Uranerz Energy Corporation/NRC Coal Bed Methane Meeting May 27, 2008

American Stock Exchange URZ
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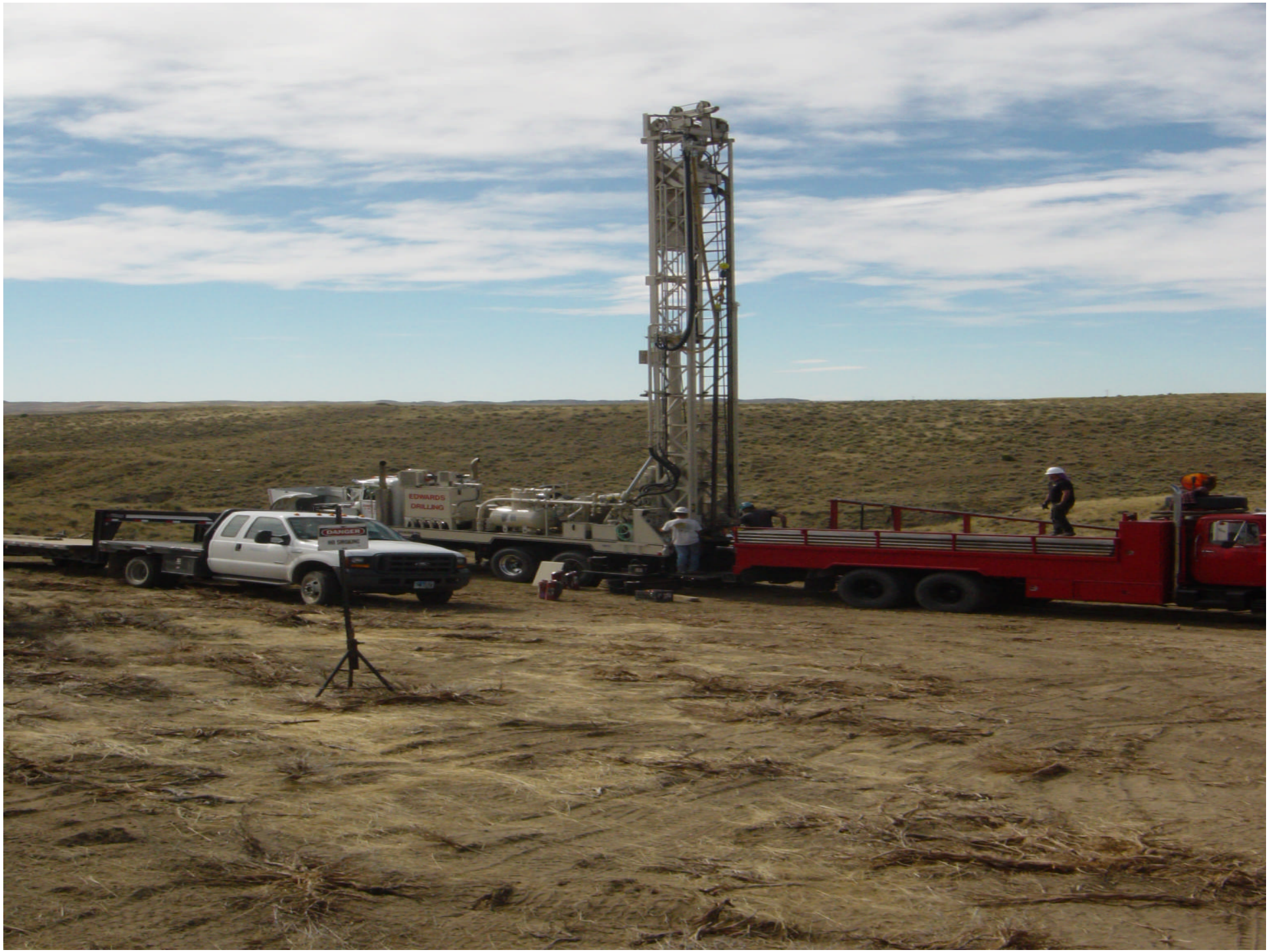
Uranerz ENERGY CORPORATION

Coal Bed Methane (CBM) Overview

- CBM began in the early 1990's in the Powder River Basin.
- Methane (Natural Gas) is released from the coal formation by dewatering the coal seam.
  - The natural gas is adsorbed in the coal pores under hydrostatic pressure. The dewatering of the coal causes a pressure drop that releases the natural gas from the coal.

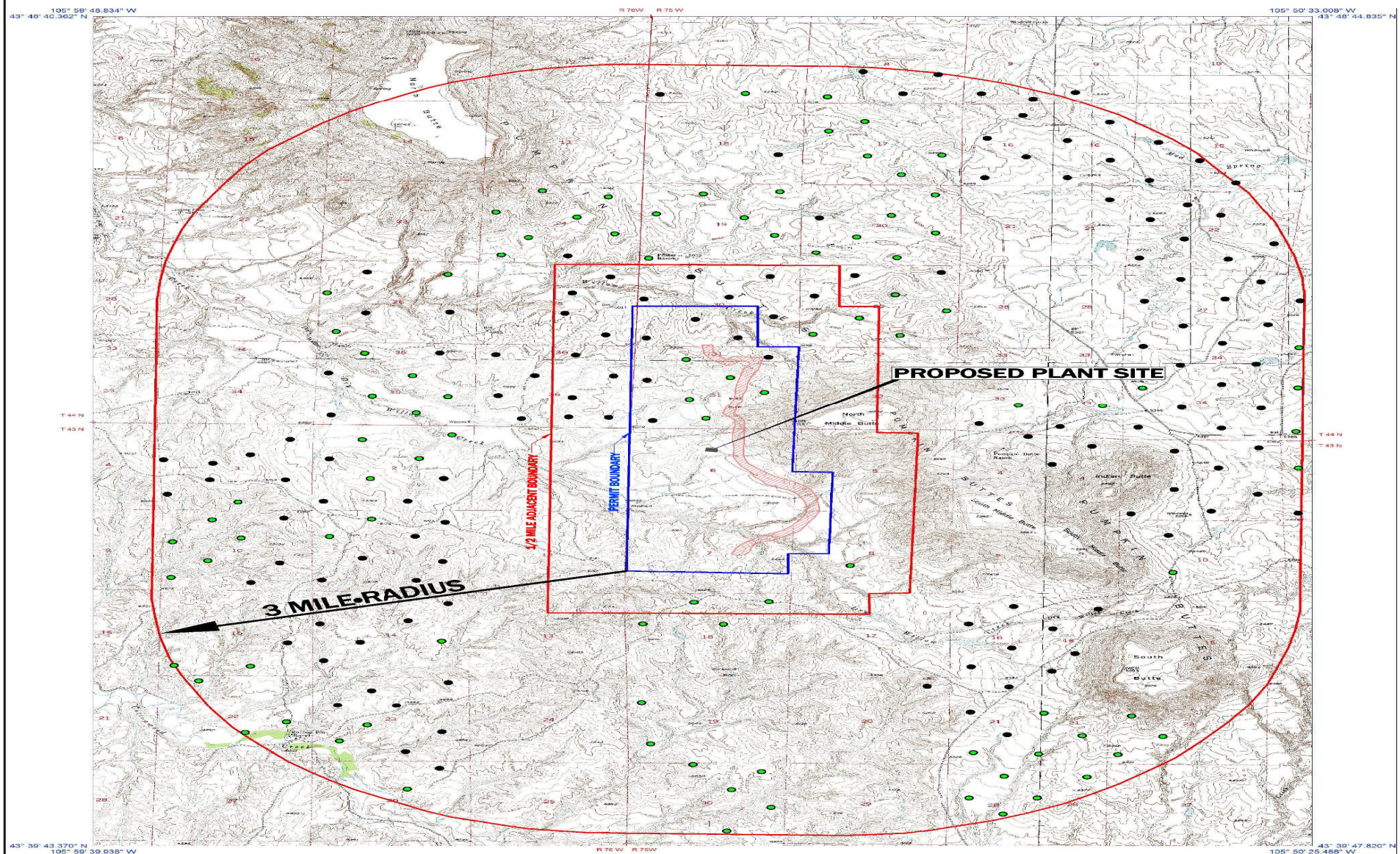
Coal Bed Methane Overview – Cont.

- The Big George coal seam is the target for CBM activity in the Uranerz Energy Corporation Powder River Basin ISR Complex.
- The coal seam is approximately 1400 to 1800 feet below the surface and is approximately 50+ feet thick.
- Drilling operations are very similar to that of ISR method except that the equipment and disturbance is bigger.


EDWARDS
DRILLING
DANGER

Activity at the Nichols Ranch ISR Project

- Currently 3 CBM operators working in or near the Nichols Ranch and Hank license areas.
- CBM activity began in Hank last year (2007) in Section 31 and Section 6. Piping, electricity, road improvements, and drilling occurred.
- CBM drilling activity will begin in Nichols Ranch this year (2008) in Section 17. Road improvements, piping and electrical installation was completed last year. Drilling will begin this year.
- More activity to east of Section 17 (Nichols Ranch) began this spring.



LEGEND

- COMPLETED WELLS
- PERMITTED WELLS
- PROJECTED WELL FIELD

SCALE: 1"=2000'
1:24,000
0 2000' 4000'

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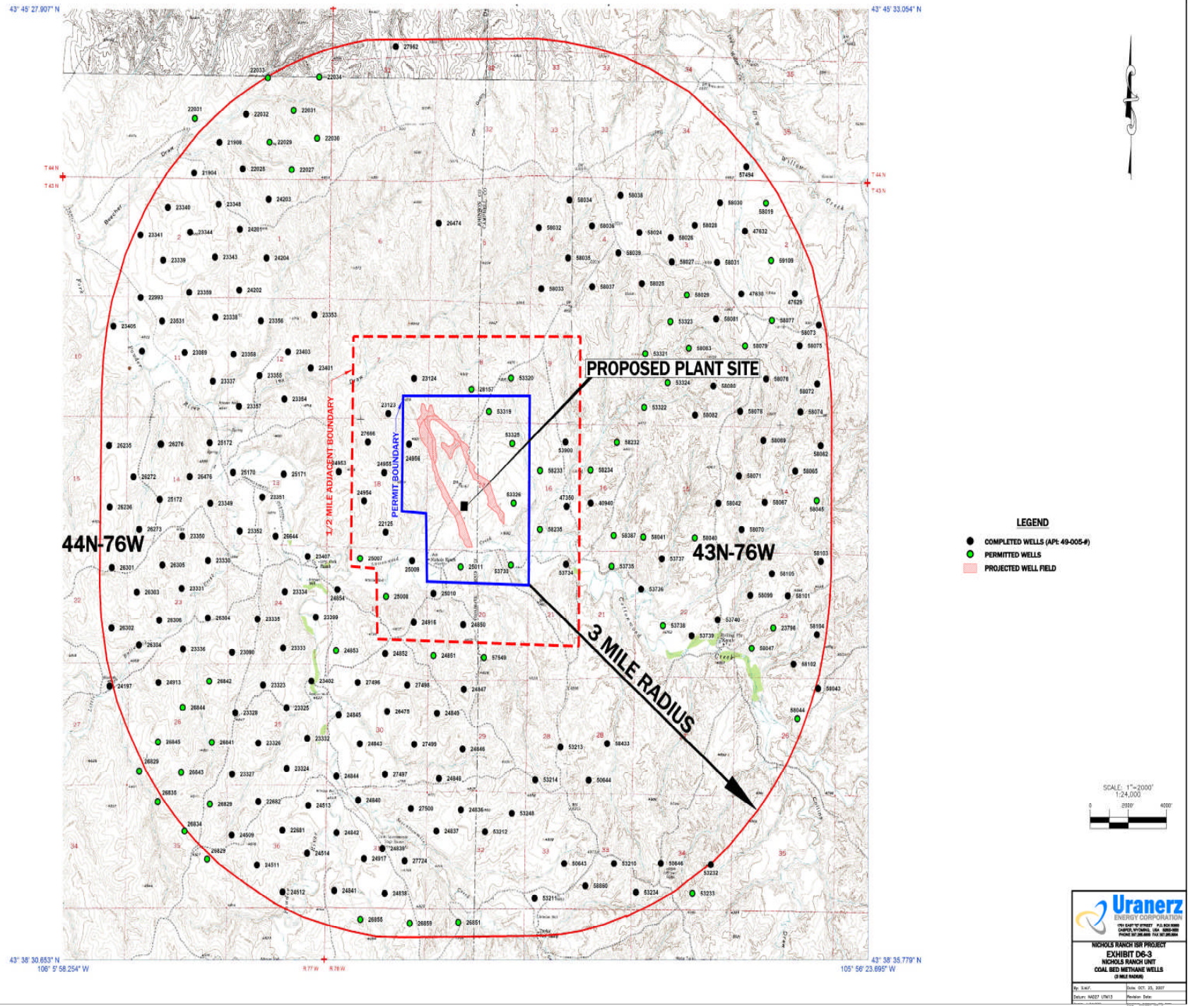
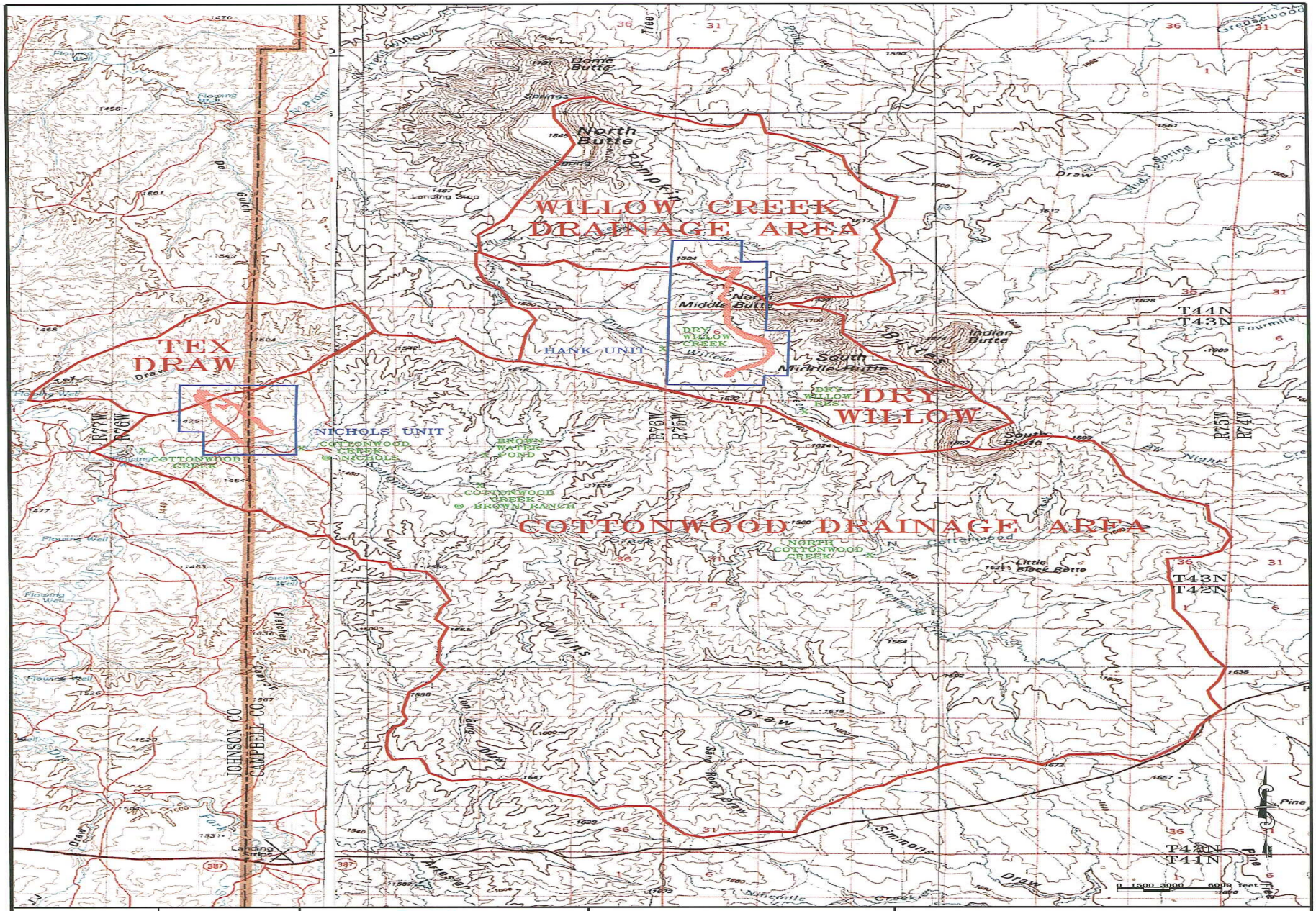
NICHOLS RANCH ISR PROJECT
EXHIBIT D6-4
HANK UNIT
COAL BED METHANE WELLS
(3 MILE RADIUS)

By: S.M.F.	Date: OCT. 2, 2007
Datum: NAD27 UTM13	Revision Date:
Scale: 1:24,000	Contour Interval: 20 Feet
	Dwg: EXHIBIT D6-4


43° 45' 27.907" N
43° 45' 33.054" N
43° 38' 30.653" N
106° 5' 58.254" W
43° 38' 35.779" N
105° 56' 23.695" W
T 44 N
T 43 N
R 77 W
R 76 W
PROPOSED PLANT SITE
1/2 MILE ADJACENT BOUNDARY
PERMIT BOUNDARY
3 MILE RADIUS
44N-76W
43N-76W
LEGEND
COMPLETED WELLS (API: 49-005-#)
PERMITTED WELLS
PROJECTED WELL FIELD
SCALE: 1"=2000'
1:24,000
0
2000'
4000'
Uranerz
ENERGY CORPORATION
NICHOLS RANCH ISR PROJECT
EXHIBIT D6-3
NICHOLS RANCH UNIT
COAL BED METHANE WELLS
(3 MILE RADIUS)
By: SJKF
Date: OCT. 25, 2007
Datum: NAD27 UTM13
Revision Date:

CBM Surface Discharge

- Each of the three operators will discharge differently.
  - The coal seam dewatering at Hank will be pumped to a large tank and then pumped approximately 30 miles away and be injected into the Madison formation.
  - The operator in Section 17 will surface discharge the CBM water into Tex Draw Located to the NW of the Nichols Ranch License area.
  - The operator in Section 16 will have some discharge into surface impoundments.



By: lgrh	Date: 10/16/07
Contour Interval	Rev. date: 03/08

DWG: C:\PROJECTS\2007-14\DRAINAGE AREA\DRAINAGE-LH

LEGEND: WELLFIELD
Drainage area divide
Permit Boundary

Land surface contours in meters

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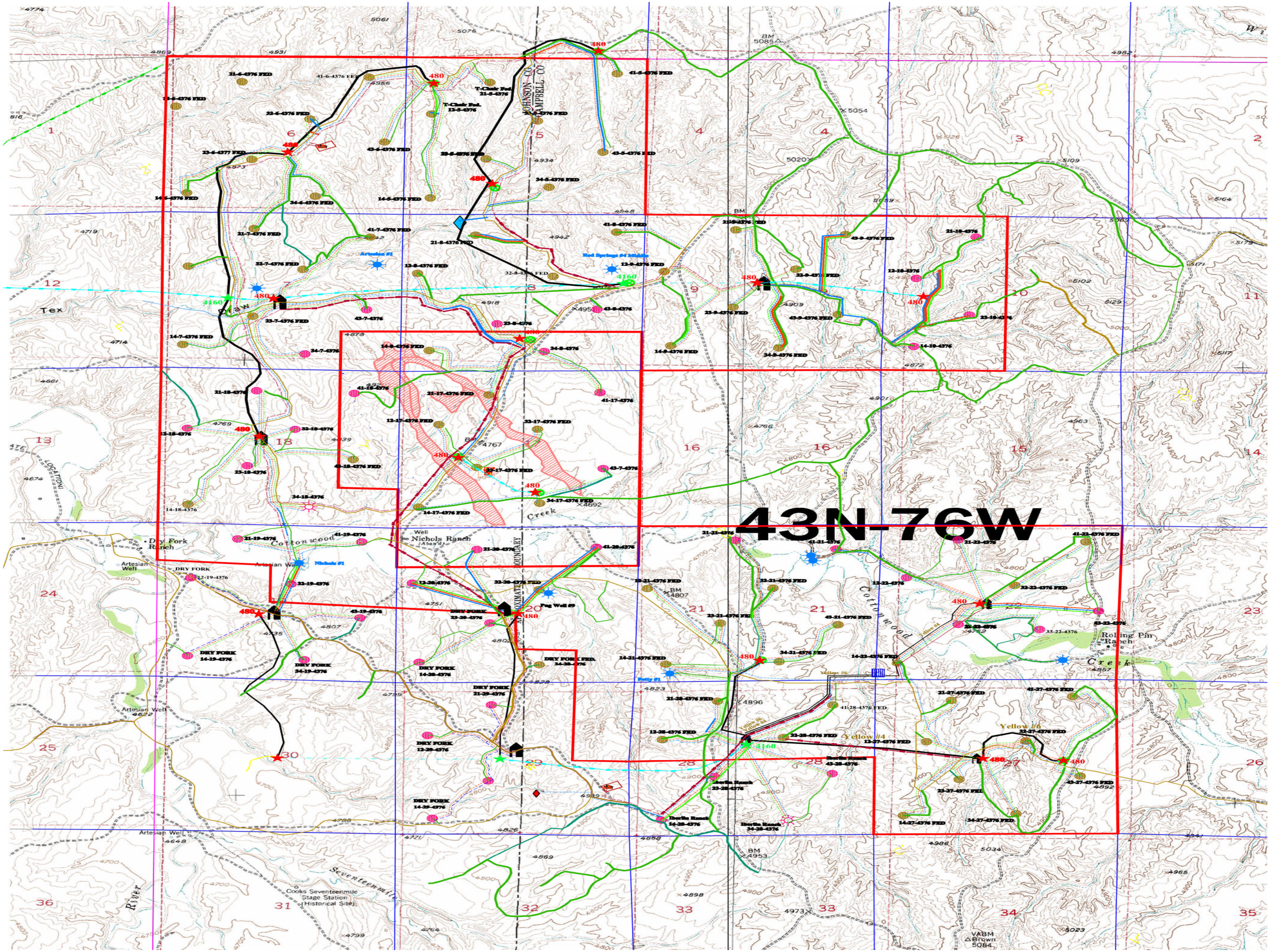
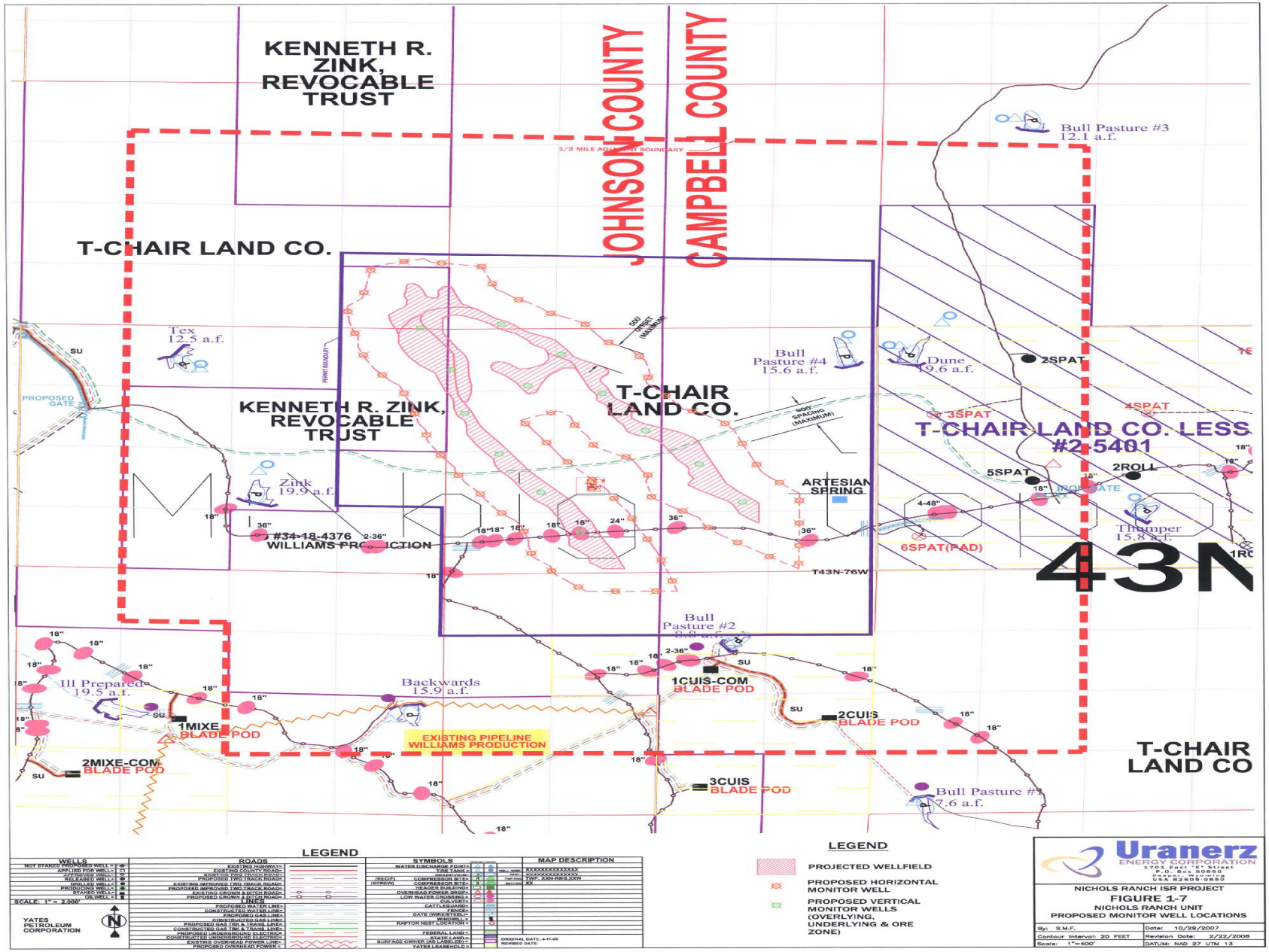
FIGURE D6-1. SURFACE DRAINAGE AREAS


43N-76W
Nichols Ranch
Dry Fork Ranch
Rolling Pin Ranch
Cooks Seventeenmile Stage Station (Historical Site)
Cottonwood Creek
Artesian Well
Yellow #4
Yellow #6



LEGEND

WELLS	ROADS	SYMBOLS	MAP DESCRIPTION
NOT STAKED PERMITTED WELL	EXISTING HIGHWAY	WATER DISCHARGE POINT	
APPLIED FOR WELL	EXISTING IMPROVED ROAD	TURBINE	WELL NAME: XXXXXXXXXXXX
AUTHORIZED WELL	EXISTING TWO TRACK ROAD	MONITOR GROUP	PERMIT: XXXXXXXXXXXX
RELEASED WELL	PROPOSED TWO TRACK ROAD	(RECIP) COMPRESSOR SITE	TWP-RNG: TWP- XXN-RNG-XXW
DRILLED WELL	EXISTING IMPROVED TWO TRACK ROAD	(SCREW) COMPRESSOR SITE	SECTION: XX
PRODUCING WELL	PROPOSED IMPROVED TWO TRACK ROAD	HEADER BUILDING	
STAKED WELL	EXISTING CROWN & DITCH ROAD	OVERHEAD POWER DROP	
OIL WELL	PROPOSED CROWN & DITCH ROAD	LOW WATER CROSSING	
	PIPE	CULVERT	
	PROPOSED WATER LINE	CATTLEGUARD	
	CORR'S BUCTILE WATER LINE	FENCE	
	PROPOSED GAS LINE	GATE (WIRE/STEEL)	
	CONSTRUCTED GAS LINE	PERIMETER	
	PROPOSED GAS TRK & TRANS LINE	RAPTOR NEST LOCATION	
	CONSTRUCTED GAS TRK & TRANS LINE		
	PROPOSED UNDERGROUND ELECTRIC	FEDERAL LAND	
	CONSTRUCTED UNDERGROUND ELECTRIC	STATE LAND	
	EXISTING OVERHEAD POWER LINE	SURFACE OWNER (AS LABELED)	ORIGINAL DATE: 4-11-05
	PROPOSED OVERHEAD POWER	YATES LEASEHOLD	REVISED DATE:

SCALE: 1" = 2,000'

YATES PETROLEUM CORPORATION

LEGEND

- PROJECTED WELLFIELD
- PROPOSED HORIZONTAL MONITOR WELL
- PROPOSED VERTICAL MONITOR WELLS (OVERLYING, UNDERLYING & ORE ZONE)

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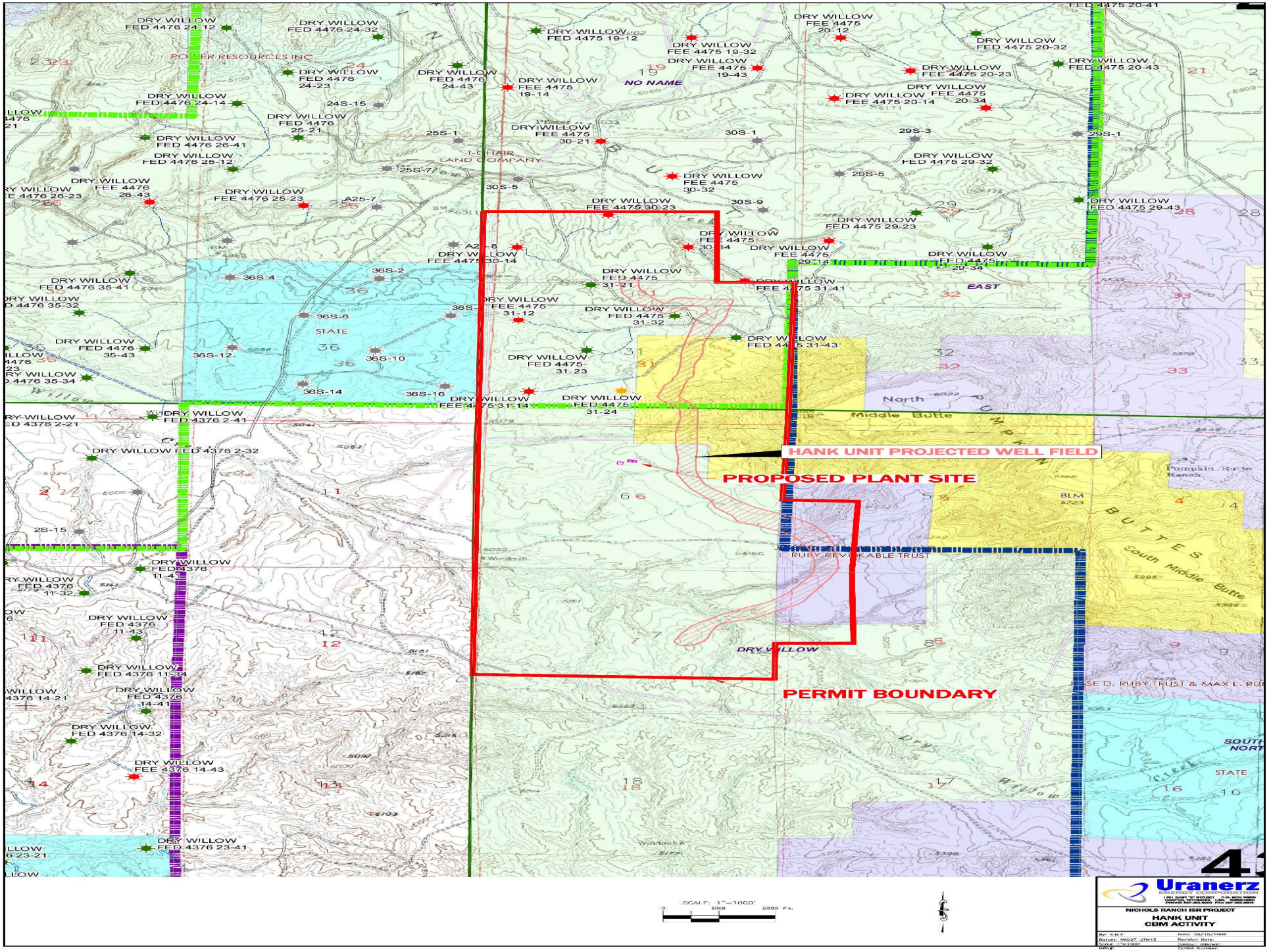
NICHOLS RANCH ISR PROJECT

FIGURE 1-7

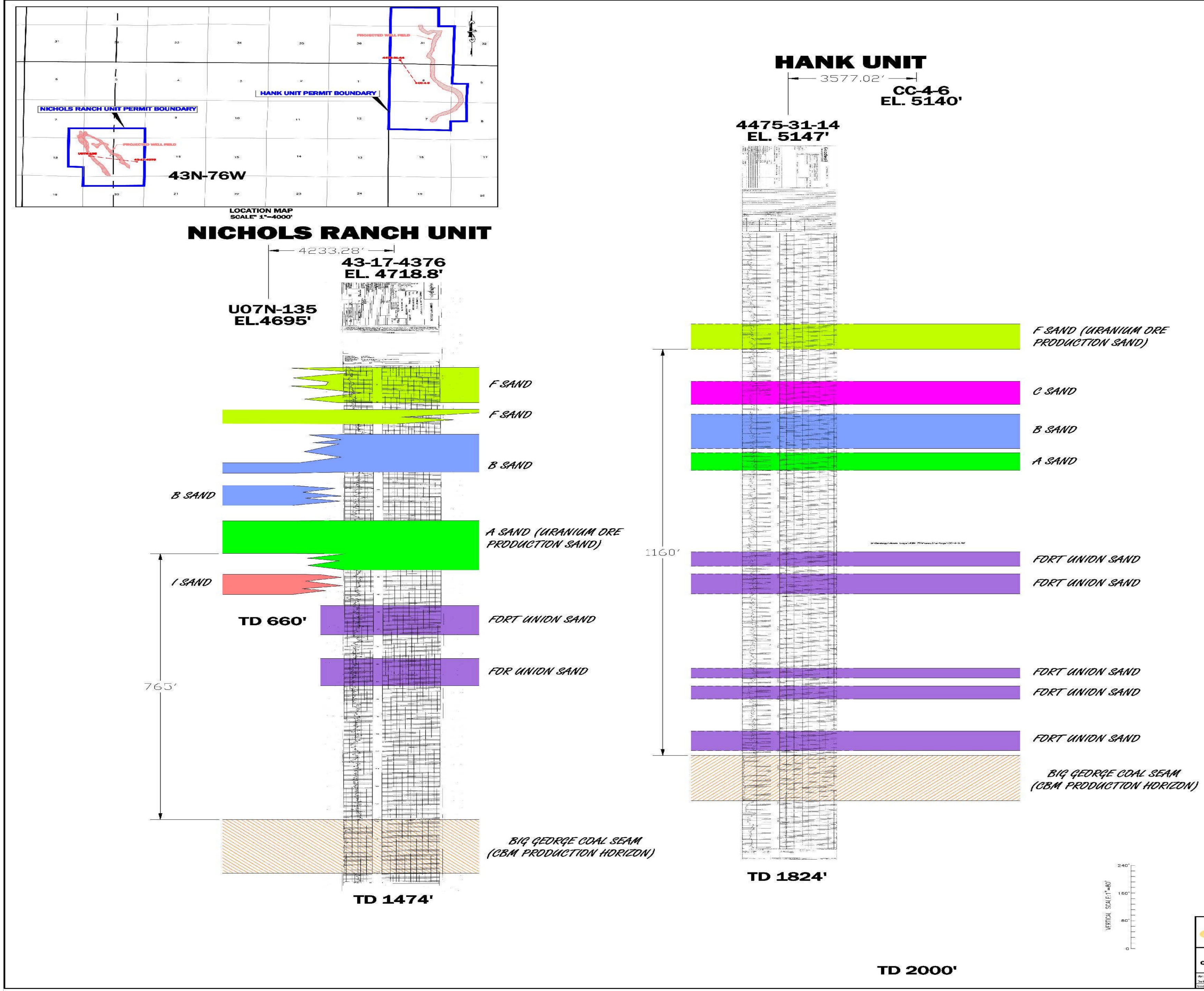
NICHOLS RANCH UNIT
PROPOSED MONITOR WELL LOCATIONS

By: S.M.F.	Date: 10/29/2007
Contour Interval: 20 FEET	Revision Date: 2/22/2008
Scale: 1"=400'	DATUM: NAD 27 UTM 13


HANK UNIT PROJECTED WELL FIELD
PROPOSED PLANT SITE
PERMIT BOUNDARY
NO NAME
EAST
North Middle Butte
South Middle Butte
BUTTES
STATE
BLM
SCALE: 1"=1000'
Uranerz
NICHOLS RANCH ISR PROJECT
HANK UNIT
CBM ACTIVITY

Geologic and Hydrologic Separation of CBM From Nichols Ranch ISR Project

- The target coal seam (Big George) is vertically separated from the Nichols Ranch ISR Project at the following distances:
  - Nichols Ranch – 765 feet
  - Hank – 1160 feet
- In between the uranium ore production sand and the coal seam exists several sands and mudstone, siltstone aquitards.



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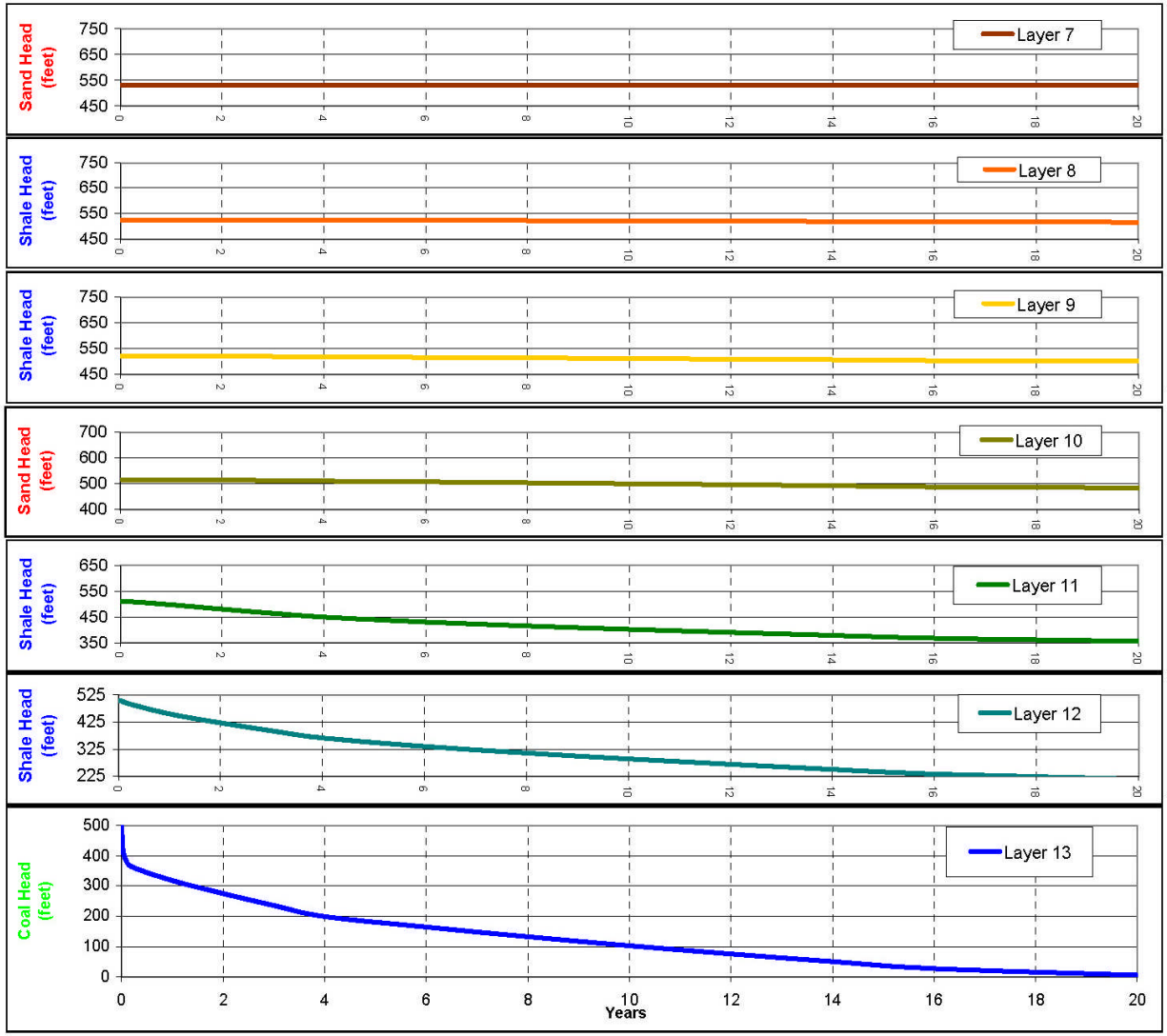
NICHOLS RANCH ISR PROJECT
EXHIBIT D6-5
COAL BED METHANE DEPTH vs. ORE ZONE DEPTH

By: S.M.F.	Date: OCT. 25, 2007
Datum: NAD27 UTM13	Revision Date:
Scale: SEE SCALE	Contour Interval: N/A
	Dwg. # Exhibit d6-5

Groundwater Drawdown From CBM

- The potential for groundwater drawdown from the removal of water from the coal seam was an impact discussed during the CBM EIS that was finalized in 2003.
- BLM has several monitor wells in place to measure the drawdown in the coal and the overlying sand.
- BLM CBM EIS and our modeling concur on the effects of coal seam water removal and the upper sands.



40 foot thick sand
Transmissivity
= 424 gal/day/ft
Total drawdown = 0.1 feet

50 foot thick shale
Transmissivity
= 0.5 gal/day/ft
Total drawdown = 9.1 feet

50 foot thick shale
Transmissivity
= 0.5 gal/day/ft
Total drawdown = 19 feet

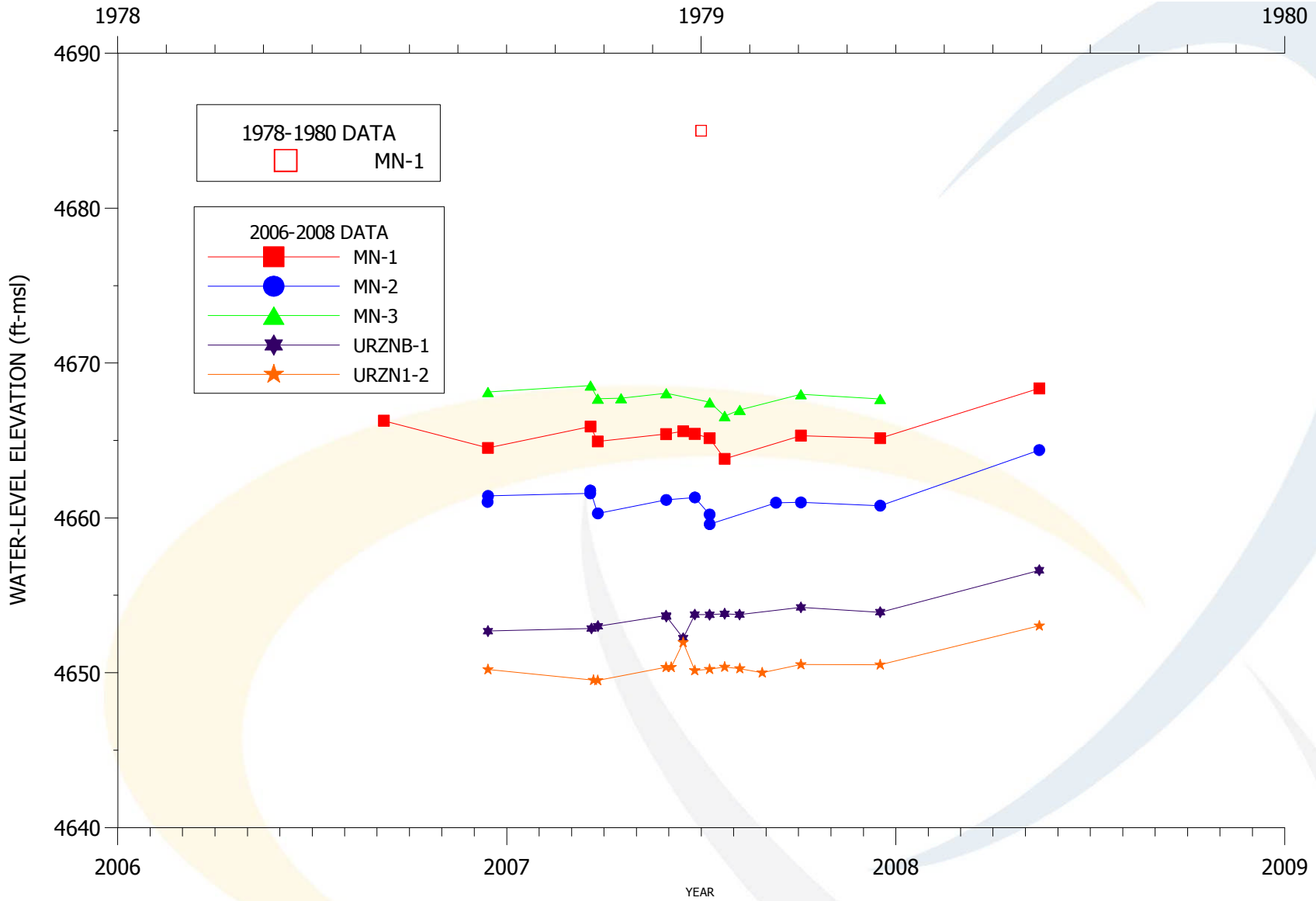
40 foot thick sand
Transmissivity
= 21 gal/day/ft
Total drawdown = 32 feet

20 foot thick shale
Transmissivity
= 0.5 gal/day/ft
Total drawdown = 154 feet

20 foot thick shale
Transmissivity
= 0.5 gal/day/ft
Total drawdown = 291 feet

40 foot thick coal
Transmissivity
= 21 gal/day/ft
Total drawdown = 493 feet

Predicted Water Level Changes In Coal and Overlying Layers



WATER-LEVEL ELEVATION VERSUS TIME FOR WELLS MN-1, MN-2, MN-3, URZNB-1 AND URZN1-2

American Stock Exchange URZ
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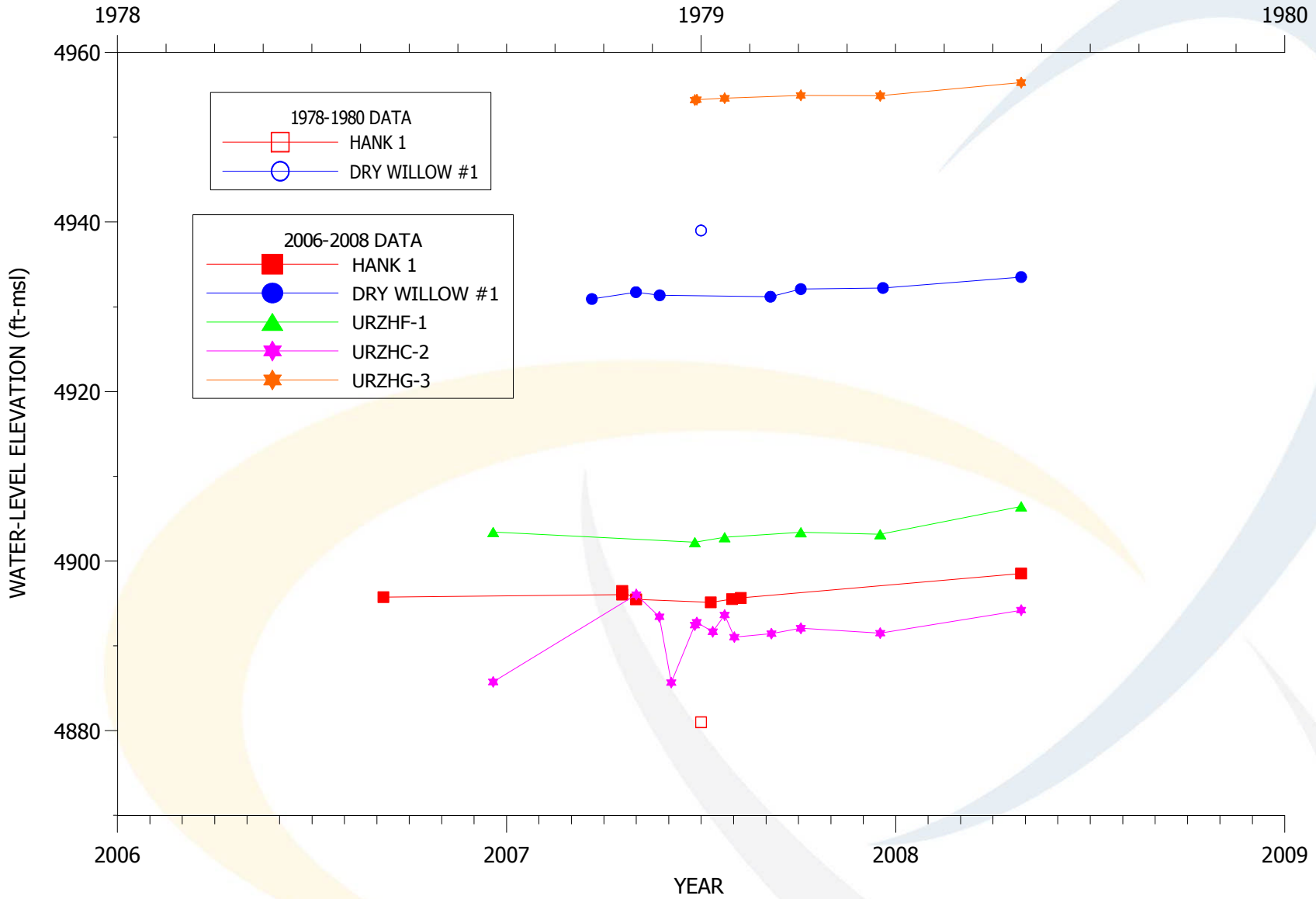
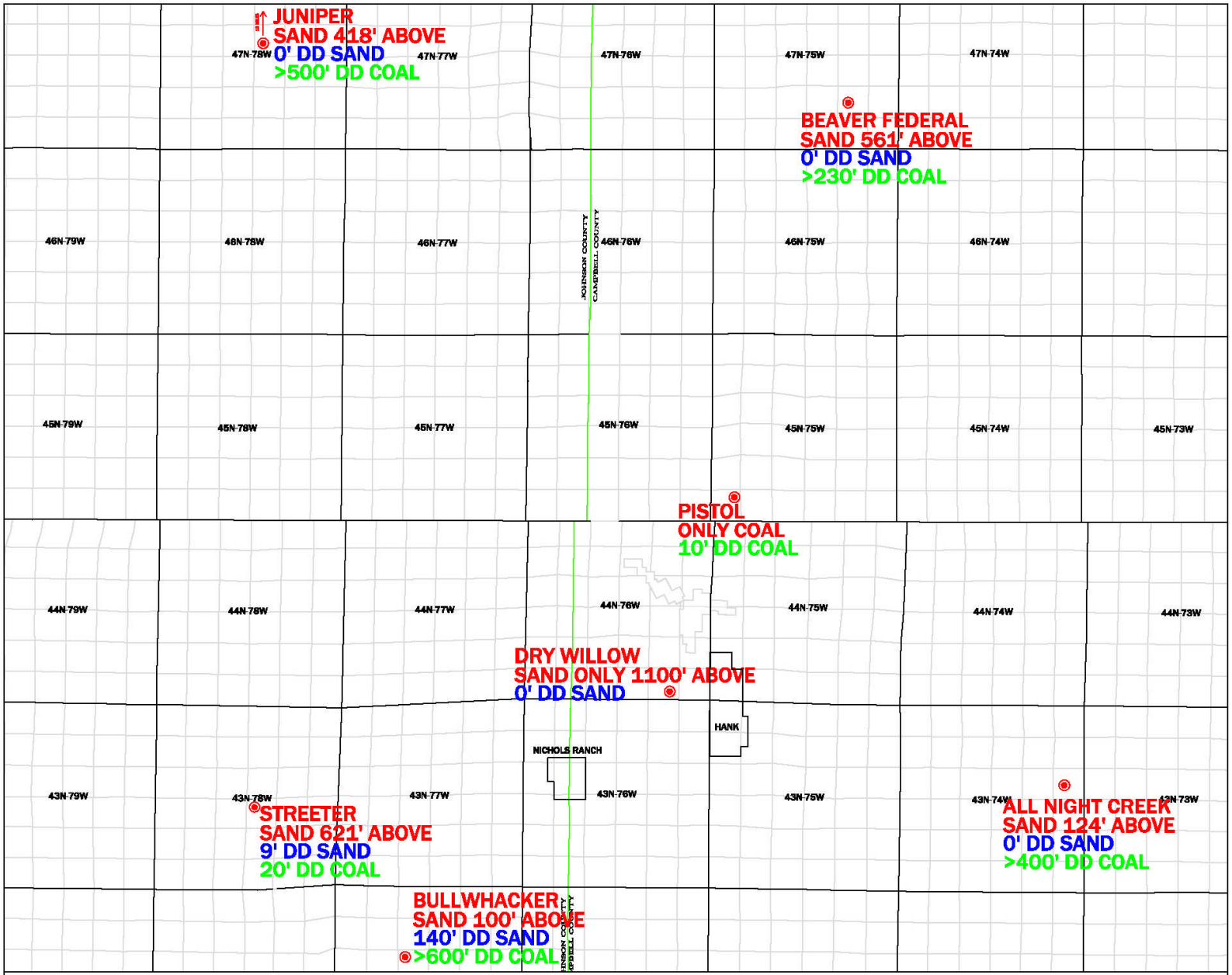
Frankfurt Exchange U9E

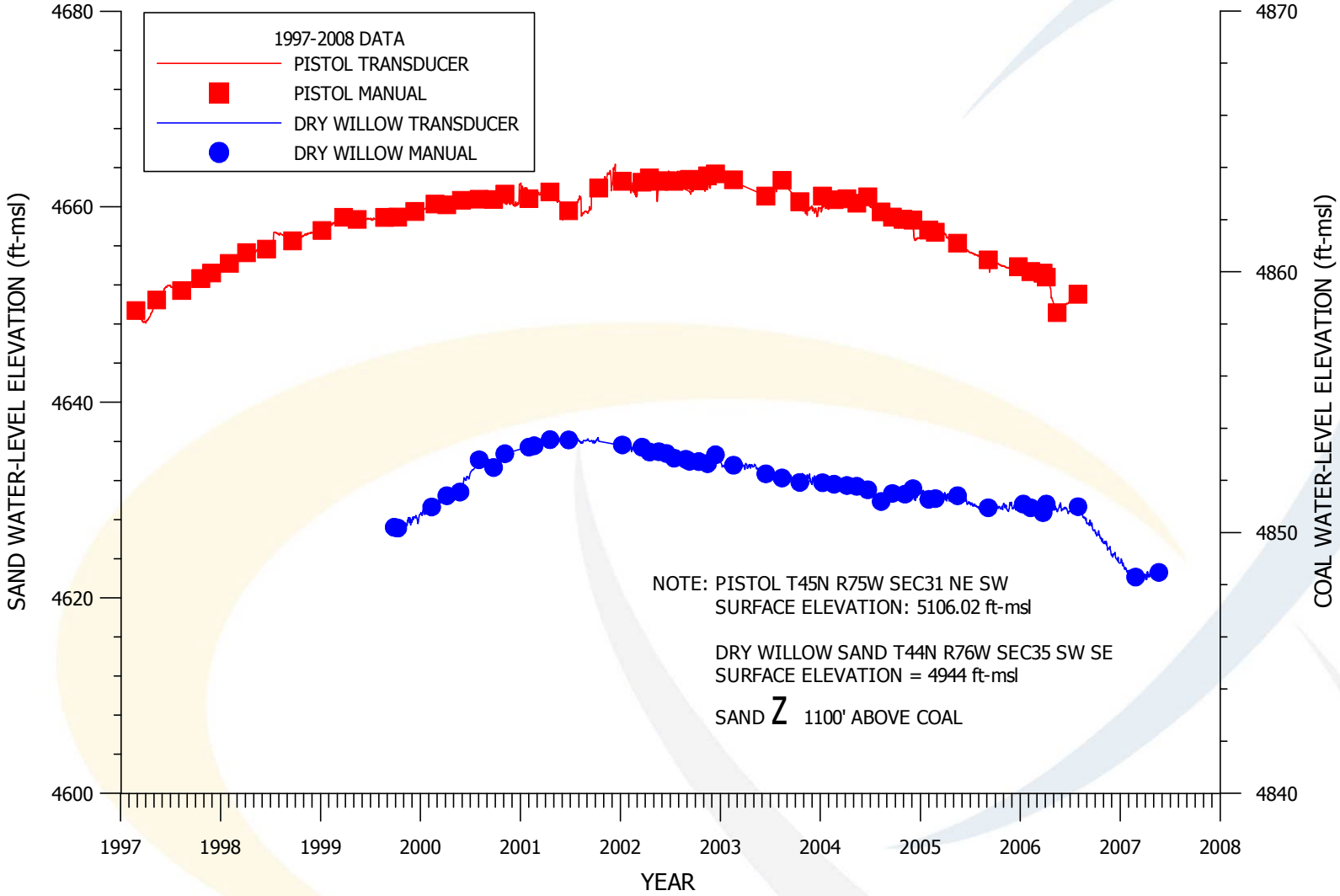
Uranerz ENERGY CORPORATION



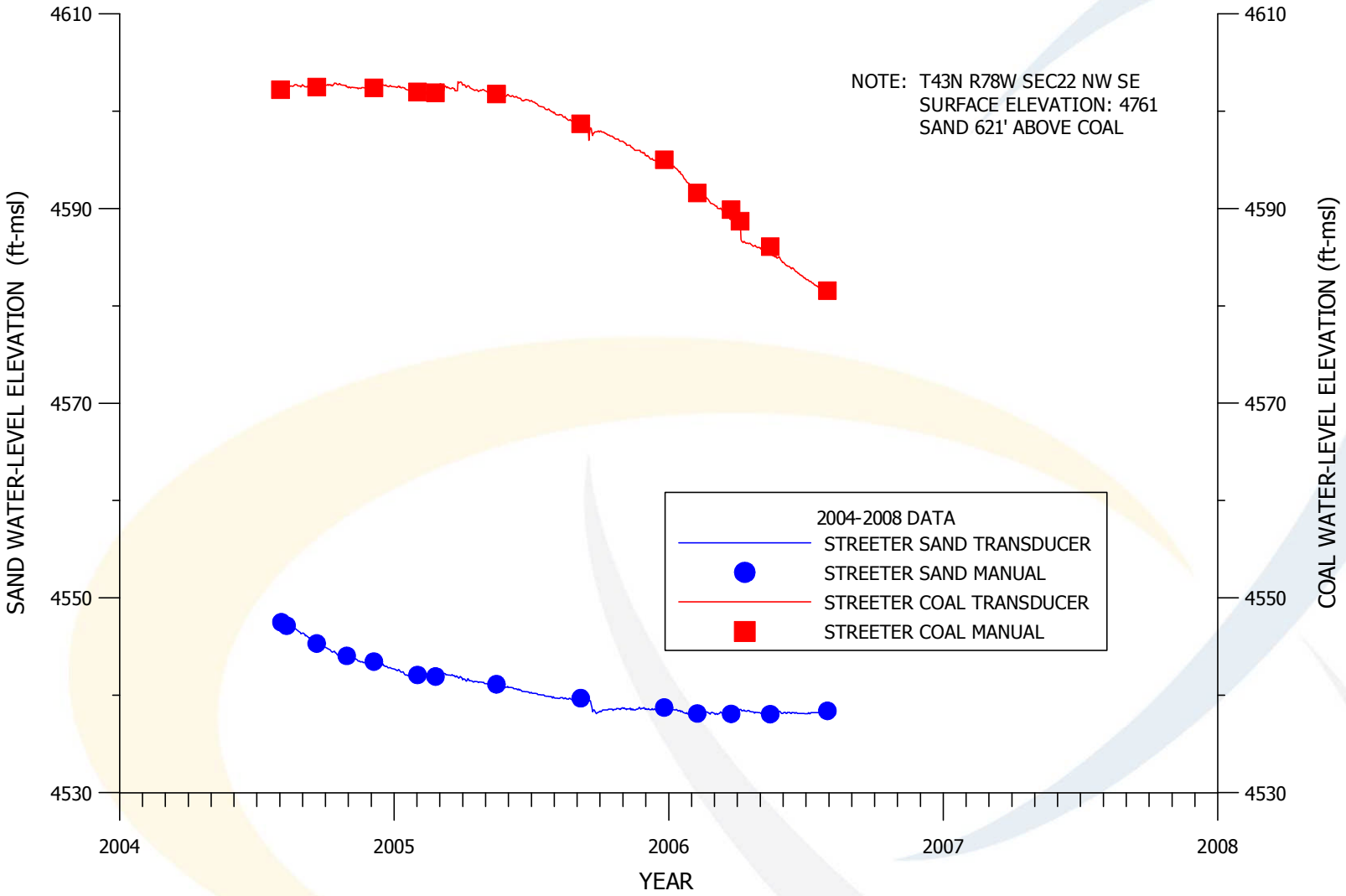
WATER-LEVEL ELEVATION VERSUS TIME FOR WELLS HANK 1, DRY WILLOW #1, URZHF-1, URZHC-2 and URZHG-3



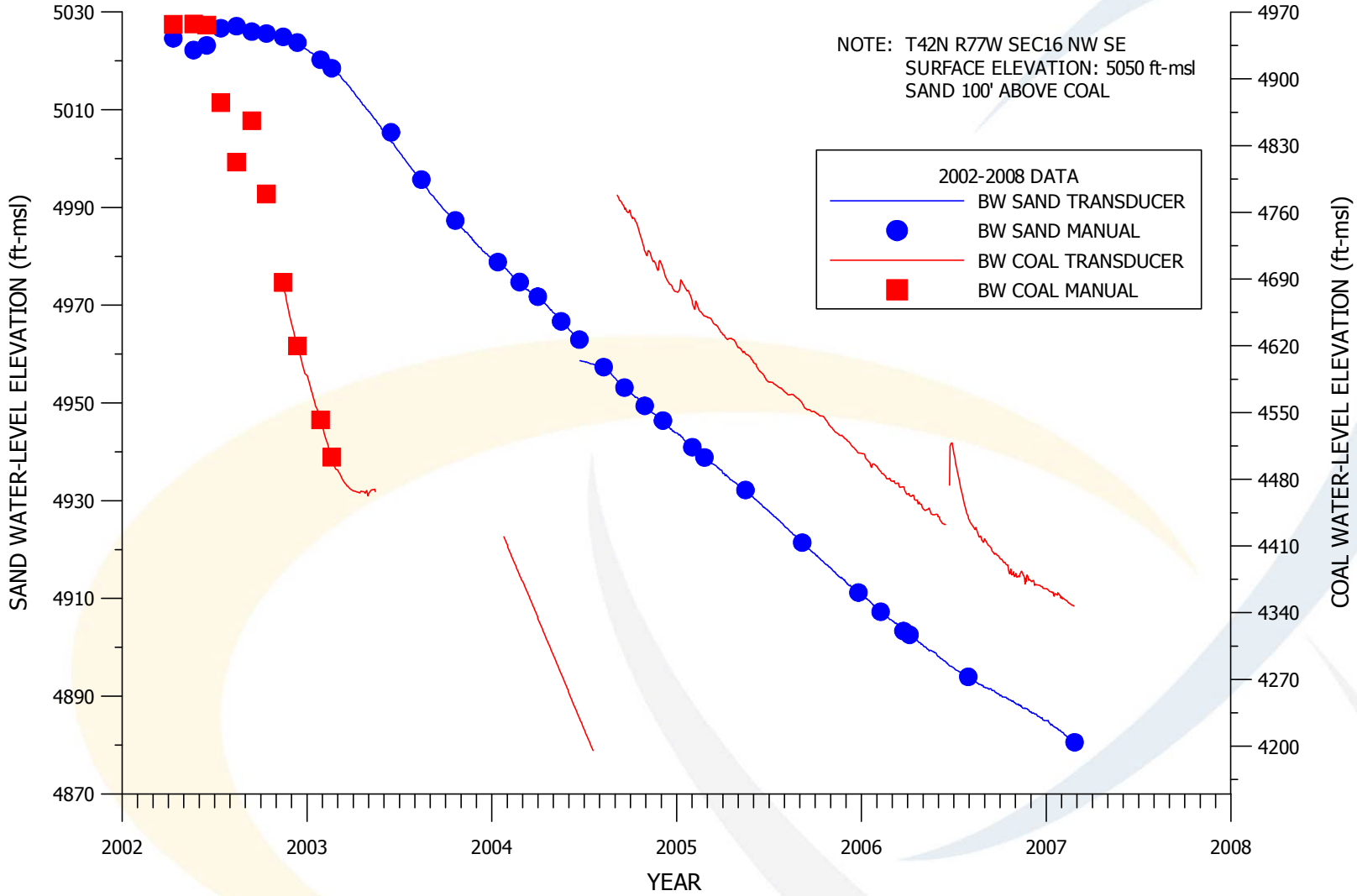
LOCATION OF COAL BED MONITORING



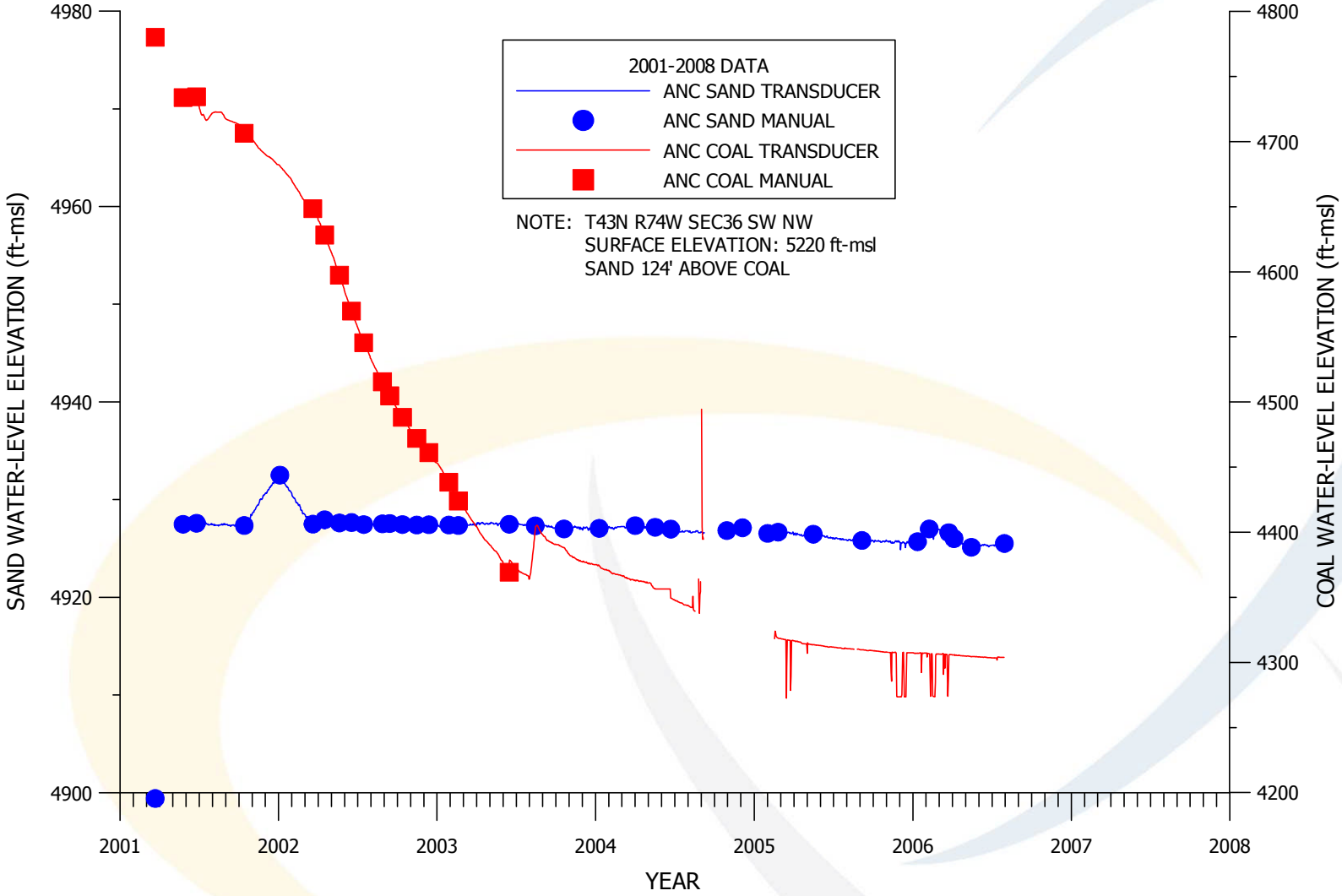
WATER-LEVEL ELEVATION VERSUS TIME FOR PISTOL COAL AND DRY WILLOW SAND WELLS



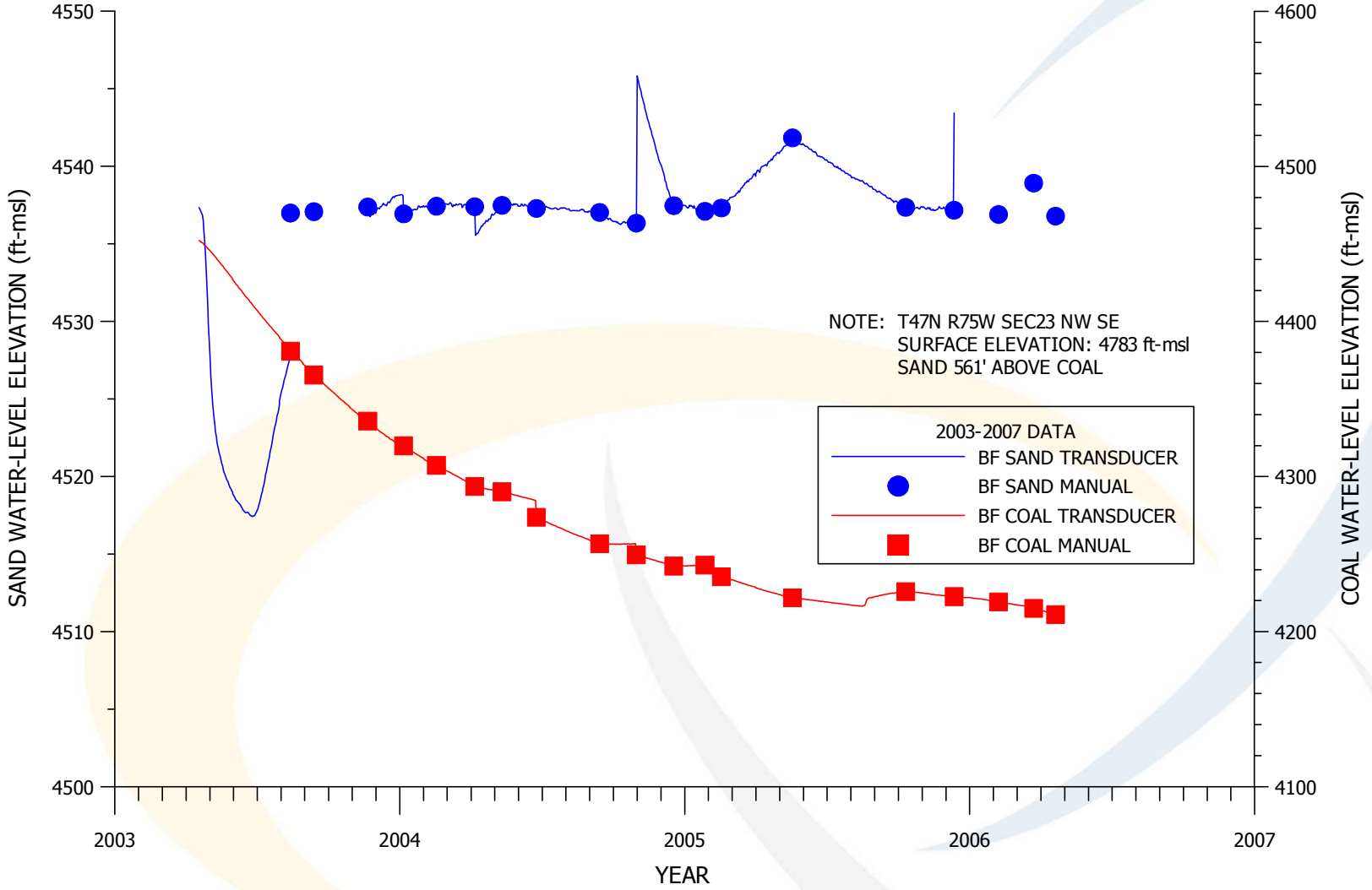
WATER-LEVEL ELEVATION VERSUS TIME FOR STREETER SAND and COAL WELLS



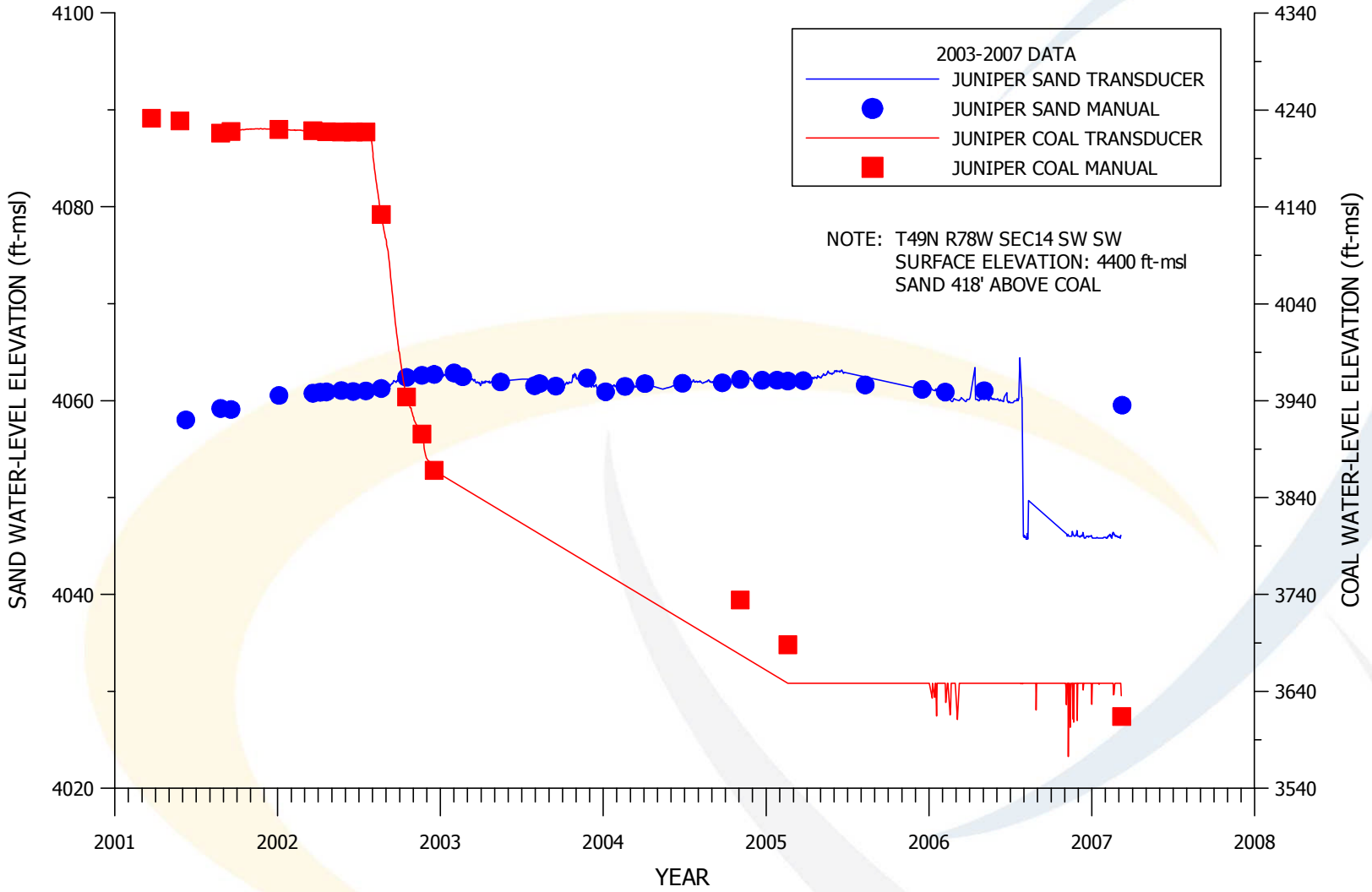
WATER-LEVEL ELEVATION VERSUS TIME FOR BULLWHACKER SAND and COAL WELLS



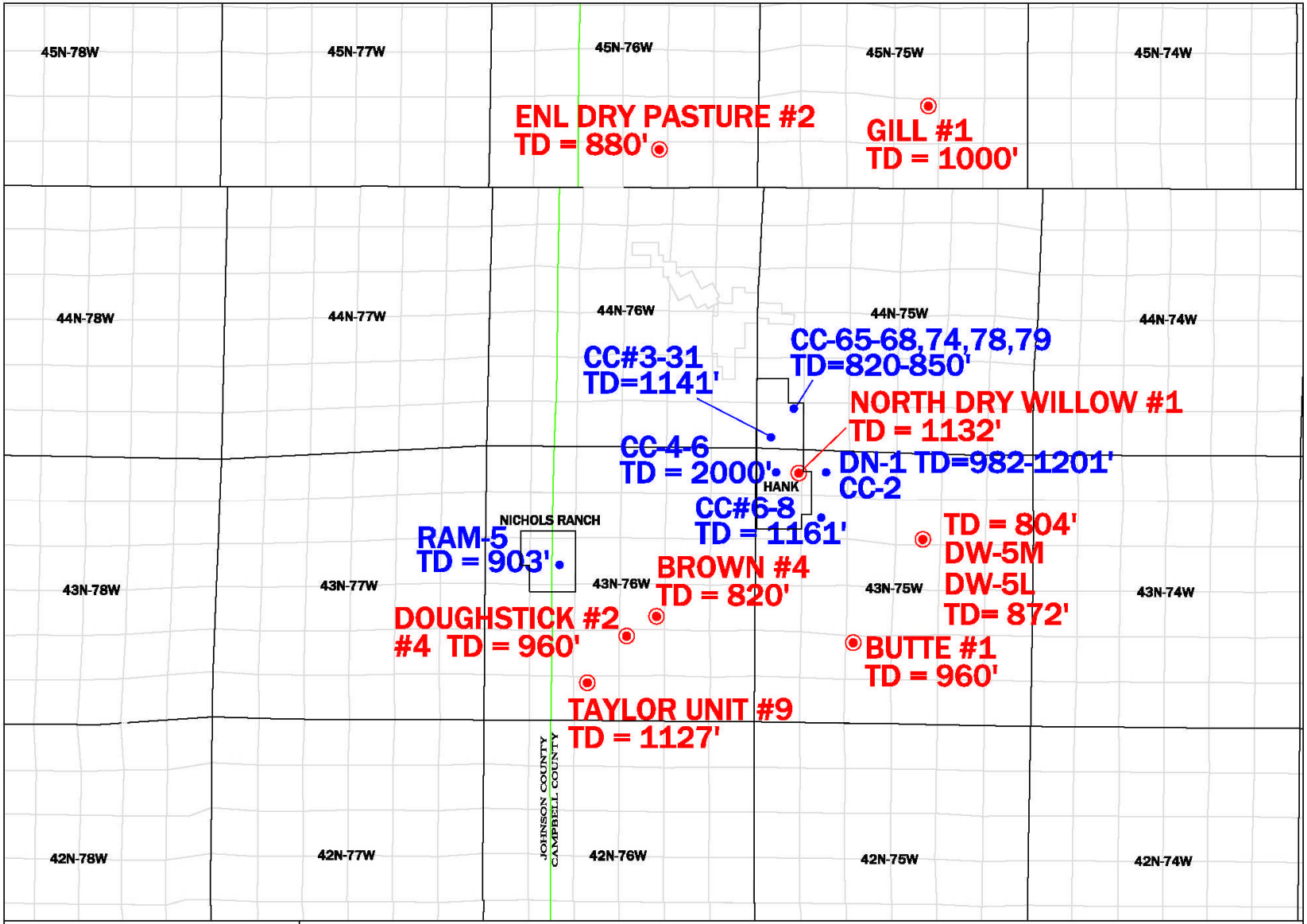
WATER-LEVEL ELEVATION VERSUS TIME FOR ALL NIGHT CREEK SAND and COAL WELLS



WATER-LEVEL ELEVATION VERSUS TIME FOR BEAVER FEDERAL SAND and COAL WELLS



WATER-LEVEL ELEVATION VERSUS TIME FOR JUNIPER SAND and COAL WELLS


45N-78W
45N-77W
45N-76W
45N-75W
45N-74W
ENL DRY PASTURE #2
TD = 880'
GILL #1
TD = 1000'
44N-78W
44N-77W
44N-76W
44N-75W
44N-74W
CC#3-31
TD=1141'
CC-65-68,74,78,79
TD=820-850'
NORTH DRY WILLOW #1
TD = 1132'
CC-4-6
TD = 2000'
DN-1 TD=982-1201'
CC-2
HANK
CC#6-8
TD = 1161'
NICHOLS RANCH
RAM-5
TD = 903'
TD = 804'
DW-5M
DW-5L
TD= 872'
43N-78W
43N-77W
43N-76W
43N-75W
43N-74W
BROWN #4
TD = 820'
DOUGHSTICK #2
#4 TD = 960'
BUTTE #1
TD = 960'
TAYLOR UNIT #9
TD = 1127'
JOHNSON COUNTY
CAMPBELL COUNTY
42N-78W
42N-77W
42N-76W
42N-75W
42N-74W
LEGEND
PERMITTED WELLS >800'
DEEP DRILL HOLES >800'
DEEP WELLS AND DRILL HOLES NEAR NICHOLS RANCH PERMIT

AQUIFER PROPERTIES

NICHOLS-A SAND

Transmissivity = 350 gal/day/ft or 47 ft^2/day
Aquifer Thickness = 90 feet
Hydraulic Conductivity = 0.50 ft/day or 0.24 Darcy
Storage Coefficient = 1.8E-4

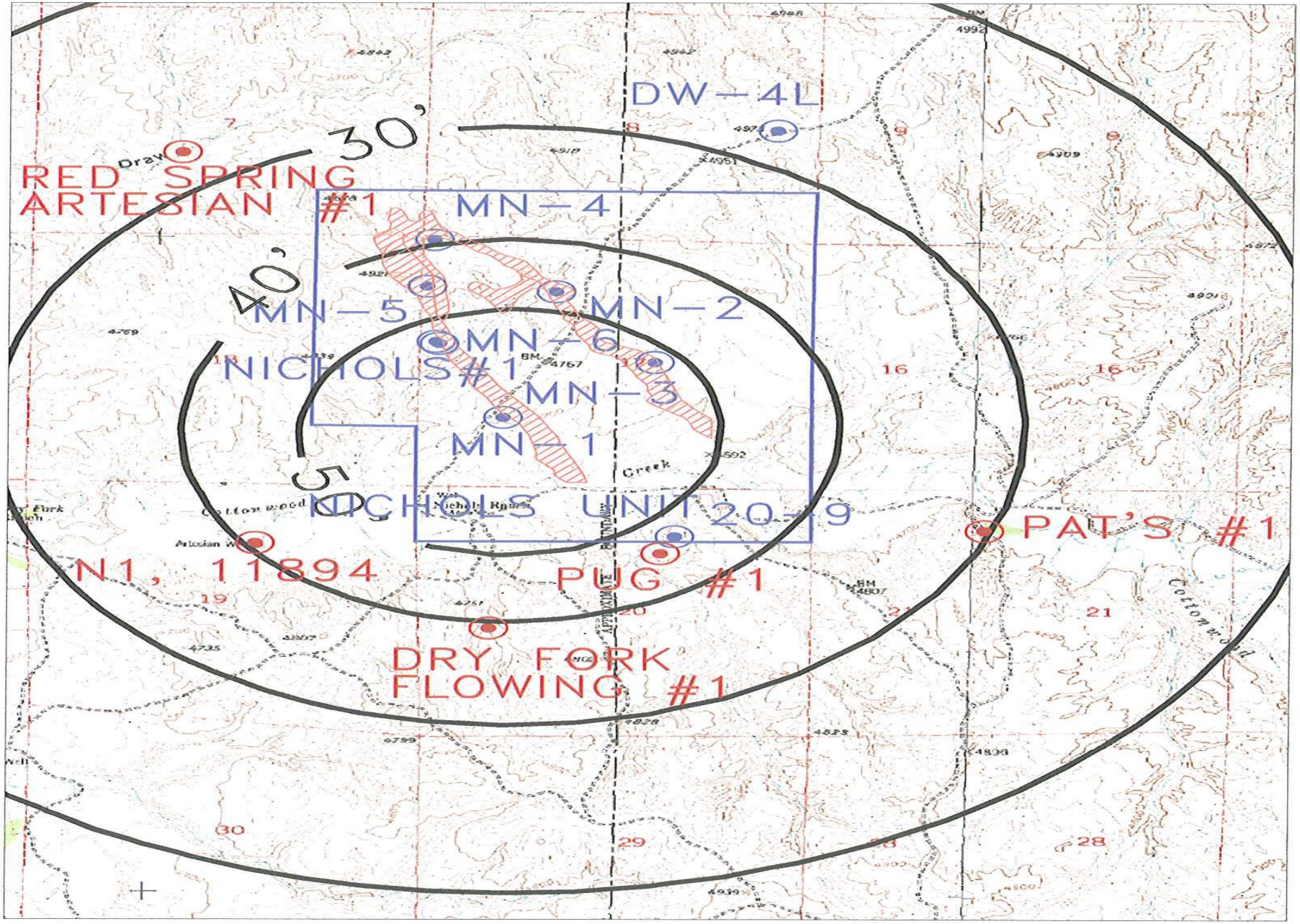
HANK - F SAND

Transmissivity = 400 gal/day/ft or 53 ft^2/day
Aquifer Thickness = 90 feet
Hydraulic Conductivity = 0.60 ft/day or 0.29 Darcy
Specific Yield = 0.05

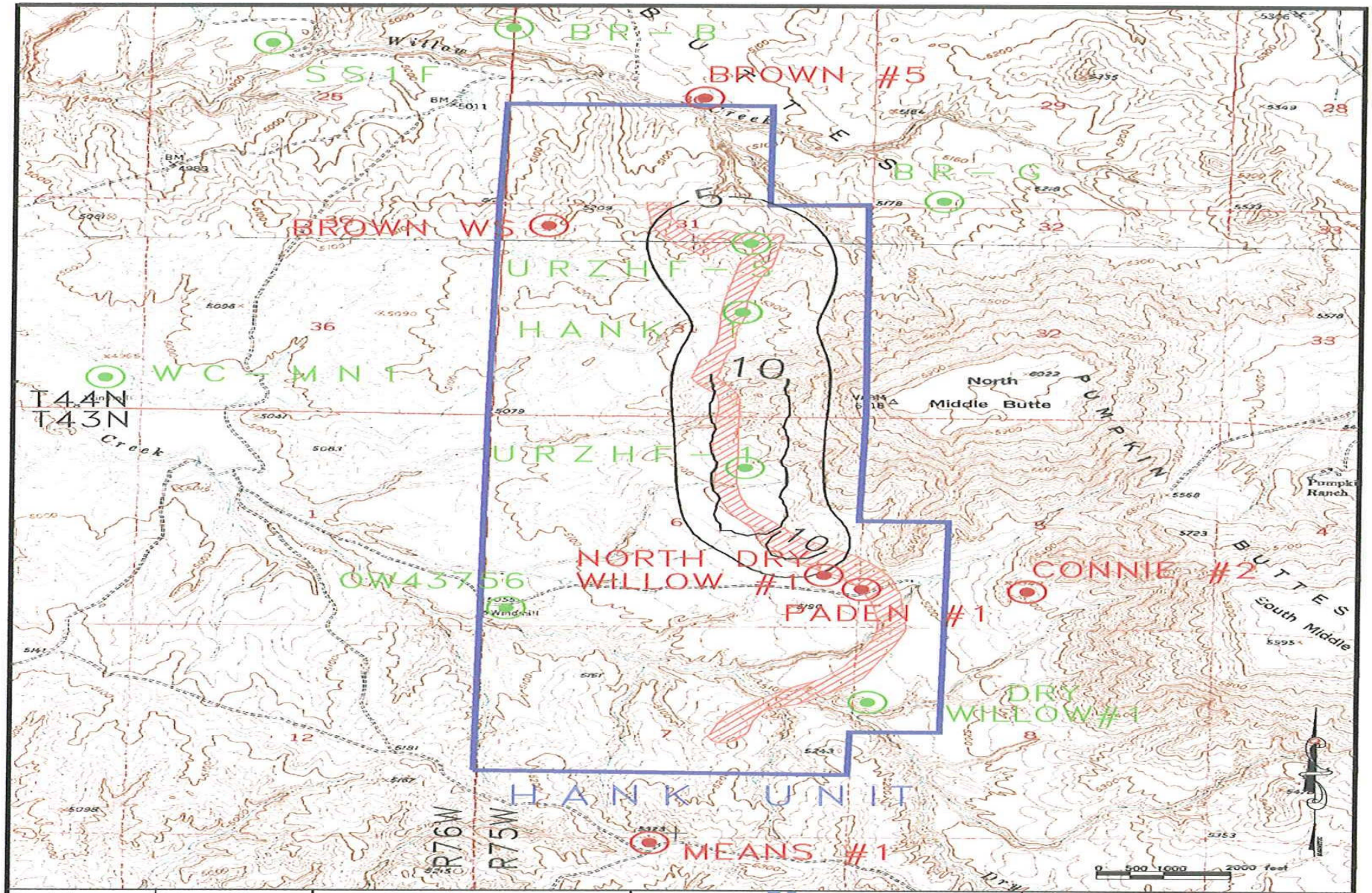
AQUITARD PROPERTIES

Measured Vertical Hydraulic Conductivities at North Butte Permit
6.4E-9 to 6.9E-8 cm/sec
Other Powder River Basin measured values are similar

$\therefore$ Vertical Hydraulic Conductivities low enough,
tests need to define continuity of aquitards
Nichols and Hank test to date demonstrate vertical confinement.
Wellfield tests will further define vertical confinement



NICHOLS RANCH DRAWDOWNS IN STOCK WELLS



By: lgrh	Date: 03/08
Contour Interval:	Revision Date:
DWG: C:\PROJECTS\2007-14\SANDS lgrh	

LEGEND: WELLFIELD
URZNF-3 F SAND WELL

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FIGURE 7-2. HANK UNIT PREDICTED DRAWDOWN AT THE END OF THREE YEARS OF ISR FOR THE F SAND, FT.

Health Physics

- After the initial installation of the CBM well, only routine monitoring of the gas houses will take place.
- One CBM operator will check on gas houses once a week to collect data.
- CBM operators will not enter into plant sites. May occassionily pass through well field.
- Would consider CBM workers as members of the public.

Health Physics Continued.

- CBM activity would not contribute to gaseous or particulate effluents. No emissions unless there is a pipeline break.
- Overall contribution to fugitive dust would be minimal.
- CBM folks conduct pre-operational environmental studies on wildlife, vegetation, etc.
- CBM service life is approximately 7 -10 years. After service life, pipes are abandoned in place. Well sites are reclaimed.

Interaction with BLM

- To date, there has been little interaction with the BLM in regards to CBM.
- Uranerz has contacted CBM producers about operations.
- Uranerz has maintained communication with the BLM with issues raised by the CBM development (cultural resources).

Questions/Wrap Up

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