

**WYOMING DEPARTMENT OF ENVIRONMENTAL QUALITY  
LAND QUALITY DIVISION**

**SETTLEMENT AGREEMENT**

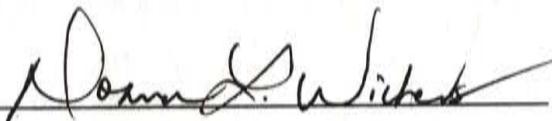
The Wyoming Department of Environmental Quality / Land Quality Division (WDEQ/LQD) and Energy Metals Corporation (EMC), a company authorized to do business in Wyoming, enter into this Settlement Agreement to fully and finally resolve without litigation the violations alleged in the **Notice of Violation (NOV), Docket Number 4386-08 dated November 3, 2008**. The NOV alleges that EMC failed to protect topsoil and failed to ensure the safety of the public and wildlife at their Antelope Project, authorized under Drilling Notification 353DN. The location of the violations are in the Antelope Property located in Sections 11-15 and Sections 22-24 in T.26N, R.93W and Sections 1, 2, 7-12, 14-22, and 28-30 in T.26N. R.94W in northern Sweetwater County (in the Red Desert) Wyoming.

W.S. § 35-11-901(a)(ii) authorizes the WDEQ-LQD to negotiate a stipulated settlement, including payment of a penalty, in lieu of litigation. To that end, EMC and the WDEQ-LQD hereby stipulate and agree as follows:

1. The WDEQ/LQD, pursuant to W.S. § 35-11-104, is a department in the executive branch of Wyoming State Government and is principally situated in Cheyenne, Wyoming. The WyDEQ is the agency principally responsible for administering the Wyoming Environmental Quality Act, including all provisions of the WDEQ-LQD Noncoal Rules and Regulations.
2. EMC is the operator of an exploration drilling operation, WDEQ/LQD Drilling Notification 353DN, located in Sections 11-15 and Sections 22-24 in T.26N, R.93W and Sections 1, 2, 7-12, 14-22, and 28-30 in T.26N. R.94W in northern Sweetwater County, Wyoming. The project site is located on federal land managed by the Bureau of Land Management (BLM).
3. The failure to protect topsoil is a violation of W.S. § 35-11-415(b)(iii). The failure to ensure the safety of the public and wildlife is a violation of LQD Noncoal Rules and Regulations Chapter 8, Section 2 (b)(i).
4. Subject to the waiver hereafter set forth, EMC agrees to pay a **total of Three Thousand Dollars (\$3,000.00)** as a stipulated settlement as partial resolution to this matter in lieu of litigation under W.S. § 35-11-901(a)(ii). The remainder of the resolution of this matter will require the completion of items five (5) and six (6) below. EMC shall pay **Three Thousand Dollars (\$3,000.00)** directly to the WDEQ/LQD. Payment is due within thirty (30) days of full execution of this Settlement Agreement. Payment to the WDEQ-LQD shall be by check and made payable to the Wyoming Department of Environmental Quality / Land Quality Division and sent to the attention of Donald McKenzie, Administrator, Wyoming Department of Environmental Quality / Land Quality Division, Herschler Bldg. 3W, 122 West 25<sup>th</sup> Street, Cheyenne, WY, 82002.
5. EMC shall demonstrate that the topsoil stockpiles at the project's drill sites are adequately protected. The primary measure to achieve adequate protection of the site's topsoil stockpiles shall include consolidation of the salvaged topsoil at all drill sites such that the topsoil and the subsoil do not mix. The determination of whether all pertinent topsoil protection criteria have been met at the 353DN site will be per a joint WDEQ-LQD/BLM field inspection and subsequent joint WDEQ-LQD/BLM approval and concurrence.
6. EMC shall install woven wire fencing or an equivalent material with similar strength around all open mud pits (wet or dry) at the Antelope Project site. The woven wire must be attached to metal t-posts or a reasonable, functional substitute fence post. The woven wire fencing must remain in place until the mud pit is completely backfilled and can hold the weight of a person or animal walking on top of it.
7. This signed Settlement Agreement and payment by EMC as specified above shall constitute full satisfaction for and resolution of all claims by the WDEQ-LQD on EMC based on the violation alleged in NOV, Docket No. 4386-08. Contingent upon EMC's compliance with the terms of this Settlement Agreement, the WDEQ-LQD will refrain from taking further enforcement action against EMC for these particular violations cited in the Settlement Agreement. By this Settlement Agreement, the parties intend to resolve with prejudice and all allegations that were asserted in NOV Docket No. 4386-08.

8. EMC waives any statute of limitations which may apply to an enforcement action by the WDEQ-LQD involving specific matters described in the NOV and Order, Docket No. 4386-08 in the event that EMC fails to fulfill its obligations under this Settlement Agreement.
9. Nothing in this Settlement Agreement precludes the WDEQ-LQD from taking additional enforcement action, including the issuance of a Notice of Violation, Order, and/or pursuing additional penalties should EMC violate the Wyoming Environmental Quality Act or applicable WDEQ-LQD Rules and Regulations in the future.
10. This Settlement Agreement shall be admissible by either party without objection by the other party in any subsequent action between these parties.
11. Notwithstanding any other language in the Settlement Agreement, the State of Wyoming, and the WyDEQ do not waive Sovereign Immunity by entering into this Settlement Agreement with EMC and specifically retain all immunity and defenses available as sovereigns under State and Federal law.
12. Each party shall bear its own attorney fees and costs, if any, incurred through the date of this Settlement Agreement is signed by both parties.
13. This Settlement Agreement is binding upon EMC, its successors and assignees, and upon the WyDEQ/LQD.
14. The persons signing this Settlement Agreement certify that they are duly authorized to bind their respective parties to this Settlement Agreement.

For: **Energy Metals Corporation**

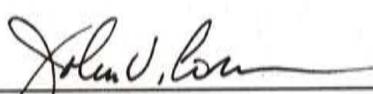
Signed: 

Date: 01-12-09

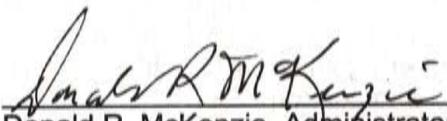
Typed: DONNA L. WICKERS

Title: Sr. Vice President, ISR Ops.

For: **WYOMING DEPARTMENT OF ENVIRONMENTAL QUALITY**

  
 John V. Corra, Director  
 Wyoming Department of Environmental Quality

Date: 1/12/09

  
 Donald R. McKenzie, Administrator  
 Land Quality Division

Date: 01-14-09

Cc: Mark Moxley, WDEQ-LQDLander  
 NOV File Docket No. 4386-08