

Fax Alert #7, Vol. 2006

Natural Resource Investor

& WORLD GOLD STOCK REPORT

"Your Key to Emerging Winners"

November 20, 2006

Uranium Energy Corp. (OTC BB: URME)

Still-Unknown American Energy Company Startles the Industry – Bidding to Become Next Major Uranium Producer in the U.S.!

- **It's a startling fact that, as the world now turns rapidly towards nuclear power and uranium prices skyrocket, the U.S. now lags badly in domestic uranium production. Strategically, it's now vital to increase domestic uranium resources. That's why an early focus on Uranium Energy Corp. (OTC BB: URME) could repay uranium investors in spades. URME is now well advanced on a major Texas-based uranium project and bids to become America's next major uranium producer.**
- **Public for less than a year, Uranium Energy Corp. holds major industry trump card: Management includes the ISR* experts who earlier built 80% of all current U.S. uranium production facilities now in operation!**
- **Company now drilling with four rigs to confirm and expand current 5.2 mm lb historic uranium resource at Goliad, a turn-key project in south Texas. Scoping study for early production commences in two months.**
- **With 15 properties in six states, controlling 13.4 mm lbs. historic resource – and with significant exploration databases from seven earlier U₃O₈ explorers/producers – company is rapidly expanding its resources so production can ramp up quickly.**

Uranium Energy Corp. (OTC BB: URME) just went public in February this year and hasn't yet made it onto the radar screen of most investors or analysts. In our opinion, the company presents an unusually attractive opportunity for readers

* ISR or In-situ Leach mining of uranium is solution mining. Oxidized groundwater is pumped through the U₃O₈ deposit in its original location underground, dissolving the uranium. It's pumped to surface for further processing. "ISR" refers to In-situ Recovery, the same process. All uranium production in the U.S. today is from in-situ leach mining.

who are sophisticated, risk-tolerant resource investors.

With uranium prices having surged 8x in the last few years to over \$US 60/pound, and anticipated to keep climbing because of powerful continuing demand growth with slow increases in supply, many uranium stocks are flying. The opportunity to take a close look at a company with the quality of URME, before it's swiftly marked up by the markets, shouldn't be missed.

Further, because of today's hot uranium markets, those few companies that are believed to be near-term uranium producers are starting to trade at significant premiums. This is particularly true now that Cameco, the world's largest uranium producer, announced in late October that its very large Cigar Lake development project in Canada has flooded and initial production there will be delayed by two years or more. Cigar Lake had been anticipated to add 18 million pounds of uranium production annually – 10% of total

CORPORATE INFORMATION

Uranium Energy Corp.

Exchange:	OTC BB
Symbol:	URME
Recent Price Range:	\$1.80 – \$2.20
Shares Outstanding:	28.4 million
Shares Outstdg. FD:	31.1 million
Contact:	Amir Adnani, President
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Website:	www.uraniumenergy.com

world supply – with the start of production in early 2008. This delay makes the supply squeeze much more acute.

As we'll detail in this report, URME is a potential near-term producer, and, in our opinion, merits that premium, hands-down. In fact, it's likely to become the *next* U.S. uranium producer, as we will make clear. Further, virtually all of the other companies approaching production need the technical experience that only URME has! Since most uranium market analysts and investors have yet to learn of the company, the upside potential here could be powerful.

URME's management laid a strong base of operations long before the company went public, and this helps to explain its advanced position in the industry ahead of public awareness, even though it's been public for less than a year.

Four Major Factors Propelling URME to the Forefront

The key factors that compel attention to this aggressive uranium exploration and development company include the following:

- The company's Chief Operating Officer is Harry Anthony. Mr. Anthony is an internationally recognized expert in the uranium industry, having been involved with most notable ISL uranium mines in the U.S. and abroad, at all levels of development, including feasibility, design, construction and management – and including four of the five producing U₃O₈ mines operating in the U.S. today! (The fifth mine, Crow Butte, owned by Cameco, was built by Cameco based on Mr. Anthony's design.)

- The company's ISL Engineering Manager is Doug Norris. Mr. Norris has spent 20 years designing and constructing uranium mining facilities, including Smith Ranch in Wyoming (operated by Power Resources Inc, a subsidiary of Cameco), Highland in Wyoming (Power Resources Inc.) and

Alta Mesa in Texas (Mestena) – three of the five producing ISL U₃O₈ mines operating in the U.S. today.

- The company's flagship Goliad U₃O₈ project in south Texas is progressing rapidly with four rigs drilling – matching the most of any pre-production uranium project in the U.S. – and averaging completion of three holes daily. Management believes this in-situ leach project can be among the first new uranium projects to go into production in the continental U.S. during the current uranium cycle. Historic resource here is 5.2 mm lbs U₃O₈, with potential to add another 10 mm lbs. To give some indication of management's prospects for Goliad, the company is already planning and has started the permitting process for a 750,000 to 1 million pound/year uranium processing plant on site.

- URME already controls 15 projects in six states, covering 18,100 acres with 13.4 million pounds of uranium as historic resource. The company is drilling at two of these projects – Goliad in south Texas and AB in Wyoming – and will start drilling at a third project, West Ranch in New Mexico, shortly.

Before we delve into the excellent projects already under this company's control – and its turn-key Goliad project – it's most important to recognize the magnitude of the opportunity available today to the few experienced uranium miners who are still young enough to bring these projects to market in the U.S.

America: The Next Uranium Giant

The United States has 104 operating nuclear reactors generating more than 100 million megawatts of electricity each year, or approx. 20% of the country's energy supply. These plants are using approximately 55 million pounds of U₃O₈ annually to produce this energy. The U.S. is by far the largest user of uranium in the world.

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But in 2005, there were only 2.7 million pounds of uranium mined in the country, marginally higher than in recent years. In 2006, the projection of total U.S. uranium production is 3 million pounds. (See table on p. 4.) The owners of the nuclear plants are importing approximately 52 million pounds of uranium annually as fuel for these plants. And, today, they are stretching hard to find uranium supplies from any source. Every month, old contracts for U_3O_8 delivery at low prices expire, and the spot price is now above \$60/pound. Strategically, this factor puts a strong spotlight on URME's ability to deliver a major new source of domestically produced U_3O_8 for the U.S. nuclear power industry.

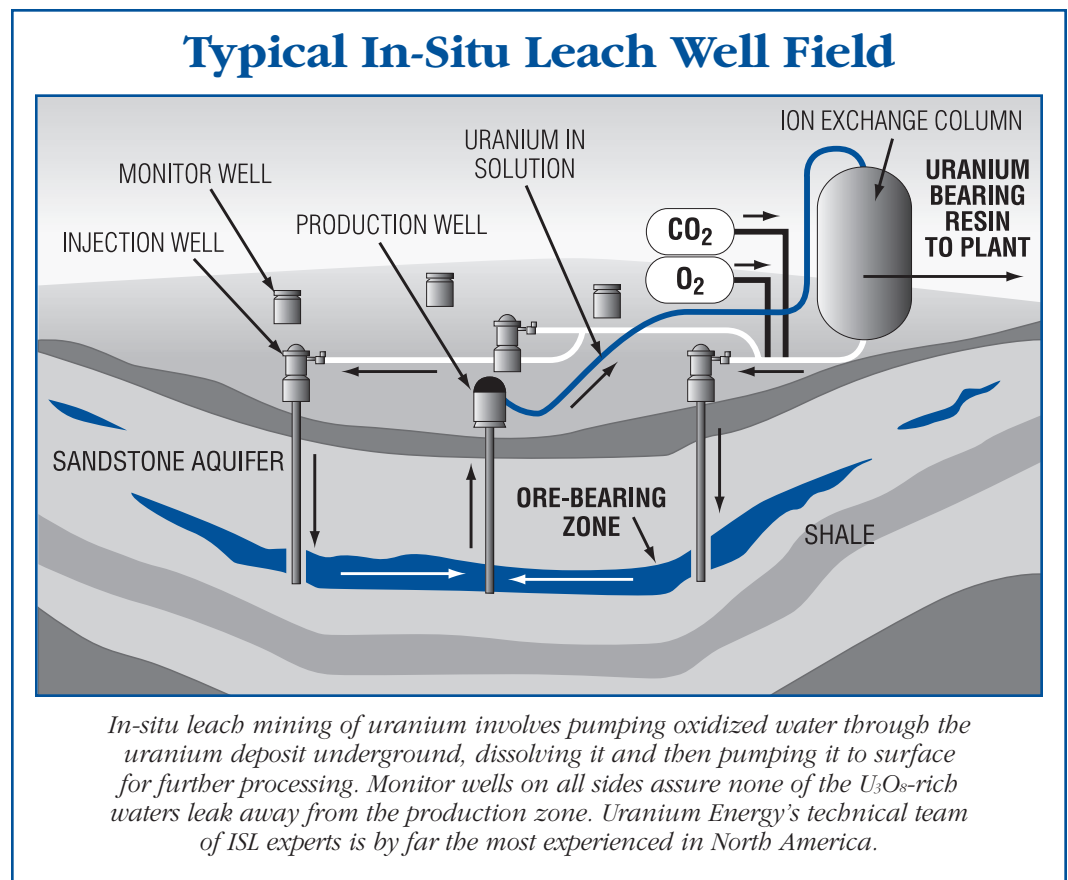
Despite low current production of uranium, very significant uranium exploration was performed in the U.S.

between 1960 and 1985. Hundreds of millions of pounds of uranium have been delineated by extensive drilling and production studies, and are waiting to be confirmed, permitted, mined and brought to market. With today's higher U_3O_8 prices, with most of the public now in favor of increasing nuclear power and with a severe shortage in supply, it's imperative for the uranium mining industry to get back to work in this country. This nascent U.S. industry does not need new exploration, or a new start. It needs production: mining and processing of U_3O_8 .

And it is happening. This giant is re-emerging. As just two examples from recent news: In June this year, International Uranium announced it would restart its mothballed U.S. mines with a plan to recommence operations at nine mines starting in 2008. In July, SXR Uranium One announced it is buying the Sweetwater Uranium Mill in Wyoming from Rio Tinto and the Shootaring Mill in Utah from U. S Energy, for a total cost of \$US 187 million.

The Key to Restoring U_3O_8 Production: Rare Industry Experience

The key to U.S. uranium production lies with the few experienced professionals who were involved in the uranium boom of the 70s, and who are still young enough to be active – men who really know the ropes as a matter of considerable practice. There are not many such professionals. The industry was last vital in the mid-70s to early-80s – 20 to 30 years ago. This fact directly highlights a major



strategic advantage held by Uranium Energy Corp.

This company has successfully brought on seven such professionals, headed by two of the biggest hitters in the North American uranium mining industry: Harry Anthony and Doug Norris. In terms of *in-situ leaching*, or ISL uranium production, there is no stronger engineering team – even considering the two North American majors, Cameco and Cogema. Cameco's two plants in Wyoming, Smith Ranch and Highland, were designed by Mr. Anthony, and built by Mr. Norris. (Please see the "bio" section starting on p. 7 for the qualifications of all seven professionals.)

In fact, arguably, there is NO other experienced engineering team that designs and builds ISL uranium facilities anywhere else in North America at this time! And this is an unforgiving industry that demands successful experience. Uranium mining demands 100% precision. Leakage of uranium into the water table or countryside is simply not an option in today's world. Will any other team of ISL engineers be able to get permitted to mine in this country with-out Anthony and Norris? That's a key question.

The Second Key: In-Situ Leach Production

It is noteworthy that all five uranium mines operating in the U.S. today are in-situ leach mines.

In-situ leach mining is dramatically different from open-pit or underground mining. It is a process in which ground-water fortified with oxidizing agents, usually simply carbon

dioxide, is pumped in to the ore body “in-situ,” that is, in its place underground, causing the uranium contained in the ore to dissolve. The solution with the dissolved U_3O_8 is pumped to the surface where it is separated, further processed to a dried form of uranium that is shipped to conversion facilities for sale to nuclear plants for electricity generation. (See diagram on p. 3.)

The ISL mining process is far safer, far less expensive – by multiples – and far less unsettling to the environment than open-pit or underground uranium mining – the historic methods of producing uranium. Only a few economic uranium deposits are amenable to ISL production – those that are located in an aquifer, or in underground permeable rock, usually sandstone, that is saturated in water. URME specializes in acquiring ISL deposits, and has the personnel who fully understand ISL production.

Most importantly, experts believe that the future of uranium production in the United States is in-situ leach mining. This is indicated by the fact that the only production occurring today in the U.S. is ISL. Of current exploration in the U.S., fully 90% is exploration for ISL-amenable uranium resources.

The Third Key Advantage: A Major Database of Prior U.S. Exploration Results

Having acquired major exploration databases from several senior energy companies, URME has been able to pinpoint strategic acquisitions that have been subject to significant exploration and development in the past. Many of these acquisitions are still pending and are expected to further enhance the company’s portfolio of projects, and historic resources, in the near-term. In several cases, these acquisitions include, or will include drilled deposits, many of which were near production in the 1980s when the falling price of uranium precluded further development.

The importance of these databases can’t be over-emphasized. Among juniors, URME already holds one of the most complete libraries of historic uranium exploration in the U.S. This is a tremendous catalyst to early production.

Take these two examples. The company has acquired Moore Energy’s uranium exploration and development

results, covering one million acres, 10,000 drill holes and 30 years of exploration and development of uranium-bearing zones in Texas, New Mexico and Wyoming.

Concurrently, URME has acquired the rights to the strategic Odell U_3O_8 database covering 50 years of exploration and development including 315,000 feet of drill logs and more than 400 maps of the uranium ore bodies throughout Wyoming – the state with the greatest uranium reserves and production.

The information in the Moore database includes all drill results at URME’s lead Goliad project, among other things. Between just these two databases – the company controls seven – many other explorers will either have to redrill thousands of holes – or work a deal for this valuable information with URME. Further, in terms of new acquisitions, this company is in an excellent position, as mentioned above. In short, these databases catapult URME to a lead position among the explorers and developers in the key uranium states.

The Fourth Key: Strategic Exploration Locations

Of the five operating uranium mines in the U.S., two are in Wyoming, two are in Texas and one is in northwestern Nebraska. This is, of course, no accident. Wyoming and Texas, in particular, are positive toward uranium mining and understand the permitting process. There are fine uranium deposits in other states – Arizona, New Mexico, Colorado, Utah and Oregon – but the permitting process has not really been established in these states, and this factor could prove to take some years.

While Uranium Energy holds properties in other states – in Wyoming, New Mexico, Utah, Arizona and Colorado – the company’s initial objective is to become the top uranium producer in Texas, first, where the opportunity is huge.

In 1984, at the end of the last uranium mining boom in the U.S., uranium reserves and resources in Texas were estimated by the *Handbook of Texas* to be 620 million pounds – more than a 15-year supply for all U.S. reactors. Virtually all of that resource is still “in situ” today, and most is believed to be amenable to ISL mining methods. The deposits lie within a belt of strata extending 250 miles from the middle Coastal

U.S. Uranium Producers: 2005 – 2006

COMPANY	MINE	LOCATION	2005 PRODUCTION	2006 PRODUCTION (PROJECTED)	DESIGN/ CONSTRUCTION
Power Res (Cameco)	Smith Ranch/ Highland	Wyoming	1.3 mm lb (combined)	1.3	Anthony/Norris
Crow Butte Res (Cameco)	Crow Butte	Nebraska	0.8	0.8	Based on Anthony design
Uranium Res	Vasquez	So. Texas	0.3	—	Anthony
Uranium Res	Kingsville Dome	So. Texas	—	0.4	Anthony
Mestena (private co.)	Alta Mesa	So. Texas	0.3	0.5	Norris
Total U.S. Production 2005/2006			2.7 mm lb	3 mm lb	

Harry Anthony and Doug Norris, heading URME’s technical team, have designed and/or constructed the facilities responsible for 80% of current U.S. production of uranium, as shown. The fifth facility, Crow Butte in Nebraska, was based on Mr. Anthony’s design.

Plain southwestward to the Rio Grande River. (See map, p. 6.) Texas has produced 76 million lbs of U_3O_8 since 1961.

URME's Goliad Project: America's Next Uranium Mine?

The company's foundation asset, located in Goliad County, Texas, and 100%-controlled, has 5.2 million pounds of historic resource, all anticipated to be ISL-amenable, with an average grade of 0.055% uranium oxide, and the potential to host additional resources of 10 million pounds.

The company's current drilling program consists of confirmation drilling, definition drilling and step-out drilling to further define new areas of uranium first drilled and pinpointed by prior explorers (Moore Energy and Coastal States Mining) in the 1980s.

Thus far the company has completed 34 drill holes, totaling 13,345 feet. Of these holes, 22 intersected ore grade material, defined by engineers for this project as grade thickness (GT) greater than 0.30. Grade-thickness for ISL projects is the grade, as measured by % U_3O_8 , multiplied by the intersect length, as measured in feet. An example from Goliad is hole 111, which hit 23.5 feet of 0.07% U_3O_8 , or a grade-thickness of 1.645 percent-feet. This is ore-grade, well above the marginal GT of 0.3. (See table of highlighted drill results. p. 6.)

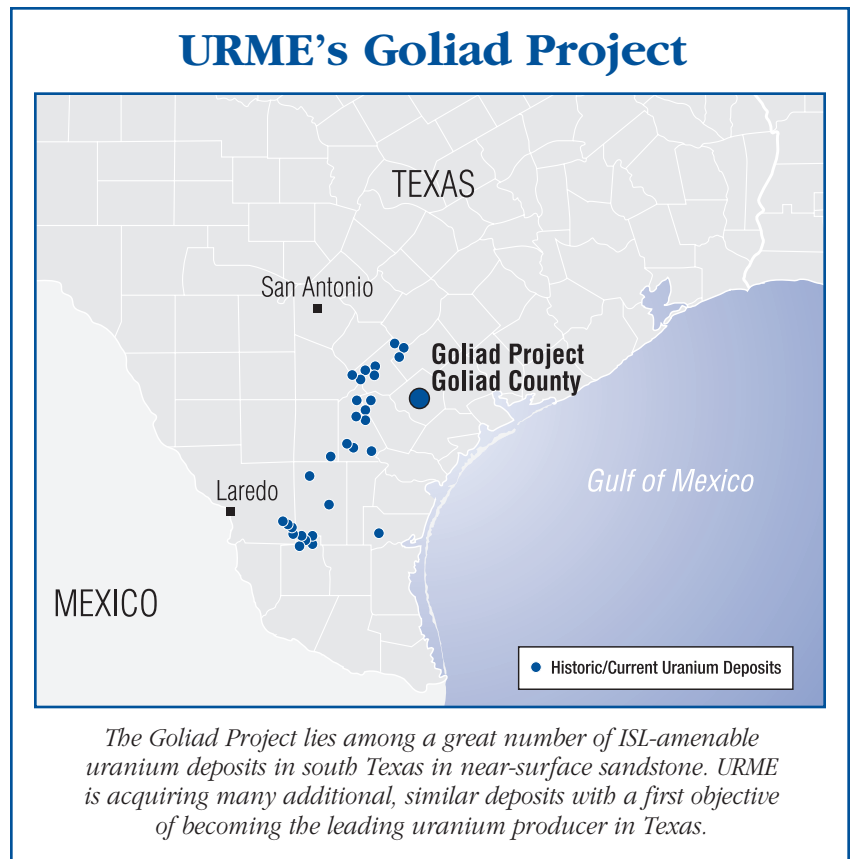
Current drilling is filling in gaps and defining boundaries within the historically delineated ore bodies as defined by Moore Energy Corporation in the 1980s. Once this current drilling program of approximately 300 more holes is complete, the ore bodies in the A, B, C and D Sand horizons will have been drilled on 100-foot centers. For an NI43-101-compliant ISL-amenable resource statement, generally, 100-foot centers can qualify a resource as an *indicated resource*.

Uranium Energy is completing three holes/day now and is moving rapidly toward an NI43-101-qualified resource statement at Goliad. Concurrently, early step-out drilling has *extended* known mineralization in the "D" Sand by 1,200 feet to the east.

So, not only is the 5.2 mm lbs of U_3O_8 expected to be confirmed, the company also anticipates announcing additional, and possibly significant, new U_3O_8 resources from this phase of drilling.

The company has all prior databases from the earlier 190,000 feet of delineation drilling performed by Moore and Coastal States (400 holes), and the earlier 60,000 feet of step-out drilling as well. The manager of these exploration programs was Clyde Yancey, PGeo, who is now Senior Geologist with URME. Mr. Yancey has a 25-year history with this asset, and his knowledge of the ore body is without equal.

Both historic and current drilling is delineating 4 zones of mineralization at an average depth of 340 feet (cutoff grade of 0.02%):



Zone A	17.0 feet grading	0.055%	U_3O_8
Zone B	10.0 feet grading	0.076%	U_3O_8
Zone C	12.5 feet grading	0.060%	U_3O_8
Zone D	14.0 feet grading	0.050%	U_3O_8

The company anticipates that each of these zones will demonstrate excellent economics at \$40/lb uranium. Currently uranium's price is above \$60/pound. Until *significant* levels of new supplies of U_3O_8 can be brought to market steadily, the price is broadly anticipated by industry analysts to stay above \$60/pound and to rise further.

Is 5.2 million pounds of uranium an economic size to produce? Absolutely, for this deposit, according to management, and there is no management in the U.S. as qualified to remark on this, given its prior experience with ISL production. But also, the deposits are open in all directions and management is confident that the size of the deposit will increase substantially – perhaps adding up to another 10 million pounds to the size of the deposit – and in short order.

Initial Economic Sketch of Goliad Potentials

For some sense of the production parameters of ISL production in south Texas, management has sketched out these initial indications for Goliad: A mining facility producing approx. one million pounds U_3O_8 /year would require a capital expenditure of approx. \$14 to \$15 million, including \$5 to \$6 million for 125 closely spaced injection wells, 100 production wells and 60 monitoring sites. (See

ISL production diagram, p. 3.) The cost of the plant to process and dry the uranium into yellowcake is another \$8 to \$10 million. At \$60/lb U₃O₈, initial annualized revenue would approximate \$60 million.

...And a Second Major Uranium Prospect, Now Drilling in Wyoming

Uranium Energy also recently announced the start of its first drilling program in Wyoming at its 100%-controlled AB Claims in the prolific Shirley Basin uranium district. The claims were earlier explored by Atlantic Richfield Company (now BP plc), Mobil Oil (now ExxonMobil) and Everest Minerals (now Energy Metals Corp.). These companies drilled 37 holes totaling 23,000 feet and a number of these holes exhibited strong mineralization, including 8 feet of 0.10% U₃O₈ at a depth of 459 feet. URME has the full database of prior exploration on the claims.

Having already completed the first 12 holes here, the company anticipates being able to report resource progress on the AB claims early in the new year. Company geologists believe the resource is amenable to ISL recovery, and has excellent potential to become a large tonnage ore body as indicated by historic grades and thicknesses.

More Exploration Programs Planned for Other Exciting Uranium Projects

URME has acquired over 18,000 acres of uranium projects in Texas, Wyoming, New Mexico, Arizona, Colorado and Utah – all states with significant exploration and production in prior generations. Each of these properties has been subject to previous exploration and/or mining by significant companies including Conoco, Noranda, Homestake Mining and others. The properties, considered together, contain 13.2 million pounds of U₃O₈ as historic resources.

URME's exploration team has practical knowledge of specific uranium ore bodies in the U.S. and internationally. In addition, with the use of historical exploration databases, the company has been able to acquire parcels economically with demonstrated presence of uranium. Many more properties, with resources, are being acquired.

This key factor puts into place a platform for URME's rapid ongoing expansion of qualified uranium resources, and a continuing rapid production growth.

In 2006 – with corporate headquarters in Austin, Texas, and field offices in Kingsville, Texas; Casper, Wyoming; and Albuquerque, New Mexico – management budgeted more than \$4 million for exploration of several of these uranium

projects with known historic uranium resources. Each of the company's projects has the potential to become ISL-amenable deposits, depending on next phases of exploration. Far more information will be coming forward on these properties, and on new acquisitions, as the company progresses.

Management

Alan Lindsay, Chairman: Mr. Lindsay has extensive experience and expertise in the mining and bio-technology sectors. From 2000 to the present, he has been the chairman, president, and CEO of MIV Therapeutics Inc, a publicly listed biomedical company recently awarded the prestigious Frost & Sullivan 2005 Award for Technology Innovation in the Field of Medical Coating. Mr. Lindsay was the founder of AZCO Mining and served as chairman, president and CEO of AZCO from 1992 to 2000. The company was listed on the Toronto and American Stock Exchanges. During his tenure at AZCO, the company sold the Sanchez copper deposit to Phelps Dodge for \$55 million CDN and established a joint venture with Phelps Dodge on the Piedras Verdes copper deposit with 2.1 billion pounds of copper reserves. Mr. Lindsay also co-founded Anatolia Minerals Development

Table of Highlighted Drill Results Goliad ISL Uranium Project

HOLE ID	(FT)	GRADE % E U ₃ O ₈	GT (FT)(%)	MAX GRADE	SAND HORIZON
30892-85	7.5	0.040	0.300	0.091	D Sand
86	11.5	0.083	0.955	0.212	D Sand
94	7.5	0.042	0.315	0.078	D Sand
98	13	0.030	0.390	0.045	D Sand
99	10	0.033	0.330	0.041	A Sand
	43	0.052	2.236	0.177	A Sand
102	8	0.038	0.304	0.052	A Sand
	21	0.060	1.260	0.131	D Sand
103	10	0.033	0.330	0.034	A Sand
104	10	0.037	0.370	0.108	A Sand
110	23.5	0.049	1.152	0.100	A Sand
111	23.5	0.070	1.645	0.246	A Sand
112	8	0.049	0.392	0.132	A Sand
117	34.5	0.036	1.242	0.104	A Sand
118	11	0.050	0.550	0.128	A Sand
119	8.5	0.048	0.408	0.121	A Sand
120	10.5	0.053	0.557	0.127	A Sand
	14.5	0.073	1.059	0.351	D Sand
121	6	0.063	0.378	0.089	A Sand
32202-96	9.5	0.033	0.314	0.056	A Sand
30898-22	14	0.107	1.498	0.165	D Sand
	6.5	0.063	0.410	0.135	D Sand
	4	0.084	0.336	0.132	D Sand
35	6	0.052	0.312	0.080	D Sand

and New Oproeru Resources, two publicly traded companies with significant gold discoveries.

Amir Adnani, Chief Executive Officer, President, Director: Mr. Adnani is an entrepreneur with a background in business development and marketing. In 2001, he founded Blender Media Inc., a leading provider of marketing, public relations, and financial research services to public companies and investors in the mining and energy sectors. In 2005, Blender Media was named one of the fastest growing companies in Canada by Profit magazine. Mr. Adnani received a Bachelor of Science from the University of British Columbia in Vancouver.

Pat Obara, Secretary, Treasurer and Chief Financial Officer: During the past five years Mr. Obara has worked as a consultant to several private and publicly listed companies providing various consulting services in the areas of corporate finance and administration. Prior to April 2004, Mr. Obara served as the CFO and a director of two public companies listed on the TSX Venture Exchange.

D. Bruce Horton, Director: D. Bruce Horton has been active in the finance industry, both in the private and public sectors as an accountant and a financial management consultant, with an emphasis on corporate financial reporting, financing and tax planning. He earlier was a partner in a public accounting firm, and in 1986, he co-founded, and was director and CFO of Clearly Canadian Beverage Corporation.

Erik Essiger, Director: Mr. Essiger has 18 years of extensive international business experience, providing professional advisory services in the field of mergers & acquisitions to corporate clients in the energy sector, media and telecommunications, as well as business services. He also served as senior manager with PricewaterhouseCoopers, in Frankfurt, Germany. In 1995, Mr. Essiger became a member of the German-Russian Cooperation Council. Prior to that he was a consultant to the German federal government. Mr. Essiger is fluent in both English and German.

Technical Team

Harry Anthony, Chief Operating Officer, Director: Mr. Anthony is an internationally recognized expert in the uranium industry. He has been a professional engineer for 36 years and is particularly noted as being a pioneer of the emerging extraction technology of uranium mining known as In-Situ Leaching, or ISL. He has been involved with every notable ISL uranium mine in the US and abroad, at all levels of development, including feasibility, design, operations, and management.

Mr. Anthony earlier served as a senior officer and director of Uranium Resources Inc, a public company, and a significant uranium producer in the U.S. He has a BSc and MSc in Engineering Mechanics from Pennsylvania State University.

URME: Uranium Properties

STATE	ACRES	HISTORIC RESOURCE	ADDITIONAL POTENTIAL	ACQUISITIONS PENDING
Texas	3,800	6.4 mm lbs	10 mm lbs	4 mm lbs
Arizona	2,200	2.0 mm	10 mm	—
Wyoming	7,100	1.0 mm	4.75 mm	—
Colorado	1,100	2.0 mm	—	—
Utah	600	0.5 mm	—	—
New Mexico	3,300	1.5 mm	—	—
Total	18,100	13.4 mm lbs.	24.75 mm	4 mm lbs

Randall Reneau, Chief Exploration Officer, Director: Mr. Reneau is registered as a Certified Professional Geologist with over 30 years of experience in mineral exploration and project management in the United States, Mexico, Brazil and West Africa. He has significant experience exploring for uranium in the U.S., specifically in Texas, Arizona, New Mexico and Wyoming. He extensively explored these states while employed in a senior position for Conoco Uranium, a subsidiary of Conoco Ltd., and Wold Nuclear Corporation. For the past 10 years, he has been an independent geology services contractor. He obtained his M.S. in Environmental Engineering from Kennedy-Western University, Boise, Idaho, and a B.A. in Geology from Central Washington University.

James Douglas (Doug) Norris, BSc Chemical Engineering, PEng, Engineering Manager: Mr. Norris is a professional engineer with twenty years experience designing and constructing uranium mining facilities. Having held senior engineering, as well as operational positions for uranium producers Rio Algom (now BHP Billiton) and Power Resources (now Cameco), he has been responsible for all phases of mine development, from the grass roots through to operations management. He was integral to the development of the well-known U.S. uranium mines, Smith Ranch and the Highland, both ISL mines.

Clyde Yancey, BSc, MSc Geology, PGeo, Senior Geologist: Mr. Yancey received his BSc in Geology from Trinity University, San Antonio, Texas in 1975, and his MSc in Geology from the South Dakota School of Mines and Technology in 1978. He began his professional career with the USGS – Uranium and Thorium Resources branch in 1978. He continued working in uranium development through 1989 while employed in exploration and in-situ mining production for Wyoming Minerals Corporation, Caithness Mining Corporation, Mobil Oil, and Moore Energy. During this period, he discovered several uranium deposits including the Weesatche (Goliad) and Southeast El Mesquite. He is a Registered Professional Geologist in Wyoming and Texas.

Leonard Garcia, Land Tenure Manager: Mr. Garcia is an independent petroleum landman with over twenty years experience in oil and gas title research, lease negotiations and acquisitions, farm out contracts and exploration and production.

Michael O'Leary, PGeo, Senior Geologist: Mr. O'Leary brings over 21 years of in-situ leach experience related to wellfield construction and development. He received his BS in Geology from Eastern Illinois University, Charleston, Illinois. Mr. O'Leary began his 21-year career in uranium with Everest Minerals in 1978. His career continued with Power Resources (now Cameco) where he ultimately became the Wellfield Superintendent in charge of all drilling, wellfield construction and production activities. Mr. O'Leary is a Registered Professional Geologist with the state of Wyoming.

John Nelson, PGeo, Senior Geologic Engineer: Mr. Nelson is a Professional Geologist with 50 years experience, including 45 years as a mining engineer and, in particular, 20 years with uranium mining operations in the southern U.S. He has held senior mine management positions with Kerr McGee Nuclear, US Smelting and Refining, Anaconda Minerals, United Nuclear Corp, Southern Peru Copper and many others.

Brad Moore, Exploration and Land Tenure Specialist: Mr. Moore developed the West Cole uranium ore body in Webb County, Texas, until it was acquired by Tenneco. From 1982–90, with Moore Energy, he was responsible for developing numerous uranium ore bodies in Texas and Wyoming. Mr. Moore received his BBA in Marketing and Geology from the University of Oklahoma in 1976.

Robert Odell, BSc Geology, Consulting Geologist: From 1951 to 1975 Mr. Odell worked with several uranium mining companies on exploration and development projects in Wyoming, Arizona, Colorado and New Mexico. Since 1975, he has operated the Rocky Mountain Uranium Scout, which is a North American uranium industry monitoring monthly intelligence reports. Mr. Odell graduated with a BSc in Geology from the University of New Mexico in 1951.

Comparables

There may be a rapidly growing number of uranium exploration companies, but there are very few approaching production in the U.S. In addition to URME, Energy Metals Corporation (EMC) and Ur-Energy (URE) are closer to mining uranium than most other firms. EMC has independently verified current uranium resources in Texas, Wyoming and Oregon. Ur-Energy has performed confirmation drilling at two ISL-amenable projects in Wyoming and has independently verified resource statements on both projects.

The characteristic of these two companies that merits attention is the premium that accrues to uranium companies that are potentially future uranium producers. EMC's recent market capitalization was approximately \$US 650 million (80 million shares fully diluted, \$US 8.20/share) and URE's market cap was about \$US 250 million (68.3 million shares fully diluted, \$US 3.60/share). EMC has a more experienced technical staff and more resources than URE. However, considering the level of permitting and prefeasibility that both firms are starting to enter, compared with URME, both face challenges in terms of qualified engineering and technical experience.

For comparison, URME's market cap is still just \$US 55 million (31.1 million shares outstanding fully diluted, \$1.80/share) – strongly suggesting that the company is significantly undervalued by any comparables. URME's management believes this 4x to 10x undervaluation in market cap comparison will disappear quickly as URME becomes better known, and as its lead projects continue moving toward production.

While EMC and URE may appear ahead marginally in terms of the development of their resources, both companies still have to deal with the very real issues of finding qualified engineers to perform feasibility, to design and to construct viable ISL production facilities – and to demonstrate adequate standards of safety and efficacy to the five levels of state and Federal regulators to get fully permitted to mine uranium.

In the case of Energy Metals, its most advanced project, La Palangana in south Texas, has a nearby processing facility, the Hobson plant. This would at first appear to present an advantage. However, the Hobson plant was constructed 27 years ago and was in operation for 14 years, prior to now being inactive for 13 years. The issue there deals with clearing out nuclear waste and spillage, and the permitting of those actions – a significant matter that URME does not need to contend with.

In summary, URME and its highly experienced management strongly come to the fore in any closer inspection of comparable companies in this sector. Based on any comparisons, URME's management is both superbly qualified and already possess the necessary skills to move the company into production and operations without a hitch. As URME gains broader recognition and as its resources continue to develop and expand, management is confident that the company's market values should quickly play catch-up with those of URE and EMC. Notably, several uranium pre-producers have already approached URME regarding the potential of joint-venturing with its engineering team on their projects.

Management believes that shareholders participating in the company from current levels should enjoy very attractive opportunities for strong capital gains potentials over the year ahead. Readers are invited to begin following the company at this point.

With uranium prices vaulting ahead from \$7.50/lb to current levels of \$60/lb+, industry analysts foresee strong continuous demand pushing prices still higher in the near-term. Uranium stocks accordingly should be in most portfolios – and URME represents a truly unique opportunity as an exceptional pre-production company not yet marked up by the markets.

▲ NRI/WGSR

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