

URANERZ ENERGY CORP.  
Form 10-K/A  
May 09, 2013

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 10-K/A**  
(Amendment No. 2)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **December 31, 2012**

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: **001-32974**

**URANERZ ENERGY CORPORATION**

(Exact Name of Registrant as Specified in its Charter)

**Nevada**

(State of other jurisdiction of incorporation or organization)

**98-0365605**

(I.R.S. Employer Identification No.)

**1701 East E Street**

**PO Box 50850, Casper, Wyoming**

(Address of Principal Executive Offices)

**82605-0850**

(Zip Code)

**(307) 265-8900**

(Registrant's Telephone Number, including Area Code)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of Each Class  
**Common Stock: \$0.001 par value**

Name of Each Exchange on Which Registered  
**NYSE MKT**

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SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.  
Yes [ ] No [X]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.  
Yes [ ] No [X]

Indicate by checkmark whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.  
Yes [X] No [ ]

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).  
Yes [X] No [ ]

Indicate by checkmark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to the Form 10-K. [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See the definitions of "large accelerated filer", "accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Exchange Act (Check one):

Large Accelerated Filer [ ]      Accelerated Filer [X]      Non-Accelerated Filer [ ]      Smaller Reporting Company [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).  
Yes [ ] No [X]

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter: \$88,432,240

The number of shares of the Registrant's common stock outstanding as of April 26, 2013 was 77,207,574.

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Explanatory Note: The Company hereby files this amendment number two to its annual report on Form 10-K for the year ended December 31, 2012, as originally filed with the United States Securities and Exchange Commission (the SEC ) on March 28, 2013 (the Original Report ), as first amended and restated in amendment number one, as filed with the SEC on April 29, 2013 (the First Amended Report ) to correct an unintentional error in the audit report contained in the First Amended Report. The audit report for the Company s audited annual financial statements for the year ended December 31, 2012, contained a cross-reference to the auditor s attestation report on their audit of the Company s internal control over financial reporting which states that such report expressed an unqualified opinion. The cross-reference should have stated that the attestation report expressed an adverse opinion. This amended report contains a corrected audit report in Item 8. Outside of correcting the unintentional error in the auditor s report, no disclosure contained in the Original Report or the First Amended Report is being amended, updated or otherwise revised.

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## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report and the exhibits attached hereto contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements concern the Company's anticipated results and progress of the Company's operations in future periods, planned exploration and, if warranted, enhancement of its properties, plans related to its business and other matters that may occur in the future. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, future events or performance (often, but not always, using words or phrases such as expects or does not expect, is expected, anticipates or does not anticipate, plans, estimates or intends certain actions, events or results may, could, would, might or will be taken, occur or be achieved) are not statements of historical fact and may be forward-looking statements. Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors which could cause actual events or results to differ from those expressed or implied by the forward-looking statements, including, without limitation:

- risks related to our limited operating history;
  - risks related to the probability that our properties contain reserves;
  - risks related to our past losses and expected losses in the near future;
  - risks related to our need for qualified personnel for exploring for, starting and operating a mine;
  - risks related to our lack of known reserves;
  - risks related to the fluctuation of uranium prices;
  - risks related to environmental laws and regulations and environmental risks;
  - risks related to using our in-situ recovery mining process;
  - risks related to exploration and, if warranted, development of our properties;
  - risks related to our ability to acquire necessary mining licenses or permits;
  - risks related to our ability to make property payment obligations;
  - risks related to the competitive nature of the mining industry;
  - risks related to our dependence on key personnel;
  - risks related to requirements for new personnel;
  - risks related to securities regulations;
  - risks related to stock price and volume volatility;
  - risks related to dilution;
  - risks related to our lack of dividends;
  - risks related to our ability to access capital markets;
  - risks related to market events;
  - risks related to our issuance of additional shares of common stock;
  - risks related to acquisition and integration issues;
  - risks related to defects in title to our mineral properties;
  - risks related to the construction and delay in construction of the Nichols Ranch ISR Uranium Project;
  - risks related to our ability to initiate production and achieve targeted production rates at our Nichols Ranch ISR Uranium Project;
  - risks related to higher than expected operating costs at our Nichols Ranch ISR Uranium Project; and
  - risks related to our ability to complete construction of the Nichols Ranch ISR Uranium Project if the Wyoming Business Council financing is not obtained.
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This list is not exhaustive of the factors that may affect our forward-looking statements. Some of the important risks and uncertainties that could affect forward-looking statements are described further under the section headings Item 1. Description of the Business , Item 1A. Risk Factors and Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations of our Annual Report on Form 10-K/A filed with the SEC on April 29, 2013. Although we have attempted to identify important factors that could cause actual results to differ materially from those described in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, believed, estimated or expected. We caution readers not to place undue reliance on any such forward-looking statements, which speak only as of the date made. Except as required by law, we disclaim any obligation subsequently to revise any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events. **We qualify all the forward-looking statements contained in this Annual Report by the foregoing cautionary statements.**

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**PART II**

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

Uranerz Energy Corporation  
(An Exploration Stage Company)

December 31, 2012 (Restated)

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**Report of Independent Registered Public Accounting Firm**

To the Directors and Stockholders  
Uranerz Energy Corporation  
(An Exploration Stage Company)

We have audited the accompanying consolidated balance sheets of Uranerz Energy Corporation as of December 31, 2012 and 2011 and the related consolidated statements of comprehensive loss, cash flows and stockholders' equity for each of the three years in the period ended December 31, 2012 and accumulated from May 26, 1999 (Date of Inception) to December 31, 2012. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidation financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Uranerz Energy Corporation as of December 31, 2012 and 2011, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2012 and accumulated from May 26, 1999 (Date of Inception) to December 31, 2012, in conformity with accounting principles generally accepted in the United States.

As described in Note 16 to the consolidated financial statements, the Company has corrected its treatment of certain costs incurred in 2011 and 2012 to expense them rather than capitalize them to construction in progress and property and equipment. This change has been reflected in the December 31, 2012 and 2011 consolidated financial statements, both of which have been restated.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has incurred cumulative losses and does not have sufficient cash to complete its current plan, which raises substantial doubt about the Company's ability to continue as a going concern. Management's plans regarding this matter are also described in Notes 1 and 15 b) & c). The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2012, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 28, 2013, except for the effect of the restatement described in Note 16 to the consolidated financial statements and the matter described in the third and fourth paragraphs of Management's Report on Internal Control over Financial Reporting (Restated), as to which the date is April 24, 2013, expressed an adverse opinion thereon.

*/s/ Manning Elliott LLP*

CHARTERED ACCOUNTANTS

Vancouver, Canada

April 24, 2013

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Uranerz Energy Corporation  
(An Exploration Stage Company)  
Consolidated Balance Sheets  
Expressed in US dollars)

	December 31, 2012 \$ (Restated Note 16)	December 31, 2011 \$ (Restated Note 16)
<b>ASSETS</b>		
Current Assets		
Cash	7,016,710	34,644,745
Prepaid expenses and deposits (Note 5(a))	824,162	890,848
Other current assets	28,486	29,826
Total Current Assets	7,869,358	35,565,419
Prepaid Expenses and Deposits (Note 5(a))	1,024,136	816,016
Mineral Property Reclamation Surety Deposits (Note 7)	2,068,399	2,043,107
Property and Equipment (Note 3)	591,601	469,934
Total Assets	11,553,494	38,894,476
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
Current Liabilities		
Accounts payable	1,269,967	1,507,968
Accrued liabilities (Note 5(b) and 6(f))	866,807	1,226,242
Due to related parties (Note 6(b))	14,534	71,340
Total Current Liabilities	2,151,308	2,805,550
Asset Retirement Obligations (Note 7)	1,071,843	339,564
Total Liabilities	3,223,151	3,145,114
Commitments and Contingencies (Notes 5 and 12)		
Subsequent Events (Note 15)		
Stockholders Equity		
Preferred Stock, 10,000,000 shares authorized, \$0.001 par value; No shares issued and outstanding		
Common Stock, 750,000,000 shares authorized, \$0.001 par value; 77,207,574 (2011 - 77,086,774) shares issued and outstanding		
	77,208	77,087
Additional Paid-in Capital	145,421,983	143,876,826
Deficit Accumulated During the Exploration Stage	(137,291,216)	(108,316,767)
Total Stockholders Equity	8,207,975	35,637,146
Non-controlling Interest	122,368	112,216
Total Equity	8,330,343	35,749,362
Total Liabilities and Stockholders Equity	11,553,494	38,894,476

(The accompanying notes are an integral part of these consolidated financial statements)

Uranerz Energy Corporation  
(An Exploration Stage Company)  
Consolidated Statements of Comprehensive Loss  
(Expressed in US dollars)

	Accumulated From May 26, 1999 (Date of Inception) to December 31, 2012 \$ (Restated Note 16)	2012 \$ (Restated Note 16)	Years Ended December 31, 2011 \$ (Restated Note 16)	2010 \$
Revenue				
Expenses				
Depreciation	1,035,035	241,610	215,740	200,266
Accretion expense (Note 7)	52,417	49,899	2,518	
Foreign exchange	105,107	22,612	49,610	5,464
General and administrative (Note 9)	56,766,466	6,274,247	12,995,662	8,424,053
Mineral property expenditures	85,677,992	22,801,376	12,259,691	6,661,909
Total Operating Expenses	143,637,017	29,389,744	25,523,221	15,291,692
Operating Loss	(143,637,017)	(29,389,744)	(25,523,221)	(15,291,692)
Other Income (Expense)				
Gain on sale of investment securities	79,129			
Interest income	2,061,331	42,407	79,165	52,290
Loss on settlement of debt	(132,000)			
	152,477			

Mineral property option payments received				
Total Other Income	2,160,937	42,407	79,165	52,290
Loss from continuing operations	(141,476,080)	(29,347,337)	(25,444,056)	(15,239,402)
Discontinued operations				
Loss from discontinued operations	(28,732)			
Gain on disposal of discontinued operations	979,709			
Gain on Discontinued Operations	950,977			
Net Loss and Comprehensive Loss	(140,525,103)	(29,347,337)	(25,444,056)	(15,239,402)
Net Loss and Comprehensive Loss attributable to non-controlling interest	3,233,887	372,888	570,423	639,419
Net Loss and Comprehensive Loss Attributable to Company Stockholders	(137,291,216)	(28,974,449)	(24,873,633)	(14,599,983)
Amounts attributable to Company stockholders				
Loss from continuing operations	(138,242,193)	(28,974,449)	(24,873,633)	(14,599,983)
Gain on discontinued	950,977			

operations				
Net Loss	(137,291,216)	(28,974,449)	(24,873,633)	(14,599,983)
Attributable to the Company				
Net Loss Per Share Basic and Diluted		(0.38)	(0.33)	(0.23)
Weighted Average Number of Shares Outstanding		77,166,000	75,981,000	64,433,000

(The accompanying notes are an integral part of these consolidated financial statements)

Uranerz Energy Corporation  
(An Exploration Stage Company)  
Consolidated Statements of Cash Flows  
(Expressed in US dollars)

	Accumulated From May 26, 1999 (Date of Inception) to December 31, 2012 \$ (Restated Note 16)		2012 \$ (Restated Note 16)		Years Ended December 31, 2011 \$ (Restated Note 16)		2010 \$
Operating Activities							
Net loss and comprehensive loss	(140,525,103)		(29,347,337)		(25,444,056)		(15,239,402)
Adjustments to reconcile net loss to cash used in operating activities:							
Depreciation	1,035,035		241,610		215,740		200,266
Accretion expense	52,417		49,899		2,518		
Increase in asset retirement obligation	1,019,426		682,380		337,046		
Equity loss on investment	74,617						
Gain on disposition of discontinued operations	(979,709)						
Gain on sale of investment securities	(79,129)						
Loss on settlement of debt	132,000						

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(37,500)

Non-cash  
mineral  
property option  
payment

Shares	19,105,000			
issued to acquire mineral properties				
	1,258,000			1,258,000

Warrants  
issued for  
mineral  
property costs

	28,218,039	1,448,394	6,404,307	3,746,165
Stock-based compensation				

Changes  
in operating  
assets and  
liabilities:

Prepaid expenses and deposits	(1,842,061)	(141,434)	(65,012)	(908,009)
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Other current assets	(28,461)	1,340	2,185	(8,302)
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Accounts payable and accrued liabilities	2,267,441	(546,315)	1,972,789	60,471
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Due to related parties	485,293	(56,806)	22,154	(5,734)
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Net Cash Used in Operating Activities	(89,844,695)	(27,668,269)	(16,552,329)	(10,896,545)
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Investing  
Activities

	(2,068,399)	(25,292)	(23,386)	(1,700,938)
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Reclamation  
surety deposits

	(48)			
Acquisition of subsidiary, net cash paid				
	20,548,664			8,766,943

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Proceeds from sale of marketable securities	(1,528,220)	(414,398)	(131,424)	(162,415)
Investment in property and equipment				
Purchase of investment securities	(20,432,035)			
Disposition of subsidiary	905,092			
Net Cash Used in Investing Activities	(2,574,946)	(439,690)	(154,810)	6,903,590
Financing Activities				
	(98,414)			(18,079)
Repayment of loan payable				
Advances from related party	10,700			
Contributions from non-controlling interest	3,356,256	383,040	574,686	692,852
Proceeds from issuance of common stock	100,674,947	96,884	14,364,471	20,506,915
Share issuance costs	(4,507,138)		(24,643)	(1,177,395)
Net Cash Provided by Financing Activities	99,436,351	479,924	14,914,514	20,004,293
Increase (Decrease) In Cash	7,016,710	(27,628,035)	(1,792,625)	16,011,338
Cash - Beginning of		34,644,745	36,437,370	20,426,032

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Period				
Cash - End of Period	7,016,710	7,016,710	34,644,745	36,437,370
Non-cash Investing and Financing Activities				
Sale of 60% of subsidiary for interest in mineral property	774,216			
Investment securities received as a mineral property option payment	37,500			
Purchase of equipment with loan payable	98,414			
Stock options issued for mineral property expenditures	170,598	113,423	57,175	
Common stock issued to settle debt	744,080			
Warrants issued for mineral property costs	1,258,000			1,258,000
Common stock issued for mineral property costs	19,105,000			
Supplemental Disclosures				
Interest paid	12,608		424	404
Income taxes paid				

(The accompanying notes are an integral part of these consolidated financial statements)





Uranerz Energy Corporation  
(An Exploration Stage Company)  
Consolidated Statement of Stockholders' Equity  
For the Period from May 26, 1999 (Date of Inception) to December 31, 2012  
(Expressed in US dollars)

	Common Shares #	Stock Amount \$	Additional Paid-in Capital \$	Accumulated Other Comprehensive Income \$	Deficit Accumulated During the Development Stage \$	Non-Controlling Interest \$	Total \$
Balance, May 26, 1999 (Date of inception)							
Net loss for the period					(2,465)		(2,465)
Balance, December 31, 1999					(2,465)		(2,465)
Net loss for the year							
Balance, December 31, 2000					(2,465)		(2,465)
Shares issued for cash at \$0.001 per share	1,500,000	1,500					1,500
Shares issued for cash at \$0.01 per share	2,500,000	2,500	22,500				25,000
Shares issued to acquire mineral property interest at \$0.01 per share	1,500,000	1,500	13,500				15,000
Shares issued for cash at \$0.35 per share	90,500	91	31,584				31,675
Net loss for the year					(47,158)		(47,158)
Balance, December 31,	5,590,500	5,591	67,584		(49,623)		23,552

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2001					
Shares issued for cash at \$0.35 per share	50,000	50	17,450		17,500
Net loss for the year				(51,671)	(51,671)
Balance, December 31, 2002	5,640,500	5,641	85,034	(101,294)	(10,619)
Net loss for the year				(26,916)	(26,916)
Balance, December 31, 2003	5,640,500	5,641	85,034	(128,210)	(37,535)
Net loss for the year			-	(20,096)	(20,096)
Balance, December 31, 2004	5,640,500	5,641	85,034	(148,306)	(57,631)
Shares issued for cash at \$0.10 per share	6,959,500	6,959	688,991		695,950
Shares issued for cash at \$0.40 per unit	5,420,000	5,420	2,162,580		2,168,000
Share issuance costs			(43,987)		(43,987)
Shares issued to settle debt	200,000	200	211,800		212,000
Shares issued for compensation to related parties at a fair value of \$1.01 per share	3,775,000	3,775	3,808,975		3,812,750
Net loss for the year				(5,002,225)	(5,002,225)
Balance, December 31, 2005	21,995,000	21,995	6,913,393	(5,150,531)	1,784,857

(The accompanying notes are an integral part of these consolidated financial statements)

Uranerz Energy Corporation  
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Consolidated Statements of Stockholders' Equity  
For the Period from May 26, 1999 (Date of Inception) to December 31, 2012  
(Expressed in US dollars)

	Common Shares #	Stock Amount \$	Additional Paid-in Capital \$	Accumulated Other Comprehensive Income \$	Deficit Accumulated During the Development Stage \$	Non-Controlling Interest \$	Total \$
Balance, December 31, 2005	21,995,000	21,995	6,913,393		(5,150,531)		1,784,857
Shares issued for cash at \$1.00 per share	7,245,000	7,245	7,237,755				7,245,000
Shares issued for cash at \$1.75 per share	2,142,200	2,142	3,746,708				3,748,850
Share issuance costs			(516,964)				(516,964)
Shares issued for finders fees	238,498	238	277,460				277,698
Shares issued upon the exercise of warrants	2,700,000	2,700	1,774,550				1,777,250
Shares issued for services at \$0.91 per share	100,000	100	90,900				91,000
Shares and options issued to settle debt	139,640	140	129,690				129,830
Fair value of stock options granted			4,124,025				4,124,025

Foreign currency translation adjustments						
Net loss for the year					(6,548,901)	(6,548,901)
Balance, December 31, 2006	34,560,338	34,560	23,777,517	542	(11,699,432)	12,113,187
Shares issued upon the exercise of warrants	4,481,749	4,482	8,312,196			8,316,678
Shares issued upon the exercise of options	182,000	182	287,918			288,100
Fair value of stock options granted			4,997,753			4,997,753
Foreign currency translation adjustments					(61)	(61)
Net loss for the year					(14,197,366)	(14,197,366)
Balance, December 31, 2007	39,224,087	39,224	37,375,384	481	(25,896,798)	11,518,291
Shares issued to acquire mineral properties	5,750,000	5,750	19,084,250			19,090,000
Shares issued upon the exercise of warrants	96,100	96	240,154			240,250
Shares issued upon the exercise of options	356,300	356	304,669			305,025
Shares issued pursuant to private placement	9,865,000	9,865	23,666,135			23,676,000
Shares issued to settle debt	160,900	161	402,089			402,250

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Share issuance costs			(1,387,219)			(1,387,219)
Fair value of stock options granted			2,681,417			2,681,417
Foreign currency translation adjustments				(481)		(481)
Net loss for the year				(34,247,199)	(949,185)	(35,196,384)
Contribution from non-controlling interest					1,018,770	1,018,770
Balance, December 31, 2008	55,452,387	55,452	82,366,879	(60,143,997)	69,585	22,347,919
Shares issued upon the exercise of options	242,500	243	165,882			166,125
Shares issued pursuant to public offering	8,500,000	8,500	16,991,500			17,000,000
Share issuance costs			(1,634,628)			(1,634,628)
Fair value of stock options granted			922,265			922,265
Net loss for the year				(8,699,154)	(701,972)	(9,401,126)
Contribution from non-controlling interest					686,908	686,908
Balance, December 31, 2009	64,194,887	64,195	98,811,898	(68,843,151)	54,521	30,087,463

(The accompanying notes are an integral part of these consolidated financial statements)

Uranerz Energy Corporation  
(An Exploration Stage Company)  
Consolidated Statement of Stockholders' Equity  
For the Period from May 26, 1999 (Date of Inception) to December 31, 2012  
(Expressed in US dollars)

	Common Stock Shares #	Common Stock Amount \$	Additional Paid-in Capital \$	Deficit Accumulated During the Development Stage \$	Non-Controlling Interest \$	Total \$
Balance, December 31, 2009	64,194,887	64,195	98,811,898	(68,843,151)	54,521	30,087,463
Fair value of stock options granted			3,746,165			3,746,165
Fair value of warrants issued for mineral property costs			1,258,000			1,258,000
Shares issued upon the exercise of options	454,100	454	431,461			431,915
Shares issued upon the exercise of warrants	25,000	25	74,975			75,000
Shares issued pursuant to public offering	6,147,446	6,147	19,993,853			20,000,000
Share issuance costs			(1,177,395)			(1,177,395)
Net loss for the year				(14,599,983)	(639,419)	(15,239,402)
Contribution from non-controlling interest					692,852	692,852
Balance, December 31, 2010	70,821,433	70,821	123,138,957	(83,443,134)	107,954	39,874,598
Fair value of stock options granted			6,404,307			6,404,307
Shares issued upon the exercise of options	2,223,920	2,224	2,237,984			2,240,208
Shares issued upon the exercise of warrants	4,041,421	4,042	12,120,221			12,124,263
Share issuance costs			(24,643)			(24,643)
Contribution from non-controlling interest					574,685	574,685
				(24,873,633)	(570,423)	(25,444,056)

Net loss for the year (Restated - Note 16)						
Balance, December 31, 2011 (Restated - Note 16)	77,086,774	77,087	143,876,826	(108,316,767)	112,216	35,749,362
Fair value of stock options granted			1,448,394			1,448,394
Common stock issued upon the exercise of options	120,800	121	96,763			96,884
Contribution from non-controlling interest					383,040	383,040
Net loss and comprehensive loss for the year (Restated - Note 16)				(28,974,449)	(372,888)	(29,347,337)
Balance, December 31, 2012 (Restated - Note 16)	77,207,574	77,208	145,421,983	(137,291,216)	122,368	8,330,343

(The accompanying notes are an integral part of these consolidated financial statements)



Uranerz Energy Corporation  
(An Exploration Stage Company)  
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1. Nature of Operations

Uranerz Energy Corporation (the Company) was incorporated in the State of Nevada, U.S.A. on May 26, 1999. Effective July 5, 2005, the Company changed its name from Carleton Ventures Corp. to Uranerz Energy Corporation. The Company has mineral property interests in the United States.

The Company is an Exploration Stage Company, as defined by Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 915, *Development Stage Entities*. The Company's principal business is the acquisition and exploitation of uranium and mineral resources.

As at December 31, 2012, the Company has an accumulated deficit, no debt and cash on hand of \$7,016,710. The Company's operating expenditure plan for the following 12 months will require cash of \$7,000,000 and the Company's Nichols Ranch ISR Uranium Project will require cash of \$18,000,000. To meet the cash requirement to carry out its complete plan, the Company will be required to raise financing through borrowing, issuing additional shares, or a combination of borrowing and issuing additional shares. Accordingly, there are material uncertainties that cast substantial doubt about the Company's ability to continue as a going concern. Management has plans in place to address the Company's cash requirements, as outlined in Notes 15(b) and (c). The completion of any plan is dependent on various factors, some of which are beyond management's control, and there can be no assurance that they will be successful.

2. Summary of Significant Accounting Policies

a) Basis of Presentation and Principles of Consolidation

These consolidated financial statements and related notes are presented in accordance with accounting principles generally accepted in the United States, and are expressed in US dollars. These consolidated financial statements include the accounts of the Company and the accounts of an unincorporated venture, Arkose Mining Venture (Arkose) in which the Company holds an 81% interest and maintains majority voting control. The Company's fiscal year-end is December 31.

b) Use of Estimates

The preparation of these consolidated statements in accordance with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. The Company regularly evaluates estimates and assumptions related to useful life and recoverability of long-lived assets, stock-based compensation, asset retirement obligations, deferred income tax asset valuations, fair values of financial instruments and loss contingencies. The Company bases its estimates and assumptions on current facts, historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. The actual results experienced by the Company may differ materially and adversely from the Company's estimates. To the extent there are material differences between the estimates and the actual results, future results of

operations will be affected.

c) Cash and Cash Equivalents

The Company considers all highly liquid instruments with maturities of three months or less at the time of issuance to be cash equivalents.

d) Property and Equipment

Property and equipment consists of computers, office equipment and field equipment. These assets are recorded at cost and are depreciated on a straight-line basis over their estimated lives.

e) Financial Instruments/Concentrations

Financial instruments consist principally of cash and cash equivalents and accounts payable. Pursuant to ASC 820, *Fair Value Measurements and Disclosures* and ASC 825, *Financial Instruments* the fair value of cash equivalents and marketable securities is determined based on Level 1 inputs, which consist of quoted prices in active markets for identical assets. The recorded values of all other financial instruments approximate their current fair values because of their nature and respective relatively short maturity dates or durations.

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Uranerz Energy Corporation  
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2. Summary of Significant Accounting Policies (continued)

f) Mineral Property Costs

The Company is primarily engaged in the acquisition, exploration and exploitation of mineral properties with the objective of extracting minerals from these properties.

Mineral property exploration costs are expensed as incurred. Costs for acquired mineral property databases are capitalized and then impaired if the criteria for capitalization are not met. Capitalization of mine development costs that meet the definition of an asset commence once all operating mineralization is classified as proven and probable reserves, and a bankable feasibility study has been completed.

Mineral property acquisition costs are capitalized initially and then expensed if the criteria for capitalization are not met and unless the Company determines a property can be economically developed as a result of establishing proven and probable reserves, a bankable feasibility study and reasonably securing all operating permits. In the event that a mineral property is acquired through the issuance of the Company's shares, the mineral property is recorded at the fair value of the respective property or the fair value of common shares and other instruments issued, whichever is more readily determinable.

When mineral properties are acquired under option agreements with future acquisition payments to be made at the sole discretion of the Company, those future payments, whether in cash, shares, or other instruments are recorded only when the Company has made or is obliged to make the payment or issue the shares or instruments.

Certain costs incurred constructing a mineral processing facility are expensed as incurred. These costs include the site preparation, processing plant and equipment for in situ uranium mining.

During the year ended December 31, 2012, mineral property expenditures totalling \$22,801,376 (2011 - \$12,259,691, 2010 - \$6,661,909) were expensed, including \$21,280,188 (2011 - \$9,754,067, 2010 - \$Nil) of wellfield and construction costs related to our Nichols Ranch ISR Uranium Project.

h) Contingent Liabilities - Off Balance Sheet Arrangements

The Company has obtained financial surety relating to certain of its future restoration and reclamation obligations as required by regulatory agencies. The Company has bank Letters of Credit and performance bonds issued for the benefit of the Company to satisfy these regulatory requirements.

i) Asset Retirement Obligations

United States regulatory authorities require the Company to restore and reclaim its mine area after mining is completed. Pursuant to ASC 410, *Asset Retirement and Environmental Obligations*, the fair value of asset retirement obligation is recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. Upon initial recognition of a liability, the fair value of the liability is added to the carrying amount of the associated asset and this additional carrying amount is depreciated over the life of

the asset. Future reclamation and remediation costs are accrued based on management's best estimate at the end of each period of the costs expected to be incurred to remediate each project.

Estimations and assumptions used in applying the expected present value technique to determine fair values are reviewed periodically. At December 31, 2012, the Company had accrued \$1,071,843 (2011 - \$339,564) for restoration and reclamation obligations.

Estimated site restoration costs for exploration activities are accrued when incurred. Costs for environmental remediation are estimated each period by management based on current regulations, actual expenses incurred, available technology and industry standards. Any change in these estimates is included in exploration expense during the period and the actual restoration expenditure incurred are charged to the accumulated asset retirement obligation provision as the restoration work is completed. At December 31, 2012, the Company has recorded \$39,000 (2011 - \$50,160) for well reclamation obligations in accrued liabilities for which work is required as part of its ongoing exploration expenses.

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2. Summary of Significant Accounting Policies (continued)

j) Foreign Currency Translation

The functional and reporting currency of the Company is the United States dollar. Monetary assets and liabilities denominated in foreign currencies are translated to United States dollars in accordance with ASC 740, Foreign Currency Translation Matters, using the exchange rate prevailing at the balance sheet date. Gains and losses arising on translation or settlement of foreign currency denominated transactions or balances are included in the determination of net income or loss. Foreign currency transactions are primarily undertaken in Canadian dollars. The Company has not, to the date of these consolidated financial statements, entered into derivative instruments to offset the impact of foreign currency fluctuations.

k) Comprehensive Loss

ASC 220, *Comprehensive Income* establishes standards for the reporting and display of comprehensive loss and its components in the consolidated financial statements. During the years ended December 31, 2012, 2011 and 2010, the Company had no items that represent other comprehensive loss.

l) Long-lived Assets

In accordance with ASC 360, *Property Plant and Equipment* the Company tests long-lived assets or asset groups for recoverability when events or changes in circumstances indicate that their carrying amount may not be recoverable. Circumstances which could trigger a review include, but are not limited to: significant decreases in the market price of the asset; significant adverse changes in the business climate or legal factors; accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of the asset; decreases in current period cash flows or operating losses, combined with a history of losses or a forecast of continuing losses associated with the use of the asset; and a current expectation that the asset will more likely than not be sold or disposed significantly before the end of its estimated useful life.

Recoverability is assessed based on the carrying amount of the asset and its fair value which is generally determined based on the sum of the undiscounted cash flows expected to result from the use and eventual disposal of the asset, as well as specific appraisals in certain instances. An impairment loss is recognized when the carrying amount is not recoverable and exceeds fair value.

m) Stock-based Compensation

The Company records stock-based compensation in accordance with ASC 718, *Compensation - Stock Based Compensation*, which requires the measurement and recognition of compensation expense based on estimated fair values for all share-based awards made to employees and directors, including stock options.

ASC 718 requires companies to estimate the fair value of share-based awards on the date of grant using an option-pricing model. The Company uses the Black-Scholes option-pricing model as its method of

determining fair value. This model is affected by the Company's stock price as well as assumptions regarding a number of subjective variables. These subjective variables include, but are not limited to the Company's expected stock price volatility over the term of the awards, and actual and projected employee stock option exercise behaviours. The value of the portion of the award that is ultimately expected to vest is recognized as an expense in the statement of operations over the requisite service period.

Options granted to consultants are valued based at the fair value of the service received by the Company unless the amount is not readily determinable, in which case they are valued using the Black Scholes model.

n) Basic and Diluted Net Loss Per Share

The Company computes net loss per share in accordance with ASC 260, *Earnings per Share*. ASC 260 requires presentation of both basic and diluted earnings per share (EPS) on the face of the statement of operations. Basic EPS is computed by dividing net income (loss) available to common shareholders (numerator) by the weighted average number of shares outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period using the treasury stock method and convertible preferred stock using the if-converted method. In computing diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS excludes all dilutive potential shares if their effect is anti-dilutive. Shares underlying these securities totaled approximately 11,225,880 as of December 31, 2012 (2011 - 9,751,180; 2010 - 12,960,600).

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2. Summary of Significant Accounting Policies (continued)

o) Income Taxes

Potential benefits of income tax losses are not recognized in the accounts until realization is more likely than not. The Company has adopted ASC 740, *Income Taxes* as of its inception. Pursuant to ASC 740 the Company is required to compute tax asset benefits for net operating losses carried forward and mineral property acquisition, exploration and development costs. The potential benefits of net operating losses have not been recognized in these consolidated financial statements because the Company cannot be assured that it is more likely than not to utilize the net operating losses carried forward in future years.

p) Recent Accounting Pronouncements

The Company has implemented all new accounting pronouncements that are in effect and that may impact its consolidated financial statements.

Fair Value Accounting

In May 2011, ASC guidance was issued related to disclosures around fair value accounting. The updated guidance clarifies different components of fair value accounting including the application of the highest and best use and valuation premise concepts, measuring the fair value of an instrument classified in a reporting entity's shareholders' equity and disclosing quantitative information about the unobservable inputs used in fair value measurements that are categorized in Level 3 of the fair value hierarchy. The Company's January 1, 2012 adoption of the updated guidance had no impact on the Company's consolidated financial position, results of operations or cash flows.

Comprehensive Loss/income

In June 2011, the ASC guidance was issued related to comprehensive income/loss. Under the updated guidance, an entity will have the option to present the total of comprehensive income/ loss either in a single continuous statement of comprehensive income/loss or in two separate but consecutive statements. In addition, the update required certain disclosure requirements when reporting other comprehensive income/ loss. The update does not change the items reported in other comprehensive income/ loss or when an item of other comprehensive income/ loss must be reclassified to income. The Company adopted the new guidance and presents the total comprehensive loss in a single continuous statement of comprehensive loss effective for its fiscal year beginning January 1, 2012.

q) Recently Issued Accounting Pronouncements

Reporting of Amounts Reclassified out of Accumulated Other Comprehensive Income

In February, 2013, ASC guidance was issued related to items reclassified from Accumulated Other Comprehensive Income. The new standard requires either in a single note or parenthetically on the face of the financial statements: (i) the effect of significant amounts reclassified from each component of

accumulated other comprehensive income based on its source and (ii) the income statement line items affected by the reclassification. The update is effective for the Company's fiscal year beginning January 1, 2013, with early adoption permitted. The Company does not expect the guidance to have a significant impact on the consolidated financial position, results of operations or cash flows.

#### Disclosures about Offsetting Assets and Liabilities

In November 2011, ASC guidance was issued related to disclosures about offsetting assets and liabilities. The new standard requires disclosures to allow investors to better compare financial statements prepared under U.S GAAP with financial statements prepared under IFRS. The update is effected for the Company's fiscal year beginning January 1, 2013, and interim periods within those annual periods. Retrospective application is required.

In January 2013, ASC guidance was issued to clarify that the disclosure requirements are limited to derivatives, repurchase agreements, and securities lending transactions to the extent that they are (i) offset in the financial statements or (ii) subject to an enforceable master netting arrangement or similar agreement. The Company does not expect the updated guidance to have an impact on the consolidated financial position, results of operations or cash flows.

#### r) Reclassifications

Certain reclassifications have been made to the prior period's consolidated financial statements to conform to the current year's presentation.



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3. Property and Equipment

	Cost \$	Accumulated Depreciation \$	December 31, 2012 Net Carrying Value \$ (Restated - Note 16)	December 31, 2011 Net Carrying Value \$ (Restated - Note 16)
Computers and office equipment	311,068	213,069	97,999	85,258
Field equipment	1,315,567	821,965	493,602	384,676
	1,626,635	1,035,034	591,601	469,934

4. Mineral Properties

- a) On November 18, 2005, the Company entered into an agreement to acquire a 100% interest in 10 mining claims located in the Powder River Basin area, Wyoming, in consideration of advanced royalty payment of \$250,000. The amounts were paid in installments and completed by January 2007. These mining claims are mainly located on Nichols Ranch ISR Uranium Project and subject to varying royalty interest indexed to the sales price of uranium.
- b) On December 9, 2005, the Company entered into an option agreement to acquire a 100% interest in 44 mining claims within six mineral properties located in the Powder River Basin area, Wyoming. As at December 31, 2007 all requirements of this option agreement were satisfied and a deed for the 44 claims was received. A royalty fee of between 6% - 8% is payable for uranium extracted, based on the uranium spot price at the time of extraction and delivery.
- c) On February 1, 2007, the Company acquired three mineral properties consisting of 138 unpatented lode mining claims located in Campbell County, Wyoming for a total purchase price of \$3,120,000.
- d) On January 15, 2008, the Company acquired an undivided eighty-one percent (81%) interest in approximately 82,000 acres (33,100 hectares) of mineral properties located in the central Powder River Basin of Wyoming, and entered into a venture agreement (the Arkose Mining Venture ) with the vendor pursuant to which the Company will explore the properties.
- e) On August 20, 2008, the Company leased 891 acres of mineral properties near the Company's Nichols Ranch project area in Wyoming for an advance royalty payment of \$22,275.
- f) On August 20, 2008, the Company, on behalf of the Arkose Mining Venture, leased 6,073 acres of mineral properties within Arkose's area of interest in Wyoming for an advance royalty payment of \$151,828.
- g) On September 18, 2008, the Company leased 984 acres of mineral properties within the Company's North Reno Creek project area in Wyoming.

- h) On December 3, 2008, the Company, on behalf of the Arkose Mining Venture, leased 1,680 acres of mineral properties within Arkose's area of interest in Wyoming for a five year advance royalty payment of \$83,993.
- i) On July 7, 2009, the Company, on behalf of the Arkose Mining Venture, leased 320 acres of mineral properties within the Arkose area of interest in Wyoming.
- j) On January 26, 2010, the Company acquired Geological Data on the North Reno Creek uranium prospect located in Campbell County, Wyoming for a total purchase price of \$600,000.
- k) On August 13, 2010, the Company acquired Geological Data on the Powder River Basin, Wyoming by issuing warrants with a fair value of \$1,258,000 to purchase 2,000,000 common shares of the Company at an exercise price of \$3.00 per share.
- l) On July 19, 2011, the Company received its Materials License from the Nuclear Regulatory Commission which allowed it to proceed with construction of its Nichols Ranch ISR Uranium Project in Wyoming.

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Uranerz Energy Corporation  
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5. Balance Sheet Details

a) The components of prepaid expenses and deposits are as follows:

	December 31, 2012	December 31, 2011
	\$	\$
Insurance	29,061	148,910
Lease costs	396,043	324,800
Reclamation bonding	188,058	209,183
Surface use and damage costs	205,400	205,514
Other	5,600	2,441
Current prepaid expenses and deposits	824,162	890,848
Deposits	29,771	29,417
Power supply advance	674,200	674,200
Surface use and damage costs	320,165	
Power supply deposit		112,399
Non-current prepaid expenses and deposits	1,024,136	816,016

b) The components of accrued liabilities are as follows:

	December 31, 2012	December 31, 2011
	\$	\$
Construction expenses	223,053	309,624
Mineral exploration expenses	88,064	148,808
Reclamation costs (note 2(i))	39,000	50,160
Registration fees		74,050
Employee expense	116,690	72,200
Executive compensation (note 6 (f))	400,000	500,000
Professional fees		71,400
Total accrued liabilities	866,807	1,226,242

6. Related Party Transactions / Balances

- a) During the year ended December 31, 2012, the Company incurred \$nil (2011 - \$nil, 2010 - \$131,355) for contracted office and administrative services (included in general and administrative expenses) to a company controlled by a Director.
- b) During the year ended December 31, 2012, the Company incurred \$996,520 (2011 - \$1,023,410, 2010 - \$919,186) for consulting services (included in general and administrative expenses) provided by Officers. Other general and administrative expenses were reimbursed in the normal course of business. At

December 31, 2012, consulting services and expenditures incurred on behalf of the Company of \$14,534 (2011 - \$71,340, 2010 - \$46,493) are owed to these Officers, and these amounts are unsecured, non-interest bearing, and due on demand.

- c) During the year ended December 31, 2012, the Company paid Directors fees of \$174,000 (2011 - \$161,240, 2010 - \$159,000) for non-executive Directors. The amounts have been recorded as general and administrative expenses.
- d) During the year ended December 31, 2012, the Company incurred \$20,000 (2011 - \$373,000, 2010 - \$15,900) for bonuses (included in general and administrative expenses) to Officers.
- e) During the year ended December 31, 2012, the Company paid \$Nil (2011- \$321,993, 2010 Nil) to Officers for other compensation which is included in general and administrative expenses.
- f) During the year ended December 31, 2012, the Company recognized a \$400,000 (2011 - \$500,000) provision for bonuses to Directors and Officers, all of which is included in accrued liabilities at December 31, 2012.

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## 7. Asset Retirement Obligations

The following summary sets forth the annual changes to the Company's asset retirement obligation relating to the Company's Nichols Ranch ISR Uranium Project in Wyoming:

Balance at December 31, 2010	\$	
Liabilities incurred		304,046
Reclassified from current liabilities		33,000
Accretion expense		2,518
Balance at December 31, 2011	\$	339,564
Liabilities incurred		682,380
Accretion expense		49,899
Balance at December 31, 2012	\$	1,071,843

The current portion of reclamation and remediation liabilities of \$39,000 and \$50,160 at December 31, 2012 and December 31, 2011, respectively, are included in accrued liabilities (see Note 5(b)).

In 2008 the Company provided a bond in the amount of \$622,500 to the State of Wyoming, Department of Environmental Quality or the Secretary of the Interior, United States Government. The bond is in lieu of depositing cash to guarantee reclamation of exploration drill holes in the Arkose Mining Venture and surety was provided by an insurance company. The bond applies to 250 drill holes on a revolving basis. To date, the Company, including the Arkose Mining Venture, has a 100% record of completing reclamation without recourse to security provided.

In December 2010, the Company provided a \$1,700,000 cash security to support a bond in the amount of \$6,800,000 to the State of Wyoming, Department of Environmental Quality or the Secretary of the Interior, United States Government. The bond is in lieu of depositing cash to guarantee mine reclamation and surety was provided by an insurance company. The bond applies to the first year's operation of the Company's Nichols Ranch ISR Uranium Project. This amount together with other surety deposits of \$368,399 have been classified as mineral property reclamation surety deposits.

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8. Common Stock

Share transactions for the year ended December 31, 2012:

During the year ended December 31, 2012, the Company issued 120,800 shares of common stock, pursuant to the exercise of stock options, for proceeds of \$96,884.

Month	Shares Issued	Proceeds \$
January	10,000	7,500
February	52,300	40,559
March	10,000	13,300
April	-	-
May	4,000	2,600
June	-	-
July	-	-
August	40,000	30,000
September	-	-
October	4,500	2,925
November	-	-
December	-	-
Total	120,800	96,884

Share transactions for the year ended December 31, 2011:

- In February 2011, the Company issued 4,041,421 shares of common stock, pursuant to the exercise of common share purchase warrants, for gross proceeds of \$12,124,263.
- On August 8, 2011, the Company increased the number of authorized common shares from 200,000,000 to 750,000,000.
- During the year ended December 31, 2011, the Company issued 2,223,920 shares of common stock, pursuant to the exercise of stock options, for proceeds of \$2,240,208.

Month	Shares Issued	Proceeds \$
January	565,720	527,358
February	270,500	349,975
March	625,000	451,450
April	80,000	56,000
May	249,500	364,175
June	85,000	65,650
July	170,000	284,800
August	44,500	32,925
September	40,000	30,000

October	33,700	25,275
November		
December	60,000	52,600
Total	2,223,920	2,240,208

Share transactions for the year ended December 31, 2010:

- a) During October, November and December 2010, the Company issued 454,100 shares of common stock, pursuant to the exercise of stock options, for proceeds of \$431,915.
- b) In December 2010, the Company issued 25,000 shares of common stock, pursuant to the exercise of common share purchase warrants, for proceeds of \$75,000.
- c) In December 2010, the Company issued 6,147,446 shares of common stock, pursuant to a public financing for gross proceeds of \$20,000,000. The Company incurred share issuance costs of \$1,177,395 relating to the offering.

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9. Stock-based Compensation

The Company adopted a Stock Option Plan dated November 7, 2005 under which the Company is authorized to grant stock options to acquire up to a total of 10,000,000 shares of common stock. No options shall be issued under the Stock Option Plan at a price per share less than the defined Market Price. On June 11, 2008, the Company modified the Stock Option Plan to define Market Price as the volume weighted average trading price of the Company's common shares on the Toronto Stock Exchange or American Stock Exchange, now the NYSE Amex, whichever has the greater trading volume for the five trading days before the date of grant. On June 15, 2011, the Company amended the 2005 Non-Qualified Stock Option Plan to increase the number of shares authorized for issuance under the plan from 10,000,000 to 30,000,000 and extend the plan termination date for an additional 10 years.

On March 3, 2010, the Company modified the terms of 5,286,700 outstanding options. The weighted average grant date fair value of the modified stock options was \$0.49 and the Company recognized an additional \$2,535,808 stock-based compensation expense which is included in general and administrative expense related to the modification of these options.

During the year ended December 31, 2010, the Company granted 1,240,000 stock options to directors, officers, employees and consultants to acquire 702,500 common shares at an exercise price of \$1.33 per share for 5 - 10 years, 185,000 common shares at an exercise price of \$1.35 per share for 1.5 years, 100,000 common shares at an exercise price of \$1.40 per share for 10 years, 200,000 common shares at an exercise price of \$1.64 per share for 1.5 years, 2,500 common shares at an exercise price of \$1.20 per share for 1.5 years, and 50,000 common shares at an exercise price of \$3.19 per share for two years. During the year ended December 31, 2010, the Company recorded stock-based compensation for the vested options of \$1,210,357 as general and administrative expense related to these options.

During the year ended December 31, 2011, the Company granted 2,624,500 stock options with immediate vesting to directors, officers, employees and consultants to acquire 1,045,000 common shares at an exercise price of \$3.98 per share expiring in 5 - 10 years, 884,500 common shares at an exercise price of \$3.21 per share for 10 years, 50,000 common shares at \$2.87 per share for 2 years, and 645,000 common shares at an exercise price of \$1.89 per share for 5 - 10 years. The Company also granted 802,500 stock options to acquire 802,500 shares at \$1.89 per share for 10 years that vest 40% on the date of grant, 30% on the first anniversary of the grant date and 30% on the second anniversary of the grant date. During the year ended December 31, 2011, the Company recorded stock-based compensation for the vested options of \$6,299,188, as general and administrative expense, \$105,119 as exploration expenses.

During the year ended December 31, 2012, the Company recorded \$315,502 for the vesting of previously granted stock options, as general and administrative expense.

During the year ended December 31, 2012, the Company granted 80,000 stock options with immediate vesting to consultants to acquire 80,000 common shares at an exercise price of \$1.32 per share expiring in 2 - 10 years. The Company also granted 1,610,500 stock options to acquire 1,610,500 shares at \$1.32 per share for 10 years that vest 40% on the date of grant, 30% on the first anniversary of the grant date and 30% on the second anniversary of the grant date. During the year ended December 31, 2012, the Company recorded stock-based



compensation for the vested options of \$685,683, as general and administrative expense, \$203,584 as exploration expenses.

On October 3, 2012, the Company modified the terms of 767,700 outstanding options held by the Company's former Executive Vice President. The options were set to expire on October 15, 2012 and the Company extended the expiration date to March 15, 2014. The weighted average grant date fair value of the modified stock options was \$0.37 and the Company recognized an additional \$243,625 stock-based compensation expense which is included in general and administrative expense related to the modification of these options.

The weighted average grant date fair value of stock options granted during the years ended December 31, 2012, 2011 and 2010 was \$1.23, \$2.05 and \$0.93 per share, respectively. At December 31, 2012, the Company had 17,084,860 shares of common stock available to be issued under the Stock Option Plan.

The weighted average assumptions used for each of the years ended December 31, are as follows:

	2012	2011	2010
Expected dividend yield	0%	0%	0%
Risk-free interest rate	1.72%	1.42%	1.57%
Expected volatility	119%	97%	107%
Expected option life (in years)	9.70	4.68	3.27

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9. Stock-based Compensation (continued)

The total intrinsic value of stock options exercised during the years ended December 31, 2012, 2011 and 2010, was \$164,439, \$6,849,524, and \$1,003,198 respectively.

The following table summarizes the continuity of the Company's stock options:

	Number of Options	Weighted Average Exercise Price \$	Weighted- Average Remaining Contractual Term (years)	Aggregate Intrinsic Value \$
Outstanding, December 31, 2009	5,949,700	1.88		
Granted	1,240,000	1.46		
Exercised	(454,100)	0.95		
Outstanding, December 31, 2010	6,735,600	1.86		
Granted	3,427,000	2.88		
Exercised	(2,223,920)	1.01		
Expired	(187,500)	2.59		
Outstanding, December 31, 2011	7,751,180	2.54		
Granted	1,690,500	1.32		
Exercised	(120,800)	0.80		
Expired	(95,000)	3.13		
Outstanding, December 31, 2012	9,225,880	2.33	6.39	615,497
Exercisable, December 31, 2012	8,018,830	2.47	5.92	547,856

A summary of the status of the Company's non-vested stock options outstanding as of December 31, 2012, and changes during the years ended December 31, 2012, 2011 and 2010 is presented below:

Non-vested stock options	Number of Options	Weighted Average Grant Date Fair Value \$

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Non-vested at December 31, 2009	127,000	1.33
Granted	1,240,000	0.93
Vested	(1,292,000)	0.95
Non-vested at December 31, 2010	75,000	1.16
Granted	3,427,000	2.05
Vested	(3,020,500)	2.13
Non-vested at December 31, 2011	481,500	1.37
Granted	1,690,500	1.23
Vested	(964,950)	1.20
Non-vested at December 31, 2012	1,207,050	1.24

As at December 31, 2012, there was \$1,534,945 of unrecognized compensation cost related to non-vested stock option agreements. This cost is expected to be recognized over a weighted average period of 1.76 years.

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10. Stock Purchase Warrants

- a) On August 13, 2010, the Company issued warrants to purchase 2,000,000 shares of common stock to a third party in exchange for the acquisition of intellectual property related to certain uranium prospects. Each warrant entitles the holder to acquire one common share of the Company for \$3.00. The warrants have a four year term and vest as to 25% in July 2010, 2011, 2012 and 2013, respectively. (Refer to Note 5(k)).
- b) On October 27, 2009, the Company issued 4,250,000 common share purchase warrants exercisable for \$3.00 per share during the thirty month period ending April 27, 2012. In December 2010, 25,000 warrants were exercised. The Company has the right to accelerate the expiry date of the warrants in the event that the underlying common shares trade at a closing price of greater than \$3.50 per share for a period of 20 consecutive trading days. On January 26, 2011, the Company exercised its right to accelerate the warrants expiry date to February 25, 2011. During the year ended December 31, 2011, 4,041,421 common share purchase warrants were exercised for gross proceeds of \$12,124,263 and 183,579 common share purchase warrants expired, unexercised.

A summary of the changes in the Company's common share purchase warrants is presented below:

	Number	Weighted Average Exercise Price \$
Balance, December 31, 2009	9,182,498	3.27
Issued	2,000,000	3.00
Exercised	(25,000)	3.00
Expired	(4,932,498)	3.50
Balance December 31, 2010	6,225,000	3.00
Expired	(183,579)	3.00
Exercised	(4,041,421)	3.00
Balance December 31, 2011 and 2012	2,000,000	3.00

As at December 31, 2012, the following common share purchase warrants were outstanding and exercisable:

Number of Warrants	Exercise Price \$	Expiry Date
2,000,000	3.00	June 30, 2014

11. Shareholder Rights Plan

The Company has adopted a Shareholder Rights Plan (the "Plan") effective August 25, 2010. The Plan confers one right per share to shareholders (a "Right") for each of the Company's outstanding shares of common stock, as at August 25, 2010 and for shares of common stock issued thereafter. Each Right will be evidenced by the

Company's shares of common stock and will trade with the Company's shares of common stock. Under the terms of the Plan, the Rights separate and become exercisable upon a flip-in event : A flip-in event occurs if a person or group acquires 20% or more of the Company's common stock other than through a take-over bid which meets certain requirements, among them that the take-over bid offer be extended to all shareholders, that it remain open for 60 days, and that it receive approval of not less than 50% of independent shareholders. If a flip-in event occurs as described in the Plan, the Rights entitle the holder of each Right to purchase, for \$8.75 per share (the exercise price ), that number of shares of common stock of the Company which has a market value of twice the exercise price, subject to certain adjustments as provided under the Plan. The Plan is effective for a three-year period.

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12. Commitments

- a) The Company has employment or consulting services agreements with each of its executive officers. Officers with contracts for services have notice requirements following a change in control of the Company and those requirements include a payment in lieu of notice and a termination payment.
- b) On September 18, 2008, the Company signed two mining lease agreements which require ten annual payments of \$75,000. As at December 31, 2012, the first five annual payments have been made. Refer to Note 4(g).
- c) Refer to Note 7 for commitments pertaining to mineral property reclamation surety deposits.
- d) On May 19, 2010, the Company signed an office premises lease for a period of three years commencing September 1, 2010. Rent is approximately \$51,616 per annum.
- e) On February 14, 2012, the Company signed an office lease for a primary term of two years, starting February 1, 2012 and ending January 31, 2014. Rent consideration is \$141,258 per annum. The lease agreement may be renewed for two additional years.
- f) The Company is party to a processing agreement under which it is committed to minimum annual payments of \$450,000 for each of the years 2013, 2014 and 2015.
- g) The Company is committed under two sales agreements to supply triuranium octoxide (U<sub>3</sub>O<sub>8</sub>) over a five year period. One sales agreement has defined pricing each year and the second agreement has pricing which contains spot market referenced prices to set the sales price.
- h) At December 31, 2012 the Company has construction purchase orders outstanding for approximately \$1,500,000.

	December 31, 2012 (Restated Note 16)	December 31, 2011 (Restated Note 16)	December 31, 2010
Net loss before taxes	\$ (29,347,337)	\$ (25,444,056)	\$ (15,239,402)
Statutory rate	35%	35%	35%
Computed expected tax (recovery)	\$ (10,271,568)	\$ (8,905,420)	\$ (5,333,791)
Stock-based compensation	449,384	(155,826)	1,311,158
Depreciation	(16,230)		
Joint venture chargeback	106,713	86,917	75,154
Miscellaneous	3,106,194	(2,455,577)	(511,202)
Increase (decrease) in valuation allowance:			

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Net operating loss	2,173,138	5,472,168	2,127,013
Exploration and mineral property costs	4,029,946	5,957,738	2,331,668
Capital assets	422,423		
Reported income taxes	\$	\$	\$

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## 13. Income Taxes (continued)

	December 31, 2012 \$ (Restated Note 16)	December 31, 2011 \$ (Restated Note 16)	December 31, 2010 \$
<b>Deferred tax assets and liabilities</b>			
- Net operating losses	15,421,142	13,248,004	7,775,836
- Mineral property acquisition and exploration	27,666,684	23,636,738	17,679,000
- Capital assets	422,423		
- Less valuation allowance	(43,510,249)	(36,884,742)	(25,454,836)
<b>Net deferred tax asset</b>			

The Company has incurred operating losses of approximately \$44,060,405 which, if unutilized, will expire through to 2032. Future tax benefits, which may arise as a result of these losses, have not been recognized in these consolidated financial statements, and have been offset by a valuation allowance. The following table lists the fiscal years in which the loss was incurred and the expiration dates of the losses.

	Net Loss	Expiration Date
1999	\$ 329	2019
2000	493	2020
2001	18,389	2021
2002	46,564	2022
2003	23,560	2023
2004	18,367	2024
2005	4,420,398	2025
2006	1,438,511	2026
2007	2,828,339	2027
2008	3,870,989	2028
2009	4,934,131	2029
2010	6,765,005	2030
2011	14,489,696	2031
2012	5,205,634	2032
	\$ 44,060,405	

## 14. Segment Disclosures

The Company has two operating segments both involving the acquisition and exploitation of uranium and mineral resources. These operating segments consist of the Arkose Mining Venture ( Arkose ) and the Company s



remaining operations.

Factors used to identify the Company's reportable segments include the organizational structure of the Company and the financial information available for evaluation by the chief operating decision-maker in making decisions about how to allocate resources and assess performance. The Company's operating segments have been broken out based on similar economic and other qualitative criteria. The Company operates both reporting segments in one geographical area, the United States.

The Chief Executive Officer is the Company's Chief Operating Decision Maker (CODM) as defined by ASC 280, Segment Reporting. The CODM allocates resources and assesses the performance of the Company based on the results of operations.

Financial statement information by operating segment for the years ended December 31, 2012, 2011 and 2010 is presented below:

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## 14. Segment Disclosures (continued)

	December 31, 2012		
	Total \$	Uranerz \$	Arkose \$
Assets	11,553,494	10,700,952	852,542
Net loss attributable to the Company	(28,974,449)	(28,098,983)	(875,466)
Interest revenue	42,407	42,114	293
Depreciation	(241,610)	(241,610)	
	December 31, 2011		
	Total \$	Uranerz \$	Arkose \$
Assets	38,894,476	38,272,397	622,079
Net loss attributable to the Company	(24,873,633)	(23,540,911)	(1,332,722)
Interest revenue	79,165	78,779	386
Depreciation	(215,740)	(215,740)	
Accretion	(2,518)	(2,518)	
	December 31, 2010		
	Total \$	Uranerz \$	Arkose \$
Assets	40,634,083	39,770,022	864,061
Net loss attributable to the Company	(14,599,983)	(13,005,108)	(1,594,875)
Interest revenue	52,290	51,352	938
Depreciation	(200,266)	(200,266)	

## 15. Subsequent Events

- a) On January 25, 2013 the Company signed a sales agreement to supply triuranium octoxide (U<sub>3</sub>O<sub>8</sub>) over a five year period commencing in 2016. The agreement has pricing which contains a base with an escalation factor.

On January 25, 2013 the Company executed a non-binding term sheet for a proposed financing from a lender in the amount of \$8 million. The

- b) proposed financing is subject to completion of a note purchase agreement with the lender as well as a number of financial conditions and other approvals.

- c) On March 15, 2013 the Company was advised by the Wyoming Business Council that its application for a \$20 million State of Wyoming sponsored Industrial Development Bond received a favourable review by independent consultants engaged by the State and that as a result, the Council formally recommended Bond approval to the Attorney General, State Treasurer and Governor. If approved by the aforementioned State officials under the terms authorized, the loan will carry an annual interest rate of 5.75% and be repayable over seven years.
- d) On March 28, 2013 the Company filed its consolidated financial statements for the fiscal year ended December 31, 2011 to expense certain wellfield costs previously capitalized as construction in progress (See Note 16).

16. Restatement

On March 28, 2013, the Company filed its restated December 31, 2011, consolidated financial statements to expense certain costs previously capitalized as construction in progress as described in Note 15 d). Subsequent to March 28, 2013, the Company further determined that its capitalization of certain additional expenditures was not fully in accordance with the U.S. GAAP. As a result, the Company further amended and restated its consolidated financial statements for the years ended December 31, 2012 and 2011, to reflect a cumulative adjustment to mineral property expenditures of \$21,292,618 up to December 31, 2012 (\$9,754,067 up to December 31, 2011). The details of these restatements are outlined in the tables below. These adjustments to mineral property expenditures were previously capitalized as construction in progress and property and equipment.

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## 16. Restatement (continued)

The following tables reflect the adjustment and restated amounts:

<i>Consolidated Balance Sheet</i>	December 31, 2012		
	As Reported \$	Adjustment \$	As Restated \$
<b>ASSETS</b>			
Property and Equipment	1,711,553	(1,119,952)	591,601
Construction in Progress	20,172,666	(20,172,666)	
Total Assets	32,846,112	(21,292,618)	11,553,494
<b>STOCKHOLDER S EQUITY</b>			
Deficit Accumulated During the Exploration Stage	(115,998,598)	(21,292,618)	(137,291,216)
Total Stockholders Equity	29,500,593	(21,292,618)	8,207,975
Total Equity	29,622,961	(21,292,618)	8,330,343
Total Liabilities and Stockholders Equity	32,846,112	(21,292,618)	11,553,494

<i>Consolidated Statement of Operations</i>	Year Ended December 31, 2012		
	As Reported \$	Adjustment \$	As Restated \$
Mineral property expenditures	8,328,468	14,472,908	22,801,376
Total Operating Expenses	14,916,836	14,472,908	29,389,744
Loss from continuing operations	(14,874,429)	(14,472,908)	(29,347,337)
Net Loss and comprehensive loss	(14,874,429)	(14,472,908)	(29,347,337)
Net loss Attributable to the Company	(14,501,543)	(14,472,908)	(28,974,449)
Net Loss Per Share Basic and Diluted	(0.19)	(0.19)	(0.38)

<i>Consolidated Statement of Operations</i>	From Inception to December 31, 2012		
	As Reported \$	Adjustment \$	As Restated \$
Mineral property expenditures	64,385,374	21,292,618	85,677,992
Total Operating Expenses	122,344,399	21,292,618	143,637,017
Loss from continuing operations	(120,183,462)	(21,292,618)	(141,476,080)
Net Loss and comprehensive loss	(119,232,485)	(21,292,618)	(140,525,103)
Net loss Attributable to the Company	(115,998,598)	(21,292,618)	(137,291,216)

Uranerz Energy Corporation  
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## 16. Restatement (continued)

<i>Consolidated Statement of Cash Flows</i>	Year Ended December 31, 2012		
	As Reported \$	Adjustment \$	As Restated \$
<b>Operating Activities</b>			
Net Loss and comprehensive loss	(14,874,429)	(14,472,908)	(29,347,337)
Depreciation	397,109	(155,499)	241,610
Increase in asset retirement obligation liability		682,380	682,380
Stock-based compensation	1,334,971	113,423	1,448,394
Accounts payable and accrued liabilities	(376,916)	(169,399)	(546,315)
Net Cash Used in Operating Activities	(13,666,266)	(14,002,003)	(27,668,269)
<b>Investing Activities</b>			
Investment in property and equipment	(14,416,401)	14,002,003	(414,398)
Net Cash Used in Investing Activities	(14,441,693)	14,002,003	(439,690)

<i>Consolidated Statement of Cash Flows</i>	From Inception to December 31, 2012		
	As Reported \$	Adjustment \$	As Restated \$
<b>Operating Activities</b>			
Net Loss and comprehensive loss	(119,232,485)	(21,292,618)	(140,525,103)
Depreciation	1,190,534	(155,499)	1,035,035
Increase in asset retirement obligation liability		1,019,426	1,019,426
Stock-based compensation	27,999,497	218,542	28,218,039
Accounts payable and accrued liabilities	912,038	1,355,403	2,267,441
Net Cash Used in Operating Activities	(70,989,949)	(18,854,746)	(89,844,695)
<b>Investing Activities</b>			
Investment in property and equipment	(20,382,966)	18,854,746	(1,528,220)
Net Cash Used in Investing Activities	(21,429,692)	18,854,746	(2,574,946)

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Uranerz Energy Corporation  
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## 16. Restatement (continued)

*Consolidated Balance Sheet*

	As Reported \$	December 31, 2011 Adjustment \$	As Restated \$
<b>ASSETS</b>			
Property and Equipment	944,254	(474,320)	469,934
Construction in Progress	6,345,390	(6,345,390)	
Total Assets	45,714,186	(6,819,710)	38,894,476
<b>STOCKHOLDER S EQUITY</b>			
Deficit Accumulated During the Exploration Stage	(101,497,057)	(6,819,710)	(108,316,767)
Total Stockholders Equity	42,456,856	(6,819,710)	35,637,146
Total Equity	42,569,072	(6,819,710)	35,749,362
Total Liabilities and Stockholders Equity	45,714,186	(6,819,710)	38,894,476

*Consolidated Statement of Operations*

	As Reported \$	Year Ended December 31, 2011 Adjustment \$	As Restated \$
Mineral property expenditures	5,439,981	6,819,710	12,259,691
Total Operating Expenses	18,703,511	6,819,710	25,523,221
Loss from continuing operations	(18,624,346)	(6,819,710)	(25,444,056)
Net Loss and comprehensive loss	(18,624,346)	(6,819,710)	(25,444,056)
Net loss Attributable to the Company	(18,053,923)	(6,819,710)	(24,873,633)
Net Loss Per Share Basic and Diluted	(0.24)	(0.09)	(0.33)

*Consolidated Statement of Cash Flows*

	As Reported \$	Year Ended December 31, 2011 Adjustment \$	As Restated \$
<b>Operating Activities</b>			
Net Loss and comprehensive loss	(18,624,346)	(6,819,710)	(25,444,056)
Increase in asset retirement obligation liability		337,046	337,046
Stock-based compensation	6,299,188	105,119	6,404,307
Accounts payable and accrued liabilities	447,987	1,524,802	1,972,789
Net Cash Used in Operating Activities	(11,699,586)	(4,852,743)	(16,552,329)
<b>Investing Activities</b>			
Investment in property and equipment	(4,984,167)	4,852,743	(131,424)

Net Cash Used in Investing Activities	(5,007,553)	4,852,743	(154,810)
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Uranerz Energy Corporation  
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16. Restatement (continued)

The Company has also restated the March 31, 2012, June 30, 2012 and September 30, 2012, interim consolidated financial statements to expense certain costs previously capitalized as construction in progress. The Company has determined that its capitalization of these expenditures was not fully in accordance with the U.S. GAAP. As a result, the Company amended and restated the interim consolidated balance sheet as at March 31, 2012, June 30, 2012 and September 30, 2012 to reflect \$15,882,088, \$22,701,685 and \$26,640,070 of costs previously capitalized as construction in progress to exploration expenses. The interim consolidated statements of operations for the three month periods ended March 31, 2012, June 30, 2012 and September 30, 2012 were amended and restated to reflect \$6,128,020, \$6,819,598 and \$3,938,385, respectively, of costs previously capitalized as construction in progress, to exploration expenses. The interim consolidated statement of operations for the six month period ended June 30, 2012 and the nine month periods ended September 30, 2012 were amended and restated to reflect \$12,947,618 and \$16,886,003, respectively, of costs previously capitalized as construction in progress, to exploration expenses. Corresponding changes were made to the interim consolidated statement of operations and the interim consolidated statements of cash flows for the periods from inception and the interim consolidated statements of cash flows for the three months ended March 31, 2012, the six months ended June 30, 2012, and the nine months ended September 30, 2012.

*Consolidated Balance Sheet*

	As Reported \$	March 31, 2012 Adjustment \$	As Restated \$
<b>ASSETS</b>			
Construction in Progress	15,882,088	(15,882,088)	
Total Assets	47,941,664	(15,882,088)	32,059,576
<b>STOCKHOLDER S EQUITY</b>			
Deficit Accumulated During the Exploration Stage	(100,209,594)	(15,882,088)	(116,091,682)
Total Stockholders Equity	43,887,855	(15,882,088)	28,005,767
Total Equity	43,940,045	(15,882,088)	28,057,957
Total Liabilities and Stockholders Equity	47,941,664	(15,882,088)	32,059,576

*Consolidated Statement of Operations*

	Three Months Ended March 31, 2012		
	As Reported \$	Adjustment \$	As Restated \$
Mineral property expenditures	237,787	6,128,020	6,365,807
Total Operating Expenses	1,723,054	6,128,020	7,851,074
Loss from continuing operations	(1,706,920)	(6,128,020)	(7,834,940)
Net Loss and comprehensive loss	(1,706,920)	(6,128,020)	(7,834,940)
Net loss Attributable to the Company	(1,646,894)	(6,128,020)	(7,774,914)
Net Loss Per Share Basic and Diluted	(0.02)	(0.08)	(0.10)





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## 16. Restatement (continued)

<i>Consolidated Statement of Operations</i>	From inception to March 31, 2012		
	As Reported \$	Adjustment \$	As Restated \$
Mineral property expenditures	53,360,338	15,882,088	69,242,426
Total Operating Expenses	106,216,260	15,882,088	122,098,348
Loss from continuing operations	(104,081,596)	(15,882,088)	(119,963,684)
Net Loss and comprehensive loss	(103,130,619)	(15,882,088)	(119,012,707)
Net loss Attributable to the Company	(100,209,594)	(15,882,088)	(116,091,682)

<i>Consolidated Statement of Cash Flows</i>	Three Months Ended March 31, 2012		
	As Reported \$	Adjustment \$	As Restated \$
<b>Operating Activities</b>			
Net Loss and comprehensive loss	(1,706,920)	(6,128,020)	(7,834,940)
Increase in asset retirement obligation liability		311,352	311,352
Accounts payable and accrued liabilities	(348,082)	964,769	616,687
Net Cash Used in Operating Activities	(2,035,366)	(4,851,899)	(6,887,265)
<b>Investing Activities</b>			
Investment in property and equipment	(5,093,328)	4,851,899	(241,429)
Net Cash Used in Investing Activities	(5,093,328)	4,851,899	(241,429)

<i>Consolidated Statement of Cash Flows</i>	From Inception to March 31, 2012		
	As Reported \$	Adjustment \$	As Restated \$
<b>Operating Activities</b>			
Net Loss and comprehensive loss	(103,130,619)	(15,882,088)	(119,012,707)
Increase in asset retirement obligation liability		648,398	648,398
Stock-based compensation	26,746,703	105,119	26,851,822
Accounts payable and accrued liabilities	940,872	2,489,572	3,430,444
Net Cash Used in Operating Activities	(56,424,692)	(12,638,999)	(69,063,691)
<b>Investing Activities</b>			
Investment in property and equipment	(13,994,250)	12,638,999	(1,355,251)
Net Cash Used in Investing Activities	(15,015,684)	12,638,999	(2,376,685)



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## 16. Restatement (continued)

*Consolidated Balance Sheet*

	As Reported \$	June 30, 2012 Adjustment \$	As Restated \$
<b>ASSETS</b>			
Construction in Progress	22,701,685	(22,701,685)	
Total Assets	46,245,896	(22,701,685)	23,544,211
<b>STOCKHOLDERS EQUITY</b>			
Deficit Accumulated During the Exploration Stage	(101,842,227)	(22,701,685)	(124,543,912)
Total Stockholders Equity	42,339,999	(22,701,685)	19,638,314
Total Equity	42,493,400	(22,701,685)	19,791,715
Total Liabilities and Stockholders Equity	46,245,896	(22,701,685)	23,544,211

*Consolidated Statement of Operations*

	Three Months Ended June 30, 2012		
	As Reported \$	Adjustment \$	As Restated \$
Mineral property expenditures	450,324	6,819,598	7,269,922
Total Operating Expenses	1,770,941	6,819,598	8,590,539
Loss from continuing operations	(1,758,379)	(6,819,598)	(8,577,977)
Net Loss and comprehensive loss	(1,758,379)	(6,819,598)	(8,577,977)
Net loss Attributable to the Company	(1,632,633)	(6,819,598)	(8,452,231)
Net Loss Per Share Basic and Diluted	(0.02)	(0.09)	(0.11)

*Consolidated Statement of Operations*

	Six Months Ended June 30, 2012		
	As Reported \$	Adjustment \$	As Restated \$
Mineral property expenditures	688,111	12,947,618	13,635,729
Total Operating Expenses	3,493,995	12,947,618	16,441,613
Loss from continuing operations	(3,465,299)	(12,947,618)	(16,412,917)
Net Loss and comprehensive loss	(3,465,299)	(12,947,618)	(16,412,917)
Net loss Attributable to the Company	(3,279,527)	(12,947,618)	(16,227,145)
Net Loss Per Share Basic and Diluted	(0.04)	(0.17)	(0.21)

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(Expressed in US dollars)

## 16. Restatement (continued)

<i>Consolidated Statement of Operations</i>	From inception to June 30, 2012		
	As Reported \$	Adjustment \$	As Restated \$
Mineral property expenditures	53,810,662	22,701,685	76,512,347
Total Operating Expenses	107,987,201	22,701,685	130,688,886
Loss from continuing operations	(105,839,975)	(22,701,685)	(128,541,660)
Net Loss and comprehensive loss	(104,888,998)	(22,701,685)	(127,590,683)
Net loss Attributable to the Company	(101,842,227)	(22,701,685)	(124,543,912)

<i>Consolidated Statement of Cash Flows</i>	Six Months Ended June 30, 2012		
	As Reported \$	Adjustment \$	As Restated \$
<b>Operating Activities</b>			
Net Loss and comprehensive loss	(3,465,299)	(12,947,618)	(16,412,917)
Increase in asset retirement obligation liability		413,428	413,428
Accounts payable and accrued liabilities	(622,386)	888,374	265,988
Net Cash Used in Operating Activities	(3,683,326)	(11,645,816)	(15,329,142)
<b>Investing Activities</b>			
Investment in property and equipment	(11,999,412)	11,645,816	(353,596)
Net Cash Used in Investing Activities	(11,999,412)	11,645,816	(353,596)

<i>Consolidated Statement of Cash Flows</i>	From Inception to June 30, 2012		
	As Reported \$	Adjustment \$	As Restated \$
<b>Operating Activities</b>			
Net Loss and comprehensive loss	(104,888,998)	(22,701,685)	(127,590,683)
Increase in asset retirement obligation liability		750,474	750,474
Stock-based compensation	26,828,880	105,119	26,933,999
Accounts payable and accrued liabilities	666,568	2,413,176	3,079,744
Net Cash Used in Operating Activities	(58,072,652)	(19,432,916)	(77,505,568)
<b>Investing Activities</b>			
Investment in property and equipment	(20,900,334)	19,432,916	(1,467,418)
Net Cash Used in Investing Activities	(21,921,768)	19,432,916	(2,488,852)



Uranerz Energy Corporation  
(An Exploration Stage Company)  
Notes to the Consolidated Financial Statements  
December 31, 2012  
(Expressed in US dollars)

## 16. Restatement (continued)

*Consolidated Balance Sheet*

	As Reported \$	September 30, 2012 Adjustment \$	As Restated \$
<b>ASSETS</b>			
Construction in Progress	26,640,070	(26,640,070)	
Total Assets	43,139,934	(26,640,070)	16,499,864
<b>STOCKHOLDERS EQUITY</b>			
Deficit Accumulated During the Exploration Stage	(103,511,137)	(26,640,070)	(130,151,207)
Total Stockholders Equity	40,784,169	(26,640,070)	14,144,099
Total Equity	40,966,572	(26,640,070)	14,326,502
Total Liabilities and Stockholders Equity	43,139,934	(26,640,070)	16,499,864

*Consolidated Statement of Operations*

	Three Months Ended September 30, 2012		
	As Reported \$	Adjustment \$	As Restated \$
Mineral property expenditures	543,222	3,938,385	4,481,607
Total Operating Expenses	1,806,465	3,938,385	5,744,850
Loss from continuing operations	(1,795,991)	(3,938,385)	(5,734,376)
Net Loss and comprehensive loss	(1,795,991)	(3,938,385)	(5,734,376)
Net loss Attributable to the Company	(1,668,910)	(3,938,385)	(5,607,295)
Net Loss Per Share Basic and Diluted	(0.02)	(0.05)	(0.07)

*Consolidated Statement of Operations*

	Nine Months Ended September 30, 2012		
	As Reported \$	Adjustment \$	As Restated \$
Mineral property expenditures	1,231,333	16,886,003	18,117,336
Total Operating Expenses	5,300,460	16,886,003	22,186,463
Loss from continuing operations	(5,261,290)	(16,886,003)	(22,147,293)
Net Loss and comprehensive loss	(5,261,290)	(16,886,003)	(22,147,293)
Net loss Attributable to the Company	(4,948,437)	(16,886,003)	(21,834,440)
Net Loss Per Share Basic and Diluted	(0.06)	(0.22)	(0.28)

Uranerz Energy Corporation  
(An Exploration Stage Company)  
Notes to the Consolidated Financial Statements  
December 31, 2012  
(Expressed in US dollars)

## 16. Restatement (continued)

<i>Consolidated Statement of Operations</i>	From inception to September 30, 2012		
	As Reported \$	Adjustment \$	As Restated \$
Mineral property expenditures	54,353,884	26,640,070	80,993,954
Total Operating Expenses	109,793,666	26,640,070	136,433,736
Loss from continuing operations	(107,635,966)	(26,640,070)	(134,276,036)
Net Loss and comprehensive loss	(106,684,989)	(26,640,070)	(133,325,059)
Net loss Attributable to the Company	(103,511,137)	(26,640,070)	(130,151,207)

<i>Consolidated Statement of Cash Flows</i>	Nine Months Ended September 30, 2012		
	As Reported \$	Adjustment \$	As Restated \$
<b>Operating Activities</b>			
Net Loss and comprehensive loss	(5,261,290)	(16,886,003)	(22,147,293)
Increase in asset retirement obligation liability		573,088	573,088
Accounts payable and accrued liabilities	(822,249)	(655,176)	(1,477,425)
Net Cash Used in Operating Activities	(6,008,211)	(16,968,091)	(22,976,302)
<b>Investing Activities</b>			
Investment in property and equipment	(17,328,761)	16,968,091	(360,670)
Net Cash Used in Investing Activities	(17,329,054)	16,968,091	(360,963)

<i>Consolidated Statement of Cash Flows</i>	From Inception to September 30, 2012		
	As Reported \$	Adjustment \$	As Restated \$
<b>Operating Activities</b>			
Net Loss and comprehensive loss	(106,684,989)	(26,640,070)	(133,325,059)
Increase in asset retirement obligation liability		910,134	910,134
Stock-based compensation	26,911,960	105,119	27,017,079
Accounts payable and accrued liabilities	466,705	869,626	1,336,331
Net Cash Used in Operating Activities	(60,397,537)	(24,755,191)	(85,152,728)
<b>Investing Activities</b>			
Investment in property and equipment	(26,229,683)	24,755,191	(1,474,492)
Net Cash Used in Investing Activities	(27,251,410)	24,755,191	(2,496,219)





**PART IV****ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES****Documents Filed as Part of This Report.****(1) Financial Statements**

Supplemental Financial Data

Report of Independent Registered Public Accounting Firm

Consolidated Balance Sheets as of December 31, 2012 and 2011

Statements of Consolidated Operations for the years ended December 31, 2012, 2011, and 2010

Statements of Consolidated Cash Flows for the years ended December 31, 2012, 2011, and 2010

Statements of Consolidated Common Shareholders' Equity from May 26, 1999 (Date of Inception) to December 31, 2012

Notes to Consolidated Financial Statements

**(2) Financial Statement Schedules**

Schedules are omitted and are not applicable or not required, or the required information is shown in the financial statements or notes thereto.

**(3) Exhibits**

Where an exhibit is filed by incorporation by reference to a previously filed registration statement or report, such registration statement or report is identified in parentheses.

**Exhibit****Number Description**

3.1	Articles of Incorporation <sup>(1)</sup>
3.2	Bylaws, as amended <sup>(1)</sup>
3.3	Articles of Amendment filed July 5, 2005 <sup>(3)</sup>
3.4	Articles of Amendment filed August 8, 2008 <sup>(16)</sup>
3.5	Articles of Amendment filed July 8, 2009 <sup>(17)</sup>
3.6	Certificate of Amendment filed August 12, 2009 <sup>(24)</sup>
4.1	Share Certificate <sup>(1)</sup>
4.2	Form of Lock-up Agreement <sup>(19)</sup>
4.3	Warrant Indenture, dated October 27, 2009 <sup>(20)</sup>
4.4	Supplemental Warrant Indenture, dated December 8, 2009 <sup>(21)</sup>
4.5	Shareholder Rights Plan, dated August 25, 2010 <sup>(22)</sup>
10.1	Office and Administration Services Agreement between the Company and Senate Capital Group Inc. dated September 1, 2005 <sup>(2)</sup>
10.2	Agreement for Services between the Company and Highlands Capital, Inc. dated November 1, 2005 <sup>(2)</sup>
10.3	Financial Public Relations Agreement between the Company and Accent Marketing Ltd. dated November 1, 2005 <sup>(2)</sup>
10.4	Mineral Property Purchase Agreement between the Company and Ubex Capital Inc. dated April 26, 2005 <sup>(2)</sup>
10.5	Joint Venture Agreement between the Company and Triex Minerals Corporation dated November 4, 2005 <sup>(2)</sup>
10.6	Consulting Agreement between the Company and Ubex Capital Inc. for management and consulting services <sup>(2)</sup>
10.7	Consulting Agreement between Catchpole Enterprises and the Company <sup>(3)</sup>

- 10.8 Joint Venture Agreement between the Company and Bluerock Resources Ltd. <sup>(3)</sup>
- 10.9 Option and Purchase Agreement for federal mining claims in Wyoming <sup>(3)</sup>
- 10.10 Agreement to Purchase ten mining claims in Wyoming <sup>(3)</sup>

10.11	2005 Stock Option Plan as amended June 10, 2009 <sup>(17)</sup>
10.12	Mr. George Hartman letter agreement. <sup>(3)</sup>
10.13	Black Range Minerals Agreement dated June 7, 2006 <sup>(5)</sup>
10.14	Amendment to Joint Venture Agreement dated September 12, 2006 between the Company and Bluerock Resources Ltd. <sup>(6)</sup>
10.15	Agreement dated February 1, 2007 between the Company and Robert C. Shook to acquire three projects separate uranium projects located in northeast Wyoming, in central Powder River Basin <sup>(7)</sup> (8)
10.16	Consulting Agreement dated February 1, 2007 between the Company and O & M Partners, LLC <sup>(7)</sup> (8)
10.17	Christensen Ranch Agreement dated October 30, 2006 between the Company and George Hartman <sup>(9)</sup> (10)
10.18	Amendment Agreement dated January 1, 2007 between the Company and Ubex Capital Inc. <sup>(10)</sup>
10.19	Amendment Agreement dated January 1, 2007 between the Company and Catchpole Enterprises Inc. <sup>(10)</sup>
10.20	Amendment Agreement dated January 1, 2007 between the Company and Senate Capital Group Inc. <sup>(10)</sup>
10.21	Purchase and Sale Agreement with NAMMCO dated September 19, 2007, as amended <sup>(11)</sup> (12)
10.22	Venture Agreement with United Nuclear LLC dated January 15, 2008 <sup>(13)</sup>
10.23	Agreement with Independent Management Consultants of British Columbia <sup>(13)</sup>
10.24	Subscription Agreement with Denison Mines dated March 27, 2008 <sup>(13)</sup>
10.26	Amendment to Joint Venture Agreement dated March 20, 2008 between the Company and Bluerock Resources Ltd. <sup>(15)</sup>
10.27	Amended Hartman Letter Agreement effective January 1, 2008 <sup>(18)</sup>
10.28	Sales Agreement with Haywood Securities, November 30, 2010 Form 8K filed December 1, 2010 <sup>(3)</sup>
<u>23.1</u>	<u>Consent of Manning Elliott LLP, independent registered accountants</u>
<u>31.1</u>	<u>Certification of Chief Executive Officer pursuant to Rule 13a-15(f) of the Exchange Act</u>
<u>31.2</u>	<u>Certification of Chief Financial Officer pursuant to Rule 13a-15(f) of the Exchange Act</u>
<u>32.1</u>	<u>Certification of Chief Executive Officer pursuant to Rule 13a or 15(d) of the Exchange Act and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
<u>32.2</u>	<u>Certification of Chief Financial Officer pursuant to Rule 13a or 15(d) of the Exchange Act and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
101	The following materials from Uranerz Form 10-K for the period ended December 31, 2012, formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Comprehensive Loss, (iii) Consolidated Statements of Cash Flows, (iv) Consolidated Statements of Stockholders Equity, and (v) Notes to the Consolidated Financial Statements.

- (1) Previously filed with the Securities and Exchange Commission as an exhibit to the Registrant's Form SB-2 filed March 15, 2002
- (2) Previously filed as an exhibit to the Quarterly Report on Form 10-QSB filed November 21, 2005
- (3) Previously filed as an exhibit to the Annual ReportSB filed April 14, 2006
- (4) Filed as an exhibit to our Registration Statement on Form S-8 filed with the SEC on November 21, 2005.
- (5) Previously filed as an exhibit to the Quarterly Report on Form 10-QSB filed August 15, 2006
- (6) Filed as an exhibit to our Quarterly Report on Form 10-QSB filed November 13, 2006.
- (7) As reported in two separate Current Reports on Form 8-K filed on February 8, 2007.
- (8) Previously filed as an exhibit to the Annual ReportSB filed April 2, 2006
- (9) As in Current Report on Form 8-K filed on November 2, 2006.
- (10) Filed as an exhibit to our Quarterly Report on Form 10-QSB filed August 14, 2007.
- (11) As reported and filed in Current Report on Form 8-K filed on September 24, 2007.
- (12) As reported and filed in Current Report on Form 8-K filed on January 16, 2008.
- (13) Filed as an exhibit to our Annual Report filed on March 17, 2008.
- (14) As reported and filed in Current Report on Form 8-K filed on April 18, 2008.
- (15) Filed as an exhibit to our Quarterly Report on Form 10-Q filed May 9, 2008.
- (16) Filed as an exhibit to our Quarterly Report on Form 10-Q filed August 11, 2008.
- (17) Filed as an exhibit to our Registration Statement on Form S-3 filed July 9, 2009.

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- (18) Filed as an exhibit to our Quarterly Report on Form 10-Q filed August 10, 2009.
- (19) Filed as an exhibit to our Current Report on Form 8-K filed October 22, 2009.
- (20) Filed as an exhibit to our Current Report on Form 8-K filed October 27, 2009.
- (21) Filed as an exhibit to our Current Report on Form 8-K filed December 8, 2009.
- (22) Form of Shareholder Rights Plan filed as an exhibit to our definitive proxy statement on Form 14A filed April

27, 2010.

(23) Filed as an exhibit to our Form 8K filed December 1, 2010.

(24) Filed as an exhibit to our Form 8K filed August 12, 2011.

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**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**URANERZ ENERGY CORPORATION**

By: /s/ Glenn Catchpole  
Glenn Catchpole, President and CEO  
Principal Executive Officer  
Director  
Date: May 9, 2013

/s/ Benjamin Leboe  
Benjamin Leboe, Senior Vice President, Finance  
Principal Financial Officer and  
Principal Accounting Officer  
Date: May 9, 2013