC and GCGCD will each have a lock securing the wells from unauthorized access.

500 N Shoreline Blvd 800N, Corpus Christi, TX 78401 Phone (361) 888-8235 Fax (361) 888-5041 uraniumenergy.com
info@uraniumenergy.com

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4. UEC requires at least a one week notice from the GCGCD prior to sampling either well, or a mutually agreed preapproved sampling schedule will be acceptable.
5. UEC's mining monitoring well analysis is available from the TCEQ upon request.
6. GCGCD is responsible in acquiring approval from the landowner for siting each well. The well(s) will remain the property of the landowner and will not be included in any of the monitoring requirements of UEC's permit now, or in the future.

UEC's offer is unconditional and valid through the closing of October 31th.

Sincerely,

Harry L. Anthony P.E.
Chief Operating Officer
Uranium Energy Corp.

cc Stacey Dwyer, EPA
Sam Coleman, EPA
Andrew Barrett, The Barrett Law Firm

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Attached Table 1

MONITORING CONSTITUENTS

	Units
Calcium	mg/l
Magnesium	mg/l
Sodium	mg/l
Potassium	mg/l
Carbonate	mg/l
Bicarbonate	mg/l
Sulfate	mg/l
Chloride	mg/l
Fluoride	mg/l
Nitrate-N	mg/l
Silica	mg/l
pH	Standard Units
TDS	mg/l
Conductivity	µmhos
Alkalinity	mg/l
Ammonia-N	mg/l
Arsenic	mg/l
Iron	mg/l
Manganese	mg/l
Molybdenum	mg/l
Selenium	mg/l
Uranium	mg/l
Radium-226	pCi/l

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