

URANERZ ENERGY CORP.
Form 10-Q
May 10, 2011

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

FORM 10-Q

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

For the quarterly period ended **March 31, 2011**

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 or 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)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the issuer (1) has 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

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required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes 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 (§232.405 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 No

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

Large accelerated filer

Accelerated filer

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 Exchange Act)

Yes No

Number of shares of issuer's common stock outstanding at May 2, 2011: 76,404,074

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Uranerz Energy Corporation
(An Exploration Stage Company)

March 31, 2011

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

	March 31, 2011 \$ (Unaudited)	December 31, 2010 \$ (Audited)
ASSETS		
Current Assets		
Cash	47,369,035	36,437,370
Prepaid expenses and deposits (Note 6(a))	707,028	816,269
Other current assets	56,206	32,011
Total Current Assets	48,132,269	37,285,650
Prepaid Expenses and Deposits (Note 6(a))	1,416,729	825,583
Mineral Property Reclamation Surety Deposits (Note 12(f))	2,019,721	2,019,721
Property and Equipment (Note 4)	853,310	503,129
Total Assets	52,422,029	40,634,083
LIABILITIES AND STOCKHOLDERS EQUITY		
Current Liabilities		
Accounts payable	655,061	93,115
Accrued liabilities (Note 6(b))	470,783	617,184
Due to related parties (Note 7)	399,316	49,186
Total Liabilities	1,525,160	759,485
Commitments and Contingencies (Notes 5 and 12)		
Subsequent Event (Note 14)		
Stockholders Equity		
Preferred Stock, 10,000,000 shares authorized, \$0.001 par value; No shares issued and outstanding		
Common Stock, 200,000,000 shares authorized, \$0.001 par value; 76,324,074 and 70,821,433 shares issued and outstanding, respectively		
	76,324	70,821
Additional Paid-in Capital	139,416,435	123,138,957
Deficit Accumulated During the Exploration Stage	(88,625,806)	(83,443,134)
Total Stockholders Equity	50,866,953	39,766,644
Non-controlling Interest	29,916	107,954
Total Equity	50,896,869	39,874,598
Total Liabilities and Stockholders Equity	52,422,029	40,634,083

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

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

	Accumulated From May 26, 1999 (Date of Inception) to March 31, 2011 \$	Three Months Ended March 31, 2011 \$	2010 \$
Revenue			
Expenses			
Depreciation	632,403	54,718	46,371
Foreign exchange	48,968	16,083	1,828
General and administrative (Note 9)	42,493,120	4,996,565	4,549,002
Mineral property expenditures	50,906,665	289,738	1,186,541
Total Operating Expenses	94,081,156	5,357,104	5,783,742
Operating Loss	(94,081,156)	(5,357,104)	(5,783,742)
Other Income (Expense)			
Gain on sale of investment securities	79,129		
Interest income	2,036,153	96,394	15,506
Loss on settlement of debt	(132,000)		
Mineral property option payments received	152,477		
Total Other Income	2,135,759	96,394	15,506
Loss from continuing operations	(91,945,397)	(5,260,710)	(5,768,236)
Discontinued operations			
Loss from discontinued operations	(28,732)		
Gain on disposal of discontinued operations	979,709		
Gain on Discontinued Operations	950,977		
Net Loss	(90,994,420)	(5,260,710)	(5,768,236)
Net loss attributable to non-controlling interest	2,368,614	78,038	73,441
Net Loss Attributable to the Company	(88,625,806)	(5,182,672)	(5,694,795)
Amounts attributable to Company shareholders			
Loss from continuing operations	(89,576,783)	(5,182,672)	(5,694,795)
Gain on discontinued operations	950,977		
Net Loss Attributable to the Company	(88,625,806)	(5,182,672)	(5,694,795)
Net Loss Per Share Basic and Diluted		(0.07)	(0.09)
Weighted Average Shares Outstanding		73,339,000	64,195,000

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

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

	Accumulated From May 26, 1999 (Date of Inception) to March 31, 2011 \$	Three Months Ended March 31, 2011 \$	2010 \$
Operating Activities			
Net loss	(90,994,420)	(5,260,710)	(5,768,236)
Adjustments to reconcile net loss to cash used in operating activities:			
Depreciation	632,403	54,718	46,371
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		
Non-cash mineral property option payment	(37,500)		
Shares issued to acquire mineral properties	19,105,000		
Warrants issued for mineral property costs	1,258,000		
Stock-based compensation	23,219,916	2,854,578	3,398,736
Changes in operating assets and liabilities:			
Prepaid expenses and deposits	(2,117,520)	(481,905)	(86,964)
Other current assets	(56,181)	(24,195)	1,464
Accounts payable and accrued liabilities	1,256,511	415,544	(171,262)
Due to related parties	870,076	350,131	(19,022)
Net Cash Used in Operating Activities	(47,715,936)	(2,091,839)	(2,598,913)
Investing Activities			
Reclamation surety deposits	(2,019,721)		
Acquisition of subsidiary, net cash paid	(48)		
Proceeds from sale of marketable securities	20,548,664		
Purchase of property and equipment	(1,387,297)	(404,899)	(52,666)
Equipment deposits			
Purchase of investment securities	(20,432,035)		(2,214)
Disposition of subsidiary	905,092		
Net Cash Used In Investing Activities	(2,385,345)	(404,899)	(54,880)
Financing Activities			
Repayment of loan payable	(98,414)		(8,950)
Advances from related party	10,700		
Contributions from non-controlling interest	2,398,530		38,000
Proceeds from issuance of common stock	99,666,638	13,453,046	
Share issuance costs	(4,507,138)	(24,643)	
Net Cash Provided By Financing Activities	97,470,316	13,428,403	29,050
Increase (Decrease) In Cash	47,369,035	10,931,665	(2,624,743)
Cash - Beginning of Period		36,437,370	20,426,032
Cash - End of Period	47,369,035	47,369,035	17,801,289

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	
Common stock issued to settle debt	744,080	
Warrants issued for mineral property costs	1,258,000	
Common stock issued for mineral property costs	19,105,000	
Supplemental Disclosures		
Interest paid	12,184	302
Income taxes paid		

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

Uranerz Energy Corporation
(An Exploration Stage Company)
Consolidated Statement of Stockholders' Equity
For the Three-Month Period Ended March 31, 2011
(Expressed in US dollars)
(Unaudited)

	Common Stock Shares #	Common Stock Amount \$	Additional Paid-in Capital \$	Deficit Accumulated During the Exploration Stage \$	Non-Controlling Interest \$	Total \$
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			2,854,578			2,854,578
Shares issued upon the exercise of options	1,461,220	1,461	1,327,322			1,328,783
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)
Net loss and comprehensive loss for the period				(5,182,672)	(78,038)	(5,260,710)
Balance, March 31, 2011	76,324,074	76,324	139,416,435	(88,625,806)	29,916	50,896,869

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

Uranerz Energy Corporation
(An Exploration Stage Company)
Notes to the Consolidated Financial Statements
March 31, 2011
(Expressed in US dollars)
(Unaudited)

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 Canada and 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.

2. Summary of Significant Accounting Policies

a) Basis of Presentation

The interim unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the Securities and Exchange Commission (SEC) instructions for companies filing Form 10-Q. In the opinion of management, the unaudited financial statements have been prepared on the same basis as the annual financial statements and reflect all adjustments, which include only normal recurring adjustments, necessary to present fairly the financial position as of March 31, 2011, and the results of operations and cash flows for the period then ended. The financial data and other information disclosed in the notes to the interim consolidated financial statements related to this period are unaudited. The results for the three-month period ended March 31, 2011 are not necessarily indicative of the results to be expected for any subsequent quarter or the entire year ending December 31, 2011. The unaudited interim consolidated financial statements have been condensed pursuant to the Securities and Exchange Commission's rules and regulations and do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. Therefore, these consolidated financial statements should be read in conjunction with the Company's annual audited consolidated financial statements and notes thereto for the year ended December 31, 2010, included in the Company's Annual Report on Form 10-K filed on March 15, 2011 with the SEC.

b) Cash and Cash Equivalents

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

c) Mineral Property Costs

The Company is primarily engaged in the acquisition, exploration and development of mineral properties. Mineral property acquisition costs are capitalized when management has determined that probable future benefits consisting of a contribution to future cash inflows have been identified and adequate financial resources are available or are expected to be available as required to meet the terms of property acquisitions and budgeted exploration and development expenditures. Mineral property acquisition costs

are expensed as incurred if the criteria for capitalization are not met. In the event that a mineral property is acquired through the issuance of the Company's shares, the mineral property will be recorded at the fair value of the respective property or the fair value of common shares, 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 or shares, are recorded only when the Company has made or is obliged to make the payment or issue the shares. When it has been determined that a mineral property can be economically developed as a result of establishing proven and probable reserves and a bankable feasibility, the costs incurred to develop such property are capitalized.

d) 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. The potential benefits of net operating losses have not been recognized in these consolidated financial statements because the Company cannot be assured it is more likely than not it will utilize the net operating losses carried forward in future years.

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Uranerz Energy Corporation
(An Exploration Stage Company)
Notes to the Consolidated Financial Statements
March 31, 2011
(Expressed in US dollars)
(Unaudited)

2. Summary of Significant Accounting Policies (continued)

e) Fair Value of Financial Instruments

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.

f) Recent Accounting Pronouncements

The Company has implemented all new accounting pronouncements that are in effect and that may impact its financial statements and does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

	December
March 31,	31,