



The

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Investment Report

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3. Uranium Energy

Symbol: UEC on the AMEX

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I was able to catch up with CEO Amir Adnani today and get a full update on the activities for UEC in 2008. Amir stressed to me that the growth of the company will come from three drivers.

- 1) Advancing near-term production at Goliad ISR project in Texas,
- 2) Start drilling our existing projects with historical resources to upgrade the historical numbers into 43-101 compliant resources leading to a market revaluation of our company and resources,
- 3) Continue to utilize our large historic database to acquire exciting new projects and resources in the US.

Amir believes that this three-pronged strategy will lead to one of the most extensive uranium project pipelines in the US, with near-term production, development stage and exploration projects, all which are 100% owned. UEC started 2007 with around 13 million lbs of uranium resources and entering 2008 with around 40 million lbs, nearly tripling their total historic resources. The company was able to accomplish this through new acquisitions, and exploration. Additional acquisitions in 2008 could increase the total resource holdings even more.

The highest priority of being a near-term producer at Goliad, which is the key attribute that sets UEC apart, should achieve key milestones on the path to production in 2008 (production is targeted for end of 2009):

- 1) Upgrade the resource estimate at Goliad to a 43-101 compliant category ~90 days
- 2) Submit an application for a Radio Active Materials License with the TCEQ in Texas, this is a key license needed for production ~60 days
- 3) There's significant potential to increase the resource at Goliad based on historic drilling, independent geologic reports and our own assessment of the project's potential, expansion drilling to being ~60 days
- 4) Complete a pre-feasibility study ~120 days

The company recently announced the closing of a private placement with gross proceeds of \$6.75 million. The unit offering consisted of common shares at \$3.75 with full warrants for 12 months at \$4.25 (important to note that we closed the financing at a premium to our market at the time of closing which was around \$3.30, all institutional investors).

UEC now has \$9.00 million cash in the treasury with around \$18 million dollars in warrants that will expire in the next 6 to 12 months, giving us the necessary capital to execute our business plan for the next 12-15 months.

UEC also recently announced what may be a new uranium discovery along five miles of mineralized trend in Texas. Lastly they announced the acquisition of the Red Basin Project, an area of high-grade uranium mineralization that was drilled in the previous uranium boom by Kerr-Mcgee.

The company's total historic resource base of 39.2 million pounds when valued on a (lbs to market cap valuation), puts UEC at a big discount to its competition and plenty of room to grow. As you can see they have lots going on, and Amir told me that news flow and activity level will be high throughout the year.

I'm expecting a banner year for this company.

Because of their low share price, and achievement of key milestones during this past year, UEC remains a **STRONG BUY**.

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