

Uranium Energy Corp.

(UEC-AMEX: US\$3.25)

BUY, High Risk*

12-month target price: US\$5.10 (was US\$5.50)

December 21, 2011

David A. Talbot / (416) 350-3082
dtalbot@dundeesecurities.com

Mansur Khan / (416) 350-3314
makhan@dundeesecurities.com

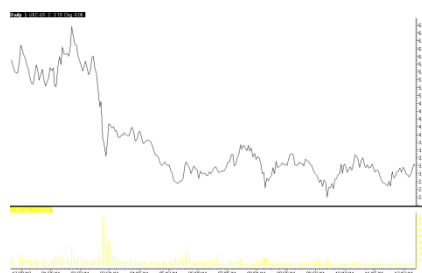
Radioactive Materials License = Green Light For Goliad

Risk*		High
52-Week Range	\$ 2.20 -	\$ 7.08
Shares Outstanding (MM)		75.3
Fully Diluted Shares (MM)		93.6
Market Capitalization (MM)		\$ 244.6
Ave. Volume (000 shares/day)		539
Working Capital (31-Oct-11) - (MM)		\$ 23.0
Value Cash, ST Inv. (31-Oct-11) - (MM)		\$ 23.7
Dundee Assumptions		
	2010A	2011A
U Term (US\$/lb)	60	65
U Spot (US\$/lb)	46	65
U Realized (US\$/lb)	0	53
FX (C\$/US\$)	0.94	1.00
	2012E	Long Term
	65	65
	66	66
	0.96	0.96
Valuation (C\$/share)		
2012E - 10% DCF Corporate Value		C\$ 3.33
2011E Year-end Cash etc.		C\$ 0.42
2011E Additional Resource Value		C\$ 1.38
NAV		C\$ 5.13
DCF Multiple		1.00
Target		C \$ 5.13
Target		US \$ 5.10
Earnings and Cash Flow (US\$/share)		
	2009A	2010A
EPS	-0.28	-0.25
CFPS before WC	-0.21	-0.10
	2011E	2012E
	-0.40	0.05
	-0.29	0.07

All Figures in US\$ Unless Otherwise Noted

Source: See Note 1

UEC-A: Price/Volume Chart



Source: Thomson ONE

Company Description

Uranium Energy is a uranium exploration and development company primarily focused on feeding its Hobson ISR mill and developing the Goliad project in Texas. Production has already begun from the Palangana deposits and will start later in 2012 from Goliad. The company also has an extensive pipeline of projects located in the Colorado Plateau, New Mexico, Wyoming, Arizona and Texas.

Conclusion: We re-iterate our BUY recommendation for UEC with a 12-month share price target of US\$5.10, down slightly from US\$5.50 due to a delay in receiving the Final License and our requirement of bumping production by about 3 months into fiscal 2013. We are very encouraged by the news of Uranium Energy receiving its Radioactive Materials Licensing that enables it to commence construction towards production in H2/12.

Overcoming permitting hurdles is often regarded as half the battle for junior mining companies as they chart their way to becoming full producers. Well, UEC has now accomplished this feat for the second time - this time on its much larger Goliad ISR project. With the receipt of its Radioactive Materials License, UEC now has the green light to start construction. It will begin initial well-field development and drilling of the deep disposal well shortly and will provide an update on the construction timeline in the near future. UEC is cashed up, has ample room for organic growth, likes to make accretive deals for prospective projects close to its Hobson mill, and is expecting very low costs typical of ISR producers (US\$20/lb U3O8). The company is performing relatively well in the markets and we see UEC as a take-over target. We anticipate the company to produce about 1.1 MM lbs U3O8 next year - and following its ramp up to 1.3 MM lbs, it has potential to become the number two ranked producer in the US after Cameco (CCO-T: C\$18.28, Not Rated).

With a market cap of \$253 MM - we view UEC as a take-over target now that much of the permitting risk is behind the company. M&A activity has picked up in the sector - with several deals having recently been completed near US\$10/lb and a large low grade deposit is currently on the table at US\$4.50/lb. UEC trades at ~US\$5.50/lb. Cameco has indicated that it would like to pick up additional US production. It has an exploration arrangement with UEC's only peer in Texas, past producing Uranium Resources (URRE-A: US\$0.82, Not Rated). Cameco's US President was once part of that team and is keenly aware of production opportunities in Texas.

Two years ago this stock was the best performing uranium stock and a ten bagger. This year it looks like it will probably be top four (down 44% YoY) with obviously Hathor (HAT-T: C\$4.69, TENDER at C\$4.70) and Extract (EXT-T: C\$8.99, Not Rated) taking the top two spots due to their takeover premiums. UEC is the only producer that is performing well in the equity markets - it is up 8% while the other 6 stocks are down an average of 12% over this past month. Investors are expecting great things from this company but UEC is looking for other projects to go along with its organic growth at its two mines, Salvo project and Nichols project.

- **Goliad key to production ramp-up.** Goliad's 7MM lbs resource is about three times larger than the currently producing Palangana ISR project. As a tabular sandstone deposit, we expect Goliad to see a quicker ramp-up in production than linear roll-front sandstone deposit like Palangana. We expect production from Palangana of ~350k lbs U3O8 in FY13. By FY13, we expect combined production from Palangana and Goliad to be over 1 MM lbs at total cash costs of ~\$19/lb U3O8.
- **Aquifer Exemption expected before construction completion.** An Aquifer Exemption was issued for the project by the TCEQ earlier this year. As exemptions are jointly issued, the TCEQ filed a request for EPA's concurrence in May.
- **Exploration Upside Potential** - Goliad remains open laterally in all directions. In addition, exploration drilling continued through the last quarter on several lightly explored areas at Palangana with further drilling planned. Exploration drilling also resumed at the Salvo Project in October 2011 and is scheduled to continue throughout the year. Management anticipates releasing drill results by March 2012.

URANIUM ENERGY CORP.				UEC-A	US\$	\$3.25
Rating	BUY	C\$ Target	\$5.13	Shares O/S (MM)		75.3
Risk*	High	US\$ Target	\$5.10	Float (MM)		61.4
12-month return	57%	US\$ Close	\$3.25	Mkt. Capitalization (MM\$)		\$244.60

All figures in US\$, unless stated otherwise

EVALUATION DATA				
Year-end July	2010A	2011A	2012E	2013E
EPS	\$ (0.25)	\$ (0.40)	\$ 0.05	\$ 0.50
P/E	N/A	N/A	65.0x	6.5x
CFPS before changes in WC	\$ (0.10)	\$ (0.29)	\$ 0.07	\$ 0.56
P/CF	N/A	N/A	46.4x	5.8x
market cap/reserve lb				na
enterprise value/reserve lb				na
market cap/resource lb				\$ 17.1
enterprise value/resource lb				\$ 15.5

ASSUMPTIONS				
	2010A	2011A	2012E	2013E
U Price Realized US\$/lb	0	53	67	72
Exchange US\$/C\$	0.94	1.00	1.02	1.01
Dundee Modelled Reserves and Other Mineralization (MM lbs)				13.3

RESERVES & RESOURCES (as of Jan-10)				
Ownership	Tonnes MM t	Grade % U3O8	Cont U3O8 (MM lbs) 100% Basis	UEC Share
Proven and Probable Reserves				
Goliad	-	-	-	-
Nichols	-	-	-	-
Colorado Plateau	-	-	-	-
La Palangana	-	-	-	-
Total Reserves	0.00	0.00	0.00	0.00
Measured and Indicated Resources (including reserves)				
Goliad 100%	4.18	0.05	5.48	5.48
Nichols	-	-	-	-
Colorado Plateau	-	-	-	-
La Palangana 100%	0.78	0.14	2.09	2.09
Salvo	-	-	-	-
Total Measured and Indicated	0.78	0.06	7.57	7.57
Inferred Resources				
Goliad 100%	1.71	0.05	1.50	1.50
Nichols 100%	0.99	0.07	1.31	1.31
Colorado Plateau	-	-	-	-
La Palangana 100%	0.33	0.18	1.15	1.15
Sakvo 100%	1.20	0.08	2.84	2.84
Total Inferred	4.23	0.07	6.80	6.80
TOTAL RESOURCE	5.01	0.07	14.36	14.36

PRODUCTION ESTIMATES (lbs)					
Year-end July	2010A	2011A	2012E	2013E	2014E
Goliad	0	0	0	800,000	984,144
La Palangana	0	156,906	332,835	350,000	350,000
Sub total	0	156,906	332,835	1,150,000	1,334,144
TOTAL CASH COST ESTIMATES (US\$/lb)					
Year-end July	2010A	2011A	2012E	2013E	2014E
Goliad	0	0	0	19	19
La Palangana	0	18	20	20	20
Wt. Ave.	0	18	20	19	20

NET ASSET VALUE (beginning 2012)				
	0% NAV (C\$MM)	C\$/share	10% NAV (C\$MM)	C\$/share
Corporate DCF	256	5.41	158	3.33
Cash and other	20	0.42	20	0.42
Exploration & unmodelled Resources	65	1.38	65	1.38
Total	341	7.20	243	5.13
Dundee DCF Target Multiple				1.0x
Share Price Target			C\$	5.13
Share Price Target			US\$	5.10

NAV Sensitivity (C\$/share) to Long-term Uranium Price Assumption					
	Long Term Uranium Price Assumption (US\$/lb)				
NAV (C\$/share)	40	50	60	70	80
0% Discount	4.38	5.43	6.49	7.54	8.59
5% Discount	3.74	4.57	5.40	6.23	7.06
10% Discount	3.29	3.96	4.64	5.31	5.99
15% Discount	2.97	3.53	4.09	4.65	5.21

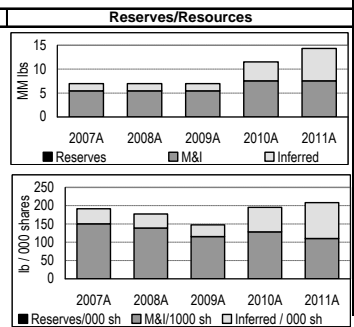
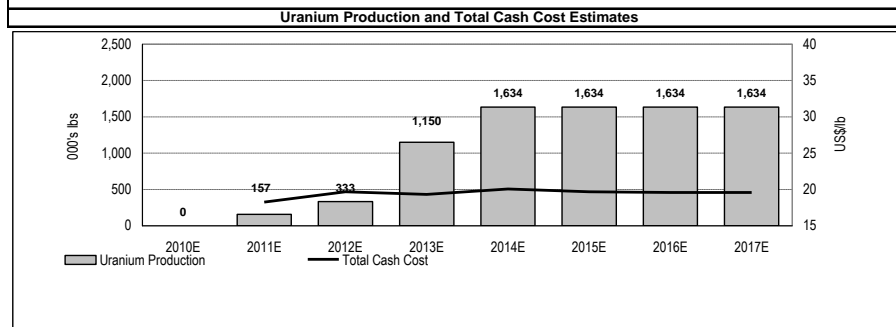
BALANCE SHEET			
	(000\$)		(000\$)
	2010A	2011A	Q1/12
Assets			
Cash & ST Investments	21,068	21,068	23,705
Other Current Assets	268	268	4,017
Current Assets	21,335	21,335	27,723
Mineral Properties	14,728	14,728	36,080
Other non-current Assets	11,491	11,491	4,850
Total Assets	47,555	47,555	68,653

LIABILITIES			
	2010A	2011A	2012E
Current Liabilities	5,091	5,091	4,703
Capital lease / LT Debt	-	-	1,012
Other non-current Liabilities	427	427	2,044
Total Liabilities	5,518	5,518	7,759
Capital Stock	61	61	162,176
Retained Earnings	41,976	41,976	(101,282)
Total Shareholder Equity	42,036	42,036	60,894

EARNINGS SUMMARY				
	2010A	2011A	2012E	2013E
Revenue	-	-	-	22,695
Uranium	-	-	-	746
Other	58	58	49	746
Total Revenue	58	58	49	23,441

OPERATING COSTS				
	2010A	2011A	2012E	2013E
NSR	-	-	-	6,983
Exploration	6,439	6,439	11,420	4,233
G&A	5,087	5,087	8,844	4,865
DD&A	794	794	1,156	1,051
Other	9,550	9,550	5,987	356
Interest	517	517	-	-
FX	1	1	-	-
EBT	(22,331)	(22,331)	(27,358)	4,700
Taxes	-	-	-	2,144
Minority Interest	-	-	-	-
Net Income (reported)	(22,331)	(22,331)	(27,358)	2,556
EPS	\$ (0.25)	\$ (0.25)	\$ (0.40)	\$ 0.05
Average shares (MM)	59.0	59.0	68.8	71.3

STATEMENT OF CASH FLOWS				
	2010A	2011A	2012E	2013E
Net Income (000's\$)	(14,478)	(27,358)	3,811	3,811
D, D&A	794	1,156	1,051	1,051
Future income taxes	-	-	-	-
Writedown of min. properties	44	-	-	-
FX Gain	-	-	-	-
Change in working capital	1,057	(3,460)	-	-
Other Operating	7,546	5,987	-	-
Total Operating CF	(5,038)	(23,676)	4,862	4,862
Short term investments	-	-	-	-
Mineral Properties	(1,319)	(1,642)	(11,028)	(11,028)
Acquisitions	-	-	-	-
Increase in Investments	11,004	1	-	-
Other Investing	(493)	(1,840)	-	-
Total Investing CF	9,192	(3,482)	(11,028)	(11,028)
Equity financing	0	37,106	-	-
Debt Issue	-	-	-	-
Debt Repayment	-	-	-	-
Other financing	1,182	(292)	-	-
Total Financing CF	1,182	36,815	-	-
Foreign Exchange effect	-	-	-	-
Change in cash	5,337	9,657	(6,166)	(6,166)
Cash position, end of year	21,068	30,725	24,558	24,558



Source: Company Reports, Dundee Capital Markets estimates, Thomson One, Bloomberg

Disclosures & Disclaimers

This report is issued and approved for distribution in Canada by Dundee Securities Ltd., a member of the Canadian Investor Protection Fund, the Investment Industry Regulatory Organization of Canada and an investment fund manager registered with the securities commissions across Canada. Dundee Securities Ltd. is a wholly-owned subsidiary of Dundee Capital Markets Inc. Dundee Corporation is a significant shareholder of Dundee Capital Markets Inc.

Research Analyst Certification: Each Research Analyst involved in the preparation of this Research Report hereby certifies that: (1) the views and recommendations expressed herein accurately reflect his/her personal views about any and all of the securities or issuers that are the subject matter of this Research Report; and (2) his/her compensation is not and will not be directly or indirectly related to the specific recommendations or views expressed by the Research Analyst in this Research Report. The Research Analyst involved in the preparation of this Research Report does not have authority whatsoever (actual, implied or apparent) to act on behalf of any issuer mentioned in this Research Report.

U.S. Residents: Dundee Securities Inc. is a U.S. registered broker-dealer, a member of FINRA and an affiliate of Dundee Securities Ltd. Dundee Securities Inc. accepts responsibility for the contents of this Research Report, subject to the terms and limitations as set out above. U.S. residents seeking to effect a transaction in any security discussed herein should contact Dundee Securities Inc. directly. [Research reports published by Dundee Securities are intended for distribution in the United States only to Major Institutional Investors (as such term is defined in SEC 15a-6 and Section 15 of the Securities Exchange Act of 1934, as amended) and is not intended for the use of any person or entity.]

This Research Report is provided, for informational purposes only, to institutional investor and retail clients of Dundee Securities in Canada. This Research Report is not an offer to sell or the solicitation of an offer to buy any of the securities discussed herein.

The information contained in this Research Report is prepared from sources believed to be reliable but Dundee Securities Ltd. makes no representations or warranties with respect to the accuracy, correctness or completeness of such information, and they should not be relied upon as such. Past performance is not a guarantee of future results, and no representation or warranty, express or implied, is made regarding future performance of any security mentioned in this Research Report. The price of the securities mentioned in this Research Report and the income they produce may fluctuate and/or be adversely affected by market factors or exchange rates, and investors may realize losses on investments in such securities, including the loss of investment principal. Dundee Securities Ltd. accepts no liability whatsoever for any loss arising from any use or reliance on this Research Report or the information contained herein. All estimates, opinions and recommendations expressed herein constitute judgments as of the date of this report and are subject to change without notice.

The securities discussed in this Research Report may not be suitable for all types of investors such reports do not take into account particular investment needs, objectives and financial circumstances of a particular investor. An investor should not rely solely on investment recommendations contained in this Research Report, if any, as a substitution for the exercise of their own independent judgment in making an investment decision and, prior to acting on any of contained in this Research Report, investors are advised to contact one of their investment advisers to discuss their particular circumstances.

Non-client recipients of this report should consult with an independent financial advisor prior to making any investment decision based on this report or for any necessary explanation of its contents. Dundee Securities will not treat non-client recipients of this Research Report as its clients by virtue of such persons receiving this Research Report.

Nothing in this report constitutes legal, accounting or tax advice. Investors should consult with their own independent legal or tax adviser in this regard.

Dundee Securities Research is distributed by email, website or hard copy. Dissemination of initial reports and any subsequent reports is made simultaneously to a pre-determined list of Dundee Securities' Institutional Sales and Trading representative clients and Retail Private Client offices. The policy of Dundee Securities with respect to Research reports is available on the Internet at www.dundeewealth.com.

The compensation of each Research Analyst/Associate involved in the preparation of this Research Report is based competitively upon several criteria, including performance assessment criteria based on quality of research. The Research Analyst compensation pool includes revenues from several sources, including sales, trading and investment banking. Research analysts do not receive compensation based upon revenues from specific investment banking transactions. Dundee Securities generally restricts any research analyst and any member of his or her household from executing trades in the securities of a company that such research analyst covers. However, the person who prepared this report may own shares of companies mentioned herein.

Certain discretionary client portfolios are managed by a the Private Client Advisory division of Dundee Securities Ltd. Additionally, Dundee Securities Ltd. and certain affiliates of Dundee Corporation are investment fund managers, advising certain investment funds through their respective registered portfolio managers and/or dealing representatives. The aforementioned portfolio managers and/or dealing representatives are segregated from Research and they may trade in securities referenced in this Research Report both as principal and on behalf of clients (including managed accounts and investment funds). Furthermore, Dundee may have had, and may in the future have, long or short

positions in the securities discussed in this Research Report and, from time to time, may have executed or may execute transactions on behalf of the issuer of such securities or Dundee's clients, including dealer-managed funds.

Should this Research Report provide web addresses of, or contain hyperlinks to, third party web sites, Dundee has not reviewed the contents of such links and takes no responsibility whatsoever for the contents of such web sites. Web addresses and/or hyperlinks are provided solely for the recipient's convenience and information, and the content of third party web sites is not in any way incorporated into this Research Report. Recipients who choose to access such web addresses or use such hyperlinks do so at their own risk.

© Dundee Securities Ltd. Any reproduction or distribution in whole or in part of this Research Report without permission is prohibited.

Note 1: All historical data including financial and operating data on the issuer(s) mentioned in this report come from publicly available documents including statutory filings of these issuer(s). Data may also be sourced from Bloomberg, Baseline, Thomson ONE.

Informal Comments are analysts' informal comments that are posted on the Dundee website. They generally pertain to newsflow and do not contain any change in analysts' opinion, estimates, rating or target price. Please refer to formal published research reports for valuation methodologies used in determining target prices for companies under coverage. Please refer to formal published research reports for company specific disclosures and analyst specific disclosures for companies under coverage.

Mineral Exploration Watchlist: Dundee Securities Ltd. has not initiated formal continuing coverage of Mineral Exploration Watchlist companies. The companies will have recommendations and risk ratings as per our regular rating system, see Explanation of Recommendations and Risk Ratings for details. Risk ratings will be either Speculative or Venture. Speculative Risk rated companies are those companies that have published National Instrument 43-101 or JORC compliant resources or reliable historic resources and/or economic evaluations (scoping, pre-feasibility or feasibility studies) for material project(s) that could reasonably form the basis of a discounted cash flow analysis. Venture Risk rated companies are those companies that are generally at an earlier stage of exploration and/or development, where no material resource estimate, historic or compliant, exists. No price targets will be set for Mineral Exploration Watchlist companies as there are limited financial metrics upon which to base a reasonable valuation. Valuation methodologies and models will not be provided for Mineral Exploration Watchlist companies. Dundee clients should consult their investment advisor as to the appropriateness of an investment in the securities mentioned.

Fertilizer Watchlist: Dundee Securities Ltd. has not initiated formal continuing coverage of Fertilizer Watchlist companies. The companies will have recommendations and risk ratings as per our regular rating system, see Explanation of Recommendations and Risk Ratings for details. Risk ratings will be either Speculative or Venture. Speculative Risk rated companies are those companies that have published National Instrument 43-101 or JORC compliant resources or reliable historic resources and/or economic evaluations (scoping, pre-feasibility or feasibility studies) for material project(s) that could reasonably form the basis of a discounted cash flow analysis. Venture Risk rated companies are those companies that are generally at an earlier stage of exploration and/or development, where no material resource estimate, historic or compliant, exists. No price targets will be set for Fertilizer Watchlist companies as there are limited financial metrics upon which to base a reasonable valuation. Valuation methodologies and models will not be provided for Fertilizer Watchlist companies. Dundee clients should consult their investment advisor as to the appropriateness of an investment in the securities mentioned.

Agribusiness Watchlist: Dundee Securities Ltd. has not initiated formal continuing coverage of Agribusiness Watchlist companies. The companies will have recommendations and risk ratings as per our regular rating system, see Explanation of Recommendations and Risk Ratings for details. Risk ratings will be either Speculative or Venture. No price targets will be set for Agribusiness Watchlist companies as there are limited financial metrics upon which to base a reasonable valuation. Valuation methodologies and models will not be provided for Agribusiness Watchlist companies. Dundee clients should consult their investment advisor as to the appropriateness of an investment in the securities mentioned.

Base Metals & Iron Ore Weekly Dashboard is a compilation of market statistics and media reports that is posted on the Dundee website. The Dashboard does not contain any change in the analyst's opinion, estimates, ratings or target prices. Please refer to formal published research reports for valuation methodologies used in determining target prices for companies under coverage. Please refer to formal published research reports for company specific disclosures and analyst specific disclosures for companies under coverage.

Presentations do not include disclosures that are specific to analysts and specific to companies under coverage. Please refer to formal published research reports for company specific disclosures and analyst specific disclosures for companies under coverage. Please refer to formal published research reports for valuation methodologies used in determining target prices for companies under coverage.

Disclosures required under Rule 3400 for sector research reports covering six or more issuers can be found on the Dundee Capital Markets website at www.dundeewealth.com in the Research Section.

Dundee Securities Ltd. and its affiliates, in the aggregate, may beneficially own 1% or more of a class of equity securities issued by company(ies) discussed in this report.

A Research Analyst/Associate involved in the preparation of this report has visited certain material operations of the following issuer(s): Uranium Energy Corp. - David Talbot visited Uranium Energy's Goliad development project in Texas – viewed plans, sections, witnessed the drilling of wells, and had discussions with management.

Explanation of Recommendations and Risk Ratings

Valuation methodologies used in determining the 12-month target price(s) for the issuer(s) mentioned in this report are contained in current and/or prior research. Target Price N/A: a target price is not available if the analyst deems there are limited financial metrics upon which to base a reasonable valuation.

BUY: Total returns expected to be materially better than the overall market with higher return expectations needed for more risky securities. NEUTRAL: Total returns expected to be in line with the overall market. SELL: Total returns expected to be materially lower than the overall market. TENDER: The analyst recommends tendering shares to a formal tender offer. UNDER REVIEW: The analyst will place the rating and/or target price Under Review when there is a significant material event with further information pending; and/or when the analyst determines it is necessary to await adequate information that could potentially lead to a re-evaluation of the rating, target price or forecast.

*Risk Ratings: risk assessment is defined as Medium, High, Speculative or Venture. Medium: securities with reasonable liquidity and volatility similar to the market. High: securities with poor liquidity or high volatility. Speculative: where the company's business and/or financial risk is high and is difficult to value. Venture: an early stage company where the business and/or financial risk is high, and there are limited financial metrics upon which to base a reasonable valuation. Investors should not deem the risk ratings to be a comprehensive account of all of the risks of a security. Investors are directed to read Dundee Securities Ltd. Research reports that contain a discussion of risks which is not meant to be a comprehensive account of all the risks. Investors are directed to read issuer filings which contain a discussion of risk factors specific to the company's business.

Medium and High Risk Ratings Methodology: Medium and High risk ratings are derived using a predetermined methodology based on liquidity and volatility. Analysts will have the discretion to raise but not lower the risk rating if it is deemed a higher risk rating is warranted. Risk in relation to forecasted price volatility is only one method of assessing the risk of a security and actual risk ratings could differ.

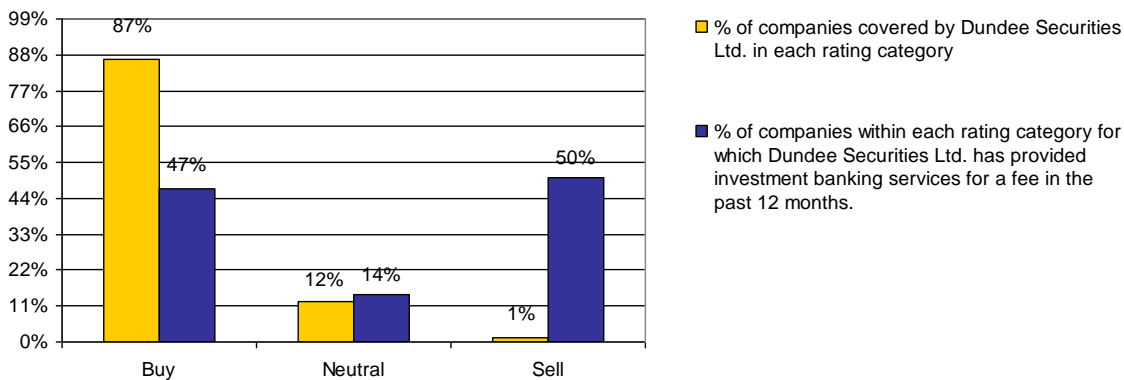
Securities with poor liquidity or high volatility are considered to be High risk. Liquidity and volatility are measured using the following methodology: a) Price Test: All securities with a price <= \$3.00 per share are considered high risk for the purpose of this test. b) Liquidity Test: This is a two-tiered calculation that looks at the market capitalization and trading volumes of a company. Smaller capitalization stocks (<\$300MM) are assumed to have less liquidity, and are, therefore, more subject to price volatility. In order to avoid discriminating against smaller cap equities that have higher trading volumes, the risk rating will consider 12 month average trading volumes and if a company has traded >70% of its total shares outstanding it will be considered a liquid stock for the purpose of this test. c) Volatility Test: In this two step process, a stock's volatility and beta are compared against the diversified equity benchmark. Canadian equities are compared against the TSX while U.S. equities are compared against the S&P 500. Generally, if the volatility of a stock is 20% greater than its benchmark and the beta of the stock is higher than its sector beta, then the security will be considered a high risk security. Otherwise, the security will be deemed to be a medium risk security. Periodically, the equity risk ratings will be compared to downside risk metrics such as Value at Risk and Semi-Variance and appropriate adjustments may be made. All models used for assessing risk incorporate some element of subjectivity.

SECURITY ABBREVIATIONS: NVS (non-voting shares); RVS (restricted voting shares); RS (restricted shares); SVS (subordinate voting shares).

Ideas of Interest

Dundee Securities Ltd. from time to time publishes reports on securities for which it does not and may not choose to provide continuous research coverage. Such reports are published as Ideas of Interest.

Dundee Securities Equity Research Ratings



September 30, 2011

Source: Dundee Securities Ltd.