



September 2, 2011

Attn: Document Control Desk  
Director  
Office of Federal and State Materials and  
Environmental Management Programs  
U.S. Nuclear Regulatory Commission  
Washington, DC 20555-0001

Re: SUA- 1597 License Condition 9.5 Financial Assurance

To Whom It May Concern:

With the issuance of License Number SUA-1597 (Docket No. 040-09067) to Uranerz Energy Corporation (Uranerz) by the Nuclear Regulatory Commission (NRC), the NRC has requested through License Condition 9.5 that Uranerz provide the NRC information regarding the financial assurance (surety) that is currently in place for the Nichols Ranch ISR Project for NRC review and approval. Prior to the issuance of Permit to Mine No. 778 to Uranerz for the Nichols Ranch ISR Project by the Wyoming Department of Environmental Quality – Land Quality Division (WDEQ-LQD), Uranerz posted a Six Million, Eight Hundred Thousand Dollars (\$6,800,000) surety bond that was accepted by the WDEQ-LQD. This amount was determined by using the surety estimate information that was presented to both the WDEQ-LQD and the NRC. The surety estimate can be found in Addendum 6B of the Nichols Ranch ISR Project Source Material License application, Technical Report.

Also, attached to this document is a copy of the WDEQ-LQD Permit to Mine No. 778 that states that surety has been accepted by the State of Wyoming and put in place. In addition to Permit to Mine No. 778, the surety instrument has been included.

If you have any questions regarding this matter, please contact me at 307-265-8900 or by email at: [mthomas@uranerz.com](mailto:mthomas@uranerz.com).

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Thomas", is written over a horizontal line.

Mike Thomas  
Environmental, Safety, and Health Manager  
Uranerz Energy Corporation

Attachments

FSME20



# Department of Environmental Quality



To protect, conserve and enhance the quality of Wyoming's environment for the benefit of current and future generations.

Dave Freudenthal, Governor

John Corra, Director

Mr. Michael Thomas  
Uranerz Energy Corporation  
P.O. Box 50850  
Casper, WY 82605-0850

December 29, 2010

**Re: Hank Nichols Ranch Uranium In Situ Recovery Project, TFN 4 2/284, Permit No. 778**

Dear Mr. Thomas:

Enclosed are copies of your approved commercial in situ recovery mining permit, license to mine and the approved bond. Permit No. 778 has been assigned to this project. Please refer to this permit number when discussing this project in future correspondence. Lexon Insurance Company bond no. 1057688 in the amount of Six Million, Eight Hundred Thousand Dollars (\$6,800,000) has been accepted by the division to ensure that your operation will comply with all requirements of the Environmental Quality Act and Land Quality Division Rules and Regulations.

A complete and updated copy of the permit must be maintained at the mine office and at the offices of the Land Quality Division in Cheyenne and Sheridan. Please make arrangements with Ramona Christensen of the Cheyenne LQD (777-7053) and Pat Seurer of the Sheridan LQD (675-5604), to make sure all permit application materials have been properly incorporated into the approved permit document. The incorporation of all new material should occur within four weeks of the date of this letter.

As the Land Quality Division staff has discussed with you, the following permit condition will be attached to the Form 1:

**Uranerz Energy Corporation shall submit to the Land Quality Division a science based model supporting a groundwater reclassification boundary that is within the current LQD Chapter 11 rule requirement. Until this model is reviewed and approved by the LQD, the perimeter monitor well ring shall serve as the boundary.**

A second permit condition to satisfy the WY Game and Fish Department regarding sage grouse is also included on the Form 1:

**Uranerz Energy Corporation will consult with the Wyoming Game and Fish Department to revise MP 3.15.2.2 to include an annual sage grouse survey within two miles of the Nichols and Hank permit boundaries and shall then submit a permit revision to the Land Quality Division no later than six months after the permit approval date.**

On or within thirty (30) days prior to the anniversary date of the permit, you will be required to submit an Annual Report to the District office. The appropriate forms will be sent to you at that time. Following your submittal of the report, the Sheridan District III staff will conduct an inspection of the operation.

Please contact the Department of Revenue, Herschler Building, Second Floor West, Cheyenne, WY 82002 (307-777-7961), for tax information.

If you have any questions, please contact me at (307-777-7046) or Glenn Mooney in the District III Office at 307-675-5615.

Sincerely,

Donald R. McKenzie  
Administrator  
Land Quality Division

DRM/gm

Enclosures:

cc: District III, NRC-MD, Lexon Insurance Co.

**Herschler Building • 122 West 25th Street • Cheyenne, Wyoming 82002 • <http://deq.state.wy.us>**

**ADMIN/OUTREACH**  
(307) 777-7937  
FAX 777-3610

**ABANDONED MINES**  
(307) 777-6145  
FAX 777-6462

**AIR QUALITY**  
(307) 777-7391  
FAX 777-5616

**INDUSTRIAL SITING**  
(307) 777-7369  
FAX 777-5973

**LAND QUALITY**  
(307) 777-7756  
FAX 777-5864

**SOLID & HAZ. WASTE**  
(307) 777-7752  
FAX 777-5973

**WATER QUALITY**  
(307) 777-7781  
FAX 777-5973



COP

NOTE:

DO NOT CUT OR MODIFY THIS  
FOR Use typewriter or print neatly  
with blue or black ink. Submit two (2)  
copies one of which must be an  
original Form 3 as supplied by the  
Department of Environmental Quality,  
Land Quality Division.

STATE OF WYOMING  
DEPARTMENT OF ENVIRONMENTAL QUALITY  
LAND QUALITY DIVISION  
APPLICATION FOR LICENSE TO MINE

This application in duplicate for a license to mine is submitted in accordance with the provisions of the Wyoming Statute §35-11-410.

1. Name, telephone number, and mailing address of applicant: Uranerz Energy Corporation  
PO Box 50850, 1701 East E Street, Casper, WY 82605-0850  
307-265-8900
2. Location of mining operation (County): Johnson and Campbell Counties
3. (a) A copy of the mining permit, submitted herewith, for the lands which are to be affected by the proposed mining operation:  
  
Permit No. 778 Issued 29th day of December 2010  
  
(b) If the applicant is other than the permit holder, a copy of the instrument of permission submitted herewith, from the permit holder granting to the applicant the right thereto;
4. Maps showing the location and the numbers of acres to be affected by the proposed mining operation for the first year of operation if less than the full extent of the permit area.  
  
(Map of affected area may be submitted with legal description if desired). The scale of maps shall be reasonable so as to show necessary detail, width of map not to exceed 48".  
  
Suggested scales: Up to 10 acres - 1" = 100'  
Up to 40 acres - 1" = 200'  
40 acres or more - 1" = 400'
5. Date (month and year) when operation will commence: June 2010  
Estimated date (year) of termination of the proposed mining operation: 2020
6. A fee of \$25.00.
7. Name, telephone number, and address of the agent or persons to whom any notice under the provisions of the Wyoming Environmental Quality Act, Land Quality Division or Rules and Regulations adopted thereunder may be sent: Michael P. Thomas PO Box 50850 1701 East E Street  
Casper, WY 82605-0850 307-265-8900
8. The provisions of this license are severable, and if any provision of the license, or the application of any provision of this license to any circumstance, is held invalid, the application of such provision to other circumstances, and the remainder of this license shall not be affected thereby.



FINAL SWORN STATEMENT

State of Wyoming )  
County of Natrona ) ss.

I Glenn J. Catchpole being duly sworn on my oath that I am the applicant (or the President or Vice President if the applicant is a corporation) for the foregoing "License to Mine"; that I have read the said application and fully know the contents, thereof; and that all statements contained in the License to Mine application are true and correct to my best knowledge and belief; by execution of this statement I certify that Uranerz Energy Corporation, applicant or entities controlled by or under common control with the applicant has the right and power by the legal estate owned to mine from the land for which this License to Mine is desired; that applicant or entities controlled by or under common control with the applicant has not forfeited, or is not involved in forfeiture proceedings for, a bond posted for reclamation purposes nor has had a mining permit or a license to mine suspended or revoked; and if a **surface coal mining application**, that applicant or entities controlled by or under common control with the applicant has paid the reclamation fees for this and all coal mining operations under the jurisdiction of P.L. 95-87 as required by Title IV of that law; and that applicant or entities controlled by or under common control with the applicant has not had any Federal or State Coal mining permits or licenses to mine suspended or revoked in the five years preceding the date of this application.

Dated this 30<sup>th</sup> day of NOVEMBER, 2007

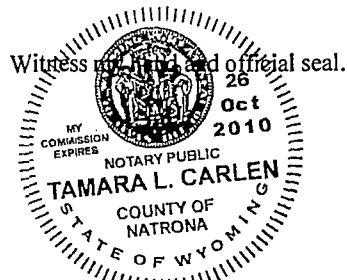
Signature *Glenn J. Catchpole*

(Corporate Seal)

Name Glenn J. Catchpole  
(printed or typed)

Title President and CEO

The foregoing instrument was acknowledged before me by Glenn J. Catchpole  
this 30<sup>th</sup> day of November, 2007



*Tamara L. Carlen*  
Notary Public or Secretary if a Corporation

Tamara L. Carlen  
Title (Name printed or typed)

This application when returned to you with the validating signature of the Administrator of the Land Quality Division, Department of Environmental Quality, becomes your License No. 488-L1  
Effective date: December 29, 2010

Approved by:

By: *Sandra R. McKee*  
Administrator  
Land Quality Division  
Department of Environmental Quality

*[Signature]* (for)  
Director  
Department of Environmental Quality



*Do not make corrections to this form after printing. Forms bearing strikeouts, ink changes, etc will not be accepted.*

COPY

STATE OF WYOMING  
DEPARTMENT OF ENVIRONMENTAL QUALITY  
LAND QUALITY DIVISION  
CHEYENNE, WY 82002



OTHER MINERALS  
STATE/BLM  
RECLAMATION PERFORMANCE BOND

Bond No. 1057688

Know all men by these presents, that we the undersigned, Uranerz Energy Corporation, 1701 East E Street, Casper, WY 82601 Corporation duly authorized to do business in the State of Wyoming, AS PRINCIPAL, and Lexon Insurance Company, 10002 Shelbyville Road, Louisville, KY 40233 a corporation organized and existing under the laws of the State of WY, and duly authorized to do business in the State of Wyoming, AS SURETY, are held and firmly bound unto the State of Wyoming and the United States Secretary of the Interior in sum of Six Million Eight Hundred Thousand Dollars (\$ 6,800,000.00), lawful money of the United States, to be paid to either the State of Wyoming upon order of forfeiture by the Environmental Quality Council or to the Secretary of the Interior, United States Government upon order of forfeiture by an authorized representative of the Secretary of the Interior, for the payment of which sum, well and truly to be made, we hereby jointly and severally bind ourselves, our heirs, executors, administrators, successors, and assigns.

Whereas, the Department of Environmental Quality, Land Quality Division, issued        Number        and dated       , and amendment(s) numbered and dated        pursuant to the application of the Principal,

Whereas, check one of the following:

- x   (a) This is an original bond,  
       (b) This is a bond in addition to previous bond(s) for the above mentioned permit to mine and which bond(s) remain(s) in full force and effect,  
       (c) This is a replacement bond for:

(1) Bond Number         
Surety       

Principal         
Dated       

(2) Bond Number         
Surety       

Principal         
Dated       

(3) Bond Number         
Surety       

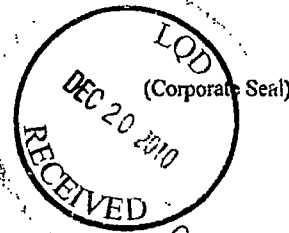
Principal         
Dated       

Whereas, said bond(s) shall cover any and all land affected or to be affected by the operation mentioned above, since the date of issuance, upon the following described land, as given within said permit and amendment(s) or notification,

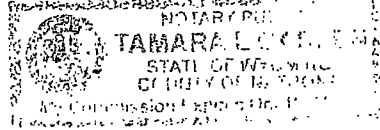
Sections 5, 6, 7 and 8, Township 43N., R75., and Sections 30 and 31, Township 44N., R.75W., Campbell County, Wyoming and Sections 7, 8, 17, 18, and 20, Township 43N., R76W., in Campbell and Johnson Counties, Wyoming.

*12/16/2010*

## PRINCIPAL

Signed and executed this 16 day of DEC., 2010:BY: Glenn Catchpole  
TITLE: PRESIDENT & CEO  
(please print or type)State of Wyoming )  
County of Natrona ) SS.The foregoing instrument was acknowledged before me by Glenn Catchpole  
this 16 day of December, 2010.  
(Name of Principal Signatory - please print or type)

Witness my hand and official seal.

Tamara L. Carlen  
(Notary Public or other authorized officer)Title Tamara L. Carlen  
(Name printed or typed)My Commission Expires: 10/16/2014

## SURETY

Signed and executed this 22nd day of November, 2010:BY: Deborah Neichter  
TITLE: Attorney-in-Fact  
(please print or type)

(Corporate Seal)

State of Kentucky )  
County of Jefferson ) SS.The foregoing instrument was acknowledged before me by Deborah Neichter  
this 22nd day of November, 2010.  
(Name of Attorney-in-Fact - please print or type)

Witness my hand and official seal.

Bonnie J. Wortham  
(Notary Public or other authorized officer)Bonnie J. Wortham, Notary  
Title Bonnie J. Wortham  
(Name printed or typed)My Commission Expires: October 27, 2011

Approved as to form and execution:

Bruce A. Salzburg  
Attorney GeneralBY: Cara B. Chaurh #65792  
AssistantDate: 12/21/10APPROVED: Donald Stigfuz  
Administrator, Land Quality DivisionDate: 12/29/10

POWER OF ATTORNEY

LX - 67484

**Lexon Insurance Company**

KNOW ALL MEN BY THESE PRESENTS, that **LEXON INSURANCE COMPANY**, a Texas Corporation, with its principal office in Louisville, Kentucky, does hereby constitute and appoint:

Brook T. Smith, Kathy Hobbs, Raymond M. Hundley, Jason D. Cromwell, James H. Martin, \*\*\*\*\*

Sandra F. Harper, Myrtie F. Henry, Julie Radican, Virginia E. Woolridge, Deborah Neichter, Jill Kemp, Jackie C. Koestel, Sheryon Quinn \*\*

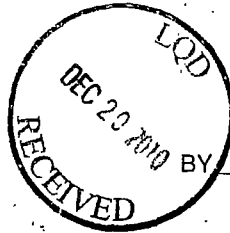
its true and lawful Attorney(s)-In-Fact to make, execute, seal and deliver for, and on its behalf as surety, any and all bonds, undertakings or other writings obligatory in nature of a bond.

This authority is made under and by the authority of a resolution which was passed by the Board of Directors of **LEXON INSURANCE COMPANY** on the 1st day of July, 2003 as follows:

Resolved, that the President of the Company is hereby authorized to appoint and empower any representative of the Company or other person or persons as Attorney-In-Fact to execute on behalf of the Company any bonds, undertakings, policies, contracts of indemnity or other writings obligatory in nature of a bond not to exceed \$2,500,000.00, Two-million five hundred thousand dollars, which the Company might execute through its duly elected officers, and affix the seal of the Company thereto. Any said execution of such documents by an Attorney-In-Fact shall be as binding upon the Company as if they had been duly executed and acknowledged by the regularly elected officers of the Company. Any Attorney-In-Fact, so appointed, may be removed for good cause and the authority so granted may be revoked as specified in the Power of Attorney.

Resolved, that the signature of the President and the seal of the Company may be affixed by facsimile on any power of attorney granted, and the signature of the Vice President, and the seal of the Company may be affixed by facsimile to any certificate of any such power and any such power or certificate bearing such facsimile signature and seal shall be valid and binding on the Company. Any such power so executed and sealed and certificate so executed and sealed shall, with respect to any bond of undertaking to which it is attached, continue to be valid and binding on the Company.

IN WITNESS THEREOF, **LEXON INSURANCE COMPANY** has caused this instrument to be signed by its President, and its Corporate Seal to be affixed this 2nd day of July, 2003.



**LEXON INSURANCE COMPANY**

*David E. Campbell*  
David E. Campbell  
President

**ACKNOWLEDGEMENT**

On this 2nd day of July, 2003, before me, personally came David E. Campbell to me known, who being duly sworn, did depose and say that he is the President of **LEXON INSURANCE COMPANY**, the corporation described in and which executed the above instrument; that he executed said instrument on behalf of the corporation by authority of his office under the By-laws of said corporation.

"OFFICIAL SEAL"  
**MAUREEN K. AYE**  
Notary Public, State of Illinois  
My Commission Expires 09/21/13

*Maureen K. Aye*  
Maureen K. Aye  
Notary Public

**CERTIFICATE**

I, the undersigned, Secretary of **LEXON INSURANCE COMPANY**, A Texas Insurance Company, DO HEREBY CERTIFY that the original Power of Attorney of which the foregoing is a true and correct copy, is in full force and effect and has not been revoked and the resolutions as set forth are now in force.

Signed and Sealed at Lombard, Illinois this 22<sup>nd</sup> Day of November, 20 10.



*Donald D. Buchanan*  
Donald D. Buchanan  
Secretary

"WARNING: Any person who knowingly and with intent to defraud any insurance company or other person, files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties."

**URANERZ ENERGY CORPORATION**

**CERTIFICATE OF SECRETARY**



**I, Sandra R. MacKay**, as Vice President, Legal and Corporate Secretary of URANERZ ENERGY CORPORATION (the "Corporation"), a corporation duly organized and existing under the laws of the State of Nevada, for and on behalf of the Company and not in my personal capacity, do hereby certify that the following is a true and correct copy of resolutions of the Board of Directors of the Corporation duly adopted on November 17, 2010, and that such resolutions remain in full force and effect:

---

**"RESOLUTIONS OF THE BOARD OF DIRECTORS  
of  
URANERZ ENERGY CORPORATION  
November 17, 2010**

---

**WHEREAS:**

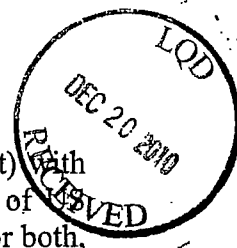
- A. The Corporation is required to provide the Wyoming Department of Environmental Quality with a bond in the amount of US\$6,800,000 in support of its application for a permit to mine, in respect of its Nichols Ranch ISR Project;
- B. The Corporation wishes to enter into an agreement with First Interstate Bank for the provision of an irrevocable letter of credit in support of the issuance of the aforementioned bond by Bond Safeguard Insurance Company or the Lexon Insurance Company or both; and
- C. The Corporation will provide collateral to First Interstate Bank in support of the issuance of the irrevocable letter of credit; and
- D. The entering into of such arrangements is considered in the Corporation's best interests;

**BONDING ARRANGEMENTS**

**BE IT RESOLVED that:**

- 1. The entry by the Corporation into an agreement or agreements (the "Bonding Agreement" or "Bonding Agreements" if more than one) with Bond Safeguard Insurance Company or the Lexon Insurance Company, or both, for the provision of a bond or bonds having an aggregate value of US\$6,800,000, in favor of the Wyoming Department of Environmental Quality, on such terms as shall be approved by the Executive Chairman or the Chief Executive Officer, be and hereby is approved;





2. The entry by the Corporation into an agreement (the Letter of Credit Agreement) with First Interstate Bank ("FIB") for the provision of a letter of credit in the amount of \$1,700,000 to the Safeguard Insurance Company or the Lexon Insurance Company, or both, in support of the Bonding Agreement, be and hereby is approved, and the provision of collateral therefor in the form of a certificate of deposit on such terms as shall be agreed between the FIB and the Executive Chairman or the Chief Executive Officer on behalf of the Corporation be and hereby is approved;

3. Any one of the Executive Chairman and the Chief Executive Officer of the Corporation be and hereby is authorized and directed for and on behalf of the Corporation to execute the Bonding Agreement or Bonding Agreements, as the case may be, and the Letter of Credit Agreement, and all related documentation, on such terms as may be made and consented to by him, such consent to be conclusively evidenced by his execution of such agreements; and

4. Any one of the Executive Chairman and the Chief Executive Officer of the Corporation is hereby authorized for and on behalf of the Corporation to take all action, to do all such things and to execute under the common seal of the Corporation or otherwise, and to deliver or cause to be delivered in the name of and on behalf of the Corporation all documents as such officer may deem necessary or advisable in connection with the matters referred to in the foregoing resolutions and the execution of any such document by any one or such officers of the Corporation shall be conclusive proof of his authority to act on behalf of the Corporation."

**AND I** do hereby further attest and certify that Mr. Glenn Catchpole is the duly appointed Chief Executive Officer of the Corporation.

In witness whereof I have executed this Certificate, this 16th day of December, 2010

**URANERZ ENERGY CORPORATION**

**Sandra R. MacKay**  
Vice President, Legal and Corporate Secretary