

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

**SETTLEMENT AGREEMENT**

The Wyoming Department of Environmental Quality, Land Quality Division (WDEQ/LQD) and Cameco Resources (CR) authorized to do business in Wyoming, enter into this Settlement Agreement to fully and finally resolve without litigation the violations alleged in **Notice of Violation (NOV) Docket No. 4998-12 dated May 18, 2012**. The NOV alleges that CR, 1) affected lands outside the approved Permit 633 boundary, 2) used an off-site pond and wells, not identified in the permit as water supply for the mine operations and 3) left wells insufficiently covered.

The mine site is located in Converse County in portions of Townships 35 and 36 North, Ranges 73 and 74 West. The approved permit includes approximately 16,687 acres. The location of the violation lies along the southeastern boundary in a geographic region which requires evaporative mitigation for alluvial impoundments from the Wyoming State Engineer's Office. The listed allegations are violations of the Wyoming Environmental Quality Act (Act) and the applicable Wyoming Department of Environmental Quality/Land Quality Division Rules and Regulations (WDEQ/LQD R&R).

Wyoming Statute (W.S.) §35-11-701(c) authorizes the WDEQ/LQD to attempt to eliminate the cause of the violations by conference and conciliation, in lieu of litigation. To that end, Cameco Resources and the WDEQ/LQD hereby stipulate and agree as follows:

1. The WDEQ pursuant to W.S. §35-11-104, is a department in the executive branch of the state government of Wyoming and are principally situated in Cheyenne, Wyoming. WDEQ is the agency with the responsibility for administering the Wyoming Environmental Quality Act including all provisions of the WDEQ/LQD R&R.
2. Cameco Resources is the permittee of Permit 633 insitu uranium mine operation located in portions of Townships 35 and 36 North, Ranges 73 and 74 West in Converse County. Cameco Resources is the primary operator of the mine.
- 3A. Cameco Resources has routinely accessed an off-site water supply pond and water supply wells along a road improved for that access. The water has been used within areas authorized under Permits 633. Cameco Resources has been operating under the assumption that use of any water supply ponds and well water for mine related operations only requires consent from the landowner. As stated in the violation, use of the water must be approved within the LQD permit document as required by W.S. § 35-11-406(b)(xvi).
- 3B. Cameco Resources installed the off-site monitor wells for use in the pre-mining wellfield pump test, with an understanding with LQD that the lands were being amended to accommodate the mine development. The pump test occurred in 2006; however the amendment has not been submitted to date. As stated in the violation, affecting lands outside the approved permit boundary is a violation of W.S. §35-11-405(a).
- 3C. Unprotected groundwater through uncapped wells is a routine observation on the mine site which was also identified at the off-site monitor wells. As stated in the violation, uncovered wells are a violation of the Noncoal Rules and Regulations Chapter 11, Section 6(b)(ii).
4. To mitigate the off-site disturbance, Cameco Resources agrees to submit an application to amend Permit 633 to include the off-site affected acres into the permit within 180 days of this signed Settlement Agreement.
5. To mitigate the undisclosed use of water in the mine operations, Cameco Resources will

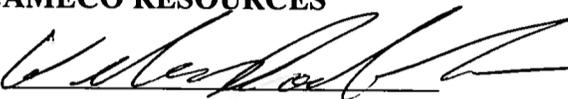
submit a permit revision to Permits 633 and also to their adjoining insitu Permit No. 603, with a description of all water sources within and outside the permit boundaries including wells and ponds that are used in the mine operations. The plan shall include all required impoundment designs required by the Noncoal Rules and Regulations, Chapter 11, Section 4(a)(iv). The revisions shall be submitted within 120 days of this signed Settlement Agreement.

6. To mitigate the concern of using landowner permitted ponds and wells, Cameco Resources agrees to contact the State Engineer's Office (SEO) to obtain a temporary water use agreement, if necessary, for the dual use of the water resource for any ponds and wells which Cameco Resources has agreements with landowners to use. Confirmation that the SEO has been contacted shall occur within 120 days of this signed Settlement Agreement. Cameco Resources agrees to copy LQD on all correspondence with the SEO regarding this issue and further update the LQD permits with additional requirements determined by the SEO.
7. To mitigate the uncapped wells, Cameco Resources agrees to develop a mine-wide routine inspection plan for uncapped wells and/or drill holes. The plan will be required as revisions to Permits 603 and 633. The revisions shall be submitted within 120 days of this signed Settlement Agreement. In addition, for all uncapped wells or drill holes identified on the mine sites in the future, LQD will recommend violations with penalties.
8. Within thirty (30) days of full execution of this Settlement Agreement, Cameco Resources agrees to pay to the WDEQ twenty-thousand dollars (\$20,000) to fund a Supplemental Environmental Project (SEP) related to insitu uranium mining as a stipulated settlement as partial resolution to this matter in lieu of litigation under W.S. §35-11-901(a)(ii). At the conclusion of the project, any funds remaining may be used by the WDEQ for future, unspecified SEPs. Payment to WDEQ/LQD shall be by check made payable to the Wyoming Department of Environmental Quality/Land Quality Division and shall be sent to: Nancy Nuttbrock, Administrator, Wyoming Department of Environmental Quality, Land Quality Division, Herschler Building, 3 Floor-West, 122 West 25<sup>th</sup> Street, Cheyenne, Wyoming 82002. Objectives
9. This signed Settlement Agreement by Cameco Resources as specified above shall constitute full satisfaction for and resolution of all claims based on the violations alleged in NOV Docket No. 4988-12. Contingent upon Cameco Resources compliance with the terms of this Settlement Agreement, the WDEQ/LQD will refrain from taking further enforcement action against Cameco Resources for violations cited in this Settlement Agreement. By this Settlement Agreement, the parties intend to resolve with prejudice all allegations that were asserted in NOV Docket No. 4988-12.
10. Cameco Resources waives any statute of limitations which may apply to an enforcement action by the WDEQ/LQD involving the specific matters described in NOV Docket No. 4988-12 in the event that Cameco Resources fails to fulfill its obligations under this Settlement Agreement.
11. Nothing in this agreement precludes WDEQ/LQD from taking additional enforcement action, including the issuance of a Notice of Violation, and/or pursuing additional penalties, should Cameco Resources violate the Wyoming Statutes or applicable R&R in the future.
12. This Settlement Agreement shall be admissible by either party without objection by the other party in any subsequent action between these parties.
13. Notwithstanding any other language in this Settlement Agreement, the State of Wyoming and WDEQ do not waive sovereign immunity by entering into this Settlement Agreement with Cameco Resources and specifically retain all immunity and all defenses available as sovereigns under state and federal law.

14. Each party shall bear its own attorney fees and costs, if any, incurred through the date this Settlement Agreement is signed by both parties.
15. This Settlement Agreement is binding upon Cameco Resources, its successors and assigns, and upon the WDEQ/LQD.
16. The persons signing this Settlement Agreement certify that they are duly authorized to bind their respective parties to this Settlement Agreement.

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**FOR CAMECO RESOURCES**

Signed:  Date: October 31, 2012

Typed: William P. Goranson

Title: President

**FOR THE WYOMING DEPARTMENT OF ENVIRONMENTAL QUALITY:**

  
Todd Parfitt, Director  
Wyoming Department of Environmental Quality

Date

November 1, 2012

  
Nancy Nuttbrock, Administrator  
Land Quality Division

Date

November 1, 2012

JVC/NN/pcr

cc: Becky Brosius, NOV Files (633)  
Lowell Spackman, LQD