WYOMING DEPARTMENT OF ENVIRONMENTAL QUALITY
LAND QUALITY DIVISION

SETTLEMENT AGREEMENT

The Wyoming Department of Environmental Quality, Land Quality Division (WDEQ/LQD) and Uranerz Energy Corporation (Uranerz), a company 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 Number 5464-14, dated October 7, 2014.** The Notice of Violation (NOV) alleges that the operator failed to properly operate and maintain all facilities and failed to conduct all surface mining activities within the approved permit boundary.

The site of these violations is located in Section 7, Township 43N, Range 76 West. These are violations of the Wyoming Environmental Quality Act (Act) and applicable Wyoming Department of Environmental Quality/Land Quality Non-Coal Rules and Regulations (WDEQ/LQD NC R&R). W.S. §35-11-901(a)(ii) authorizes the WDEQ to negotiate a stipulated settlement, including payment of a penalty, in lieu of litigation. To that end, Uranerz 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 is principally situated in Cheyenne, Wyoming. DEQ is the agency with the responsibility for administering the Wyoming Environmental Quality Act including all provisions of the WDEQ/LQD R&R.

2. Uranerz is the operator of a uranium in situ mine located in Campbell and Johnson Counties, Wyoming. This mining operation is permitted with WDEQ/LQD as mining Permit No. 778. As part of its operation Uranerz mines mineral from this site and distributes or sells the mineral mined for commercial use.

3. The Notice of Violation was written for Failure to conduct mining operations within the permit area is a violation of Wyoming Statute §35-11-415(b)(ii); failure to properly operate and maintain all facilities and systems of treatment and control which are installed or used by the operator to achieve compliance with the terms and conditions of the permit is a violation of Land Quality Division Non-coal Rules and Regulations Chapter 11. Section 9.(a)(iv).

4. Uranerz agrees to pay a total penalty of Five Thousand Dollars ($5,000.00) for the violations stated in Item 3 above as a settlement for the resolution to this matter in lieu of litigation under W.S. §35-11-901(a)(ii). Uranerz shall pay $5,000.00 directly to the WDEQ/LQD. Payment is due and payable within thirty (30) days of full execution of this Settlement Agreement. 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 25th Street, Cheyenne, Wyoming 82002.

5. This signed Settlement Agreement and payment by Uranerz as specified above shall constitute full satisfaction for and resolution of all claims by the WDEQ/LQD against Uranerz, based on the violations alleged in Notice of Violation Docket No. 5464-14. Contingent upon Uranerz's compliance with the terms of this Settlement Agreement, the WDEQ/LQD will refrain from taking further enforcement action against Uranerz for these particular 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. 5464-14.

6. Uranerz waives any statute of limitations which may apply to an enforcement action by the WDEQ/LQD involving the specific matters described in Notice of Violation Docket No. 5464-14.

7. Nothing in this agreement precludes WDEQ/LQD from taking additional enforcement action, including the issuance of a Notice of Violation, Order and/or pursuing additional penalties, should Uranerz violate the Wyoming Environmental Quality Act or applicable rules and regulations in the future.

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8. This Settlement Agreement shall be admissible by either party without objection by the other party in any subsequent action between these parties.

9. 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 Uranerz and specifically retain all immunity and all defenses available as sovereigns under state and federal law.

10. Each party shall bear its own attorney fees and costs, if any, incurred through the date this Settlement Agreement is signed by both parties.

11. **This Settlement Agreement is** binding upon Uranerz, its successors and assigns, and upon the WDEQ.

12. The persons signing this Settlement Agreement certify that they are duly authorized to bind their respective parties to this Settlement Agreement.

FOR: Uranerz Energy Corporation

Signed: _____ Date: 24 October 2014

Typed: Michael P. Thomas

Title: Vice President Regulatory and Public Affairs

FOR: The Wyoming Department of Environmental Quality

_____ Date: 11/3/14
Todd Parfitt, Director
WDEQ

_____ Date: 11/3/14.
Nancy Nuttbrock, Administrator
WDEQ/Land Quality Division

TP/RAC/MJR

cc: Mark Rogaczewski, WDEQ/LQD, District III
Permit 778 NOV Docket Number 5464-14

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